

# JANUS CAPITAL GROUP INC

## FORM 10-Q (Quarterly Report)

Filed 07/26/10 for the Period Ending 06/30/10

Address	151 DETROIT ST DENVER, CO 80206
Telephone	3033333863
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Symbol	JNS
SIC Code	6282 - Investment Advice
Industry	Investment Services
Sector	Financial
Fiscal Year	12/31

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the quarterly period ended **June 30, 2010**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

for the transition period from                      to

Commission File Number **001-15253**



**JANUS CAPITAL**  
Group

**Janus Capital Group Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**43-180408**

(I.R.S. Employer  
Identification No.)

**151 Detroit Street, Denver, Colorado**

(Address of principal executive offices)

**80206**

(Zip Code)

**(303) 333-3863**

(Registrant's telephone number, including area code)

**Not applicable**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of July 20, 2010, there were 183,650,219 shares of the Company's common stock, \$.01 par value per share, issued and outstanding.



**PART I — FINANCIAL INFORMATION**  
**Item 1. Financial Statements**

**JANUS CAPITAL GROUP INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
**(Dollars in Millions)**

	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 259.5	\$ 324.7
Investment securities	89.4	106.8
Accounts receivable	107.7	122.3
Income taxes receivable	23.2	4.5
Other current assets	<u>67.7</u>	<u>72.3</u>
Total current assets	547.5	630.6
<b>Other assets:</b>		
Property and equipment, net	46.3	48.4
Intangible assets, net	1,279.5	1,285.4
Goodwill	488.2	488.2
Investment securities and other assets	<u>180.8</u>	<u>77.7</u>
Total assets	<u>\$ 2,542.3</u>	<u>\$ 2,530.3</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 7.3	\$ 8.4
Accrued compensation and benefits	68.9	98.2
Other accrued liabilities	<u>85.7</u>	<u>80.5</u>
Total current liabilities	161.9	187.1
<b>Other liabilities:</b>		
Long-term debt	795.8	792.0
Deferred income taxes	395.3	390.1
Other liabilities	<u>52.7</u>	<u>48.4</u>
Total liabilities	1,405.7	1,417.6
Commitments and contingencies		
Redeemable noncontrolling interests	<u>81.3</u>	<u>101.1</u>
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock	—	—
Common stock	1.8	1.8
Retained earnings	1,050.5	998.3
Accumulated other comprehensive income (loss)	<u>(1.8)</u>	<u>1.0</u>
Total JCG stockholders' equity	1,050.5	1,001.1
Noncontrolling interests	<u>4.8</u>	<u>10.5</u>
Total stockholders' equity	1,055.3	1,011.6
Total liabilities and stockholders' equity	<u>\$ 2,542.3</u>	<u>\$ 2,530.3</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**JANUS CAPITAL GROUP INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**  
(Dollars in Millions, Except Per Share Data)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
<b>Revenues:</b>				
Investment management fees	\$ 207.8	\$ 159.8	\$ 413.6	\$ 296.6
Performance fees	4.3	6.5	9.0	9.9
Shareowner servicing fees and other	37.2	33.9	73.6	64.0
Total	<u>249.3</u>	<u>200.2</u>	<u>496.2</u>	<u>370.5</u>
<b>Operating Expenses:</b>				
Employee compensation and benefits	79.4	66.2	159.0	128.4
Long-term incentive compensation	20.5	14.0	39.1	27.4
Marketing and advertising	15.2	8.2	22.0	13.8
Distribution	35.6	25.4	70.7	45.5
Depreciation and amortization	9.9	8.0	19.8	16.9
General, administrative and occupancy	27.3	31.4	56.9	64.6
Goodwill and intangible asset impairments	—	—	—	856.7
Total	<u>187.9</u>	<u>153.2</u>	<u>367.5</u>	<u>1,153.3</u>
<b>Operating income (loss)</b>	61.4	47.0	128.7	(782.8)
Interest expense	(15.8)	(19.7)	(31.4)	(39.6)
Investment gains (losses), net	3.2	0.3	3.9	(6.9)
Other income, net	0.7	0.4	0.9	0.4
Income (loss) before taxes	49.5	28.0	102.1	(828.9)
Income tax provision	(18.1)	(8.8)	(37.3)	32.5
Net income (loss)	31.4	19.2	64.8	(796.4)
Noncontrolling interests	(1.2)	(3.4)	(3.3)	(5.9)
<b>Net income (loss) attributable to JCG</b>	<u>\$ 30.2</u>	<u>\$ 15.8</u>	<u>\$ 61.5</u>	<u>\$ (802.3)</u>
<b>Earnings (loss) per share attributable to JCG common shareholders:</b>				
Basic	\$ 0.17	\$ 0.10	\$ 0.34	\$ (5.12)
Diluted	\$ 0.17	\$ 0.10	\$ 0.34	\$ (5.12)

The accompanying notes are an integral part of these condensed consolidated financial statements.

JANUS CAPITAL GROUP INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Dollars in Millions)

	Six months ended	
	June 30,	
	2010	2009
<b>CASH FLOWS PROVIDED BY (USED FOR):</b>		
<b>Operating Activities:</b>		
Net income (loss)	\$ 64.8	\$ (796.4)
Adjustments to net income (loss):		
Depreciation and amortization	19.8	16.9
Deferred income taxes	10.6	(33.1)
Amortization of stock-based compensation	27.4	18.5
Investment (gains) losses, net	(3.9)	6.9
Goodwill and intangible asset impairments	—	856.7
Amortization of debt discount and deferred issuance costs	6.0	1.3
Payment of deferred commissions, net	(5.1)	(3.1)
Other, net	(0.4)	(2.0)
Changes in working capital items:		
Accounts receivable	14.6	5.9
Other current assets	(24.9)	(10.1)
Accounts payable and accrued compensation payable	(31.2)	(43.3)
Other liabilities	5.7	1.8
Net operating	<u>83.4</u>	<u>20.0</u>
<b>Investing Activities:</b>		
Purchase of property and equipment	(5.8)	(6.7)
Acquisitions	—	(1.3)
Purchase of investment securities	(142.8)	(44.1)
Proceeds from sales and maturities of investment securities	49.7	34.4
Net investing	<u>(98.9)</u>	<u>(17.7)</u>
<b>Financing Activities:</b>		
Debt issuance costs	—	(2.8)
Repayment of long-term debt	—	(22.0)
Purchase of noncontrolling interests	(36.4)	(27.5)
Proceeds from stock plans	1.6	0.5
Excess tax benefit from equity-based compensation	2.6	—
Distributions to noncontrolling interests	(9.6)	(7.9)
Principal payments under capital lease obligations	(0.5)	—
Dividends paid to shareholders	(7.4)	(6.5)
Net financing	<u>(49.7)</u>	<u>(66.2)</u>
<b>Cash and Cash Equivalents:</b>		
Net decrease	(65.2)	(63.9)
At beginning of period	324.7	282.6
At end of period	<u>\$ 259.5</u>	<u>\$ 218.7</u>
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	\$ 24.9	\$ 37.3
Cash paid for income taxes	\$ 51.1	\$ 13.2

The accompanying notes are an integral part of these condensed consolidated financial statements.

**JANUS CAPITAL GROUP INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)**  
(Amounts in Millions, Except Per Share Data)

	<u>Shares</u>	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Nonredeemable Noncontrolling Interests in Subsidiaries</u>	<u>Total Stockholders' Equity</u>
<b>Balance at December 31, 2008</b>	157.9	\$ 1.6	\$ 1,510.6	\$ (5.3)	\$ 9.9	\$ 1,516.8
Net loss attributable to JCG			(757.1)		3.0	(754.1)
Net unrealized gain on available-for-sale securities				2.4		2.4
Amortization of net loss on cash flow hedge				1.2		1.2
Reclassification for net gains included in net income				(0.4)		(0.4)
Impairment of available-for-sale securities				3.3		3.3
Foreign currency translation adjustment				(0.2)		(0.2)
<i>Comprehensive income</i>						(747.8)
Common stock issuance	20.9	0.2	217.9			218.1
Convertible debt issuance			26.4			26.4
Amortization of stock-based compensation			34.7		4.0	38.7
Issuance and forfeitures of restricted stock awards, net	3.2					—
Tax impact of stock-based compensation			(6.1)			(6.1)
Employee stock purchases			1.2			1.2
Noncontrolling interests in consolidated investment products					(0.9)	(0.9)
Purchase of noncontrolling interests					(2.3)	(2.3)
Distributions to noncontrolling interests					(3.2)	(3.2)
Change in value of redeemable noncontrolling interests			(22.8)			(22.8)
Common stock dividends (\$0.04 per share)			(6.5)			(6.5)
<b>Balance at December 31, 2009</b>	182.0	1.8	998.3	1.0	10.5	1,011.6
Net income attributable to JCG			61.5		1.3	62.8
Net unrealized loss on available-for-sale securities				(0.4)		(0.4)
Amortization of net loss on cash flow hedge				0.1		0.1
Reclassification for net gains included in net income				(1.2)		(1.2)
Foreign currency translation adjustment				(1.3)		(1.3)
<i>Comprehensive income</i>						60.0
Amortization of stock-based compensation			16.2		2.4	18.6
Issuance and forfeitures of restricted stock awards, net	1.4					—
Tax impact of stock-based compensation			(5.0)			(5.0)
Stock option exercises and employee stock purchases	0.3		1.6			1.6
Noncontrolling interests in consolidated investment products					(0.7)	(0.7)
Purchase of noncontrolling interests					(5.0)	(5.0)
Distributions to noncontrolling interests					(2.5)	(2.5)
Change in fair value of redeemable noncontrolling interests			(14.7)		(1.2)	(15.9)
Common stock dividends (\$0.04 per share)			(7.4)			(7.4)
<b>Balance at June 30, 2010</b>	183.7	\$ 1.8	\$ 1,050.5	\$ (1.8)	\$ 4.8	\$ 1,055.3

The accompanying notes are an integral part of these condensed consolidated financial statements.

**JANUS CAPITAL GROUP INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Unaudited)*

**Note 1 — Basis of Presentation**

In the opinion of Janus Capital Group Inc. (collectively, “JCG” or the “Company”) management, the accompanying unaudited interim condensed consolidated financial statements contain all adjustments necessary to fairly present the financial position, results of operations and cash flows of the Company in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All such adjustments are of a normal recurring nature. Such unaudited interim financial statements have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These condensed consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2009.

The accompanying condensed consolidated financial statements have been prepared on a consistent basis with the accounting policies described in Note 2 to the consolidated financial statements that are presented in the Company’s Annual Report on Form 10-K for the year ended December 31, 2009. Prior year amounts related to the amortization of debt discounts and deferred issuance costs on the Consolidated Statements of Cash Flows have been reclassified to conform to the 2010 presentation.

**Note 2 — Recent Accounting Guidance**

In June 2009, the Financial Accounting Standards Board (“FASB”) issued new accounting guidance related to the consolidation of variable interest entities which amends guidance for identifying the primary beneficiary in variable interest entities, requires ongoing assessments for purposes of identifying the primary beneficiary and eliminates the scope exception for qualifying special-purpose entities. In January 2010, the FASB deferred the provisions of this guidance primarily for entities with attributes of an investment company until the FASB and International Accounting Standards Board develop converged guidance on consolidation. This accounting guidance may otherwise have resulted in the consolidation of certain JCG investment products. An Exposure Draft is expected to be published during 2010.

In January 2010, the FASB amended the previously issued guidance on fair value measurements, which will change the current disclosure requirement of Level 3 measurement activity from a net basis to a gross basis. The effective date of this guidance is the Company’s fiscal year beginning January 1, 2011. The application of these provisions will not impact JCG’s fair value measurements, but may result in additional disclosures.

**Note 3 — Investment Securities**

JCG’s investment securities at June 30, 2010 and December 31, 2009, are summarized as follows *(in millions)*:

	June 30, 2010				December 31, 2009			
	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<b>Short-term investments:</b>								
Trading securities (carried at fair value)	\$ 48.9	\$ 2.5	\$ (6.2)	\$ 45.2	\$ 57.8	\$ 3.9	\$ (4.8)	\$ 56.9
<b>Available-for-sale securities (carried at fair value)</b>								
Investments in advised funds	9.9	1.6	(0.4)	11.1	9.7	2.9	(0.1)	12.5
Other investment securities	33.1	—	—	33.1	37.4	—	—	37.4
<b>Total short-term investments</b>	<b>\$ 91.9</b>	<b>\$ 4.1</b>	<b>\$ (6.6)</b>	<b>\$ 89.4</b>	<b>\$ 104.9</b>	<b>\$ 6.8</b>	<b>\$ (4.9)</b>	<b>\$ 106.8</b>
<b>Long-term investments:</b>								
Held-to-maturity securities (carried at amortized cost)	\$ 92.8	\$ —	\$ —	\$ 92.8	\$ —	\$ —	\$ —	\$ —
<b>Total long-term investments</b>	<b>\$ 92.8</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 92.8</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>



Proceeds and net gains (losses) from the redemption of investment securities were as follows ( *in millions* ):

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Proceeds from redemptions:				
Trading securities	\$ 1.3	\$ 0.7	\$ 2.9	\$ 6.9
Available-for-sale securities	5.6	—	5.6	0.8
Net gains (losses) from redemption of investment securities	1.9	—	2.2	(0.1)

Investment securities are classified as follows:

### *Trading Securities*

JCG periodically adds new investment strategies to its investment product offerings by providing the initial cash investment, or “seeding,” of these investment products. Seeded investment products are initially consolidated and the individual securities within the portfolio are accounted for as trading securities. At June 30, 2010, investments classified as trading securities totaled \$45.2 million, representing \$29.4 million of securities held in separately managed accounts and \$15.8 million of securities held in the portfolios of funds advised by the Company. Trading securities are carried in JCG’s Consolidated Balance Sheets at fair value, with changes in value recognized in investment gains (losses), net on the Consolidated Statements of Income.

JCG implemented an economic hedge strategy in December 2008 covering the majority of trading securities to mitigate a portion of the net income volatility created by the mark-to-market accounting of these investment securities. The strategy utilizes futures contracts on various market indices to minimize volatility in earnings. These instruments are settled daily, with settlement amounts recognized in investment gains (losses), net on the Consolidated Statements of Income.

JCG recognized the following net gains (losses) on trading securities and associated futures contracts ( *in millions* ):

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net gains (losses) in earnings:				
Trading securities	\$ (4.8)	\$ 6.9	\$ (2.7)	\$ 2.2
Futures contracts	5.7	(6.4)	4.2	(2.1)
Total	\$ 0.9	\$ 0.5	\$ 1.5	\$ 0.1

### *Available-for-Sale Securities*

#### *Investments in Advised Funds*

At June 30, 2010, investments in advised funds totaled \$11.1 million. Investments in advised funds are carried in JCG’s Consolidated Balance Sheets at fair value, with changes in value recognized as gains and losses in other comprehensive income (loss). Accumulated gains and losses are reclassified to earnings when the securities are sold on a specific identification basis. JCG periodically reviews the carrying value of investments in advised funds for impairment by evaluating the nature, duration and extent of any decline in fair value. If the decline in value is determined to be other-than-temporary, the carrying value of the security is written down to fair value through earnings. No impairment charges were recognized during the three or six months ended June 30, 2010. Other-than-temporary impairment charges of \$5.2 million were recognized during the three months ended March 31, 2009. No impairment charges were recognized during the three months ended June 30, 2009.

### Other Investment Securities

Other investment securities primarily consist of a structured investment vehicle (“SIV”) which represents securities originally issued by Stanfield Victoria Funding LLC (“Stanfield”). During September 2009, Stanfield was restructured whereby security holders were given the option to participate in a new structure, receive their proportionate share of each investment position underlying Stanfield or auction their position. JCG, along with a majority of Stanfield security holders, elected to participate in the new structure under which each participating security holder’s proportionate share of positions underlying Stanfield was transferred to VFNC Trust (“VFNC”) and the security holder’s Stanfield security interests were exchanged for VFNC security interests. The restructuring has not impacted the valuation of the securities.

The VFNC securities are carried in JCG’s consolidated financial statements based on JCG’s estimate of fair value. See Note 4 for further discussion of the fair value of the VFNC securities.

### Held-to-Maturity Securities

At June 30, 2010, held-to-maturity investments totaled \$92.8 million, representing U.S. Treasury notes purchased in the second quarter 2010 which mature in August 2011.

Held-to-maturity securities are reflected as a component of long-term investments and other assets in JCG’s Consolidated Balance Sheets. These securities are carried at amortized cost, with corresponding interest income reflected as other income, net in JCG’s Consolidated Statements of Income.

### Note 4 — Fair Value Measurements

Measurements of fair value are classified within a hierarchy based upon the transparency of inputs used in the valuation of an asset or liability. Classification within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The valuation hierarchy contains three levels:

- Level 1 — Valuation inputs are unadjusted quoted market prices for identical assets or liabilities in active markets.
- Level 2 — Valuation inputs are quoted prices for identical assets or liabilities in markets that are not active, quoted market prices for similar assets and liabilities in active markets, and other observable inputs directly or indirectly related to the asset or liability being measured.
- Level 3 — Valuation inputs are unobservable and significant to the fair value measurement.

The following table presents assets and liabilities carried at fair value as of June 30, 2010 (*in millions*) :

	Level 1	Level 2	Level 3	Total
Trading securities	\$ 30.5	\$ 14.7	\$ —	\$ 45.2
Available-for-sale securities				
Investments in advised funds	6.8	4.3	—	11.1
Other investment securities	—	—	33.1	33.1
Held-to-maturity securities	92.8	—	—	92.8
Total investment securities	130.1	19.0	33.1	182.2
Other assets				
Mutual fund unit award hedge asset	77.7	—	—	77.7
Deferred compensation hedge asset	20.8	—	—	20.8
Total assets carried at fair value	<u>\$ 228.6</u>	<u>\$ 19.0</u>	<u>\$ 33.1</u>	<u>\$ 280.7</u>
Redeemable noncontrolling interests	\$ —	\$ —	\$ 81.3	\$ 81.3
Total liabilities carried at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 81.3</u>	<u>\$ 81.3</u>

JCG’s Level 1 and Level 2 fair value measurements consist of exchange-traded equity and debt securities underlying separate accounts and consolidated mutual funds, shares of unconsolidated mutual funds and U.S. Treasury notes. The underlying securities of mutual funds and separate accounts can be denominated in a foreign currency. The closing price

of such securities may be adjusted to capture the effects of any post-closing activity impacting the markets in which they trade. These adjustments result in the securities being classified as Level 2 and can also create significant movements between securities classified as Level 1 and Level 2.

JCG's Level 3 recurring fair value measurements primarily include SIV securities and redeemable noncontrolling interests. Nonrecurring Level 3 fair value measurements include goodwill and intangible assets.

