

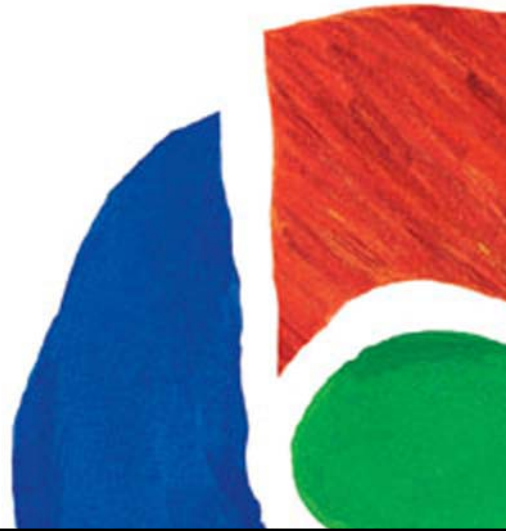


HHG PLC

Full Year 2004 Financial Results

Roger Yates, Chief Executive
Toby Hiscock, Chief Financial Officer

23 March 2005
All information in £



HHG PLC



DISCLAIMER

These materials issued by HHG PLC are a summary of certain information contained in the stock exchange announcements dated 23 March 2005 (relating to the full year results for the 12 months to 31 December 2004 of the HHG Group) and should be read in conjunction with the full text of those announcements.

This presentation contains forward-looking statements with respect to the financial condition, results and business of HHG. 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. HHG's actual future results may differ materially from the results expressed or implied in these forward-looking statements.



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|------------------------|--------------|
| ■ 2004 overview | Roger Yates |
| ■ Financial highlights | Toby Hiscock |
| ■ Henderson Group plc | Roger Yates |

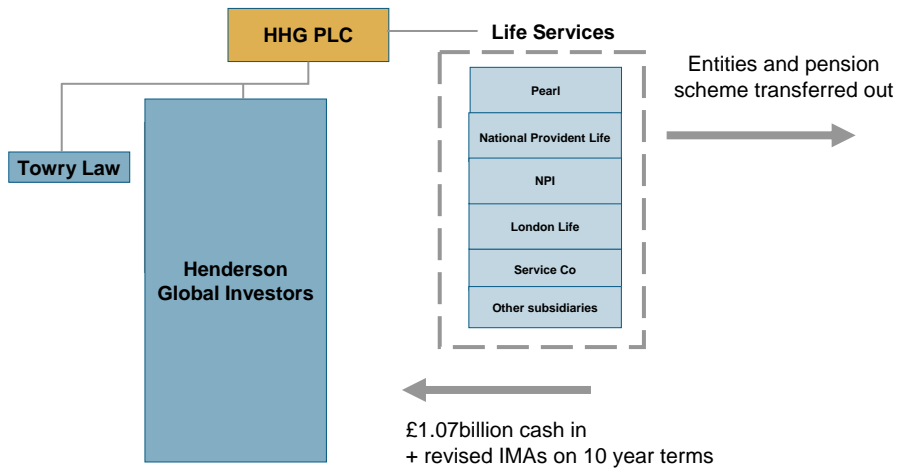


Overview – full year 2004

- ✓ £107 million operating profit before tax and other items (2003; £98 million)
- ✓ Henderson operating profit up 63% and expense ratio lower at 79%
- ✓ Stable AUM £69.1 billion (cf £68.4 billion at HY04)
- ✓ Streamlined structure (acquired full ownership of HGI, sold VM, closed TLI)
- ✓ Strong balance sheet including increased cash
- ✓ Sale of Life Services for £1.07billion, majority to be returned to shareholders



Transaction – sale of Life Services



Sale of Life Services

Indicative timetable only

Completion of Sale
(8 April 2005)

Ex-entitlement trading

Record date
(15 April)

Return of Capital complete
(April 19)

Issue cheques and statements
(April 29)

- Pension Trustee and FSA approvals
- Sale completes & LCIG pays £1.07bn cash
- Court approve cancellation (52% shares for capital return)
- Australia – trade ex entitlement from Mon 11 April
- UK – trade ex-entitlement Mon 18 April
- Record date
- Share capital transactions complete – expect 1.15bn shares in issue
- Stock trades as HGI
- Approx £885 million returned direct to shareholders
- Cheques, statements and certificates (UK) issued



