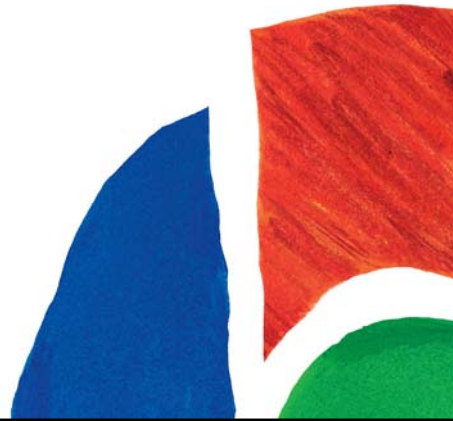


## Investor presentation

April 2007



### • Introduction

- Background
- 2006 performance
- 2002-2006 AUM
- 2006 AUM movements
- Line of business analysis
- Business overview
- Financials
- Strategy and outlook
- Appendices

## Background

- Independent asset manager established in 1934
- Based in London, with offices in Continental Europe, Asia and the US
- Diversified product range and balance of asset classes
- Successful in higher margin areas, such as Mutual Funds, Property and Absolute Return Funds
- Listed on LSE and ASX
- Track record of delivery
  - Financial performance
  - Capital management
  - Business re-engineered

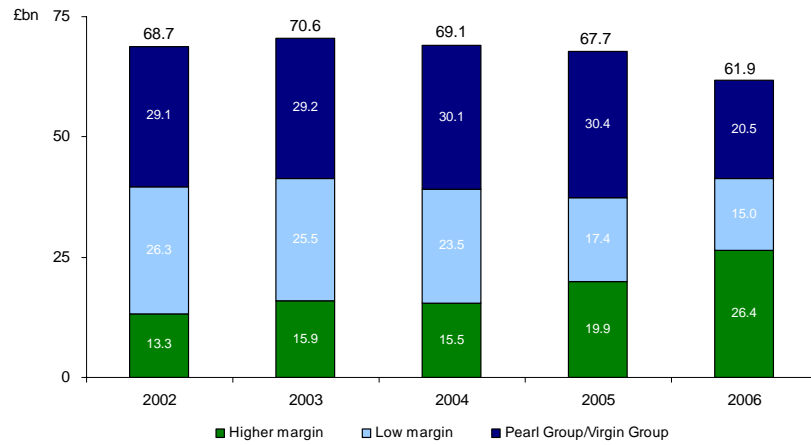
## 2006 performance

- Group EBITDA up 31% to £72.4m<sup>1</sup> (FY05: £55.2m)
- Group operating profit before tax up 30% to £82.2m<sup>1</sup> (FY05: £63.4m)
- EPS 6.3 pence per share<sup>1</sup> (FY05: 3.2p)
- AUM £61.9bn (31 Dec 05: £67.7bn)
- Henderson Global Investors
  - total AUM beating benchmark 59% (FY05: 55%), higher margin AUM 81% (FY05: 79%)
  - net inflow into higher margin products of £4.3bn (FY05: £1.9bn)
  - EBITDA up 23% to £83.9m<sup>2</sup> (FY05: £68.0m)
  - profit before tax up 29% to £81.1m<sup>2</sup> (FY05: £62.9m)
  - cost to income ratio reduced to 72.6%<sup>2</sup> (FY05: 75.5%)
- Corporate
  - reduction of cost base
  - second capital return of £200m in October 2006
- DPS 3.15 pence per share (FY05: 1.6p)

<sup>1</sup> Continuing operations, before one-off restructure costs of £7.8m.

<sup>2</sup> Before one-off restructure costs.

## Assets under management 2002-2006

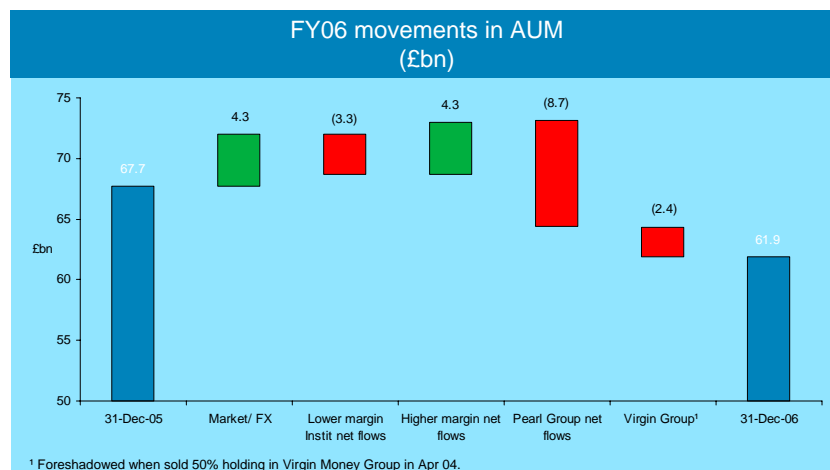


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## 2006 AUM movements

£4.3bn higher margin net inflows in FY06



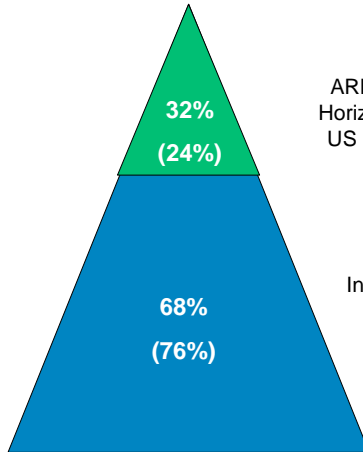
¹ Foreshadowed when sold 50% holding in Virgin Money Group in Apr 04.

