

Summary of topics covered through questions at the Henderson Group 2006 EGM

31 August 2006

Why are you cancelling the shares? In Australia, most times when capital is returned, the shares aren't cancelled. Why could you not just give the capital back?

We looked at a number of ways in which we could carry out this capital return. These included a special dividend, a share buyback or a capital reduction. Of the methods available to us as a UK company, we concluded that a capital reduction was the better option, as:

- our shareholders are familiar with the method (which is the same as that used for the capital return in 2005);
- it is relatively cost effective for the Company;
- it should be a relatively tax efficient for the majority of our shareholders; and
- we have certainty in how much capital is actually returned and the timing of the return.

In the UK, a capital reduction is a commonly used method for returning cash to shareholders.

If we were to return the capital without cancelling shares the share price would fall by an amount corresponding to the amount of capital returned.

We expect to do another capital return in 2007 and we will again review all the methods available to us.