

Summary of topics covered through questions at the Henderson Group AGM

3 May 2007

The cost to income ratio has improved from 75.5% to 72.6%, but why is it so much higher than the cost to income ratios of many of the large financial institutions in Australia?

It is not easy to draw valid conclusions by comparing cost to income ratios across a range of companies due to the significant variations in the businesses of those companies. A more relevant comparison can be the trend in the ratios. The cost to income ratio for Henderson Global Investors has declined each year since the Henderson Group listed. In 2006, the cost to income ratio was 72.6%, and our target for this year is 70%. We hope to achieve this by controlling costs at the same time as we are boosting our income.

Are you able to expand on the plans to return £200 million to shareholders in the second half of 2007?

Although we have been able to give an indication of the amount and the timing, we are not yet at the stage of our analysis and decision-making to be able to provide any precise details of the exact amount and timing, or the method we will use.

What is the Company's debt to equity ratio following the issue of £175 million of debt?

The debt to equity ratio is about 35%, taking Group equity shareholder funds as at 31 December 2006, which is quite a conservative position.

Why is Pearl withdrawing assets and what is the outlook for total assets under management?

The Pearl assets will decline, as it consists of closed life books that are in run-off. As such, the withdrawal of money as policyholders die or redeem their policies is expected to consistently outweigh any policyholder inflows and investment income. In addition, the investment management and other related agreements reached with Pearl in June last year, allow Pearl flexibility to withdraw and/or re-allocate assets between investment capabilities. It is hard to quantify what will happen in the future and so it is difficult to provide assurances about when our total assets under management will stabilise. However, our strategy places much less emphasis on our total assets under management. Instead, we are focused on the revenues we attract from managing assets. This strategy of focusing on margins/ revenues as opposed to assets under management is bearing fruit as we are replacing the outflows in low margin business with new, higher margin business.

Can you provide more information on the situation with the Italian bank, BPI?

Henderson has maintained a business relationship with Banca Popolare Italiana (BPI) for approximately 6 years. The agreement includes co-branded funds and the distribution of Horizon funds through the BPI network. As part of the relationship, Henderson holds an investment in the listed entity BPI. BPI is in the process of merging with another Italian bank, Banco Popolare de Verona e Novara. The merger has been approved by BPI shareholders and the Bank of Italy and the merger is expected to complete in early July. The merger will have a beneficial effect on our investment in BPI and we expect to crystallise a gain of about £35 million, before tax, in our profit and loss account for 2007.

What is Mr Yates' role with IG Group and what is the company's business?

Mr Yates is a non-executive director of IG Group in the UK. The primary business of the IG Group is IG Index and it's one of a number of spread betting firms that are listed on the London Stock Exchange.

It's a relatively common practice in the UK for the Chief Executive to take one outside directorship. The intention is to expand the Chief Executive's experience and give insights into the way other companies operate. The benefits of this outside involvement are brought back to the main employer.

Can you explain the elements of Mr Yates' emoluments as detailed on page 27 of the annual report?

Mr Yates' remuneration is described in the Report on Directors' Remuneration and the amounts are set out in the table on page 27:

- Fixed salary;
- Benefits in kind include the provision of life assurance and private medical insurance;
- Annual cash bonus is a performance-related bonus based on achievements against targets during the calendar year;
- Legacy arrangements relate to the participation in the Henderson Long-Term Value Sharing Incentive Plan (HLTVSIP). Mr Yates received part of his annual bonus for the year ended 31 December 2000 as units in the HLTVSIP and the payment in January 2006 was the final instalment of benefits from the plan; and
- Other payments relate to contributions to a self-invested personal pension and a rebate of hedge fund commission charges. The latter arises when the executive is required to invest a proportion of annual bonus in a Company product. The Company refunds to the executive any commissions and charges associated with the investment.

Can you explain the elements of the remuneration of the non-Director executives as detailed on page 30 of the annual report, particularly the 5th and 6th bullets?

The Additional Remuneration Information on page 30 sets out information on the remuneration of the five highest paid non-Director executives. The first four components of remuneration: basic salary; discretionary annual bonus; discretionary performance fee or transaction fee awards; and pension plan contributions are relatively self-explanatory.

The fifth component, other benefits, includes a range of benefits commonly provided to senior managers in the UK, including private medical insurance, car allowance, loans to purchase annual rail tickets, life assurance and free shares that arise from participation in the Henderson Share Incentive Plan.

The final component includes payments in respect of a legacy share plan and the vesting of other discretionary share plan awards. The Company also refunds commission charges that are incurred when an executive (usually a portfolio manager or hedge fund manager) is required to invest a proportion of their performance bonus in a Company hedge fund. For some participants in the Henderson Share Incentive Plan, the payments due under the Return of Cash in October 2006 would have breached the payment limits on such plans set by the UK tax authority. In those cases, the company paid that amount of tax on the excess on behalf of these employees.

How much of the Auditors' remuneration as detailed in Note 4.3 of the Financial Statements related to non-audit services?

The first two lines in the table, totalling £0.7 million are for the audit of the Group's annual consolidated financial statements and for the statutory audit of the Group's subsidiaries. The other payments, totalling £0.5 million, are for non-audit services, including other services pursuant to legislation, advice on taxation matters and services related to corporate finance transactions.