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## Line of business analysis

### Assets under management



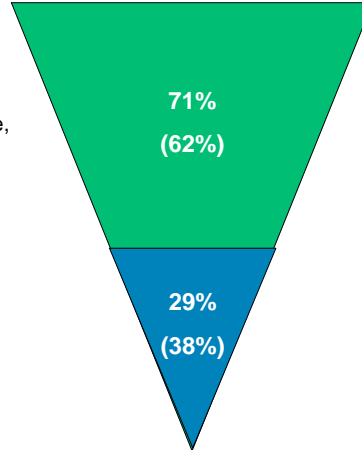
#### Specialist<sup>1</sup>

ARFs, Private Equity,  
Horizon, UK Wholesale,  
US Mutuals, Property,  
CDOs

#### Generalist

Investment Trusts  
Institutional  
Sub-advisory  
Pearl Group

### Revenue contribution



FY06; (FY05)

<sup>1</sup> Includes Pearl Group funds invested in Specialist products.

 Henderson Group plc

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- Introduction

- **Business overview**

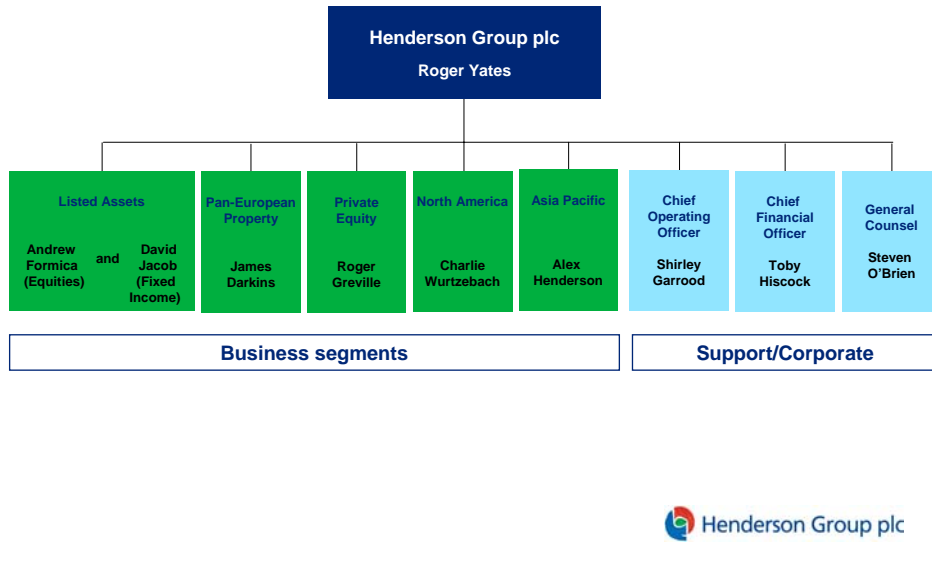
- Henderson Management Team and divisional structure
- Listed Assets
- Pan-European Property
- Private Equity
- North America
- Asia Pacific
- Support functions
- Investment approach
- 2006 investment performance

- Financials
- Strategy and outlook
- Appendices

 Henderson Group plc

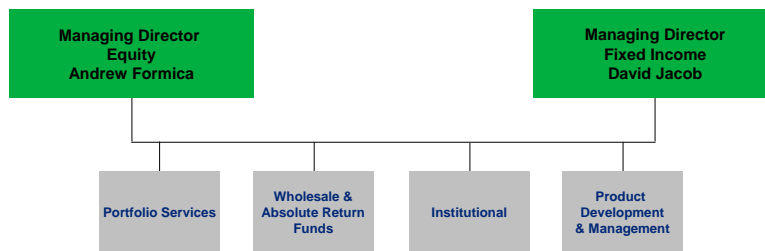
7

## Henderson Management Team and divisional structure



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## Listed Assets



- AUM: £52.6bn<sup>1</sup> <sup>2</sup>
- Focus: manufacturing of listed asset product ranges for Henderson and Pan-European distribution of all Henderson product ranges except Direct Property
- Headcount<sup>1</sup>: 335, including 122 investment professionals
- Offices: London (HQ), Milan, Paris, Frankfurt, Amsterdam, Luxembourg, Zurich, Madrid and Edinburgh

<sup>1</sup> 31 Dec 06

<sup>2</sup> Includes £5.2bn of assets managed on behalf of the North America and Asia Pacific business

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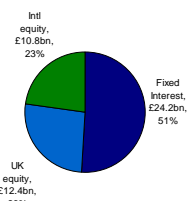
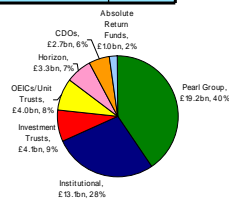
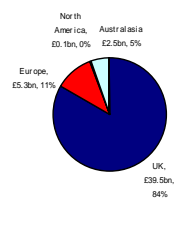
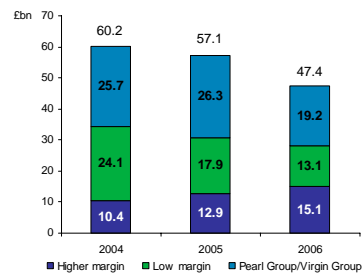
## Listed Assets