The SIV securities were issued by a structured investment vehicle that purchased high-grade medium- and long-term fixed-income instruments financed by issuing low-cost, short-term senior debt instruments such as asset-backed commercial paper and asset-backed medium-term notes. To measure fair value, JCG undertakes a detailed analysis of the assets underlying the SIV securities and benchmarks those assets against instruments of a similar type with comparable yields, maturities and credit ratings for which quoted market prices are readily available. Discounts have been applied to the quoted market prices of the benchmark instruments to adjust for varying yields, credit ratings or other distinguishing characteristics. The valuation methodology for the SIV securities has been consistently applied since their acquisition in 2007 and subsequent restructuring in September 2009.

JCG measured the fair value of the SIV securities as of June 30, 2010, and determined that the valuation was consistent with the previously reported amount of \$35.3 million as of March 31, 2010, less subsequent distributions. JCG received distributions totaling \$2.3 million in the second quarter 2010, which reduced the carrying value of the SIV securities to \$33.0 million.

Redeemable noncontrolling interests in INTECH Investment Management LLC ("INTECH") are measured at fair value using a discounted cash flow methodology. Significant inputs to the discounted cash flow analysis include forecasted operating results, discount rate and terminal multiple of future cash flows. Redeemable noncontrolling interests in Perkins Investment Management LLC ("Perkins") are measured by a contractual formula intended to represent fair value. See Note 7 for further discussion of redeemable noncontrolling interests.

The changes in carrying value of JCG's recurring Level 3 fair value measurements are as follows (*in millions*) :

	<b>Other Investment Securities</b>	<b>Redeemable Noncontrolling Interests</b>
Carrying value at December 31, 2009	\$ 37.4	\$ 101.1
Distributions	(4.4)	(7.1)
Current earnings	—	2.8
Purchase of noncontrolling interest	—	(31.4)
Purchase of investments	0.4	—
Sales of investments	(0.1)	—
Impairment of investments	(0.2)	—
Change in fair value	—	15.9
Carrying value at June 30, 2010	<u>\$ 33.1</u>	<u>\$ 81.3</u>

JCG measures the fair value of goodwill and intangible assets using a discounted cash flow model. Significant inputs to the discounted cash flow analysis include JCG's forecasted operating results, discount rate and terminal multiple of cash flows. Because of the significance of the unobservable inputs in the fair value measurements of these assets and liabilities, such measurements have been classified as Level 3.

## Note 5 — Debt

Debt consisted of the following (*in millions*) :

	June 30, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
5.875% Senior Notes due 2011	\$ 92.2	\$ 93.8	\$ 92.2	\$ 92.5
6.250% Senior Notes due 2012	120.8	124.2	120.8	121.2
6.119% Senior Notes due 2014	82.3	83.0	82.3	80.7
3.250% Convertible Senior Notes due 2014	132.6	171.7	128.9	206.7
6.700% Senior Notes due 2017	367.9	364.9	367.8	357.5
Total long-term debt	<u>\$ 795.8</u>	<u>\$ 837.6</u>	<u>\$ 792.0</u>	<u>\$ 858.6</u>

### *Fair Value of Debt*

The fair value of debt was determined using broker quotes and recent trading activity for each of the notes listed above.

### *Convertible Senior Notes*

In July 2009, JCG issued \$170.0 million of 3.250% convertible senior notes (“convertible senior notes”), which pay interest semiannually on July 15 and January 15 of each year and mature on July 15, 2014, unless earlier converted. The convertible senior notes are convertible under certain circumstances into cash, shares of JCG common stock, or a combination of cash and shares of JCG common stock, at JCG’s election. Such a conversion would be at an initial conversion rate of 71.3 shares of JCG common stock per \$1,000 principal amount of convertible senior notes, which is equivalent to an initial conversion price of approximately \$14.03 per share of common stock, subject to adjustment in certain circumstances. The convertible senior notes are not callable by JCG.

Holder may convert their notes at their option prior to the close of business on the business day immediately preceding April 15, 2014, only under the following circumstances: (1) during any calendar quarter commencing after September 30, 2009, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day; or (2) upon the occurrence of other specified events. On or after April 15, 2014, until maturity, holders may convert their notes regardless of the preceding circumstances. As of June 30, 2010, the conversion criteria of the convertible senior notes have not been satisfied.

Because the convertible senior notes may be wholly or partially settled in cash, the proceeds were required to be bifurcated into debt and equity components. The \$125.7 million initial debt component was determined by discounting future contractual cash flows at a 10.0% rate which is consistent with the estimated market rate at the time of issuance for similar senior notes with no conversion option. The debt component will accrete up to the face value over the five-year expected term through interest expense. The unamortized discount at June 30, 2010 is \$37.4 million and will be amortized over the remaining period of 4.0 years. The \$44.3 million (or \$27.9 million, net of deferred taxes) initial equity component was determined using the difference between the proceeds and the debt component. The fair value of the convertible notes in the above table is based on the outstanding principal balance while the carrying value represents the outstanding principal balance exclusive of the unamortized discounts. Interest expense related to the convertible senior notes includes interest on the outstanding principal balance as well as amortization of capitalized issuance costs and totaled \$6.8 million for the six months ended June 30, 2010.

### *Change of Control and Rating Downgrade Covenant*

If the Company experiences a change of control and in connection therewith the 6.250% and 6.700% Senior Notes (“2007 Senior Notes”) and 5.875% Senior Notes become rated below investment grade by Standard & Poor’s (“S&P”) Rating Service and Moody’s Investors Service, Inc. (“Moody’s”), JCG must offer to repurchase all of the 2007 Senior Notes and 5.875% Senior Notes at a price equal to 101% of the principal amount plus accrued and unpaid interest to the repurchase date.

### *Interest Rate Adjustment Covenant*

All of JCG’s senior notes, excluding the convertible senior notes, are subject to an interest rate adjustment covenant that provides that the interest rate payable will increase by 25 basis points for each level that the Company’s debt rating is decreased by Moody’s from Baa3 or by S&P from BBB-, up to a maximum increase of 200 basis points. If at any time

after the interest has been adjusted upward either Moody's or S&P increases its rating, then for each level of such increase in the rating, the interest payable will be decreased by 25 basis points, but in no event to a rate less than the interest rate payable on the date of their issuance. The interest rate adjustment covenant will permanently terminate if the Company's debt ratings increase to Baa2 by Moody's and BBB by S&P (or higher), with a stable or positive outlook regardless of any subsequent decrease in the ratings by either or both rating agencies. On February 23, 2009, S&P lowered JCG's credit rating to BB+, which resulted in a 25 basis point increase in the interest rates payable on all of JCG's senior notes, excluding the convertible senior notes.

### ***Capital Lease Obligations***

JCG's capital lease obligations represent leased computer equipment. The carrying value of the obligations at June 30, 2010, totaled \$1.8 million and is included in other accrued liabilities and other liabilities on the Consolidated Balance Sheets. The related lease terms extend through 2012.

### **Note 6 — Income Tax Contingencies**

As of June 30, 2010, JCG had \$36.1 million of accrued reserves for income tax contingencies, including interest. JCG anticipates that its income tax contingency reserves will decrease by approximately \$25.2 million in the next 12 months, primarily from the expiration of statutes of limitations and the resolution of audits. Accordingly, this amount has been presented in other accrued liabilities on the Consolidated Balance Sheets.

### **Note 7 — Noncontrolling Interests**

Noncontrolling interests that are not subject to put rights are classified in permanent equity. Redeemable noncontrolling interests are classified in mezzanine equity and are measured at estimated fair value as of the balance sheet date. Earnings attributable to noncontrolling interests that are and are not subject to put rights are combined in the Consolidated Statements of Income. Acquisitions of entities where JCG holds an existing controlling interest are treated as a reduction of noncontrolling interests in an amount equal to the purchase price.

#### ***Noncontrolling Interests That Are Not Subject to Put Rights***

Noncontrolling interests that are not subject to put rights consist of undistributed earnings related to third-party investors in consolidated investment products and certain INTECH and Perkins ownership interests granted to employees which totaled \$4.8 million attributable to such interests as of June 30, 2010. Certain of the INTECH and Perkins ownership interests granted to employees become subject to put rights upon vesting at which time such interests are reclassified to redeemable noncontrolling interests.

In June 2010, INTECH purchased ownership interests held by INTECH employees for \$5.0 million. These ownership interests represent less than 1% of total INTECH ownership interests and were not subject to put rights.

#### ***Redeemable Noncontrolling Interests***

Redeemable noncontrolling interests consist of INTECH and Perkins ownership interests that are currently puttable to JCG or will become puttable at certain future dates, and undistributed earnings of \$0.1 million attributable to such interests as of June 30, 2010. Changes in fair value of redeemable noncontrolling interests are recognized as increases or decreases to redeemable noncontrolling interests with an offsetting charge to retained earnings.

## INTECH

On February 19, 2010, pursuant to contractual obligations, JCG acquired an additional 3% interest in INTECH from the two founding members for \$31.4 million. This transaction reduced the two founders' aggregate ownership interest to approximately 2% of INTECH. Each founder is entitled to retain his remaining INTECH shares outstanding until his death unless he is terminated for cause or leaves voluntarily while not in good standing. An INTECH founder will be considered to be in good standing if he voluntarily leaves after providing 12 months' prior notice and cooperating with the transition. Each of the two INTECH founding members has the option annually to require JCG to purchase from him his remaining ownership interest of INTECH at fair value. The following table discloses the effect on equity as a result of JCG's acquisition of the additional 3% interest in INTECH (in millions):

	<u>Six months ended June 30, 2010</u>	<u>Six months ended June 30, 2009</u>
Net income attributable to controlling interest	\$ 36.1	\$ 32.7
Decrease in JCG retained earnings from acquisition of noncontrolling interest	(29.1)	(23.0)
Change from net income (controlling interest) and acquisitions of noncontrolling interest	<u>\$ 7.0</u>	<u>\$ 9.7</u>

Total INTECH ownership interests held by the two founders have an estimated value of approximately \$20.9 million as of June 30, 2010. Ownership interests held by other INTECH employees subject to put rights have an estimated value of approximately \$4.0 million as of June 30, 2010.

### Perkins

JCG has the option to acquire the majority of the remaining 22.2% interest of Perkins at fair value on the third, fifth, seventh or each subsequent anniversary of December 31, 2008 ("closing"), the date JCG acquired a majority ownership in Perkins. The noncontrolling owners of Perkins have the option to require JCG to purchase any or all of their remaining ownership interests on the fourth or sixth anniversary of closing at fair value. The total Perkins noncontrolling interest has an estimated value of approximately \$56.3 million as of June 30, 2010, based on a contractual formula driven by revenue and investment performance of products managed by Perkins. The formula is intended to represent fair value.

### Note 8 — Long-Term Incentive Compensation

JCG granted \$66.6 million in long-term incentive awards during the first six months of 2010, which generally vest and will be recognized ratably over a four-year period. The 2010 awards consisted of \$10.0 million of restricted stock (0.8 million shares at a weighted average price of \$12.18 per share), \$13.4 million of stock options and \$43.2 million of mutual fund units.

A total of 2.1 million stock options with a grant date fair value of \$6.40 per option were awarded as part of the February 2010 grant. The grant date fair value of stock options was determined using the Black-Scholes model with the following assumptions: expected volatility of 65%, dividend yield of 0.34%, risk-free interest rate of 2.29% and an expected life of five years.

In addition to these awards, JCG granted a \$10.0 million restricted stock award to its chief executive officer on February 5, 2010. This award will vest 50% on December 31, 2010, and 25% in each of the second and third years commencing January 1, 2012. INTECH also granted \$5.1 million of ownership interests to its employees which generally vest and will be recognized ratably over a four-year period. This grant represents less than 1.0% of total INTECH ownership interests.

The 2010 annual grant utilized the majority of the remaining shares under the 2005 Long-Term Incentive Stock Plan. On April 29, 2010, Janus shareholders approved the 2010 Long-Term Incentive Stock Plan, which allows JCG to grant up to 4.4 million shares of equity-based awards, including stock options and restricted stock.

## Note 9 — Other Income, Net

The components of other income, net are as follows (*in millions*):

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Dividend income	\$ —	\$ 0.2	\$ —	\$ 0.4
Interest income	0.2	0.1	0.2	0.2
Translation gains (losses), net	—	(0.4)	—	(1.0)
Other, net	0.5	0.5	0.7	0.8
Total	<u>\$ 0.7</u>	<u>\$ 0.4</u>	<u>\$ 0.9</u>	<u>\$ 0.4</u>

## Note 10 — Earnings Per Share

Basic earnings per common share is calculated by dividing net income attributable to JCG common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common share adjusts the weighted average shares outstanding by the dilutive impact of shares underlying stock options and unvested restricted stock awards. The following is a summary of the earnings per share calculation (*in millions, except per share data*):

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
<b>Net income (loss) attributable to JCG common shareholders:</b>	<u>\$ 30.2</u>	<u>\$ 15.8</u>	<u>\$ 61.5</u>	<u>\$ (802.3)</u>
<b>Basic earnings (loss) per share attributable to JCG common shareholders:</b>				
Weighted average common shares outstanding	<u>179.8</u>	<u>157.0</u>	<u>179.5</u>	<u>156.8</u>
Basic earnings (loss) per share	<u>\$ 0.17</u>	<u>\$ 0.10</u>	<u>\$ 0.34</u>	<u>\$ (5.12)</u>
<b>Diluted earnings (loss) per share attributable to JCG common shareholders:</b>				
Weighted average common shares outstanding	179.8	157.0	179.5	156.8
Dilutive effect of stock options and unvested restricted stock using the treasury stock method	2.7	2.0	2.7	—
Weighted average diluted common shares outstanding	<u>182.5</u>	<u>159.0</u>	<u>182.2</u>	<u>156.8</u>
Diluted earnings (loss) per share	<u>\$ 0.17</u>	<u>\$ 0.10</u>	<u>\$ 0.34</u>	<u>\$ (5.12)</u>

The following stock options and unvested restricted stock are anti-dilutive and have not been included in the weighted average diluted shares outstanding calculation (*in millions*):

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Stock options	11.7	11.3	11.7	17.3
Unvested restricted stock	0.6	1.2	0.6	4.7

All shares held in the JCG Employee Stock Ownership Plan are treated as outstanding for purposes of computing basic earnings per share. The computation of diluted earnings per share does not include the impact of the convertible senior notes because the effect would be anti-dilutive as the conversion criteria have not been satisfied. As a result of JCG's net loss for the six months ended June 30, 2009, all stock options and unvested restricted stock were anti-dilutive.

## Note 11 — Legal Proceedings

JCG is subject to various legal proceedings arising from normal business operations. Although there can be no assurances, based on information currently available, management believes that it is probable that the ultimate outcome of each of the actions described below will not have a material adverse effect on JCG's consolidated financial condition. However, an adverse outcome in any of the actions could have a material adverse effect on the Company's financial position or results of operations for the period in which it is recorded. JCG has established a \$2.0 million litigation accrual for the claims described below. Management believes these claims have little or no merit and intends to defend against them.

### *Market Timing Litigation*

Following the market timing investigations by the New York Attorney General ("NYAG") and the SEC in 2003, JCG and certain affiliates were named as defendants in a consolidated lawsuit in the U.S. District Court in Baltimore, Maryland ( *Case No. MDL No. 1586, 04-MD-15863* ). Five amended complaints were originally filed in these coordinated proceedings, two of which still remain including (i) claims by a putative class of JCG shareholders asserting claims on behalf of the shareholders ( *First Derivative Traders, et al. v. Janus Capital Group Inc., et al.* , U.S. District Court, District of Maryland, MDL 1586, formerly referred to as *Wiggins, et al. v. Janus Capital Group Inc., et al.*, U.S. District Court, District of Maryland, Case No. 04-CV-00818); and (ii) derivative claims by investors in certain Janus funds ostensibly on behalf of such funds ( *Steinberg et al. v. Janus Capital Management, LLC et al.*, U.S. District Court, District of Maryland, Case No. 04-CV-00518 ).

In the *First Derivative Traders* matter, the U.S. District Court entered an order dismissing all claims. Plaintiffs, however, appealed that dismissal to the U.S. Court of Appeals for the Fourth Circuit. In May 2009, the Fourth Circuit reversed the order of dismissal and remanded the case back to the U.S. District Court for further proceedings. In June 2010, the U.S. Supreme Court agreed to review the Fourth Circuit's decision. As a result of these developments at the U.S. Supreme Court, the U.S. District Court has stayed all proceedings in the *First Derivative Traders* matter. In addition to the *First Derivative Traders* case, on January 20, 2010, the U.S. District Court entered orders dismissing the remaining claims asserted against JCG and its affiliates by fund investors in the *Steinberg* matter. However, on February 17, 2010, plaintiffs filed a Notice of Appeal in that action. As a result of these events, JCG and its affiliates are the remaining defendants, in some capacity, in the actions described in the preceding paragraph.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### FORWARD-LOOKING STATEMENTS

*Certain statements in this Quarterly Report on Form 10-Q contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans," "may increase," "may fluctuate," "forecast" and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts. Any statements that refer to expectations or other characterizations of future events, circumstances or results are forward-looking statements. These statements are based on the beliefs and assumptions of Company management based on information currently available to management.*

*Various risks, uncertainties, assumptions and factors that could cause future results to differ materially from those expressed by the forward-looking statements included in this Quarterly Report on Form 10-Q include, but are not limited to, risks, uncertainties, assumptions and factors specified in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 and this Quarterly Report on Form 10-Q included under headings such as "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and in other filings and furnishings made by the Company with the SEC from time to time. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this Quarterly Report on Form 10-Q may not occur. Many of these factors are beyond the control of the Company and its management. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this Quarterly Report on Form 10-Q. Except for the Company's ongoing obligations to disclose material information under the federal securities laws, the Company undertakes no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless required by law.*

### AVAILABLE INFORMATION

Copies of Janus Capital Group Inc.'s (collectively, "JCG" or the "Company") filings with the Securities and Exchange Commission ("SEC") can be obtained from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information can be obtained about the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

JCG makes available free of charge its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments thereto as soon as reasonably practical after such filing has been made with the SEC. Reports may be obtained through the Investor Relations section of JCG's website (<http://ir.janus.com>) or by contacting JCG at (888) 834-2536. The contents of JCG's website are not incorporated herein for any purpose.

JCG's Officer Code of Ethics for Principal Executive Officer and Senior Financial Officers (including its chief executive officer and chief financial officer) (the "Officer Code"); Corporate Code of Business Conduct and Ethics for all employees; corporate governance guidelines; and the charters of key committees of the board of directors (including the Audit, Compensation, Nominating, Corporate Governance, and Planning and Strategy committees) are available on its website (<http://ir.janus.com/documents.cfm>). Any future amendments to or waivers of the Officer Code will be posted to the Investor Relations section of JCG's website.

