

**Address by Rupert Pennant-Rea,
Chairman,
to the Henderson Group Annual General Meeting
3 May 2007**

Your company took the final step in transforming itself into a pure fund management business a year ago, with the sale of Towry Law UK, just before the 2006 AGM. The Group continued to make good financial progress in 2006, with pre-tax profit from continuing operations up 30% on 2005, mostly due to increased profitability in Henderson Global Investors. Investment performance improved across a wide range of funds, which helped to attract healthy flows of money into higher margin activities.

As well as producing good profit growth, we have generated strong cash flow and returned just over £1 billion to shareholders in the past two years. But we still feel the balance sheet should be working harder, and two recent events have provided us with the opportunity to make this happen.

First, you may recall that the Group applied for a waiver from consolidated supervision by the UK Financial Services Authority, and this waiver was granted at the start of this year. This means that the Group's regulatory capital requirement is no longer constrained by goodwill, so we have more flexibility on capital planning. As a result, we plan to make a further return of cash to shareholders of approximately £200 million in the second half of 2007. The Directors have not yet reached a decision on the best way to do this, but we are unlikely to use the same method that we adopted for the previous two returns.

Second, we have recently raised £175 million of senior debt, with a five year term, listed and tradable on the London Stock Exchange. UK investors were keen to supply these funds, so we are paying a relatively attractive interest rate – just 125 basis points over the UK five year gilt rate. As we've stated before, we want to be prudent about gearing the balance sheet, and £175 million feels about right. The money raised will be used for general corporate purposes.

We started paying dividends last year, and we intend to maintain a sustainable flow from now on, so we will stick to a 50% pay-out ratio for the time being. The Directors are recommending a dividend of 2.27 pence per share for the second half of last year, and this will be paid on 29 May 2007 to shareholders on the register at 27 April 2007. For holders of CDIs, the A\$ equivalent will be around 5.46 cents and the NZ\$ equivalent will be around 6.10 cents. This brings the total dividend for 2006 to 3.15 pence per share, or around 7.64 cents (Australia) and around 8.57 cents (New Zealand).

Overall, the Board remains confident about the Group's prospects and is determined to continue creating value for clients and shareholders. Thank you for your support and encouragement during the year.