- Fee structure: management fees; performance fees (ARFs, Horizon, Investment Trusts, Institutional); transaction fees (OEICs, CDOs, FX dealing)
- Number of funds/clients<sup>1</sup>: 212
- Manufacturing:
  - Undertaken primarily in London office
  - Shift from traditional balanced mandates to specialist mandates
  - Recruitment in 2005/6 to facilitate improved performance and business transformation
- Distribution:
  - Wholesale
    - Network of Pan-European distribution offices that target third party distributors e.g. IFAs and banks, rather than direct retail market
    - Primarily mutual funds, including property securities and hedge funds
  - Institutional
    - Mainly UK based sales team, responsible for sales to pension funds, family trusts etc
    - Broad distribution capabilities, including PFI, private equity, hedge funds and CDOs

<sup>1</sup> 31 Dec 06

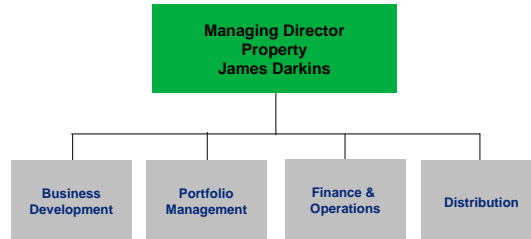
## Listed Assets key product and AUM analysis

Range	No. funds	Range AUM (Ebn)	Range summary	Listed assets AUM (Ebn)
Horizon funds	18	4.0	SICAV range, UCITS III enabled. Continental Europe and Asia. 2 new funds in 2006.	3.3
OEIC funds	22	4.0	UK domiciled and distributed.	4.0
Absolute Return funds	17	1.7	Cayman Islands domiciled. Distributed globally. 6 new funds in 2006.	1.0
Investment Trusts	13	4.1	UK listed, distributed in the UK, 1 new fund in 2006.	4.1
CDOs / loans	13	2.7	Pooled investment vehicles in a diversified range of debt assets. 3 new funds in 2006	2.7
<b>Total<sup>1</sup></b>	<b>83</b>	<b>16.5</b>		<b>15.1</b>



<sup>1</sup> Higher margin funds

## Pan-European Property

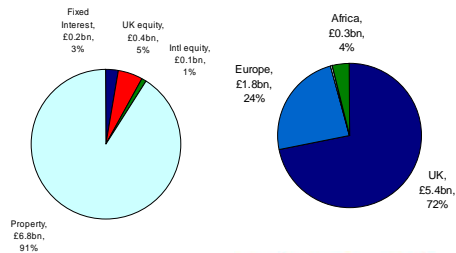
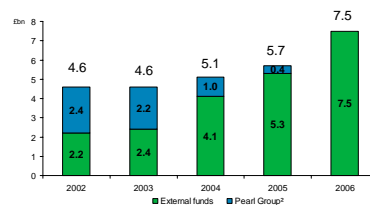


- AUM: £7.5bn<sup>1</sup>
- Focus: moving the Continental European business from development phase to maturity
  - invest pipeline (£1.8bn on 31 Dec 06)
  - scale up funds to improve margins
  - capitalise on growing brand recognition
- Headcount<sup>1</sup>: 158 including 65 investment professionals
- Offices: London (HQ), Frankfurt, Milan, Paris, Luxembourg, Vienna, Amsterdam
- Joint ventures: MM Warburg, Weiner Stadtische, Keppel Land, McArthur Glen, MFI

<sup>1</sup> 31 Dec 06 (excluding pipeline)

## Pan-European Property key product and AUM analysis

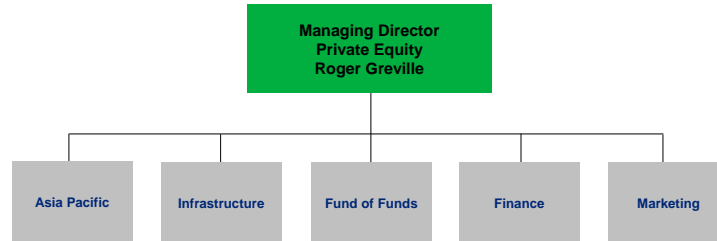
- Strong growth in external AUM, a further £1.8bn pipeline at 31 Dec 06
- Fee structure: management fees; performance fees; transaction fees
- Number of clients/funds<sup>1</sup>: 33
- Products: direct property, pooled property vehicles, specialist vehicles, multi-manager fund-of-funds
  - concentrated on retail and office
  - 2006 product launches: Henderson European Retail Fund, Henderson Indirect Property Fund, KAG Pan-European Fund III
- Distribution: network of Pan-European distribution offices, focused on selling property products to major European and Middle Eastern institutions



<sup>1</sup> 31 Dec 06 (excluding pipeline)