## RESULTS OF OPERATIONS

### Overview

JCG provides investment management, administration, distribution and related services to individual and institutional investors through mutual funds, separate accounts and subadvised relationships (collectively referred to as “investment products”) in both domestic and international markets. Over the last several years, JCG has expanded its business to become a more diversified manager with increased product offerings and distribution capabilities. JCG offers three distinct types of investment advisory services, including fundamental equity (includes growth/blend, global/international and value investment disciplines), fixed income and mathematical equity, through its primary subsidiaries, Janus Capital Management LLC (“Janus”), INTECH Investment Management LLC (“INTECH”) and Perkins Investment Management LLC (“Perkins”). Each of JCG’s three primary subsidiaries specializes in specific investment styles and disciplines. JCG’s investment products are distributed through three channels: retail intermediary, institutional and international. Each distribution channel focuses on specific investor groups and the unique requirements of each group.

Revenues are generally based upon a percentage of the market value of assets under management and are calculated as a percentage of the daily average asset balance in accordance with contractual agreements with the Company’s investment products. Certain investment products are also subject to performance fees which vary based on a product’s relative performance as compared to a benchmark index and the level of assets subject to such fees. Assets under management primarily consist of domestic and international equity and debt securities. Accordingly, fluctuations in domestic and international financial markets, relative investment performance, sales and redemptions of investment products, and changes in the composition of assets under management are all factors that have a direct effect on JCG’s operating results.

### Second Quarter 2010 Summary

The second quarter 2010 was challenging across the industry reflecting increased market volatility and investors shifting away from actively managed equities to fixed income products. JCG’s ending assets under management of \$147.2 billion decreased \$18.3 billion, or 11.0%, from March 31, 2010, primarily as a result of unfavorable market conditions during the second quarter 2010. Revenues of \$249.3 million and average assets under management of \$160.2 billion for the second quarter 2010 increased slightly from the first quarter 2010.

### Investment Performance

Investment products are generally evaluated based on their investment performance relative to other investment products with similar disciplines and strategies.

Relative long-term investment performance remained strong with approximately 60%, 80% and 85% of complex-wide mutual funds in the top half of their Lipper categories on a one-, three- and five-year total return basis, respectively, as of June 30, 2010.

Fundamental equity mutual funds continued to outperform the majority of peers with 65%, 82% and 89% of mutual funds ranking in the top half of their Lipper categories on a one-, three- and five-year total return basis, respectively, as of June 30, 2010.

Fixed income mutual funds continued to generate strong long-term investment performance with approximately 50%, 100% and 100% of mutual funds ranked in the top half of their Lipper categories on a one-, three- and five-year total return basis, respectively, as of June 30, 2010.

Mathematical equity strategies improved meaningfully, with 42%, 83% and 44% of product strategies outperforming their respective benchmarks over the one-, three- and five-year periods ended June 30, 2010.

## **Assets Under Management and Flows**

### ***Valuation***

The value of assets under management is derived from the cash and investment securities held by JCG's investment products. Investment security values are determined using unadjusted or adjusted quoted market prices and independent third-party price quotes in active markets. For debt securities with maturities of 60 days or less, the amortized cost method is used to determine the value. Securities for which market prices are not readily available or are considered unreliable are internally valued using appropriate methodologies for each security type or by engaging third-party specialists. The value of the majority of the securities underlying JCG's investment products is derived from readily available and reliable market price quotations.

The pricing policies for mutual funds advised by JCG's subsidiaries (the "Funds") are established by the Funds' Independent Board of Trustees and are designed to test and validate fair value measurements. Responsibility for pricing securities held within separate and subadvised accounts may be delegated by separate or subadvised clients to JCG or another party.

### ***Assets Under Management and Flows***

Total Company assets under management of \$147.2 billion at June 30, 2010, increased \$14.6 billion, or 11.0%, from June 30, 2009. The increase was primarily driven by improving market conditions in the last half of 2009 and the first quarter 2010.

Fixed income long-term net inflows of \$1.2 billion and fundamental equity long-term net outflows of \$1.0 billion for the second quarter 2010 reflect current market conditions and investor preference for fixed income products over actively managed equity products. Fundamental equity flows were impacted by one significant equity mandate loss totaling \$1.8 billion during the quarter.

Mathematical equity long-term net outflows for the three and six months ended June 30, 2010 were primarily attributable to increased redemptions as a result of the relative underperformance in large cap growth strategies over longer time periods and domestic plan sponsors generally allocating away from U.S. large cap equities. However, mathematical equity long-term net outflows improved with \$1.5 billion in net outflows in the second quarter 2010 compared to \$4.3 billion in the first quarter 2010 as a result of higher sales and a decline in redemptions.



## Assets and Flows by Investment Discipline

JCG, through its primary subsidiaries, offers investment products based on a diversified set of investment disciplines. Janus offers growth/blend and global/international equity as well as fixed income and money market investment products. INTECH offers mathematical equity investment products and Perkins offers value-disciplined investments. Assets and flows by investment discipline are as follows (*in billions*) :

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
<b>Growth/Blend</b>				
Beginning of period assets	\$ 71.2	\$ 46.3	\$ 67.9	\$ 49.3
Sales	4.1	3.3	7.6	5.9
Redemptions	6.0	2.7	9.4	6.2
Net sales (redemptions)	(1.9)	0.6	(1.8)	(0.3)
Market/fund performance	(8.5)	9.0	(5.3)	6.9
End of period assets	<u>\$ 60.8</u>	<u>\$ 55.9</u>	<u>\$ 60.8</u>	<u>\$ 55.9</u>
<b>Global/International</b>				
Beginning of period assets	\$ 22.2	\$ 11.4	\$ 20.4	\$ 11.6
Sales	1.5	1.2	2.9	1.7
Redemptions	1.5	0.5	2.5	1.2
Net sales	—	0.7	0.4	0.5
Market/fund performance	(2.5)	3.4	(1.1)	3.4
End of period assets	<u>\$ 19.7</u>	<u>\$ 15.5</u>	<u>\$ 19.7</u>	<u>\$ 15.5</u>
<b>Mathematical Equity</b>				
Beginning of period assets	\$ 45.9	\$ 38.3	\$ 48.0	\$ 42.4
Sales	2.0	1.6	2.5	2.5
Redemptions	3.5	1.8	8.3	3.2
Net redemptions	(1.5)	(0.2)	(5.8)	(0.7)
Market/fund performance	(4.6)	5.7	(2.4)	2.1
End of period assets	<u>\$ 39.8</u>	<u>\$ 43.8</u>	<u>\$ 39.8</u>	<u>\$ 43.8</u>
<b>Fixed Income</b>				
Beginning of period assets	\$ 7.8	\$ 3.7	\$ 6.8	\$ 3.2
Sales	2.0	0.9	3.7	1.7
Redemptions	0.8	0.5	1.6	0.8
Net sales	1.2	0.4	2.1	0.9
Market/fund performance	0.2	0.3	0.3	0.3
End of period assets	<u>\$ 9.2</u>	<u>\$ 4.4</u>	<u>\$ 9.2</u>	<u>\$ 4.4</u>
<b>Value</b>				
Beginning of period assets	\$ 16.8	\$ 8.6	\$ 14.9	\$ 9.1
Sales	2.2	1.4	4.5	2.8
Redemptions	1.3	0.6	2.6	1.7
Net sales	0.9	0.8	1.9	1.1
Market/fund performance	(1.6)	1.6	(0.7)	0.8
End of period assets	<u>\$ 16.1</u>	<u>\$ 11.0</u>	<u>\$ 16.1</u>	<u>\$ 11.0</u>
<b>Money Market</b>				
Beginning of period assets	\$ 1.6	\$ 2.6	\$ 1.7	\$ 7.9
Sales	0.3	0.2	0.4	3.2
Redemptions	0.3	0.8	0.5	9.1
Net redemptions	—	(0.6)	(0.1)	(5.9)
Market/fund performance	—	—	—	—
End of period assets	<u>\$ 1.6</u>	<u>\$ 2.0</u>	<u>\$ 1.6</u>	<u>\$ 2.0</u>

## Results of Operations

### Three Months Ended June 30, 2010, Compared with Three Months Ended June 30, 2009

#### Revenues

Investment management fees increased \$48.0 million, or 30.0%, primarily as a result of the 26.4% increase in average assets under management driven by improved market conditions in the second half of 2009 through the first quarter 2010.

Performance fee revenue is derived from certain mutual funds and separate accounts. The decrease of \$2.2 million, or 33.8%, in performance fee revenue was primarily due to lower fees earned on certain mutual funds from a decline in performance.

At June 30, 2010, \$24.6 billion and \$6.4 billion mutual fund and private account assets, respectively, were subject to performance fees. As approved by mutual fund shareholders, additional mutual funds representing \$36.9 billion, or approximately 25% of assets under management at June 30, 2010, will become subject to performance fees over the next 18 months, with the fee adjustment for the first set of impacted funds calculated in the third quarter 2011.

Shareowner servicing fees and other revenue increased \$3.3 million, or 9.7%, primarily as a result of an increase in transfer agent fees, partially offset by a decrease in service fees and money market administration fees. Transfer agent fees increased \$6.0 million, or 22.9%, over the comparable prior period. Transfer agent fees are based on average assets under management distributed directly to investors by Janus, excluding money market assets, which increased 32.7% over the comparable prior period. Service fees declined as a result of a net decline in assets subject to such fees. Money market administration fees declined \$1.6 million due to lower money market assets as a result of JCG's exit from its institutional money market business effective April 30, 2009.

#### Expenses

Employee compensation and benefits increased \$13.2 million, or 19.9%, principally due to higher investment team incentive compensation. The investment team incentive compensation plan is linked to individual performance, but also ties the aggregate level of compensation to revenue, which increased over the comparable prior year period.

Long-term incentive compensation increased \$6.5 million, or 46.4%, primarily from \$4.9 million of expense related to Perkins senior profit interest awards and from new awards granted in 2010, partially offset by the vesting of awards granted in prior years and a \$0.8 million net benefit from revising JCG's forfeiture estimate in the second quarter 2010 due to higher than projected employee departures. The Perkins senior profit interest awards have a formula-driven terminal value based on revenue growth and relative investment performance of products managed by Perkins.

Marketing and advertising increased \$7.0 million, or 85.4%, primarily due to \$8.1 million of fund proxy costs for the election of the mutual fund trustees for JCG's domestic mutual funds. JCG is currently required by the SEC to pay for such elections every five years.

Distribution expense increased \$10.2 million, or 40.2%, as a result of a similar increase in assets under management subject to third-party concessions. Distribution fees are calculated based on a contractual percentage of the market value of assets under management distributed through third-party intermediaries.

Depreciation and amortization expense increased \$1.9 million, or 23.8%, primarily as a result of higher amortization of deferred commissions from an increase in sales of certain mutual fund shares.

General, administrative and occupancy expense decreased \$4.1 million, or 13.1%, primarily as a result of lower legal expenses.

Interest expense declined \$3.9 million, or 19.8%, primarily as a result of the August 2009 tender offer which reduced long-term debt by approximately \$443.3 million, partially offset by \$3.4 million of interest expense associated with the July 2009 issuance of \$170.0 million, 3.250% convertible senior notes ("convertible senior notes").

Net investment gains totaling \$3.2 million primarily represent realized gains from the redemption of available-for-sale securities. Mark-to-market losses on trading securities for the three months ended June 30, 2010 were more than offset by gains generated by a hedging strategy implemented in late 2008, covering the majority of seed capital. The hedging strategy utilizes futures contracts to mitigate a portion of the earnings volatility created by the mark-to-market accounting of seed capital investments.

Noncontrolling interests decreased \$2.2 million, or 64.7%, primarily due to a decline in the noncontrolling ownership interests in INTECH as a result of JCG's 2010 acquisition of an additional 3% interest in INTECH and from market losses attributable to the noncontrolling interests in consolidated investment products.

## **Six Months Ended June 30, 2010, Compared with Six Months Ended June 30, 2009**

### ***Revenues***

Investment management fees increased \$117.0 million, or 39.4%, primarily as a result of the 33.4% increase in average assets under management driven by improved market conditions in the second half of 2009 through the first quarter 2010.

Shareowner servicing fees and other revenue increased \$9.6 million, or 15.0%, primarily as a result of an increase in transfer agent fees, partially offset by a decrease in service fees and money market administration fees. Transfer agent fees increased as a result of a 42.2% increase in average assets under management distributed directly to investors by Janus. Service fees declined as a result of a net decline in assets subject to such fees. Money market administration fees declined as a result of JCG's exit from its institutional money market business effective April 30, 2009.

### ***Expenses***

Employee compensation and benefits increased \$30.6 million, or 23.8%, principally due to higher investment team incentive compensation and sales commissions. Sales commissions increased from higher sales volumes, primarily in the retail intermediary channel.

Long-term incentive compensation increased \$11.7 million, or 42.7%, primarily from \$8.7 million of expense related to Perkins senior profit interest awards and from new awards granted in 2010. This was partially offset by the vesting of awards granted in prior years and a \$0.8 million net benefit from revising JCG's forfeiture estimate in the second quarter 2010 due to higher than projected employee departures.

Long-term incentive awards granted during 2010 totaled \$66.6 million and will be recognized ratably over a four-year period. In addition to these awards, JCG granted a \$10.0 million restricted stock award to the chief executive officer on February 5, 2010. This award will vest 50% on December 31, 2010, and 25% in each of the second and third years, commencing January 1, 2012. INTECH also granted \$5.1 million of ownership interests, which generally vest and will be recognized ratably over a four-year period.

Marketing and advertising increased \$8.2 million, or 59.4%, primarily due to \$9.1 million of fund proxy costs for the election of the mutual fund trustees for JCG's domestic mutual funds.

Distribution expense increased \$25.2 million, or 55.4%, as a result of a similar increase in assets under management subject to third-party concessions.

Depreciation and amortization expense increased \$2.9 million, or 17.2%, primarily as a result of higher amortization of deferred commissions from an increase in sales of certain mutual fund shares.

General, administrative and occupancy expense decreased \$7.7 million, or 11.9%, primarily as a result of lower legal expenses. The six months ended June 30, 2009 included litigation charges of \$8.9 million.

JCG recognized goodwill and intangible asset impairment charges of \$747.0 million and \$109.7 million, respectively, as of March 31, 2009. The goodwill impairment charge was not deductible for income tax purposes. A tax benefit of \$40.6 million was recognized as a result of the impairment of mutual fund advisory contracts.

Interest expense declined \$8.2 million, or 20.7%, primarily as a result of the August 2009 tender offer which reduced long-term debt by approximately \$443.3 million, partially offset by \$6.8 million of interest expense associated with the July 2009 issuance of convertible senior notes.

Net investment gains totaling \$3.9 million primarily represent realized gains from the redemption of available-for-sale securities. Mark-to-market losses on trading securities for the six months ended June 30, 2010 were more than offset by gains generated by a hedging strategy implemented in late 2008, covering the majority of seed capital. The hedging strategy utilizes futures contracts to mitigate a portion of the earnings volatility created by the mark-to-market accounting of seed capital investments. Net investment losses of \$6.9 million for the six months ended June 30, 2009 include impairment charges totaling \$6.6 million, which were primarily related to securities classified as available-for-sale.

Noncontrolling interests decreased \$2.6 million, or 44.1%, primarily due to a decline in the noncontrolling ownership interests in INTECH as a result of JCG's 2010 acquisition of an additional 3% interest in INTECH and from market losses attributable to the noncontrolling interests in consolidated investment products.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flows

A summary of cash flow data for the six months ended June 30, 2010 and 2009 is as follows (*in millions*) :

	2010	2009
Cash flows provided by (used for):		
Operating activities	\$ 83.4	\$ 20.0
Investing activities	(98.9)	(17.7)
Financing activities	(49.7)	(66.2)
Net change in cash and cash equivalents	(65.2)	(63.9)
Balance beginning of period	324.7	282.6
Balance end of period	<u>\$ 259.5</u>	<u>\$ 218.7</u>

On an annual basis, JCG's cash flow from operations historically has been positive and sufficient to fund ordinary operations and capital requirements. Fluctuations in operating cash flows are attributable to changes in net income and working capital items, which can vary from period to period based on the amount and timing of cash receipts and payments. The increase in cash flow from operations from the comparable prior year period was driven by higher revenues as a result of the increase in average assets under management.

Cash used for investing activities for the six months ended June 30, 2010 primarily represents \$93.1 million for the net purchase of investments, including an aggregate total of \$92.8 million of U.S. Treasury notes purchased in the second quarter 2010 which mature in August 2011. Other purchases and sales of investments are related to seed capital as well as hedging and vesting of mutual fund share awards. Cash used for investing activities for the comparable prior year period primarily represents \$9.7 million for the net purchase of investments.

Cash used for financing activities for the six months ended June 30, 2010 primarily represents \$31.4 million for the purchase of an additional 3% interest in INTECH combined with \$9.6 million of distributions to noncontrolling interests and \$7.4 million of dividends paid to stockholders. Cash used for financing activities for the comparable prior year period primarily represents the \$22.0 million principal repayment of the Company's 7.750% Senior Notes in June 2009 combined with \$27.5 million for the purchase of noncontrolling interests in INTECH, \$7.9 million of distributions to noncontrolling interests and \$6.5 million of dividends paid to stockholders.

### *Interest Rate Adjustment Covenant*

All of JCG's senior notes, excluding the convertible senior notes, are subject to an interest rate adjustment covenant that provides that the interest rate payable will increase by 25 basis points for each level that the Company's debt rating is decreased by Moody's Investors Service, Inc. ("Moody's") from Baa3 or by Standard & Poor's ("S&P") Rating Service from BBB-, up to a maximum increase of 200 basis points. If at any time after the interest has been adjusted upward either Moody's or S&P increases its rating, then for each level of such increase in the rating, the interest payable will be decreased by 25 basis points, but in no event to a rate less than the interest rate payable on the date of their issuance. For each 25 basis point increase or decrease, JCG's interest expense will increase or decrease by approximately \$1.7 million on an annualized basis. The interest rate adjustment covenant will permanently terminate if the Company's debt ratings increase to Baa2 by Moody's and BBB by S&P (or higher), with a stable or positive outlook regardless of any subsequent decrease in the ratings by either or both rating agencies. On February 23, 2009, S&P lowered JCG's credit rating to BB+, which resulted in a 25 basis point increase in the interest rates payable on all of JCG's senior notes, excluding the convertible senior notes.



## Other Sources of Liquidity

### Shelf Registration

The Company has effective a Shelf Registration Statement with the SEC that allows it to register the sale of an indeterminate amount of preferred stock and additional common stock and debt securities.

