

**Address by Rupert Pennant-Rea, Chairman, to the Henderson Group  
2008 Annual General Meeting  
1 May 2008**

Looking back, 2007 was indeed a year of two halves. After the initially benign markets, the second half was much tougher. Taken together we are pleased with the Group's strong financial performance. For the year as a whole, higher margin net inflows totalled £1 billion and, in revenue terms, these inflows more than offset outflows from the lower margin Institutional business and Pearl. Together with slower growth in costs, it meant that the Group made good financial progress in 2007, with pre-tax profit from continuing operations, excluding non-recurring items, up by 30% to £107 million – a record for Henderson as a listed company.

The Group also improved the efficiency of its balance sheet. As I mentioned at last year's meeting, we raised £175 million of senior debt in May 2007, which was good timing given what happened later. We are comfortable with this level of gearing. We also made another sizeable return of cash to shareholders last year – £250 million by means of a special dividend and share consolidation. In total, the Company has returned more than £1.3 billion to shareholders since we listed in December 2003. Aside from regular dividends, which I will discuss in a moment, we do not plan to make any further substantial distributions to shareholders in the foreseeable future, as we will reinvest any cash surpluses in the business to boost our potential for growth. The sort of re-investment we will consider includes acquisition opportunities to build our higher margin businesses in areas such as Property, UK Wholesale and Hedge funds.

On dividends, the Directors are recommending a final dividend for 2007 of 4.44 pence per share, to be paid on May 30th to shareholders on the register on May 9th. For holders of CDIs, the A\$ equivalent will be around 9.3 cents and the NZ\$ equivalent will be around 11.1 cents. The exact rates will be confirmed on May 9th, the Record Date. This will bring the total ordinary dividend for 2007 to 6.1 pence per share, or around 13 cents (Australia) and around 15.5 cents (New Zealand), a 94% increase on last year's total ordinary dividend.

The Board will review its dividend policy later this year, but we expect to increase the pay-out ratio from 50% to 55% for 2008. Beyond that, we might move up around 5 percentage points a year, bringing the ratio to about 65% from 2010 onwards.

On another matter, I would like to alert shareholders to various unsolicited offers to acquire their shares at values below current market prices. Ms Suzanne Lee Forster's company, Hassle Free Share Sales Pty Ltd, has recently written to our shareholders offering to buy Henderson Group shares for A\$1.01 each, significantly below the current market price of around A\$2.60. We are aware of a few organisations in Australia that target shareholders in this way, and we urge shareholders to seek independent advice; quite obviously they should check the terms of the offer against the market price of Henderson Group shares.

Just a few closing remarks about the future, and you won't be surprised to hear that we expect markets to remain volatile and difficult this year. As you may recall, we took some pre-emptive steps at the start of the year to protect our profits for 2008. The Chief Executive will say more on this and how the business is going. The Board believes these profit protection measures, together with the diversity of the Group, will provide opportunities for further growth. We aim to continue creating value for our shareholders

and providing a good service for our clients. To all of them and to our excellent staff, thank you for your support.