<sup>2</sup> Pearl Group direct holdings

## Private Equity

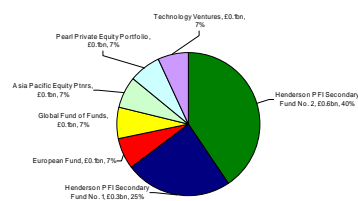
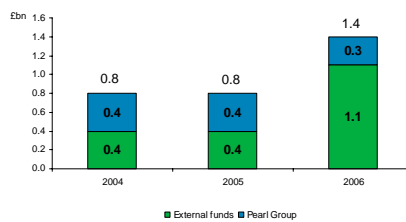


- AUM: £1.4bn<sup>1</sup>
- Focus: broadening the product range
  - Further PFI deals
  - Launch of a second Asia fund
  - Global fund of funds
- Headcount<sup>1</sup>: 24, including 14 investment professionals
- Offices: London (HQ), Singapore, New Delhi

<sup>1</sup> 31 Dec 06

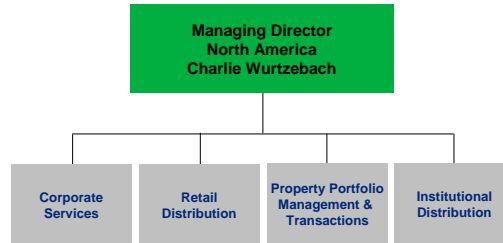
## Private equity key product and AUM analysis

- Fee structure: management fees, performance fees (carried interest), transaction fees
- Number of funds<sup>1</sup>: 7
- Products: PFI, Asian Private Equity, Fund of Funds:
  - £900m AUM in two PFI/PPP funds
  - Recently completed £1bn public-to-private transaction (John Laing)
  - Asia PE invests in fast growing companies in India, China, South Korea and South East Asia
- Distribution: via networks of Listed Assets, Asia Pacific and North America. Where required, placement agencies are used



<sup>1</sup> 31 Dec 06

## North America

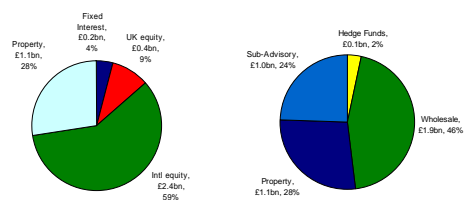
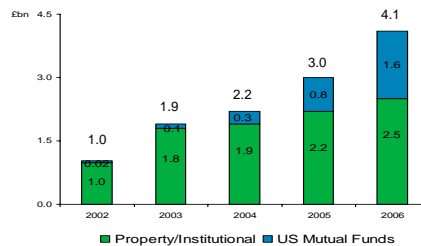


- AUM: £4.1bn<sup>1</sup>
- Focus: Broadening the product range & widening distribution networks
  - Launched 2 new US mutual funds in Dec 2006, 8 in total
  - US Property (small cap residential, 2 products)
  - Sub-advisory (Mackenzie)
- Headcount<sup>1</sup>: 90, including 23 investment professionals
- Offices: Chicago (HQ), Hartford

<sup>1</sup> 31 Dec 06

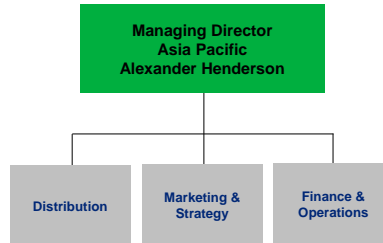
## North America key product and AUM analysis

- Founded: 1999, from Phoenix Realty Advisors, Inc and J&W Seligman acquisitions
- Mutual funds business launched 2001, has strong momentum
- Number of funds/clients<sup>1</sup>: 38
- Products: US mutual funds, property and institutional (EAFE)
- Distribution:
  - Mutual funds: regional sales teams through wire houses.
  - Agreements with most major retail brokers including UBS, Merrill Lynch, Wachovia and Smith Barney
  - Property and Institutional: regional sales teams, with focus on institutional clients, such as state pension funds, foundations etc



<sup>1</sup> 31 Dec 06

## Asia Pacific

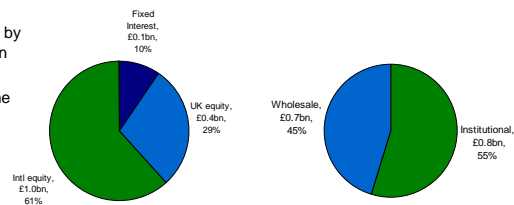
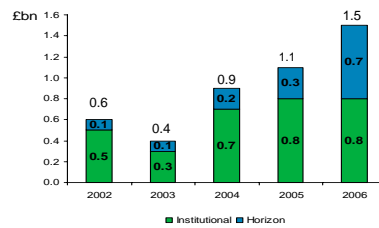


- AUM: £1.5bn<sup>1</sup>
- Focus: development of the Asian distribution network, selling mutual funds
  - Singapore, Hong Kong, Taiwan, Malaysia & Indonesia currently
  - Japan in development
  - South Korea under consideration
- Headcount<sup>1</sup>: 14
- Offices: Singapore (HQ), Hong Kong, Tokyo