### Credit Facility

JCG has a \$125 million Competitive Advance and Revolving Credit Facility Agreement (the "Credit Facility") with a syndicate of banks which terminates on December 1, 2010. The Credit Facility contains two financial covenants: a specified maximum financing leverage ratio and a minimum interest coverage ratio. In addition, the Credit Facility contains a minimum assets under management covenant and any borrowings are secured by a majority of JCG's assets. At June 30, 2010, JCG was in compliance with all covenants and there were no borrowings under the amended Credit Facility.

The covenants and the calculation of the ratios, as defined in the amended Credit Facility, are as follows (*in millions*) :

	<b>Last Four Quarters Ended June 30, 2010</b>
Net income attributable to JCG	\$ 106.7
Add back:	
Gain on early extinguishment of debt	(5.8)
Tender costs	17.6
Interest expense	65.8
Income tax provision	63.5
Depreciation and amortization	38.8
Non-cash amortization of long-term incentive compensation	72.7
Unrealized gains or losses on investments	(5.1)
Other nonrecurring cash charges	15.9
Cash paid for deferred commissions and mutual fund share awards	(54.3)
Adjusted net income	<u>\$ 315.8</u>
Debt (including capital leases and letters of credit)	<u>\$ 797.7</u>
Leverage Ratio (debt divided by adjusted net income)	<u>2.53</u>
<b>Cannot exceed 8.00</b>	
Interest Coverage Ratio	
(adjusted net income divided by last four quarters interest expense)	<u>4.8</u>
<b>Must equal or exceed 2.0</b>	
Minimum assets under management	
Ending long-term assets under management (in billions)	<u>\$ 145.6</u>
<b>Must exceed \$80.0 billion</b>	

JCG intends to negotiate a new credit facility during the second half of 2010.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

The Company has had no material changes in its exposure to market risks from that previously reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

### **Item 4. Controls and Procedures**

JCG's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2010. Disclosure controls and procedures are the controls and other procedures that the Company designed to ensure that it records, processes, summarizes and reports in a timely manner the information it must disclose in reports that it files with or submits to the SEC. Richard M. Weil, Chief Executive Officer, and Gregory A. Frost, Executive Vice President and Chief Financial Officer, reviewed and participated in this evaluation. Based on this evaluation, Messrs. Weil and Frost concluded that as of the date of their evaluation, JCG's disclosure controls and procedures were effective.

There has been no change in JCG's internal controls over financial reporting (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) during the three months ended June 30, 2010, that has materially affected, or is reasonably likely to materially affect, JCG's internal controls over financial reporting.

## **PART II — OTHER INFORMATION**

### **Item 1. Legal Proceedings**

See Part I, Item 1. Financial Statements, Note 11 — Legal Proceedings.

### **Item 1A. Risk Factors**

The Company has had no material changes in its risk factors from those previously reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

On July 22, 2008, JCG's Board of Directors authorized a fifth \$500 million stock repurchase program with no expiration date to take effect when the current authorization is utilized. The amount that may yet be repurchased under current unexpired authorizations as of June 30, 2010, is \$521.2 million. There were no share repurchases for the six months ended June 30, 2010, under the current authorization or from employees as part of a share withholding program (established under Rule 10b5-1 of the Securities Exchange Act of 1934). Currently, tax withholdings on vesting employee stock-based compensation are satisfied by employees selling shares on the open market and JCG does not repurchase shares under a share withholding program.

**Item 6. Exhibits**

- 10.1 Janus Capital Group Inc. 2010 Long-Term Incentive Stock Plan, effective April 29, 2010
- 10.2 Janus Capital Group Inc. Long-Term Term Incentive Plan Prospectus, effective April 29, 2010
- 10.3 Amendment No. 2 to the Janus Capital Group Inc. 401(k), Profit Sharing and Employee Stock Ownership Plan, effective July 19, 2010
- 10.4 Amendment No. 1 to the Janus Capital Group Inc. Amended and Restated Income Deferral Program, effective July 19, 2010
- 31.1 Certification of Richard M. Weil, Chief Executive Officer of Registrant
- 31.2 Certification of Gregory A. Frost, Executive Vice President and Chief Financial Officer of Registrant
- 32.1 Certification of Richard M. Weil, Chief Executive Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Gregory A. Frost, Executive Vice President and Chief Financial Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.INS XBRL Insurance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: July 26, 2010

Janus Capital Group Inc.

/s/ Richard M. Weil

Richard M. Weil,  
Chief Executive Officer

/s/ Gregory A. Frost

Gregory A. Frost,  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)

**JANUS CAPITAL GROUP INC.  
INDEX TO EXHIBITS**

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JANUS CAPITAL GROUP INC.

**2010 Long-Term Incentive Stock Plan**

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**JANUS CAPITAL GROUP INC.  
2010 LONG-TERM INCENTIVE STOCK PLAN**

ARTICLE 1

HISTORY, EFFECTIVE DATE, OBJECTIVES AND DURATION

1.1 *History* . Janus Capital Group, Inc., a Delaware corporation (the “Company”), has established the Janus Capital Group 2010 Long-Term Incentive Stock Plan, as set forth herein, and as the same may be amended from time to time (the “Plan”).

1.2 *Objectives of the Plan* . The Plan is intended to allow employees, directors and consultants of the Company and its Subsidiaries to acquire or increase equity ownership in the Company, thereby strengthening their commitment to the success of the Company and stimulating their efforts on behalf of the Company, and to assist the Company and its Subsidiaries in attracting new employees, directors and consultants and retaining existing employees, directors and consultants. The Plan also is intended to optimize the profitability and growth of the Company through incentives which are consistent with the Company’s goals; to provide employees, directors and consultants with an incentive for excellence in individual performance; and to promote teamwork among employees, directors and consultants.

1.3 *Duration of the Plan* . The Plan shall commence on the Effective Date and shall remain in effect, subject to the right of the Board to amend or terminate the Plan at any time pursuant to Article 13 hereof, until the earlier of (a) all Shares subject to the Plan have been purchased or acquired according to the Plan’s provisions or (b) the tenth anniversary of its Effective Date. No Awards shall be granted under the Plan after such termination date.

ARTICLE 2

DEFINITIONS

Whenever used in the Plan, the following terms shall have the meanings set forth below:

2.1 “*Article*” means an Article of the Plan.

2.2 “*Award*” means Options (including Incentive Stock Options), Restricted Shares (awarded as Shares or Share Units), stock appreciation rights (SARs), Shares or Dividend Equivalents granted under the Plan.

2.3 “*Award Agreement*” means the written agreement by which an Award shall be evidenced.

2.4 “*Board*” means the board of directors of the Company.

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2.5 “Cause” means, unless otherwise defined in an Award Agreement or any other agreement between the Grantee and the Company or a Subsidiary,

(a) before the occurrence of a Change of Control, any one or more of the following, as determined by the Committee:

- (1) a Grantee’s commission of a crime which, in the judgment of the Committee, resulted or is likely to result in damage or injury to the Company or a Subsidiary;
- (2) the material violation by the Grantee of written policies of the Company or a Subsidiary;
- (3) the habitual neglect or failure by the Grantee in the performance of his or her duties to the Company or a Subsidiary (but only if such neglect or failure is not remedied within a reasonable remedial period after Grantee’s receipt of written notice from the Company which describes such neglect or failure in reasonable detail and specifies the remedial period); or
- (4) action or inaction by the Grantee in connection with his or her duties to the Company or a Subsidiary resulting, in the judgment of the Committee, in material injury to the Company or a Subsidiary; and

(b) from and after the occurrence of a Change of Control, the occurrence of any one or more of the following, as determined in the good faith and reasonable judgment by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Grantee and an opportunity for the Grantee, together with the Grantee’s counsel, to be heard before the Board):

- (1) the willful and continued failure by the Grantee to substantially perform the Grantee’s duties with the Company (other than any such failure resulting from the Grantee’s incapacity due to physical or mental illness) that has not been cured within 30 days after a written demand for substantial performance is delivered to the Grantee by the Board, which demand specifically identifies the manner in which the Board believes that the Grantee has not substantially performed the Grantee’s duties;
- (2) the willful engaging by the Grantee in conduct which is demonstrably and materially injurious to the Company or a Subsidiary, monetarily or otherwise; or
- (3) the willful or reckless violation by the Grantee of a material legal or regulatory requirement that is materially and demonstrably injurious to the Company.

For purposes of this definition, no act, or failure to act, on the Grantee’s part shall be deemed “willful” unless done, or omitted to be done, by the Grantee not in good faith and without reasonable belief that the Grantee’s act, or failure to act, was in the best

interest of the Company. Any act, or failure to act, based upon express written authority by the Board, Chief Executive Officer and/or Chief Investment Officer with respect to such act or omission or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Grantee in good faith and in the best interests of the Company.

2.6 “*Change of Control*” shall, unless otherwise defined in the Award Agreement, be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(a) a change in the composition of the Board such that the individuals who, as of the effective date of the this Agreement, constitute the Board (such Board shall be hereinafter referred to as the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this definition, that any individual who becomes a member of the Board subsequent to the effective date hereof, whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; but, provided further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, as modified) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board; or

(b) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of the assets or stock of another entity (“Business Combination”); excluding, however, such a Business Combination pursuant to which (1) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination will beneficially own, directly or indirectly, more than 50 percent of, respectively, the outstanding shares of common stock, and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (2) no Person (other than the Company or any employee benefit plan (or related trust) of the Company or the corporation resulting from such Business Combination) will beneficially own, directly or indirectly, 20 percent or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors except to the extent that such ownership existed prior to the Business Combination; and (3) individuals who were members of the Incumbent Board will constitute at

least a majority of the members of the board of directors of the corporation resulting from such Business Combination; or

(c) the approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding (a), (b) and (c) above, that for each Award subject to Section 409A of the Code, a Change of Control shall be deemed to have occurred under this Plan with respect to such Award only if a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company shall also be deemed to have occurred under Section 409A of the Code.

2.7 “*Change of Control Value*” means the Fair Market Value of a Share on the date of a Change of Control.

2.8 “*Code*” means the Internal Revenue Code of 1986, as amended from time to time, and regulations and rulings thereunder. References to a particular section of the Code include references to successor provisions of the Code or any successor code.

2.9 “*Committee*” has the meaning set forth in Article 3.

2.10 “*Common Stock*” means the common stock, \$.01 par value, of the Company.

2.11 “*Company*” has the meaning set forth in Section 1.1.

2.12 “*Covered Employee*” means a Grantee who, as of the date that the value of an Award is recognizable as taxable income, is one of the group of “covered employees,” within the meaning of Section 162(m) of the Code.

2.13 “*Disability*” means that a Grantee (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company or a Subsidiary of the Company.

2.14 “*Disqualifying Disposition*” has the meaning set forth in Section 6.4.

2.15 “*Dividend Equivalents*” has the meaning set forth in Section 11.3.

2.16 “*Effective Date*” shall mean the later of (a) the date that the Plan was adopted by the Board and (b) the date the Plan was approved by stockholders of the Company.

2.17 “*Eligible Person*” means (i) any employee (including any officer) of the Company or any Subsidiary, including any such employee who is on an approved leave of

absence, layoff, or has been subject to a disability which does not qualify as a Disability, (ii) any director of the Company or any Subsidiary and (iii) any person performing services for the Company or a Subsidiary in the capacity of a consultant or otherwise.

2.18 “*Exchange Act*” means the Securities Exchange Act of 1934, as amended from time to time. References to a particular section of the Exchange Act include references to successor provisions.

2.19 “*Fair Market Value*” means (A) with respect to any property other than Shares, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee, and (B) with respect to Shares, unless otherwise determined by the Committee, as of any date, (i) the average of the high and low trading prices on the date of determination on the New York Stock Exchange (or, if no sale of Shares was reported for such date, on the next preceding date on which a sale of Shares was reported); (ii) if the Shares are not listed on the New York Stock Exchange, the average of the high and low trading prices of the Shares on such other national exchange on which the Shares are principally traded or as reported by the National Market System, or similar organization, or if no such quotations are available, the average of the high bid and low asked quotations in the over-the-counter market as reported by the National Quotation Bureau Incorporated or similar organizations; or (iii) in the event that there shall be no public market for the Shares, the fair market value of the Shares as determined by the Committee.

2.20 “*Freestanding SAR*” means an SAR that is granted independently of any other Award.

2.21 “*Grant Date*” has the meaning set forth in Section 5.2.

2.22 “*Grantee*” means an individual who has been granted an Award.

2.23 “*Incentive Stock Option*” means an option granted under Article 6 of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provisions thereto.

2.24 “*including*” or “*includes*” means “including, without limitation,” or “includes, without limitation,” respectively.

2.25 “*Management Committee*” has the meaning set forth in Article 3.

2.26 “*Option*” means an option granted under Article 6 of the Plan.

2.27 “*Outside Director*” means a member of the Board who is not an employee of the Company or any Subsidiary and who meets the other requirements to be an outside director (as that term is defined for purposes of the regulations under Section 162(m) of the Code.

2.28 “*Performance-Based Exception*” means the performance-based exception from the tax deductibility limitations of Section 162(m) of the Code.

2.29 “*Performance Measures*” means the criteria and objectives, determined by the Committee, which must be met during the applicable Performance Period as a condition of the Grantee’s receipt of payment with respect to an Award. Unless and until the Committee proposes for stockholder vote and stockholders approve a change in the general performance measures set forth in this section, with respect to Covered Employees, performance measures may include any or all of the following or any combination thereof: (a) stock price; (b) market share; (c) sales (gross or net); (d) asset quality; (e) non-performing assets; (f) earnings per share; (g) return on equity; (h) costs; (i) operating income; (j) net income; (k) marketing-spending efficiency; (l) return on operating assets; (m) return on assets; (n) core non-interest income; (o) fund performance; (p) pre-tax margin; (q) pre-tax income; (r) levels of cost savings; (s) operating margin; (t) flows into Janus products (gross or net), (u) earnings, (v) earnings before interest, taxes, depreciation and amortization, and/or (w) improvements in productivity and objective operating goals. Any of the foregoing performance measures may be applied, as determined by the Committee, in respect of the Company or any of its Subsidiaries, affiliates, business units or divisions and/or the Company’s or any of its Subsidiaries, affiliates, business units or divisions worldwide, regional or country specific operations (or any combination of the foregoing). Performance measures shall specify whether they are to be measured relative to budgeted or other internal goals, operations, performance or results of the Company and/or any of its Subsidiaries, affiliates, business units or divisions, or relative to the performance of one or more peer groups of the Company and/or any of its Subsidiaries, affiliates, business units or divisions, with the composition of any such peer groups to be determined by the Committee at the time the performance measure is established. Performance measures may be stated in the alternative or in combination. The Committee shall have the right but not the obligation to make adjustments to a performance measure to take into account any unusual or extraordinary events, to the extent not inconsistent with the requirements of the Performance-Based Exception. In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing performance measures without obtaining stockholder approval of such changes, and still qualify for the Performance-Based Exception, the Committee shall have sole discretion to make such changes without obtaining stockholder approval.

2.30 “*Performance Period*” means the time period during which the Performance Measures must be met.

2.31 “*Period of Restriction*” means the period during which the transfer of Restricted Shares is limited in some way (the length of the period being based on the passage of time, the achievement of Performance Measures, or upon the occurrence of other events as determined by the Committee), and the Shares are subject to a substantial risk of forfeiture, as provided in Article 8.

2.32 “*Person*” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof.

2.33 “*Plan*” has the meaning set forth in Section 1.1.

2.34 “*Plan Committee*” has the meaning set forth in Article 3.

2.35 “*Required Withholding*” has the meaning set forth in Article 14.

2.36 “*Restricted Shares*” means Shares or Share Units that are subject to forfeiture if the Grantee does not satisfy the conditions specified in the Award Agreement applicable to such Shares or Share Units.

2.37 “*Retirement*” means, for any Grantee who is a director or employee of the Company or any Subsidiary, (A) for any Award other than a Share Unit, a Termination of Affiliation by the Grantee upon having both attained age fifty-five (55) and completed at least ten (10) years of service with the Company or a Subsidiary, and (B) for any Share Unit, the Grantee having both attained age fifty-five (55) and completed at least ten (10) years of service with the Company or a Subsidiary.

2.38 “*Rule 16b-3*” means Rule 16b-3 promulgated by the SEC under the Exchange Act, as amended from time to time, together with any successor rule, as in effect from time to time.

2.39 “*SAR*” means a stock appreciation right.

2.40 “*SEC*” means the United States Securities and Exchange Commission, or any successor thereto.

2.41 “*Section*” means, unless the context otherwise requires, a Section of the Plan.

2.42 “*Section 16 Person*” means a person who is subject to potential liability under Section 16(b) of the 1934 Act with respect to transactions involving equity securities of the Company.

2.43 “*Share*” means a share of Common Stock.

2.44 “*Share Unit*” means a bookkeeping entry representing the equivalent of one share of Common Stock that is payable in the form of Common Stock, cash, or any combination of the foregoing.

2.45 “*Strike Price*” of any SAR shall equal, for any Tandem SAR (whether such Tandem SAR is granted at the same time as or after the grant of the related Option), the option price of such Option, or for any other SAR, 100 percent of the Fair Market Value of a Share on the Grant Date of such SAR; provided that the Committee may specify a higher Strike Price in the Award Agreement.

2.46 “*Subsidiary*” means a United States or foreign corporation or limited liability company, partnership or other similar entity with respect to which the Company owns, directly or indirectly, 50 percent or more of the Voting Power of such corporation, limited liability company, partnership or other similar entity

2.47 “*Tandem SAR*” means an SAR that is granted in connection with a related Option, the exercise of which shall require cancellation of the right to purchase a Share under the

related Option (and when a Share is purchased under the related Option, the Tandem SAR shall similarly be canceled).

2.48 “*Termination of Affiliation*” occurs on the first day on which an individual is for any reason no longer an employee, director or consultant of the Company or any Subsidiary, or with respect to an individual who is an employee or director of, or consultant to, a corporation which is a Subsidiary, the first day on which such corporation ceases to be a Subsidiary; provided, however, that for each Award subject to Section 409A of the Code, a Termination of Affiliation shall be deemed to have occurred under this Plan with respect to such award on the first day on which an individual has experienced a “separation from service” within the meaning of Section 409A of the Code.

2.49 “*10% Owner*” means a person who owns capital stock (including stock treated as owned under Section 424(d) of the Code) possessing more than 10 percent of the total combined voting power of all classes of capital stock of the Company or any Subsidiary.

2.50 “*Voting Power*” means the combined voting power of the then-outstanding securities of a corporation entitled to vote generally in the election of directors.