<sup>1</sup> 31 Dec 06

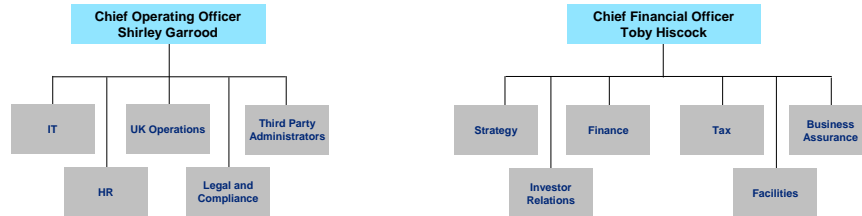
## Asia Pacific key product and AUM analysis

- Established: 1995
- Strong sales growth in Horizon funds during FY06
- Number of funds/clients<sup>1</sup>: 30
- Products: Institutional & Horizon SICAV
  - Institutional clients include MAS & GIC
  - Horizon feeder funds used in Singapore
  - Toshin funds under development for the Japanese retail market
- Distribution:
  - Mutual funds (Horizon) are distributed by regional distributors, such as Fidelity in Taiwan
  - Institutional funds are distributed by the sales team based in Singapore



<sup>1</sup> 31 Dec 06

## Support functions

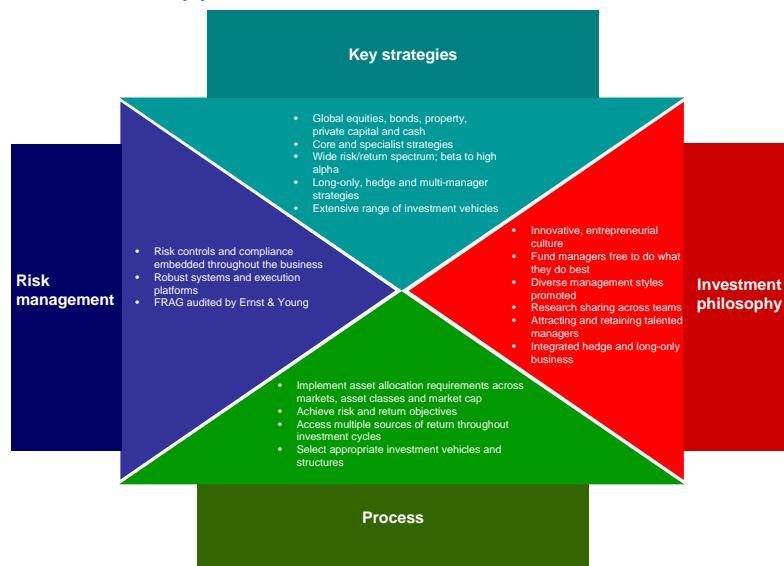


- Headcount: 214<sup>1</sup>
- Focus: provides investment execution, settlement and administration platform
  - Scalable IT infrastructure
  - Middle office
  - Management of 3<sup>rd</sup> party outsource providers – BNP Paribas, JPMorgan, State Street Bank and Trust

- Headcount: 59<sup>1</sup>
- Focus: provides financial, strategic and risk management services
  - Accounting and planning
  - Investor/shareholder communication
  - Management of other corporate relationships
  - Internal audit and risk management
  - Business recovery planning

<sup>1</sup> 31 Dec 06

## Investment approach



## 2006 investment performance<sup>1</sup>

	31 Dec 06 Funds at/above benchmark		
	AUM <sup>2</sup> £bn	1 year %	3 years %
<b>Wholesale</b>			
Investment Trusts	3.5	88	87
Horizon Funds	4.0	68	91
Retail OEICs	3.5	79	75
US Mutual Funds	1.6	100	100
<b>Absolute Return Funds</b>	1.6	78	100
<b>Property (UK/Europe)<sup>3</sup></b>	7.1	80	n/a
<b>Property (US)</b>	1.1	100	100
<b>Institutional</b>	14.8	50	29
<i>Enhanced index</i>	6.6	63	92
<i>Fixed interest</i>	4.7	34	12
<i>Balanced/active equity</i>	3.6	47	12
<b>Total Equities</b>	26.0	67	68
<b>Total Fixed Interest</b>	19.0	59	26

<sup>1</sup> Asset weighted.  
<sup>2</sup> Of funds measured.  
<sup>3</sup> Estimate pending benchmark data.

- 17 consultant upgrades
- 15 investment performance awards, including:
  - IPE Real Estate magazine: Best Property Investment Manager
  - Thomson Financial PFI award 2006: Global Private Equity House of the Year
  - Lipper: Best 3 year performance by a small fund group (US) second year running

- Introduction
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### • Financials

- Henderson Group
  - Profit and loss
- Henderson Global Investors
  - Profit and loss
  - Performance fee diversity
  - Costs
  - Staff costs
- Henderson Group summary balance sheet
- Henderson Group cash position
- Strategy and outlook
- Appendices

## Henderson Group

### Profit and loss

Summary information from consolidated income statement

£m	FY06	FY05	FY04
Henderson Global Investors	81.1	62.9	57.5
Corporate costs	(11.5)	(12.8)	(15.6)
Return on Corporate cash	12.6	13.3	4.5
<b>Operating profit continuing operations</b>	<b>82.2</b>	<b>63.4</b>	<b>46.4</b>
One-off restructure costs	(7.8)	-	(8.4)
<b>Total operating profit continuing operations</b>	<b>74.4</b>	<b>63.4</b>	<b>38.0</b>
Discontinued operations	(2.0)	0.6	(161.1)
<b>Net profit before tax all operations</b>	<b>72.4</b>	<b>64.0</b>	<b>(123.1)</b>
Taxation – total	(11.2)	(16.3)	(50.1)
<b>Net profit after tax all operations</b>	<b>61.2</b>	<b>47.7</b>	<b>(173.2)</b>
Effective tax rate – continuing operations	14.9%	18.2%	7.9%
EBITDA <sup>1</sup>	72.4	55.2	46.9
Earnings per share <sup>1</sup>	6.3p	3.2p	1.8p
Dividend per share	3.15p	1.39p	-