### ARTICLE 3

#### ADMINISTRATION

##### 3.1 *Committee* .

(a) Subject to Article 13 and to Section 3.2, the Plan shall be administered by the Board, or a committee appointed by the Board to administer the Plan (the “Plan Committee”). To the extent the Board considers it desirable to comply with or qualify under Rule 16b-3 or meet the Performance-Based Exception, the Plan Committee shall consist of two or more directors of the Company, all of whom qualify as Outside Directors and “non-employee directors” within the meaning of Rule 16b-3. The number of members of the Plan Committee shall from time to time be increased or decreased, and shall be subject to such conditions, in each case as the Board deems appropriate to permit transactions in Shares pursuant to the Plan to satisfy such conditions of Rule 16b-3 and the Performance-Based Exception as then in effect.

(b) The Board or the Plan Committee may appoint and delegate to another committee (“Management Committee”) any or all of the authority of the Board or the Committee, as applicable, with respect to Awards to Grantees other than Grantees who are Section 16 Persons at the time any such delegated authority is exercised. With respect to Awards that are intended to meet the Performance-Based Exception and that are made to a Grantee who is expected to be a Covered Employee, such delegation shall not include any authority, which if exercised by the Management Committee rather than by the Plan Committee, would cause the Grantee’s Award to fail to meet the Performance-Based Exception.

(c) Any references herein to “Committee” are references to the Board, or the Plan Committee or the Management Committee, as applicable.

3.2 *Powers of Committee* .

Subject to the express provisions of the Plan, the Committee has full and final authority and sole discretion as follows:

(a) to determine when, to whom and in what types and amounts Awards should be granted and the terms and conditions applicable to each Award, including the benefit payable under any SAR, and whether or not specific Awards shall be granted in connection with other specific Awards, and if so whether they shall be exercisable cumulatively with, or alternatively to, such other specific Awards;

(b) to determine the amount, if any, that a Grantee shall pay for Restricted Shares, whether to permit or require the payment of cash dividends thereon to be deferred and the terms related thereto, when Restricted Shares (including Restricted Shares acquired upon the exercise of an Option) shall be forfeited and whether such shares shall be held in escrow;

(c) to construe and interpret the Plan and to make all determinations necessary or advisable for the administration of the Plan;

(d) to make, amend, and rescind rules relating to the Plan, including rules with respect to the exercisability and non-forfeitability of Awards upon the Termination of Affiliation of a Grantee;

(e) to determine the terms and conditions of all Award Agreements (which need not be identical) and, with the consent of the Grantee, to amend any such Award Agreement at any time, among other things, to permit transfers of such Awards to the extent permitted by the Plan; *provided* that the consent of the Grantee shall not be required for any amendment which (i) does not adversely affect the rights of the Grantee, or (ii) is necessary or advisable (as determined by the Committee) to carry out the purpose of the Award as a result of any new or change in existing applicable law;

(f) to cancel, with the consent of the Grantee, outstanding Awards and to grant new Awards in substitution therefore;

(g) to accelerate the exercisability (including exercisability within a period of less than six months after the Grant Date) or the vesting of, and to accelerate or waive any or all of the terms and conditions applicable to, any Award or any group of Awards for any reason and at any time, including in connection with a Termination of Affiliation;

(h) subject to Section 5.3, to extend the time during which any Award or group of Awards may be exercised;



(i) to make such adjustments or modifications to Awards to Grantees working outside the United States as are advisable to fulfill the purposes of the Plan or to comply with applicable local law;

(j) to impose such additional terms and conditions upon the grant, exercise or retention of Awards as the Committee may, before or concurrently with the grant thereof, deem appropriate, including limiting the percentage of Awards which may from time to time be exercised by a Grantee; and

(k) to take any other action with respect to any matters relating to the Plan for which it is responsible.

All determinations on all matters relating to the Plan or any Award Agreement may be made in the sole and absolute discretion of the Committee, and all such determinations of the Committee shall be final, conclusive and binding on all Persons. No member of the Committee shall be liable for any action or determination made with respect to the Plan or any Award.

#### ARTICLE 4

##### SHARES SUBJECT TO THE PLAN AND MAXIMUM AWARDS

4.1 *Number of Shares Available for Grants* . Subject to adjustment as provided in Section 4.2, the number of Shares hereby reserved for issuance under the Plan shall be 4,400,000. Notwithstanding anything herein to the contrary, all Shares subject to a SAR award that are settled in Shares shall be counted in full against the number of shares reserved for issuance under the Plan. The number of Shares for which Awards may be granted to any Grantee on any Grant Date, when aggregated with the number of Shares for which Awards have previously been granted to such Grantee in the same calendar year, shall not exceed one percent (1%) of the total Shares outstanding as of such Grant Date; provided, however, that the total number of Shares for which Awards may be granted to any Grantee in any calendar year shall not exceed 500,000. For purposes of determining the maximum for a Grantee under the preceding sentence, any Award of Shares that the Grantee receives under the Company's Employment Inducement Award Plan shall be treated as if it were an Award of Shares under this Plan. Determinations made in respect of the limitation set forth above shall be made in a manner consistent with Section 162(m) of the Code. If any Shares subject to an Award granted hereunder are forfeited, terminated, expired or canceled or such Award otherwise terminates without the issuance of such Shares or of other consideration in lieu of such Shares, the Shares subject to such Award, to the extent of any such forfeiture, termination, expiration or cancellation shall again be available for grant under the Plan (without a charge against the aggregate number of Shares available for issuance hereunder). Notwithstanding the foregoing, Shares surrendered or withheld as payment of either the Strike Price of an Award (including Shares otherwise underlying an Award of a SAR that are retained by the Company to account for the grant price of such SAR) and/or withholding taxes in respect of an Award shall no longer be available for grant under the Plan. The Committee may from time to time determine the

appropriate methodology for calculating the number of Shares (i) issued pursuant to the Plan, and (ii) granted to any Grantee pursuant to the Plan. Shares issued pursuant to the Plan may be treasury Shares or newly-issued Shares.

4.2 *Adjustments in Authorized Shares* . In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, subdivision, consolidation or reduction of capital, reorganization, merger, split-up, spin-off or combination involving the Company or repurchase or exchange of Shares or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that any adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or property) with respect to which Awards may be granted; (ii) the number and type of Shares (or other securities or property) subject to outstanding Awards; and (iii) the grant or exercise price with respect to any Award or, if deemed appropriate, cancel an outstanding Award, in exchange for, if deemed appropriate, a cash payment to the holder of an outstanding Award or the substitution of other property for Shares subject to an outstanding Award; *provided* , in each case that with respect to Awards of Incentive Stock Options no such adjustment shall be authorized to the extent that such adjustment would cause the Plan to violate Section 422(b) (1) of the Code or any successor provision thereto; and *provided further* , that with respect to Options and SARs, such adjustment shall be made in accordance with the provisions of Section 424(h) of the Code; and, *provided further* , that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

## ARTICLE 5

### ELIGIBILITY AND GENERAL CONDITIONS OF AWARDS

5.1 *Eligibility* . The Committee may grant Awards to any Eligible Person, whether or not he or she has previously received an Award.

5.2 *Grant Date* . The Grant Date of an Award shall be the date on which the Committee grants the Award or such later date as specified by the Committee.

5.3 *Maximum Term* . Except with respect to an Option Award, the term during which an Award may be outstanding shall under no circumstances extend more than 10 years after the Grant Date, and shall be subject to earlier termination as herein provided.

5.4 *Award Agreement* . To the extent not set forth in the Plan, the terms and conditions of each Award (which need not be the same for each grant or for each Grantee) shall be set forth in an Award Agreement.

5.5 *Restrictions on Share Transferability* . The Committee may impose such restrictions on any Shares acquired pursuant to the exercise or vesting of an Award as it may deem advisable, including restrictions under applicable federal securities laws.

5.6 *Termination of Affiliation* . Except as otherwise provided by the Committee or in the applicable Award Agreement, and subject to the provisions of Article 12, the extent to which the Grantee shall have the right to exercise, vest in, or receive payment in respect of an Award following Termination of Affiliation shall be determined in accordance with the following provisions of this Section 5.6.

(a) *For Cause* . If a Grantee has a Termination of Affiliation for Cause, (i) the Grantee's Restricted Shares that are forfeitable shall thereupon be forfeited, subject to the provisions of Section 8.5 regarding repayment of certain amounts to the Grantee; and (ii) any unexercised Option or SAR shall terminate effective immediately upon such Termination of Affiliation.

(b) *On Account of Death or Disability* . If a Grantee has a Termination of Affiliation on account of death or Disability, then:

(1) the Grantee's Restricted Shares that were forfeitable shall thereupon become non-forfeitable; and

(2) any unexercised Option or SAR, whether or not exercisable on the date of such Termination of Affiliation, may be exercised, in whole or in part, within the first 12 months after such Termination of Affiliation (but only during the option term) and shall terminate immediately thereafter; such Option or SAR may be exercised to the extent permitted under this section by the Grantee or, after his or her death, by (i) his or her personal representative or the person to whom the Option or SAR, as applicable, is transferred by will or the applicable laws of descent and distribution, or (ii) the Grantee's beneficiary designated in accordance with Article 9.

(c) *On Account of Retirement* . Upon Grantee's Retirement, then:

(1) the Grantee's Restricted Shares that were forfeitable shall thereupon become nonforfeitable; and

(2) any unexercised Option or SAR, whether or not exercisable on the date of such Termination of Affiliation, may be exercised, in whole or in part, within the first five years after such Termination of Affiliation (but only during the option term) and shall terminate immediately thereafter; such Option or SAR may be exercised to the extent permitted under this section by the Grantee or, after his or her death, by (i) his or her personal representative or the person to whom the Option or SAR, as applicable, is transferred by will or the applicable laws of descent and distribution, or (ii) the Grantee's beneficiary designated in accordance with Article 9.

(d) *Any Other Reason* . If a Grantee has a Termination of Affiliation for any reason other than for Cause, death, Disability or Retirement, then:

(1) the Grantee's Restricted Shares, to the extent forfeitable on the date of the Grantee's Termination of Affiliation, shall be forfeited on such date;

(2) if such Termination of Affiliation is the result of the Grantee's voluntary termination of employment, any unexercised Option or SAR, to the extent not exercisable immediately before the Grantee's Termination of Affiliation shall terminate immediately upon such Termination of Affiliation, and to the extent exercisable immediately before the Grantee's Termination of Affiliation, may be exercised in whole or in part, not later than three months after such Termination of Affiliation (but only during the option term) and shall terminate immediately thereafter; such Option or SAR may be exercised to the extent permitted under this section by the Grantee or, after his or her death, by (i) his or her personal representative or the person to whom the Option or SAR, as applicable, is transferred by will or the applicable laws of descent and distribution, or (ii) the Grantee's beneficiary designated in accordance with Article 9; and

(3) if such Termination of Affiliation is the result of the Grantee's termination of employment by the Company or a Subsidiary (other than for Cause), then, any unexercised Option, whether or not exercisable immediately before the Grantee's Termination of Affiliation, may be exercised in whole or in part, not later than three months after such Termination of Affiliation (but only during the option term) and shall terminate immediately thereafter; such Option or SAR may be exercised to the extent permitted under this section by the Grantee or, after his or her death, by (i) his or her personal representative or the person to whom the Option is transferred by will or the applicable laws of descent and distribution, or (ii) the Grantee's beneficiary designated in accordance with Article 9.

#### 5.7 *Non-transferability of Awards* .

(a) Except as provided in Section 5.7(c) below, each Award, and each right under any Award, shall be exercisable only by the Grantee during the Grantee's lifetime, or, if permissible under applicable law, by the Grantee's guardian or legal representative.

(b) Except as provided in Section 5.7(c) below, no Award (prior to the time, if applicable, Shares are issued in respect of such Award), and no right under any Award, may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Grantee otherwise than by will or by the laws of descent and distribution (or in the case of Restricted Shares, to the Company), and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Subsidiary; *provided* , that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(c) To the extent and in the manner permitted by the Committee, and subject to such terms, conditions, restrictions or limitations that may be prescribed by the Committee, a Grantee may transfer an Award (other than an Incentive Stock Option) to (i) a spouse, sibling, parent, child (including an adopted child) or grandchild (any of which, an "Immediate Family Member") of the Grantee; (ii) a trust, the primary beneficiaries of which consist exclusively of the Grantee or Immediate Family Members of the Grantee; or (iii) a corporation, partnership or similar entity, the owners of which consist exclusively of the Grantee or Immediate Family Members of the Grantee.

5.8 *Cancellation and Rescission of Awards* . Unless the Award Agreement specifies otherwise, the Committee may cancel, rescind, suspend, withhold, or otherwise limit or restrict any unexercised Award at any time if the Grantee is not in compliance with all applicable provisions of the Award Agreement and the Plan or if the Grantee has a Termination of Affiliation for Cause.

5.9 *Loans and Guarantees* . The Committee may, subject to applicable law, (i) allow a Grantee to defer payment to the Company of all or any portion of the option price of an Option or the purchase price of Restricted Shares, or (ii) cause the Company to loan to the Grantee, or guarantee a loan from a third party to the Grantee for, all or any portion of the option price of an Option or the purchase price of Restricted Shares or all or any portion of any taxes associated with the exercise of, nonforfeiture of, or payment of benefits in connection with, an Award. Any such payment deferral, loan or guarantee by the Company shall be on such terms and conditions as the Committee may determine. Notwithstanding the foregoing, the Company shall not loan to the Grantee, or guarantee a loan from a third party to the Grantee, as described in the preceding sentence, if such loan is prohibited under Section 402 of the Sarbanes-Oxley Act of 2002, as may be amended.

## ARTICLE 6

### STOCK OPTIONS

6.1 *Grant of Options* . Subject to the terms and provisions of the Plan, Options may be granted to any Eligible Person in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee. Without in any manner limiting the generality of the foregoing and in a manner intended to comply with Section 409A of the Code, the Committee may grant to any Eligible Person, or permit any Eligible Person to elect to receive, an Option in lieu of or in substitution for any other compensation (whether payable currently or on a deferred basis, and whether payable under this Plan or otherwise) which such Eligible Person may be eligible to receive from the Company or a Subsidiary.

6.2 *Award Agreement* . Each Option grant shall be evidenced by an Award Agreement that shall specify the option price, the option term, the number of shares to which the Option pertains, the time or times at which such Option shall be exercisable and such other provisions as the Committee shall determine. In no event shall the Option be exercisable for a period of more than seven (7) years from its Grant Date, provided that it may be subject to earlier termination as provided herein or in the applicable Award Agreement.

6.3 *Option Price* . The option price of an Option under this Plan shall be determined by the Committee, and shall be equal to or more than 100 percent of the Fair Market Value of a Share on the Grant Date; provided, however, that any Option that is (x) granted to a Grantee in connection with the acquisition (“Acquisition”), however effected, by the Company of another corporation or entity (“Acquired Entity”) or the assets thereof, (y) associated with an option to purchase shares of stock of the Acquired Entity or an affiliate thereof (“Acquired Entity Option”) held by such Grantee immediately prior to such Acquisition, and (z) intended to

preserve for the Grantee the economic value of all or a portion of such Acquired Entity Option (“Substitute Option”) may, to the extent necessary to achieve such preservation of economic value, be granted with an option price that is less than 100 percent of the Fair Market Value of a Share on the Grant Date, provided that such grant is made in a manner that will not result in the Substitute Option being subject to the requirements of Section 409A of the Code.

6.4 *Grant of Incentive Stock Options* . At the time of the grant of any Option, the Committee may designate that such Option shall be made subject to additional restrictions to permit it to qualify as an “incentive stock option” under the requirements of Section 422 of the Code. Any Option designated as an Incentive Stock Option shall, to the extent required by Section 422 of the Code:

(a) if granted to a 10% Owner, have an option price not less than 110 percent of the Fair Market Value of a Share on its Grant Date;

(b) be exercisable for a period of not more than seven (7) years (five years in the case of an Incentive Stock Option granted to a 10% Owner) from its Grant Date, and be subject to earlier termination as provided herein or in the applicable Award Agreement;

(c) not have an aggregate Fair Market Value (as of the Grant Date of each Incentive Stock Option) of the Shares with respect to which Incentive Stock Options (whether granted under the Plan or any other stock option plan of the Grantee’s employer or any parent or Subsidiary thereof (“Other Plans”)) are exercisable for the first time by such Grantee during any calendar year, determined in accordance with the provisions of Section 422 of the Code, which exceeds \$100,000 (the “\$100,000 Limit”);

(d) if the aggregate Fair Market Value of the Shares (determined on the Grant Date) with respect to the portion of such grant which is exercisable for the first time during any calendar year (“Current Grant”) and all Incentive Stock Options previously granted under the Plan and any Other Plans which are exercisable for the first time during the same calendar year (“Prior Grants”) would exceed the \$100,000 Limit be exercisable as follows:

(1) the portion of the Current Grant which would, when added to any Prior Grants, be exercisable with respect to Shares which would have an aggregate Fair Market Value (determined as of the respective Grant Date for such options) in excess of the \$100,000 Limit shall, notwithstanding the terms of the Current Grant, be exercisable for the first time by the Grantee in the first subsequent calendar year or years in which it could be exercisable for the first time by the Grantee when added to all Prior Grants without exceeding the \$100,000 Limit; and

(2) if, viewed as of the date of the Current Grant, any portion of a Current Grant could not be exercised under the preceding provisions of this Section during any calendar year commencing with the calendar year in which it is first exercisable through and including the last calendar year in which it may by its terms be exercised, such portion of the Current Grant shall not be an Incentive Stock Option, but shall be exercisable as an Option which is not an Incentive Stock Option at such date or dates as are provided in the Current Grant;

(e) be granted within seven (7) years from the earlier of the date the Plan is adopted or the date the Plan is approved by the stockholders of the Company; and

(f) by its terms not be assignable or transferable other than by will or the laws of descent and distribution and may be exercised, during the Grantee's lifetime, only by the Grantee; *provided, however*, that the Grantee may, in any manner permitted by the Plan and specified by the Committee, designate in writing a beneficiary to exercise his or her Incentive Stock Option after the Grantee's death.

Any Option designated as an Incentive Stock Option shall also require the Grantee to notify the Committee of any disposition of any Shares issued pursuant to the exercise of the Incentive Stock Option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions) (any such circumstance, a "Disqualifying Disposition"), within 10 days of such Disqualifying Disposition.

Notwithstanding Section 3.2(e), the Committee may, without the consent of the Grantee, at any time before the exercise of an Option (whether or not an Incentive Stock Option), take any action necessary to prevent such Option from being treated as an Incentive Stock Option.