<sup>1</sup> Continuing operations before restructure costs

 Henderson Group plc

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## Henderson Global Investors

### Profit and loss

£m	FY06	FY05	FY04
Management fees	221.2	196.3	190.6
Transaction fees	24.6	24.4	26.1
Net performance fees	37.3	26.5	18.7
<b>Total fee income</b>	<b>283.1</b>	<b>247.2</b>	<b>235.4</b>
Investment income	12.6	9.9	7.9
<b>Total income</b>	<b>295.7</b>	<b>257.1</b>	<b>243.3</b>
Operating expenses	(211.8)	(189.1)	(180.8)
Depreciation and amortisation	(2.8)	(5.1)	(5.0)
<b>Operating profit before tax</b>	<b>81.1</b>	<b>62.9</b>	<b>57.5</b>
EBITDA	83.9	68.0	62.5
Margin on average AUM (bps)	FY06	FY05	FY04
Management fee margin	34	29	28
Total fee margin	44	37	34
Net margin	12	9	8

 Henderson Group plc

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## Henderson Global Investors

### Performance fee diversity

	FY06	FY05	FY04	FY06 No. of funds <sup>1</sup>	FY05 No. of funds <sup>1</sup>	FY04 No. of funds <sup>1</sup>
Net performance fees (£m)	37.3	26.5	18.7			
Sourced from:	%	%	%			
Absolute Return Funds	42	34	54	11	9	7
Property	19	30	26	13	13	4
Horizon Funds	12	7	10	7	4	4
Investment Trusts	12	17	7	8	5	4
Private Equity	7	-	-	1	-	-
Other <sup>2</sup>	8	12	3	12	11	11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>52</b>	<b>42</b>	<b>30</b>

<sup>1</sup> Number of funds generating performance fees.

<sup>2</sup> Includes Institutional clients.



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## Henderson Global Investors

### Costs

- Higher staff costs mostly due to variable incentive provisioning
  - Fixed staff costs down to 26% of total income (FY05: 29%)
  - Total staff costs flat at 49% of total income
- Higher IT spend on derivatives platform & investment management data services
- FY07: 70% cost to income ratio target
  - Through profitable revenue growth

£m	FY06	FY05	FY04
Staff costs	141.4	119.4	100.0
Investment administration	19.2	19.6	26.0
IT	10.6	7.4	7.9
Office expenses	15.0	15.5	17.2
Other	25.6	27.2	29.7
<b>Operating expenses</b>	<b>211.8</b>	<b>189.1</b>	<b>180.8</b>
%	FY06	FY05	FY04
Cost to income ratio <sup>1</sup>	72.6	75.5	76.4

<sup>1</sup> Before one-off restructure costs.



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## Henderson Group

### Summary balance sheet

- Strong balance sheet
- Adequate provisions
- Increased regulatory surplus from FSA waiver
- £200m surplus capital returned October 2006
- Potential further capital return in 2H07 of approximately £200m

£m	31 Dec 06	31 Dec 05
Goodwill	224	224
Investments	115	99
Cash	309	487
Other net assets/(liabilities)	(152)	(189)
Net assets (continuing operations)	496	621
Discontinued operations	-	26 <sup>1</sup>
<b>Henderson Group</b>	<b>496</b>	<b>647</b>
<b>Henderson Group plc</b>	<b>667</b>	<b>815</b>

<sup>1</sup> £26m net assets in TLUK sold 3 May 06.

## Henderson Group

### Cash position

- Group cash as at FY06: £309m
- Potential commitments of £227m during next 18 months
- Positive cash flows from continuing operations (FY06: £61.7m)<sup>1</sup>

£m	31 Dec 06
Corporate	165
Henderson Global Investors	144
Closing balance	309
<i>Representing</i>	
Regulatory & working capital	(80)
Provisions	(40)
Pension commitments <sup>2</sup>	(59)
Additional seed capital	(10)
Warranties & indemnities <sup>3</sup>	(38)
<b>Surplus</b>	<b>82</b>

<sup>1</sup> Excluding £40m special contribution to the pension scheme.

<sup>2</sup> Includes £40m special contributions payable to Henderson pension scheme in equal instalments in Oct 07 & 08 and cash held in escrow in respect of Pearl scheme under terms of the sale agreement.

<sup>3</sup> In connection with the sale of the Life Services business & TLUK.