6.5 *Payment*. Options granted under this Article 6 shall be exercised by the delivery of a written notice of exercise to the Company, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares made by any one or more of the following means subject to the approval of the Committee:

- (a) cash, personal check or wire transfer;
- (b) Shares, valued at their Fair Market Value on the date of exercise;
- (c) Restricted Shares, each such Share valued at the Fair Market Value of a Share on the date of exercise;
- (d) subject to applicable law, pursuant to procedures approved by the Committee, through the sale of the Shares acquired on exercise of the Option, valued at their Fair Market Value in the date of exercise, sufficient to pay for such Shares, together with, if requested by the Company, the amount of federal, state, local or foreign withholding taxes payable by Grantee by reason of such exercise; or
- (e) when permitted by the Committee, payment may also be made in accordance with Section 5.9.

If any Restricted Shares ("Tendered Restricted Shares") are used to pay the option price, a number of Shares acquired on exercise of the Option equal to the number of Tendered Restricted Shares shall be subject to the same restrictions as the Tendered Restricted Shares, determined as of the date of exercise of the Option.

## ARTICLE 7

### STOCK APPRECIATION RIGHTS

7.1 *Grant of SARs* . Subject to the terms and conditions of the Plan, SARs may be granted to any Eligible Person at any time and from time to time as shall be determined by the Committee. The Committee may grant Freestanding SARs, Tandem SARs, or any combination thereof. The Committee shall determine the number of SARs granted to each Grantee (subject to Article 4), the Strike Price thereof, and, consistent with Section 7.2 and the other provisions of the Plan, the other terms and conditions pertaining to such SARs. The Strike Price shall be determined by the Committee, and shall be equal to or more than 100 percent of the Fair Market Value of a Share on the Grant Date; provided, however, that any Option that is (x) granted to a Grantee in connection with the acquisition (“Acquisition”), however effected, by the Company of another corporation or entity (“Acquired Entity”) or the assets thereof, (y) associated with an option to purchase shares of stock of the Acquired Entity or an affiliate thereof (“Acquired Entity Option”) held by such Grantee immediately prior to such Acquisition, and (z) intended to preserve for the Grantee the economic value of all or a portion of such Acquired Entity Option (“Substitute Option”) may, to the extent necessary to achieve such preservation of economic value, be granted with an option price that is less than 100 percent of the Fair Market Value of a Share on the Grant Date, provided that such grant is made in a manner that will not result in the Substitute Option being subject to the requirements of Section 409A of the Code.

7.2 *Exercise of Tandem SARs* . Tandem SARs may be exercised for all or part of the Shares subject to the related Award upon the surrender of the right to exercise the equivalent portion of the related Award. A Tandem SAR may be exercised only with respect to the Shares for which its related Award is then exercisable. Notwithstanding any other provision of this Plan to the contrary, with respect to a Tandem SAR, (i) the Tandem SAR will expire no later than the expiration of the underlying Option; (ii) the value of the payout with respect to the Tandem SAR may be for no more than 100 percent of the difference between the option price of the underlying Option and the Fair Market Value of the Shares subject to the underlying Option at the time the Tandem SAR is exercised; and (iii) the Tandem SAR may be exercised only when the Fair Market Value of the Shares subject to the Option exceeds the option price of the Option.

7.3 *Payment of SAR Amount* . Upon exercise of an SAR, the Grantee shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) the excess of the Fair Market Value of a Share on the date of exercise over the Strike Price;

by

- (b) the number of Shares with respect to which the SAR is exercised;

provided that the Committee may provide in the Award Agreement that the benefit payable on exercise of an SAR shall not exceed such percentage of the Fair Market Value of a Share on the Grant Date as the Committee shall specify. As provided by the Committee in the Award Agreement, the payment upon exercise of a Freestanding SAR or Tandem SAR shall either be in



Shares which have an aggregate Fair Market Value (as of the date of exercise of the SAR) equal to the amount of the payment or cash.

## ARTICLE 8

### RESTRICTED SHARES

8.1 *Grant of Restricted Shares* . Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Restricted Shares to any Eligible Person in such amounts as the Committee shall determine.

8.2 *Award Agreement* . Each grant of Restricted Shares shall be evidenced by an Award Agreement that shall specify the period(s) of restriction, the number of Restricted Shares granted, and such other provisions as the Committee shall determine including, with respect to each Restricted Share that is also a Share Unit, the time and form of payment of such Restricted Share; provided, however, that with respect to Restricted Shares that are also Share Units, if such Share Units would be subject to Section 409A of the Code, the provisions of such Share Unit shall comply with the requirements set forth in Section 409A of the Code.

8.3 *Restrictions*. The Committee may impose such conditions and/or restrictions on any Restricted Shares granted pursuant to the Plan as it may deem advisable, including restrictions based upon the achievement of Performance Measures, the achievement of individual performance goals, time-based restrictions on vesting, and/or restrictions under applicable securities laws. If vesting conditions directly relate to performance-based vesting, then in addition to achieving the necessary performance measures needed for vesting, there shall be a one-year holding period following the vesting of the Restricted Shares. Subject to Article 12 and Section 5.6 of the Plan, if vesting conditions relate exclusively to the passage of time and continued employment, then such vesting time period shall not be less than 36 months, with 1/3 of the Award vesting every year from the date of the Award, with the following exceptions: a) immediately vested Restricted Share grants may be made to members of Janus' Board of Directors in accordance with its compensation program; and b) Restricted Share awards made to new hires shall have a vesting schedule over at least two (2) calendar years. However, in no event shall the total number of Restricted Shares granted to new hires and members of Janus' Board of Directors in accordance with the above two exceptions exceed twenty percent (20%) of the total authorized shares of the Plan.

8.4 *Consideration* . The Committee shall determine the amount, if any, that a Grantee shall pay for Restricted Shares. Such payment shall be made in full by the Grantee before the delivery of the Shares or Share Units and in any event no later than 10 business days after the Grant Date for such Shares or Share Units.

8.5 *Effect of Forfeiture* . If Restricted Shares are forfeited, and if the Grantee was required to pay for such Shares or Share Units or acquired such Restricted Shares upon the exercise of an Option, the Grantee shall be deemed to have resold such Restricted Shares to the Company at a price equal to the lesser of (x) the amount paid by the Grantee for such Restricted Shares, or (y) the Fair Market Value of a Share or Share Unit on the date of such forfeiture. The

Company shall pay to the Grantee the required amount as soon as is administratively practical. Such Restricted Shares shall cease to be outstanding, and shall no longer confer on the Grantee thereof any rights as a stockholder of the Company, from and after the date of the event causing the forfeiture, whether or not the Grantee accepts the Company's tender of payment for such Restricted Shares.

8.6 *Escrow; Legends* . The Committee may provide that the certificates for any Restricted Shares (x) shall be held (together with a stock power executed in blank by the Grantee) in escrow by the Secretary of the Company until such Restricted Shares become nonforfeitable or are forfeited and/or (y) shall bear an appropriate legend restricting the transfer of such Restricted Shares. If any Restricted Shares become non-forfeitable, the Company shall cause any certificates for such Shares to be issued without such legend.

## ARTICLE 9

### BENEFICIARY DESIGNATION

Each Grantee under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Grantee, shall be in a form prescribed by the Company, and will be effective only when filed by the Grantee in writing with the Company during the Grantee's lifetime. In the absence of any such designation, benefits remaining unpaid at the Grantee's death shall be paid to the Grantee's estate.

## ARTICLE 10

### DEFERRALS

The Committee may require or permit Grantees to elect to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due by virtue of the exercise of an Option or SAR or the lapse or waiver of restrictions with respect to Restricted Shares under such rules and procedures as established under the Plan or such other rules and procedures as the Committee shall establish; provided, however, to the extent that such deferral is subject to Section 409A of the Code the rules and procedures established by the Committee shall comply with Section 409A of the Code. Except as otherwise provided in an Award Agreement, any payment or any Shares that are subject to such deferral shall be made or delivered to the Grantee upon the Grantee's Termination of Affiliation.

## ARTICLE 11

### RIGHTS OF EMPLOYEES/DIRECTORS/CONSULTANTS

11.1 *Employment* . Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Grantee's employment, directorship or consultancy at any time, nor confer upon any Grantee the right to continue in the employ or as a director or consultant of the Company.

11.2 *Participation* . No employee, director or consultant shall have the right to be selected to receive an Award under the Plan or, having been so selected, to be selected to receive a future Award.

11.3 *Dividend Equivalents*. Subject to the provisions of the Plan and any Award, the recipient of an Award (including any Award deferred in accordance with procedures established pursuant to Article 10) may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, cash, stock or other property dividends, or cash payments in amounts equivalent to cash, property, or other property dividends on shares of Common Stock ("Dividend Equivalents") with respect to the number of shares of Common Stock covered by the Award, as determined by the Committee, in its sole discretion, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional shares or otherwise reinvested; provided, however, that if such payment of dividends or Dividend Equivalents would be subject to Section 409A of the Code, no such payment may be made if it would fail to comply with the requirements set forth in Section 409A of the Code. Notwithstanding the foregoing, no dividends or Dividend Equivalents will be paid with respect to unvested performance Awards.

## ARTICLE 12

### CHANGE OF CONTROL

12.1 *General Rules*. Except as otherwise provided in an Award Agreement or determined by the Committee at the time an Award is granted, if a Change of Control occurs, then:

- (a) the Grantee's Restricted Shares that were forfeitable shall thereupon become non-forfeitable;
- (b) any unexercised Option or SAR, whether or not exercisable on the date of such Change of Control, shall thereupon be fully exercisable and may be exercised, in whole or in part; and
- (c) in the discretion of the Committee, and to the extent permitted by Section 409A of the Code without the imposition of additional taxes, the Committee may terminate Awards issued hereunder effective as of a Change of Control in exchange for a payment to the Grantee of an amount in cash equal to the value of the per Share consideration

paid in the Change of Control multiplied by the number of Shares subject to the Award less, in the case of Options and Stock Appreciation Rights, the exercise price for such Awards.

12.2 *409A Exception.* With respect to each Award that is subject to Section 409A of the Code, if a Change in Control would have occurred under the Plan pursuant to the definition in Section 2.6 except that such Change in Control does not constitute a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company under Section 409A, then each such Award shall become vested and non-forfeitable; provided, however, that the Grantee shall not be able to exercise the Award, and the Award shall not become payable, except in accordance with the terms of such Award or until such earlier time as the exercise and/or payment complies with Section 409A of the Code.

## ARTICLE 13

### AMENDMENT, MODIFICATION AND TERMINATION

13.1 *Amendment, Modification, and Termination .* Subject to the terms of the Plan, the Board may at any time and from time to time, alter, amend, suspend or terminate the Plan in whole or in part. To the extent applicable and required by Code Sections 162(m) or 422 or the rules of the New York Stock Exchange (or such other exchange upon which the Company lists its shares for trading) or any other applicable law, rule or regulation, no amendment and no transaction that would constitute a repricing shall be effective unless approved by the Company's stockholders. Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of outstanding awards may not be amended to reduce the exercise price of outstanding Options or SARs or cancel outstanding Options or SARs in exchange for cash, other awards or Options or SARs with an exercise price that is less than the exercise price of the original Options or SARs without stockholder approval. The Board may delegate to the Plan Committee any or all of the authority of the Board under Section 13.1 to alter, amend, suspend or terminate the Plan .

13.2 *Adjustment of Awards Upon the Occurrence of Certain Unusual or Non-recurring Events .* The Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or non-recurring events (including the events described in Section 4.2) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan; provided that no such adjustment shall be authorized to the extent that such authority would be inconsistent with the Plan's meeting the requirements of the Performance-Based Exception.

13.3 *Awards Previously Granted .* Notwithstanding any other provision of the Plan to the contrary, no termination, amendment or modification of the Plan shall adversely

affect in any material way any Award previously granted under the Plan, without the written consent of the Grantee of such Award.

## ARTICLE 14

### WITHHOLDING

#### 14.1 *Withholding* .

##### (a) *Mandatory Tax Withholding.*

(1) Whenever, under the Plan, Shares are to be delivered upon exercise or payment of an Award or upon Restricted Shares becoming nonforfeitable, or any other event with respect to rights and benefits hereunder, the Company shall be entitled to require (i) that the Grantee remit an amount in cash, or if determined by the Committee, Shares, sufficient to satisfy all federal, state, local and foreign tax withholding requirements related thereto (“Required Withholding”), (ii) the withholding of such Required Withholding from compensation otherwise due to the Grantee or from any Shares or other payment due to the Grantee under the Plan or (iii) any combination of the foregoing.

(2) Any Grantee who makes a Disqualifying Disposition or an election under Section 83(b) of the Code shall remit to the Company an amount sufficient to satisfy all resulting Required Withholding; *provided* that, in lieu of or in addition to the foregoing, the Company shall have the right to withhold such Required Withholding from compensation otherwise due to the Grantee or from any Shares or other payment due to the Grantee under the Plan.

##### (b) *Elective Share Withholding* .

(1) Subject to subsection 14.1(b)(2), a Grantee may elect the withholding (“Share Withholding”) by the Company of a portion of the Shares subject to an Award upon the exercise of such Award or upon Restricted Shares becoming nonforfeitable or upon making an election under Section 83(b) of the Code (each, a “Taxable Event”) having a Fair Market Value equal to (i) the minimum amount necessary to satisfy Required Withholding liability attributable to the Taxable Event; or (ii) with the Committee’s prior approval, a greater amount, not to exceed the estimated total amount of such Grantee’s tax liability with respect to the Taxable Event.

(2) Each Share Withholding election shall be subject to the following conditions:

(i) any Grantee’s election shall be subject to the Committee’s discretion to revoke the Grantee’s right to elect Share Withholding at any time before the Grantee’s election if the Committee has reserved the right to do so in the Award Agreement;

(ii) the Grantee's election must be made before the date (the "Tax Date") on which the amount of tax to be withheld is determined; and

(iii) the Grantee's election shall be irrevocable.

14.2 *Notification under Code Section 83(b)* . If the Grantee, in connection with the exercise of any Option, or the grant of Restricted Shares, makes the election permitted under Section 83(b) of the Code to include in such Grantee's gross income in the year of transfer the amounts specified in Section 83(b) of the Code, then such Grantee shall notify the Company of such election within 10 days of filing the notice of the election with the Internal Revenue Service, in addition to any filing and notification required pursuant to regulations issued under Section 83(b) of the Code. The Committee may, in connection with the grant of an Award or at any time thereafter prior to such an election being made, prohibit a Grantee from making the election described above.

## ARTICLE 15

### SUCCESSORS

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise of all or substantially all of the business and/or assets of the Company.

## ARTICLE 16

### ADDITIONAL PROVISIONS

16.1 *Gender and Number* . Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular and the singular shall include the plural.

16.2 *Severability* . If any part of the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any other part of the Plan. Any Section or part of a Section so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

16.3 *Requirements of Law* . The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or stock exchanges as may be required. Notwithstanding any provision of the Plan or any Award, Grantees shall not be entitled to exercise, or receive benefits under, any Award, and the Company shall not be obligated to deliver any Shares or other

benefits to a Grantee, if such exercise or delivery would constitute a violation by the Grantee or the Company of any applicable law or regulation.

16.4 *Securities Law Compliance* .

(a) If the Committee deems it necessary to comply with any applicable securities law, or the requirements of any stock exchange upon which Shares may be listed, the Committee may impose any restriction on Shares acquired pursuant to Awards under the Plan as it may deem advisable. All certificates for Shares delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the SEC, any stock exchange upon which Shares are then listed, any applicable securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. If so requested by the Company, the Grantee shall make a written representation to the Company that he or she will not sell or offer to sell any Shares unless a registration statement shall be in effect with respect to such Shares under the Securities Act of 1993, as amended, and any applicable state securities law or unless he or she shall have furnished to the Company evidence satisfactory to the Company that such registration is not required.

(b) If the Committee determines that the exercise or non-forfeitability of, or delivery of benefits pursuant to, any Award would violate any applicable provision of securities laws or the listing requirements of any stock exchange upon which any of the Company's equity securities are listed, then the Committee may postpone any such exercise, non-forfeitability or delivery, as applicable, but the Company shall use all reasonable efforts to cause such exercise, non-forfeitability or delivery to comply with all such provisions at the earliest practicable date.

16.5 *No Rights as a Stockholder* . A Grantee shall not have any rights as a stockholder of the Company with respect to the Shares (other than Restricted Shares) which may be deliverable upon exercise or payment of such Award until such shares have been delivered to him or her. Restricted Shares, whether held by a Grantee or in escrow by the Secretary of the Company, shall confer on the Grantee all rights of a stockholder of the Company, except as otherwise provided in the Plan or Award Agreement. At the time of a grant of Restricted Shares, the Committee may require the payment of cash dividends thereon to be deferred and, if the Committee so determines, reinvested in additional Restricted Shares. Stock dividends and deferred cash dividends issued with respect to Restricted Shares shall be subject to the same restrictions and other terms as apply to the Restricted Shares with respect to which such dividends are issued. The Committee may provide for payment of interest on deferred cash dividends.

16.6 *Nature of Payments* . Awards shall be special incentive payments to the Grantee and shall not be taken into account in computing the amount of salary or compensation of the Grantee for purposes of determining any pension, retirement, death or other benefit under (a) any pension, retirement, profit-sharing, bonus, insurance or other employee benefit plan of the Company or any Subsidiary or (b) any agreement between (i) the Company or any Subsidiary and (ii) the Grantee, except as such plan or agreement shall otherwise expressly provide.

16.7 *Governing Law* . The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Delaware other than its laws respecting choice of law.

16.8 *Code Section 409A Compliance* . The intent of the parties is that payments and benefits under this Plan comply with Section 409A of the Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Plan shall be interpreted and be administered to be in compliance therewith. Any payments described in this Plan that are due within the “short term deferral period” as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything to the contrary in this Plan, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Plan during the six-month period immediately following the Grantee’s termination of employment shall instead be paid on the first business day after the date that is six months following the Grantee’s separation from service (or upon Participant’s death, if earlier). In addition, for purposes of this Plan, each amount to be paid or benefit to be provided to the Grantee pursuant to the Plan, which constitute deferred compensation subject to Section 409A of the Code, shall be construed as a separate identified payment for purposes of Section 409A of the Code..



**JANUS CAPITAL GROUP INC.**  
**2010 LONG-TERM INCENTIVE STOCK PLAN**  
**PLAN SUMMARY**

This document constitutes part of a prospectus covering securities that have or will be registered under the Securities Act of 1933.

The date of this Prospectus is April 29, 2010.

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### DOCUMENTS INCORPORATED BY REFERENCE

The following documents previously filed with the Securities and Exchange Commission (the “SEC”) by Janus Capital Group Inc. (the “Company”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) are incorporated by reference in this Registration Statement:

- a) The Annual Report on Form 10-K for the year ended December 31, 2009 filed by the Registrant on February 24, 2010;
- b) All other reports filed by the Registrant pursuant to Section 13(a) or 15(d) of the Exchange Act, since the end of the fiscal year covered by the Annual Report on Form 10-K referred to in paragraph (a) above; and
- c) The description of the Registrant’s common stock contained in Exhibit 99.1 of its Registration Statement on Form 10 (File No. 001-15253) filed on June 15, 2000, pursuant to Section 12 of the Exchange Act, and the Rights Agreement dated June 14, 2000 and filed as Exhibit 4.2.1 to the Company’s Registration Statement on Form 10 dated June 15, 2000, including any amendments or supplements filed for the purpose of updating such descriptions.

All documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities remaining unsold, shall be deemed to be a part hereof from the date of filing such documents.

*The documents incorporated by reference contain important information about, and the financial statements of, the Company that you should review prior to making a decision to invest in the Common Stock. This document, together with the documents incorporated or to be incorporated by reference, is a Prospectus relating to the Common Stock. The Prospectus provides you with pertinent information about the Company so that you may make an informed decision to acquire the Common Stock offered through the Plan.*

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A Grantee may request, orally or in writing, a copy of the documents incorporated, or to be incorporated, by reference in the Company's Registration Statement relating to this Prospectus, a copy of the Company's latest Annual Report to Stockholders, or copies of any rules adopted by the Compensation Committee ("Committee"), without charge, by contacting:

Janus Capital Group Inc.  
Attention: Corporate Secretary  
151 Detroit Street  
Denver, Colorado 80206  
# # #

**JANUS CAPITAL GROUP INC.**  
**2010 LONG-TERM INCENTIVE STOCK PLAN**  
*(EFFECTIVE AS OF APRIL 29, 2010)*

**SUMMARY OF THE PLAN**

**INTRODUCTION**

*Capitalized terms are used in this Plan Summary to indicate that certain words have specific meanings. These meanings appear immediately preceding the first time the capitalized term appears in parentheses, are contained in the “Definitions” section of the 2010 Long-Term Incentive Stock Plan (hereinafter called the “Plan”) or are contained in the specific Award Agreements which evidence the granting of Awards.*

**THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE INFORMATION DESCRIBED IN THE PROSPECTUS IS NOT NECESSARILY COMPLETE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, ANY RULES ADOPTED BY THE COMMITTEE (AS DEFINED BELOW) AND APPLICABLE AWARD AGREEMENTS.**

**What is the purpose of the 2010 Long-Term Incentive Stock Plan?**

The Company adopted the Plan in order to allow selected employees, directors and consultants of the Company and its Subsidiaries to acquire or increase equity ownership in the Company, thereby strengthening their commitment to the success of the Company and stimulating their efforts on behalf of the Company, and to assist the Company and its Subsidiaries in attracting and retaining employees, directors and consultants.

**Is the Plan subject to ERISA or Section 401(a) of the Internal Revenue Code?**

The Company believes that the Plan is not subject to any provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), and the Plan is not qualified under Section 401(a) of the Internal Revenue Code.

Principal Office and Telephone Number. The principal executive office of the Company is located at 151 Detroit Street, Denver, Colorado 80206; telephone is (303) 691-3905.

Funding of the Plan. Benefits payable under the Plan to any person are paid directly by the Company. The Company is not required to fund or otherwise segregate assets to be used for payment of benefits under the Plan. It is intended to be an unfunded plan.

## **OVERVIEW OF THE PLAN**

### **Who is eligible to participate in the Plan?**

Any employee (including officers) or director of, or consultant to, the Company or any Subsidiary is eligible to receive an Award under the Plan. An Eligible Person who receives any Award, as determined by the Committee, is referred to as a Grantee.

### **What type of Awards may be granted under the Plan?**

The Plan authorizes the issuance of the following Awards: Options (including Incentive Stock Options), Restricted Shares (awarded as shares of common stock of the Company (“Shares”) or share units representing the equivalent of one Share (“Share Units”), stock appreciation rights (“SARs”), unrestricted Shares or Dividend Equivalents (collectively, the “Awards”). The Committee may not grant Awards under the Plan relating, in the aggregate, to more than 4,400,000 Shares; provided, however, that the total number of Shares for which Awards may be granted to any Grantee in any calendar year may not exceed 500,000. The Shares subject to Awards under the Plan may be treasury or newly-issued Shares. This number is subject to adjustment in certain circumstances.

### **How do I know that I have been granted an Award?**

Awards granted under the Plan will be evidenced by a written agreement between the Grantee and the Company (the “Award Agreement”). The Award Agreement will, together with the Plan, set forth the terms and conditions of any Award. The Award Agreement does not have to be the same for each Grantee.

### **What is an Option?**

A Grantee of an Option is entitled, subject to its terms, to buy a specified number of Shares at a specified exercise price (the “Option Price”) during a specific period, all as determined by the Committee in accordance with the Plan and applicable law and upon terms and conditions set forth in the relevant Award Agreement. As a result, a Grantee of an Option has the potential to realize compensation equal to the spread between the Fair Market Value of the Shares and the Option Price at the time the Grantee exercises the Option.

### **What is the Option Price?**

The Option Price of an Option is the price per Share specified in the Award Agreement that a Grantee will have to pay in order to buy the Shares covered by his or her Option. Under the terms of the Plan, the Option Price generally is required to be at least equal to the Fair Market Value of the Shares on the date the Committee grants the Option.

## **When may I exercise an Option?**

Any Option granted under the Plan will become exercisable upon the occurrence of the conditions as the Committee determines in its discretion. For example, an Award Agreement may condition the exercisability of an Option on the passage of time or the Company's attainment of performance goals based on certain financial measures, such as Company earnings (either in the aggregate or on a per-share basis), net income (before or after taxes), operating income, gross revenues, the Fair Market Value of the Shares or some combination of conditions. Such conditions will be set forth in the relevant Award Agreement.

Once exercisable, a Grantee may exercise the Option at any time until the Option is terminated. An Option generally terminates on the earliest of:

- (a) the term specified in the Award Agreement;
- (b) the occurrence of certain events specified in the Award Agreement; or
- (c) 7 years after the grant date of the Option.

## **How do I exercise an Option?**

The Grantee of an Option may exercise the Option and acquire up to the total number of Shares subject to the Option through Charles Schwab or other Company-designated broker (the "Designated Broker") pursuant to instructions outlined in the applicable Grant Agreement.

A Grantee may pay, subject to approval by the Committee, the Option Price by any one or a combination of:

- (a) cash, personal check or wire transfer;
- (b) Shares, valued at their Fair Market Value on the date of exercise;
- (c) subject to certain restrictions, Restricted Shares, each Share valued at the Fair Market Value of a Share on the date of exercise;
- (d) subject to applicable law, pursuant to procedures approved by the Committee, through the sale of the Shares acquired on exercise of the Option, valued at their Fair Market Value on the date of exercise, sufficient to pay for the Shares, together with, if requested by the Company, the amount of federal, state, local or foreign withholding taxes payable by Grantee by reason of the exercise; or
- (e) if approved by the Committee, in its sole discretion and subject to applicable law, a loan or guarantee of a loan from the Company for all or any portion of the exercise price of the Option.

As soon as practical after receipt of such payment, the Company will transfer the Shares into the Grantee's Company-designated brokerage account. The Committee may, if it deems it appropriate to comply with applicable securities laws or the requirements of any exchange upon which the Shares are then listed, impose restrictions on the Shares acquired upon the exercise of an Option, including placing a legend on the certificate and obtaining written representations from the Grantee.

## **What are Stock Appreciation Rights?**

Like Options, a “SAR” is granted with respect to a specific number of Shares and may be exercised when vested at a specific Strike Price (as defined in the Plan). Under the Plan, the Committee may grant Freestanding SARs, Tandem SARs, or a combination of both. A Freestanding SAR is granted independently of any other Award. For Freestanding SARs, the Strike Price generally is required to be at least equal to the Fair Market Value of the Shares on the date the Committee grants the Freestanding SAR. A Tandem SAR is granted in connection with a related Option. Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option (and, similarly, when a Share is purchased under the related Option, the Tandem SAR shall similarly be canceled). A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable. Apart from any other provision of the Plan to the contrary, with respect to a Tandem SAR, (1) the Tandem SAR will expire no later than the expiration of the underlying Option and (2) the value of the payout with respect to the Tandem SAR may be for no more than the difference between the Option Price of the underlying Option and the Fair Market Value of the Shares subject to the underlying Option at the time the Tandem SAR is exercised.

Upon exercise of a SAR, the Grantee will be entitled to receive payment from the Company in an amount determined by multiplying (1) the excess, if any, of the Fair Market Value of a Share on the date of exercise over the Strike Price by (2) the number of Shares with respect to which the SAR is exercised. The Committee shall determine the number of SARs granted to each Grantee, and, consistent with the Plan, the other terms and conditions pertaining to the SARs. Generally, all SARs will terminate after the seven (7) year period from the date of the grant. SARs may be payable in cash, Shares or in any combination of both.

## **What are Restricted Shares?**

The Grantee of Restricted Shares is awarded Shares or Share Units that are subject to forfeiture if certain conditions specified in the Award Agreement are not satisfied. A Share Unit is a bookkeeping entry representing the equivalent of one share of Common Stock that is payable in the form of Shares, cash or any combination of both.

## **What are the restrictions on the Restricted Shares?**

The Committee may impose conditions and/or restrictions on any Restricted Shares granted pursuant to the Plan as it may deem advisable, including restrictions based upon the achievement of Performance Measures (as defined below), the achievement of individual performance goals, time-based restrictions on vesting, and/or restrictions under applicable securities laws. If vesting conditions relate exclusively to the passage of time and continued employment, then, except for grants to consultants, directors or newly hired employees, the time period will not be less than 36 months, with one-third of the Award vesting every 12 months from the date of the Award, subject to the terms of the Plan.

“Performance Measures” may include (a) stock price; (b) market share; (c) sales (gross or net); (d) asset quality; (e) non-performing assets; (f) earnings per share; (g) return on equity; (h) costs; (i) operating income; (j) net income; (k) marketing-spending efficiency; (l) return on operating assets; (m) return on assets; (n) core non-interest income; (o) fund performance; (p) pre-tax margins; (q) pre-tax income; (r) levels of cost savings; (s) operating margin; (t) flows into Janus products (gross or net); (u) earnings; (v) earnings before interest, taxes, depreciation and amortization; and/or (w) improvements in productivity and objective operating goals.

### **Can I receive unrestricted Shares?**

A Grantee can receive Shares issued free of transfer restrictions and forfeiture conditions and be entitled all the rights of a shareholder (subject to Rule 144 restrictions, if applicable). Shares may be granted for past services, in lieu of bonus or other cash compensation, as director compensation or for any other valid purpose as determined by the Committee.

### **What are Dividend Equivalents?**

In the discretion of the Committee, the recipient of an Award may be entitled to receive, currently or on a deferred basis, cash, stock or other property dividends, or cash payments in amounts equivalent to cash, property, or other property dividends on shares of Common Stock (“Dividend Equivalents”). The Committee may provide that the amounts (if any) are deemed reinvested in additional shares or otherwise reinvested. If the payment of dividends or Dividend Equivalents would be subject to Section 409A of the Code, no payment may be made if it would fail to comply with the requirements set forth in Section 409A of the Code. No Dividend Equivalents will be paid with respect to Awards that become vested based on the achievement of Performance Measures or other performance goals.

### **Compliance with Section 409A of the Code**

All Awards granted under the Plan that are subject to Section 409A of the Code (governing the taxation of non-qualified deferred compensation) will be made in a manner intended to be compliant with the requirements Section 409A and the Plan will at all times be interpreted and administered to be in compliance with Section 409A of the Code.



## **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

*The discussion below is a general summary of the principal federal income tax consequences of the grant and exercise of Awards under the Plan and any subsequent disposition of Shares received upon exercise of Options. The discussion is based on the U.S. federal income tax laws in effect as of the date of this Prospectus and is not intended to constitute tax advice, nor does this discussion address possible state, local or foreign tax consequences or estate or gift tax consequences. This discussion does not address any specific individual's tax situation. Further, the description is subject to changes in law or regulation, some of which may be retroactive. Participants are urged to consult their own tax advisors.*

### **Options**

An Incentive Stock Option results in no taxable income to the Grantee or a deduction to the Company at the time it is granted or exercised. However, the excess of the Fair Market Value of the Shares acquired over the Option Price is an item of adjustment in computing the alternative minimum taxable income of the Grantee. If the Grantee holds the Shares received as a result of an exercise of an Incentive Stock Option for at least two years from the date of the grant and one year from the date of exercise, then the gain realized on disposition of the Shares is treated as a long-term capital gain. See "Capital Gains and Losses" below. If the shares are disposed of during this period, however (i.e., a "disqualifying disposition"), then the Grantee will include in income, as compensation for the year of the disposition, an amount equal to the excess, if any, of the Fair Market Value of the Shares, upon exercise of the Option over the Option Price (or, if less, the excess of the amount realized upon disposition over the Option Price). The excess, if any, of the sale price over the Fair Market Value on the date of exercise will be taxable as compensation. In such case, the Company will be entitled to a deduction, in the year of such a disposition, for the amount includible in the Grantee's income as compensation. The Grantee's basis in the Shares acquired upon exercise of an Incentive Stock Option is equal to the Option Price paid, plus any amount includible in his or her income as a result of a disqualifying disposition.

A Non-Qualified Stock Option results in no taxable income to the Grantee or deduction to the Company at the time it is granted. A Grantee exercising a Non-Qualified Stock Option will, at that time, realize taxable compensation in the amount of the difference between the Option Price and the then Fair Market Value of the Shares (if hold the Shares) or the sale price of the underlying exercised Shares (if a cashless exercise). Subject to the applicable provisions of the Code, a deduction for federal income tax purposes will be allowable to the Company in the year of exercise in an amount equal to the taxable compensation recognized by the Grantee. The Grantee's basis in the Shares is equal to the sum of the Option Price plus the amount includible in his or her income as compensation upon exercise. Any gain (or loss) upon subsequent disposition of the Shares will be a long-term or short-term gain (or loss), depending upon the holding period of the Shares.

If an Option is exercised by tendering previously owned Shares of the Company in payment of the Option Price, then, instead of the treatment described above, the following

generally will apply: a number of new Shares equal to the number of previously owned Shares tendered will be considered to have been received in a tax-free exchange; the Grantee's basis and holding period for the number of new Shares will be equal to the basis and holding period of the previously owned Shares exchanged; the Grantee will have compensation income equal to the Fair Market Value on the date of exercise of the number of new Shares received in excess of the number of exchanged Shares; the Grantee's basis in the excess Shares will be equal to the amount of compensation income; and the holding period in such Shares will begin on the date of exercise.

### **Stock Appreciation Rights**

A Grantee will recognize ordinary income subject to applicable withholding tax requirements at such time as the value of a SAR is actually paid in cash or Shares. The amount of such income will be the amount of cash distributed plus the Fair Market Value on the date of exercise of any Shares distributed.

### **Other Awards**

The current U.S. federal income tax consequences of other Awards authorized under the Plan are generally in accordance with the following: (1) Restricted Shares are generally subject to ordinary income tax at the time the restrictions lapse, unless the Grantee elects to accelerate recognition as of the date of grant; (2) Share Unit grants are generally subject to ordinary income tax at the time of payment; and (3) unrestricted Share grants are generally subject to ordinary income tax at the time of grant. In each of the foregoing cases, the Company will generally be entitled to a corresponding federal income tax deduction at the same time the Grantee recognizes ordinary income.

### **Capital Gains and Losses**

The Shares must be considered a capital asset for a Grantee to recognize capital gain or loss on the disposition of the Shares. Capital gains and losses can be either short-term or long-term. A capital gain or loss will generally be a long-term capital gain or loss if the Grantee holds the Shares for more than one (1) year. Short-term capital gains are currently taxed at ordinary income rates, and the maximum federal income tax rate currently applicable to long-term capital gains is generally 15% (rate is subject to change). A Grantee may be limited in his or her ability to deduct any short-term or long-term capital losses in the year in which the loss is incurred.

### **Deferrals**

The Committee may require or permit Grantees to elect to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due by virtue of the exercise of an Option or SAR or the lapse or waiver of restrictions with respect to Restricted Shares under the rules and procedures as established under the Plan or other rules and procedures as the Committee may establish; provided, however, to the extent that the deferral is subject to Section 409A of the Code the rules and procedures established by the Committee will comply with

Section 409A of the Code. Except as otherwise provided in an Award Agreement, any payment or any Shares that are subject to the deferral shall be made or delivered to the Grantee upon the Grantee's Termination of Affiliation.

### **Tax Withholding**

Compensation income recognized by the Grantee in connection with the exercise of an Award will be treated as wage compensation and will be subject to Grantee's individual income tax withholding by the Company. There may be additional state and/or city income tax withholding, if applicable. The Company may require the withholding obligations, in whole or in part, to be satisfied by:

- (a) withholding from compensation, or from the withholding and/or sale of Shares or other payments, due to the Grantee;
- (b) the Grantee directly paying the Company cash, or if permitted by the Committee, Shares for which the Grantee has good title, free and clear of all liens and encumbrances; or
- (c) any combination of the foregoing.

In order to satisfy required tax withholdings, the Grantee may, subject to the terms of the Award Agreement and the approval of the Committee, elect in writing to have the Company, at its sole discretion, either withhold or sell Shares otherwise deliverable upon exercise of the Award, having a Fair Market Value equal to: (1) the amount necessary to satisfy the required tax withholding liability; or (2) with the Committee's approval, a greater amount, not to exceed the estimated total amount of the Grantee's tax liability. The Grantee's election must be made by delivering a written irrevocable election form to the Company.

### **Code Section 162(m)**

A federal income tax deduction generally will be unavailable for annual compensation in excess of \$1,000,000 paid to the Chief Executive Officer and the three other most highly compensated officers (other than the Chief Financial Officer) of a public corporation who are employed on the last day of the fiscal year ("Covered Executives"). However, amounts and awards that constitute "performance-based" compensation within the meaning of Section 162(m) of the Code are not counted toward the \$1,000,000 limit. Awards of Options and SARs are expected to qualify as performance-based compensation. In addition, the Committee may designate any Restricted Share Award described as intended to be "performance-based" compensation. Any Restricted Share Award so designated shall be conditioned on the achievement of one or more Performance Measures, as required by Section 162(m) of the Code. The Performance Measures that may be used by the Committee for such awards shall be based on any one or more of the Performance Measures that have been approved by shareholders for equity plan awards.

The full and/or partial payment or award of performance-based compensation to Covered Executives will be made only upon certification by the Committee of the attainment, over a

performance period established by the Committee, of any one or more Performance Measures, which have been established by the Committee and which are based on objective criteria. Notwithstanding the attainment of any Performance Measure, the Committee has the discretion to reduce any Award payment.