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## Strategy and outlook

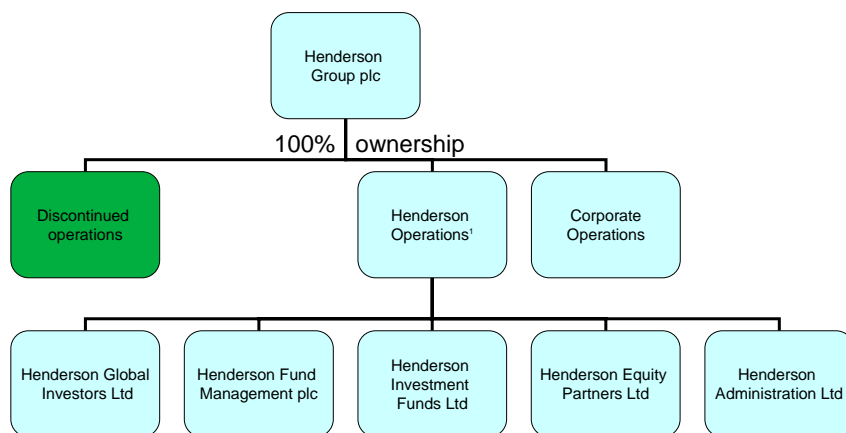
- The Group's strategy is to deliver organic growth through:
  - saleable investment performance
  - a sustainable entrepreneurial culture that attracts and retains the best people
  - innovative specialist products brought rapidly to market
  - improvements to the cost to income ratio
- Specific objectives for 2007 include:
  - continue improvements in investment performance
  - further creation of higher margin specialist products
  - invest £1.8bn property committed capital
  - 70% cost to income ratio for Henderson Global Investors
  - maintain 2x dividend cover
  - prudent level of gearing
  - potential further return (approximately £200m) in 2H07

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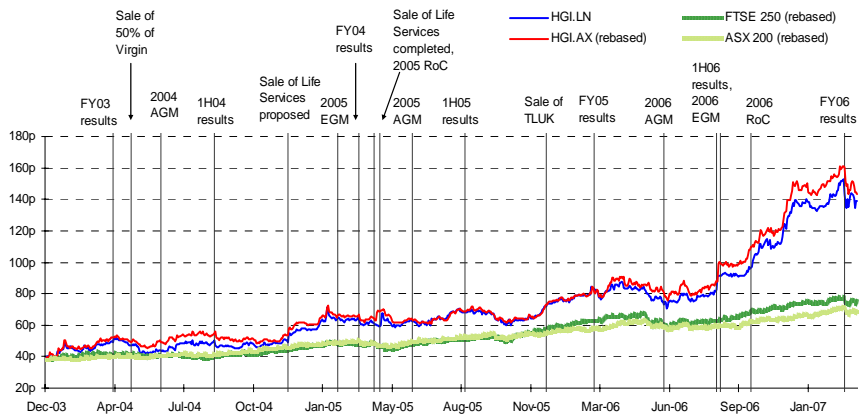
- Henderson Group structure
- Share price history
- Gross management fees by product/client
- Diversity of client base – AUM and revenues (2006)
- Relationship with BPI
- Pearl Group
- Outsourcing
- Risk management
- Detailed consolidated balance sheet and summarised cash flow statement

## Henderson Group structure



<sup>1</sup> Henderson operations consolidate into Henderson Global Investors (Holdings) plc, a wholly-owned subsidiary of Henderson Group plc. Its 5 main FSA regulated subsidiaries are shown, which are also wholly-owned.

## Share price history



Henderson Group plc

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## Henderson Global Investors

### Gross management fees by product/client<sup>1</sup>

Product	FY06 Typical annual management fee before distribution costs (bps)
Private Equity	125 – 200
Horizon Funds <sup>2</sup>	110 – 170
Absolute Return Funds	100 – 200
US Mutual Funds	85 – 110
UK OEICs	75 – 150
Property	40 – 60
Institutional pension funds <sup>3</sup>	10 – 25

<sup>1</sup> Indicative as at 31 Dec 06, before rebates given to certain clients/distributors

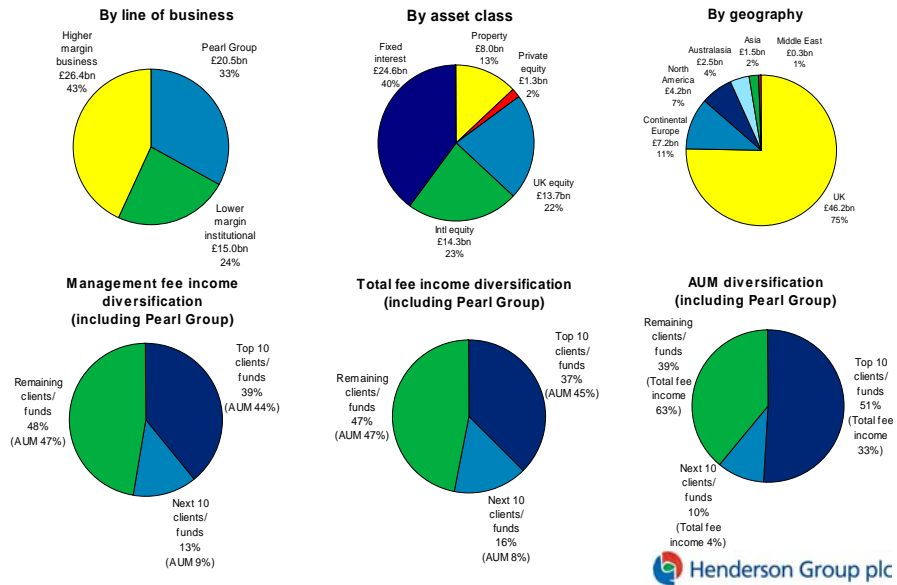
<sup>2</sup> Includes service fees paid by the fund (50 bps)