### **Tax Consequences to Grantees Employed by U.S. Employers but Working Abroad**

Grantees who work outside the United States, but who are employed by the Company, a subsidiary or an affiliate, may be taxed in the foreign country in which they work, in addition to the U.S. These tax consequences will be different depending upon the laws of each foreign country. Please consult your tax advisor with respect to your individual tax consequences in a foreign country.

### **Certain Investment Considerations**

The market price of the Shares has varied widely. The Shares that you acquire by exercise or payment of Awards granted under the Plan may decrease or increase in value.

### **OTHER MATTERS RELATING TO THE PLAN**

#### **When was the Plan adopted and when does it end?**

The Company adopted the Plan effective as of April 29, 2010. The Plan will remain in effect until the earlier of the date that (a) all Shares subject to the Plan have been purchased or acquired according to the Plan's provisions or (b) April 28, 2020.

#### **Who grants Awards and otherwise oversees the Plan?**

The Board has appointed the Committee to administer the Plan. Except as may be limited by law, the Certificate of Incorporation or Bylaws of the Company or the express provisions of the Plan, the Committee has the full power and discretion:

- (a) to determine when and to whom any Awards will be granted and the terms and conditions of each Award;
- (b) to construe and interpret the Plan and make all determinations necessary or advisable for administration of the Plan;
- (c) to determine the terms and conditions of all Award Agreements (which need not be identical) and to amend any such Award Agreement at any time (in certain instances only with the consent of the Grantee);
- (d) to make, amend and rescind rules relating to the Plan, including restrictions on the exercisability and nonforfeitability of Awards upon the Grantee's Termination of Affiliation;
- (e) to cancel, with the consent of the Grantee, outstanding Awards and grant substitute Awards;

- (f) to accelerate the exercisability of, or to accelerate or waive any or all of the terms and conditions applicable to, any Award or group of Awards for any reason and at any time;
- (g) to extend the time during which any Award or group of Awards may be exercised, except as otherwise limited by the Plan;
- (h) to make any adjustments or modifications to Awards to Grantees working outside the United States as are advisable to fulfill the purposes of the Plan or to comply with local law;
- (i) to impose such additional terms and conditions upon the grant, exercise or retention of Awards as the Committee may deem appropriate; and
- (j) to take any other action with respect to any matters relating to the Plan for which it is responsible.

From time to time, the Committee may adopt rules relating to the Plan or amend or repeal any such rules. The determination of the Committee on all matters relating to the Plan or any Award Agreement is final, conclusive and binding on all Persons. No member of the Committee will be liable for any action or determination made in good faith with respect to the Plan or any Award.

**May a Grantee transfer an Award to another person?**

In general, the Plan does not allow a Grantee to transfer Awards granted to him or her under the Plan to another person. There are certain limited exceptions to this rule. Specifically, the Plan does allow a Grantee to transfer an Award granted under the Plan by will or by the laws of descent or distribution. In addition, subject to terms and conditions established by the Committee, a Grantee may transfer an Award under the Plan to a spouse, sibling, parent, child or grandchild, to a trust primarily for the benefit of the Grantee or such relatives, or to a corporation or other entity exclusively owned by the Grantee or by such relatives.

**May the Plan or any Award be changed or terminated?**

The Board may alter, amend, suspend or terminate the Plan in whole or in part at any time; provided, however, that no such change shall adversely affect in any material way the rights of a Grantee under a previously granted Award if the Grantee has not consented. In addition, if the Company issues or initiates a stock split, stock dividend or makes a similar change in the structure of the outstanding capitalization of the Company or in the event of any merger, consolidation, split-up, spin-off, reorganization or combination, or repurchase or exchange of Shares or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction, the Committee may adjust the number of Shares which may be available for Awards, the number and type of Shares subject to outstanding Awards, and the exercise or grant price with respect to any Award as the Committee determines in its discretion to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. In such a circumstance, the Committee may also make provision for a cash payment in lieu of any Award.

The Committee may also change the terms of Awards in recognition of unusual or nonrecurring events affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan; provided that no such adjustment shall be authorized to the extent that such authority would be inconsistent with satisfaction of the requirements of Section 162(m) of the Code.

### **What happens to Awards if the Grantee no longer works for the Company?**

The effect of a Grantee's Termination of Affiliation with the Company on Awards held by the Grantee is governed by the terms of the relevant Award Agreement. In the absence of such provisions in the Award Agreement, however, the following rules will govern the effect of the Grantee's Termination of Affiliation on his or her Awards.

For Cause. Unless otherwise set forth in an individual agreement with an employee, if a Grantee has a Termination of Affiliation for Cause, (i) the Grantee's Restricted Shares will be forfeited; and (ii) any unexercised Option or SAR will terminate effective immediately upon Termination of Affiliation.

Unless otherwise defined in an individual agreement with an employee, before the occurrence of a Change of Control, Termination of Affiliation for Cause means termination following the occurrence of any one or more of the following:

- (a) commission of a crime by the Grantee which resulted or is likely to result in damage or injury to the Company;
- (b) the material violation of written policies of the Company;
- (c) the habitual neglect or failure by the Grantee in the performance of his or her duties for the Company (but only if such neglect or failure is not remedied within a reasonable remedial period after the Grantee's receipt of written notice from the Company which describes such neglect or failure in reasonable detail and specifies the remedial period); or
- (d) action or inaction by the Grantee in connection with his or her duties for the Company resulting in material injury to the Company.

Unless otherwise defined in an individual agreement with an employee, from and after the occurrence of a Change of Control, Termination of Affiliation for Cause means termination following the occurrence of any one or more of the following:

- (a) the willful and continued failure by the Grantee to substantially perform the Grantee's duties with the Company (other than any failure resulting from the Grantee's incapacity due to physical or mental illness) that has not been cured within 30 days after a written demand for substantial performance is delivered to the Grantee by the Board, which demand specifically identifies the manner in which the Board believes that the Grantee has not substantially performed the Grantee's duties;

- (b) the willful engaging by the Grantee in conduct which is demonstrably and materially injurious to the Company or a Subsidiary, monetarily or otherwise; or
- (c) the willful or reckless violation by the Grantee of a material legal or regulatory requirement that is materially and demonstrably injurious to the Company.

For purposes of this definition, no act, or failure to act, on the Grantee's part will be deemed "willful" unless done, or omitted to be done, by the Grantee not in good faith and without reasonable belief that the Grantee's act, or failure to act, was in the best interest of the Company. Any act, or failure to act, based upon express written authority by the Board, Chief Executive Officer and/or Chief Investment Officer with respect to the act or omission or based upon the advice of counsel for the Company will be conclusively presumed to be done, or omitted to be done, by the Grantee in good faith and in the best interests of the Company.

On Account of Death or Disability. If a Grantee has a Termination of Affiliation on account of death or Disability, then (1) the Grantee's Restricted Shares that were forfeitable will become non-forfeitable; and (2) any unexercised Option or SAR, whether or not exercisable on the date of the Termination of Affiliation, may be exercised, in whole or in part, within the first 12 months after the Termination of Affiliation (but only during the Option Term) and will terminate immediately thereafter. The Option or SAR may be exercised by the Grantee or, after his or her death, by (1) his or her personal representative or the person to whom the Option or SAR, as applicable, is transferred by will or the applicable laws of descent and distribution, or (2) the Grantee's beneficiary designated in accordance with the general rules pertaining to the occurrence of a Change of Control.

On Account of Retirement. Upon Grantee's Retirement (as defined in the Plan), (1) the Grantee's Restricted Shares that were forfeitable will become non-forfeitable; and (2) any unexercised Option or SAR, whether or not exercisable on the date of the Termination of Affiliation may be exercised within the first five (5) years after the Termination of Affiliation (but only during the option term) and will terminate immediately thereafter. In addition, any forfeitable Restricted Share (other than Share Units) will become nonforfeitable. Restricted Share Units become nonforfeitable upon achieving eligibility for Retirement. The Option or SAR may be exercised by the Grantee or, after his or her death, by (1) his or her personal representative or the person to whom the Option or SAR, as applicable, is transferred by will or the applicable laws of descent and distribution, or (2) the Grantee's beneficiary designated in accordance with the general rules pertaining to the occurrence of a Change of Control.

Any Other Reason. If a Grantee has a Termination of Affiliation (as defined in the Plan) for any reason other than for Cause, death, Disability or Retirement, then the Grantee's Restricted Shares, to the extent forfeitable on the date of the Grantee's Termination of Affiliation, will be forfeited. If the Termination of Affiliation is the result of the Grantee's voluntary termination of employment, any unexercised Option or SAR, to the extent not exercisable immediately before the Grantee's Termination of Affiliation will terminate immediately upon the Termination of Affiliation. To the extent an Option or SAR is exercisable immediately before the Grantee's Termination of Affiliation, the Option or SAR may be exercised not later than three (3) months after the date of Termination of Affiliation (but only during the Option Term) and shall terminate

immediately thereafter. If the Termination of Affiliation is the result of the Grantee's termination of employment by the Company or a Subsidiary (other than for Cause), then, any unexercised Option, whether or not exercisable immediately before the Grantee's Termination of Affiliation, may be exercised in whole or in part, not later than three (3) months after the Termination of Affiliation (but only during the Option Term) and will terminate immediately thereafter. The Option or SAR may be exercised to the extent permitted under this section by the Grantee or, after his or her death, by (a) his or her personal representative or the person to whom the Option is transferred by will or the applicable laws of descent and distribution, or (b) the Grantee's beneficiary designated in accordance with the general rules pertaining to the occurrence of a Change of Control.

#### **What happens to Awards following a Change of Control of the Company?**

Except as stated below, as otherwise provided in the relevant Award Agreement or as determined by the Committee at the time an Award is granted, if a Change of Control occurs, then:

- (a) any forfeitable Restricted Shares will become non-forfeitable;
- (b) any unexercised Options or SARs, whether or not exercisable on the date of the Change of Control, will become fully exercisable; and
- (c) in the discretion of the Committee, and to the extent permitted by Section 409A of the Code, Awards issued under the Plan will terminate effective as of the Change of Control in exchange for a payment to the Grantee of an amount in cash equal to the value of the per Share consideration paid in the Change of Control multiplied by the number of Shares subject to the Award less, in the case of Options and SARs, the exercise price for those Awards.

With respect to each Award that is subject to Section 409A of the Code, if a Change of Control would have occurred under the Plan except that the Change of Control does not constitute a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company under Section 409A, then each Award will become vested and nonforfeitable but the Grantee will not be able to exercise the Award, and the Award will not become payable, except in accordance with the terms of the Award or until the earlier time as the exercise and/or payment complies with Section 409A of the Code.

#### **What happens to the Plan if there is a successor to the Company?**

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of the successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise of all or substantially all of the business and/or assets of the Company.

#### **What does the Company do with the money received from the exercise of Options?**

All funds received by the Company in payment for Shares purchased under the Plan may be used for any valid corporate purpose.



## **Are there any restrictions on the resale of the Shares of Common Stock acquired under the Plan?**

All certificates for Shares delivered under the Plan pursuant to any Award may be subject to the restrictions as the Committee may deem advisable, including restrictions under applicable federal securities laws.

Shares acquired under the Plan are freely tradable unless held by an “Affiliate,” as defined in Rule 144 under the Securities Act of 1933, as amended (the “Securities Act”), held by an executive officer subject to Section 16(b) of the Securities Exchange Act of 1934, as amended (“Section 16(b)”), or the Grantee is in possession of material inside information (trading by a Grantee would be deemed to be “Insider Trading”). The following summaries of Rule 144, Section 16(b) and Insider Trading are not intended to be complete descriptions.

Persons proposing to sell Shares acquired under the Plan should consult their own legal counsel regarding compliance with applicable state and federal securities laws.

Rule 144. Affiliates may not trade Shares without registration unless the provisions of Rule 144 are met or another exemption is available for the trade. In general, under Rule 144, as currently in effect, an Affiliate may sell within any three (3) month period the number of Shares that does not exceed the greater of (i) one percent (1%) of the then outstanding Shares or (ii) the average weekly trading volume of the shares on the New York Stock Exchange during the four (4) calendar weeks preceding the sale. Sales under Rule 144 are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about the Company. Because of their positions with the Company, officers of the Company may be deemed Affiliates for purposes of Rule 144. The foregoing summary is not intended to be a complete description of Rule 144.

Section 16(b). In addition, certain executive officers of the Company are subject to the provisions of Section 16(b), which provides for the disgorgement of profits in connection with purchases and sales of securities occurring within a six-month period. Section 16(b) is subject to a number of exceptions depending on the circumstances.

Insider Trading. A Grantee may not sell Shares acquired pursuant to the Plan in violation of the Company’s Insider Trading Policy and applicable securities laws prohibiting trading in securities by someone in possession of material inside information. The Company’s Insider Trading Policy, in part, forbids any officer or employee of the Company or any subsidiary of the Company from trading, either personally or on behalf of others, on material nonpublic information concerning the Company or any subsidiary of the Company.

## **How to Obtain Additional Information**

To obtain additional information about the Plan, please call the Company at (303) 691-3905. Written requests should be directed to the Office of the Corporate Secretary, Janus Capital Group Inc., 151 Detroit Street, Denver, Colorado 80206.

**SECOND AMENDMENT TO THE JANUS 401(k), PROFIT SHARING  
AND EMPLOYEE STOCK OWNERSHIP PLAN**

The Janus 401(k), Profit Sharing and Employee Stock Ownership Plan, as amended and restated effective January 1, 2009 (the "Plan"), is hereby amended as follows, effective July 19, 2010:

1. Section 4.1(d) of the Plan is hereby amended in its entirety to read as follows:  

(d) A special discretionary allocation approved by the Compensation Committee or, if expressly delegated, the Plan Advisory Committee; provided that at the time of any such special discretionary allocation the Compensation Committee or the Plan Advisory Committee shall establish the allocation formula and eligibility criteria for receipt of the special discretionary allocation.
2. Section 4.4(d)(4) of the Plan is hereby amended by deleting the word "and" from the end of said provision.
3. Section 4.4(d)(5) of the Plan is hereby amended in its entirety to read as follows:  

(5) any Forfeitures remaining after the application of paragraphs (1), (2), (3) and (4) of this subsection may be applied to make any special discretionary allocation that the Compensation Committee or the Advisory Committee shall approve under Section 4.1(d); and
4. The Plan is hereby amended by adding a new Section 4.4(d)(6) to read as follows:  

(6) any Forfeitures remaining after the application of paragraphs (1), (2), (3), (4) and (5) of this subsection shall be treated as an Employer Discretionary Profit Sharing Contribution and allocated in accordance with this Section 4.4.
5. Except as amended above, the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, Janus Capital Group Inc. has executed this Amendment as of this 19th day of July, 2010.

Janus Capital Group Inc.

By: /s/ Gregory A. Frost  
Gregory A. Frost  
Executive Vice President, Chief Financial  
Officer and Treasurer

ATTEST:

/s/ Curt R. Foust  
Curt R. Foust

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**AMENDMENT NO. 1 TO THE  
JANUS CAPITAL GROUP INC.  
AMENDED AND RESTATED INCOME DEFERRAL PROGRAM**

THIS AMENDMENT TO THE AMENDED AND RESTATED INCOME DEFERRAL PROGRAM (this "Amendment") is made as of July 19, 2010.

WHEREAS, the Compensation Committee of the Board of Directors (the "Compensation Committee") of Janus Capital Group Inc. wishes to amend the Amended and Restated Income Deferral Program (as amended through October 20, 2009, the "Program") as set forth below; and

WHEREAS, Section 9.01 permits the Compensation Committee to amend the Program;

NOW, THEREFORE, the Program is hereby amended as follows:

1. The second sentence of Section 4.04 of the Program is hereby amended to eliminate the ability of the Eligible Employee (as defined in the Program) to select quarterly installment payments.
2. Section 6.04(d) is hereby deleted in its entirety and replaced with the following:

Cashouts of Small Amounts. Subject to the remaining sentences of this subsection and subsections (b) and (c) of Section 6.02, if the total value of all of the Participant's Deferral Subaccounts, as of any distribution date, is less than the applicable dollar amount under Section 402(g)(1)(B) of the Code, the Employer reserves the right to distribute all of the Participant's Deferral Subaccounts to the Participant as a single lump sum as soon as practicable after the first Distribution Date that next follows the Participant's Deferral Subaccounts falling below such threshold amount. To the extent required under Section 409A, a Deferral Subaccount shall not be distributed under this subsection before the end of the minimum period of additional deferral that is applicable to the Deferral Subaccount under Section 4.05. If the preceding sentence delays payout of a distribution, payout shall be made as soon as practicable after the minimum period of deferral. By no later than the date payment is made, the Employer must specify in writing that it is exercising its discretion to make the payment in form of a single lump sum payment under this subsection 4.06. In addition, if (1) a Participant has a Separation from Service, and (2) the total value of all of the Participant's Deferral Subaccounts, as of any distribution date, is less than \$50,000, all of the Participant's Deferral Subaccounts shall be distributed to the Participant as a single lump sum as soon as practicable after the Distribution Date that next follows the Participant's Deferral Subaccounts falling below such threshold amount.

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3. The terms of this Amendment shall be effective for any deferral election made by an Eligible Employee pursuant to the Program after the date first set forth above.
4. This Amendment shall be governed by, interpreted under and construed in accordance with the laws of the State of Delaware.
5. Except as modified by this Amendment, the Plan is hereby confirmed in all respects.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered as of the date and the year first written above.

JANUS CAPITAL GROUP INC.

/s/ Gregory A. Frost

By: Gregory A. Frost

Title: Executive Vice President, Chief Financial  
Officer and Treasurer

## CERTIFICATION

I, Richard M. Weil, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Janus Capital Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2010

/s/ Richard M. Weil  
Richard M. Weil  
Chief Executive Officer

A signed original of this written statement required by Section 302 has been provided to Janus Capital Group Inc. and will be retained by Janus Capital Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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## CERTIFICATION

I, Gregory A. Frost, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Janus Capital Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2010

/s/ Gregory A. Frost  
Gregory A. Frost  
Executive Vice President and  
Chief Financial Officer

A signed original of this written statement required by Section 302 has been provided to Janus Capital Group Inc. and will be retained by Janus Capital Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-  
OXLEY ACT OF 2002**

In connection with the quarterly report of Janus Capital Group Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard M. Weil, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard M. Weil

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Richard M. Weil  
Chief Executive Officer

Date: July 26, 2010

A signed original of this written statement required by Section 906 has been provided to Janus Capital Group Inc. and will be retained by Janus Capital Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Janus Capital Group Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory A. Frost, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gregory A. Frost

Gregory A. Frost  
Executive Vice President and  
Chief Financial Officer

Date: July 26, 2010

A signed original of this written statement required by Section 906 has been provided to Janus Capital Group Inc. and will be retained by Janus Capital Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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