<sup>3</sup> Includes enhanced index

Henderson Group plc

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## Diversity of client base – AUM and revenues (2006)



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## Relationship with Banca Popolare Italiana (BPI)

- Agreement includes sub-advisory of co-branded funds & distribution of Horizon funds through BPI networks
- Split of total AUM:

	31 Dec 06	31 Dec 05	31 Dec 04
Co-branded funds	£824m	£861m	£830m
Horizon funds	£320m	£287m	£200m

- BPI capital restructure in 2H06 consolidated 3 equity holdings into 1 listed holding
- Market value of investment £90m vs book value £54m
- Merger of BPI with Banco Popolare di Verona e Novara to complete by July 2007, will lead to recognition of investment gain (c£36m gross) in 1H07 income statement

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## Pearl Group

- Henderson Group entered into a number of revised IMAs and other related agreements with Pearl on 30 June 2006
- Henderson has agreed a schedule of fees for the management of Pearl's listed assets. If fees fall below certain thresholds, Pearl pays compensation to Henderson to make good the shortfall, until April 2015
- Pearl enjoys flexibility over AUM; Henderson enjoys certainty of revenues and a realistic opportunity to earn performance fees
- Less than 10% of Henderson Group revenues in 2007, declining steadily thereafter in line with natural attrition of Pearl closed books

## Outsourcing

- The key outsourcing arrangements in place are with:
  - BNP Paribas (mainstream fund administration and custody)
  - JPMorgan (hedge fund administration)
  - State Street Bank and Trust (US mutual fund administration)
- The Group also has a wide range of other outsourcing arrangements in place, covering regional investment administration and settlement, taxation, accounting and secretarial support services
- Outsource providers are vetted prior to appointment, this includes an assessment of their financial well-being
- Service level agreements are in place for all significant arrangements
- In addition to relationship management by the relevant business area, monitoring is undertaken by the Compliance, Internal Audit and Risk functions

## Risk management

- There is an established risk framework approved by the Henderson Group plc Board
- A comprehensive operational risk database is maintained by Risk Management Services which contains all significant risks and controls; management is required to sign-off all controls every month to confirm that they have operated effectively
- A credit risk committee chaired by a member of Risk Management Services approves and monitors all counterparty credit limits
- A Financial Instruments Risk Committee chaired by a member of Risk Management Services approves the usage of all new financial instruments
- An annual assessment is made of risks within each area of the business and the mitigating controls are assessed for their effectiveness
- A Combined Assurance Programme is operated, which brings together the assurance functions of Internal Audit, Risk Management Services and Compliance, to ensure that comprehensive coverage is given of the key risk areas of the business
- Loss data is captured and analysed to identify root causes and what corrective action is needed

## Detailed consolidated balance sheet and summarised cash flow

Detailed consolidated balance sheet	Audited at 31 Dec 06 £m	Audited at 31 Dec 05 £m
<b>Assets</b>		
Intangibles	224.3	224.3
Investments	115.1	99.2
Receivables and prepayments	156.4	95.7
Cash and cash equivalents	309.1	487.5
Other assets	40.5	40.3
Total continuing group assets	845.4	947.0
Disposal group assets	-	42.6
<b>Total Assets</b>	<b>845.4</b>	<b>989.6</b>
<b>Liabilities</b>		
Provisions	42.3	66.5
Retirement benefit obligations	10.4	45.6
Other liabilities	296.8	213.7
Total continuing group liabilities	349.5	325.8
Disposal group liabilities	-	16.7
<b>Total Liabilities</b>	<b>349.5</b>	<b>342.5</b>
<b>Equity</b>		
Share capital and premium	283.9	482.7
Reserves	243.7	168.5
Group shares	(31.8)	(4.1)
Minority interests - continuing group	0.1	-
<b>Total shareholder's equity</b>	<b>495.9</b>	<b>647.1</b>

Summarised consolidated cash flow statement for all operations	Audited at 31 Dec 06 £m	Audited at 31 Dec 05 £m
Cash and cash equivalents at beginning of period	496.5	3,475.8
Net cash flows from operating activities	21.7	(280.3)
Net cash flows from investing activities	47.5	(2,248.7)
Net cash flows from financing activities	(256.0)	(451.6)
Effects of exchange rate changes	(0.6)	1.3
Net decrease in cash and cash equivalents	(187.4)	(2,979.3)
Cash and cash equivalents at end of period	309.1	496.5

## Disclaimer

These materials issued by Henderson Group plc are a summary of certain information contained in the stock exchange announcements dated 28 February 2007 (relating to the full year results for the year ended 31 December 2006 of Henderson Group) and the 2006 Full Annual Financial Report and Accounts for the year ended 31 December 2006, and should be read in conjunction with the full text of these announcements and documents.

This presentation contains forward-looking statements with respect to the financial condition, results and business of Henderson Group. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend on circumstances, that will occur in the future. Henderson Group's actual future results may differ materially from the results expressed or implied in these forward-looking statements.