- 2004 overview Roger Yates
- Financial highlights Toby Hiscock
- Henderson Group plc Roger Yates



Group financials - profit and loss

Summary information from consolidated profit/(loss) account

£m	1H04	2H04	FY04	FY03
Henderson	25	27	52	32
Life Services	32	54	86	81
Other Businesses	-	-	-	(3)
Business unit operating profit	57	81	138	110
Corporate costs	(6)	(25)	(31)	(12)
Operating profit¹	51	56	107	98
Interest				(60)
Exceptional and other ²	(5)	(61)	(66)	(902)
Profit/(loss) on ordinary activities before tax ³	46	(5)	41	(864)

¹ Before interest charges, exceptional items and other

² Other refers to write-downs, amortisation and impairment of goodwill and acquired present value of in-force business, short-term investment return fluctuation and profit/loss on business disposal/termination

³ Profit/loss on ordinary activities before taxation, excluding minority interests.



Group financials – exceptional and other

Extract from UK GAAP Consolidated Profit and Loss

£m	FY04	FY03
Other operating exceptional costs, excluding impairment of goodwill and acquired PVIF*	(10)	(543)
Amortisation and impairment of goodwill	(20)	(307)
Impairment of goodwill arising on acquisition of associates	-	(9)
Amortisation and impairment of acquired PVIF*	-	(33)
Short term fluctuation in investment return	(2)	(13)
(Losses)/profits on disposal/termination of businesses	(34)	3
Total	(66)	(902)

* Amortisation and impairment of acquired PVIF and other operating exceptional costs have been grossed up at the longer term effective taxation rate attributable to the balance on the long-term business technical account

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Group financials - balance sheet

- Strong balance sheet
- No corporate debt
- Appropriate provisions

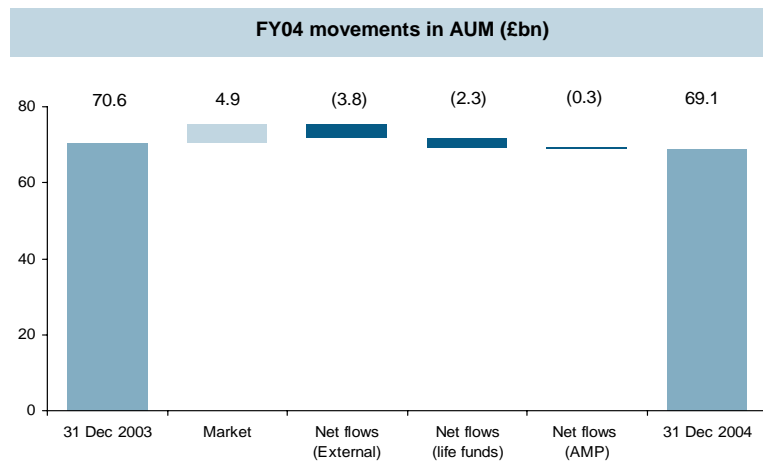
£m	31 Dec 2003	30 Jun 2004	31 Dec 2004
Henderson	373	378	382
Life Services	1,177	1,386	1,483
Other Businesses	73	21	23
Corporate	68	55	33
Net assets before loans/minority interest	1,691	1,840	1,921
External loans	(2)	(1)	-
Minority interest (adjustment for Life Services)*	-	-	(83)
Shareholders' funds	1,689	1,839	1,838

* Equity interest in JPUT (Jersey Property Unit Trust) held outside the group – asset related to Life Services business unit and will be removed as part of the completion of the sale of Life Services.

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Henderson - assets under management



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Henderson - profit and loss

£m	1H04	2H04	FY04	FY03
Management fees	97	94	191	171
Transaction fees	15	11	26	20
Performance fees	4	13	17	2
Total fee income	116	118	234	193
Investment income	3	5	8	3
Operating expenses	(92)	(93)	(185)	(157)
Depreciation	(2)	(3)	(5)	(7)
Operating profit before tax	25	27	52	32

Margins on average AUM	1H04	2H04	FY04	FY03
Total fee income	33bps	35bps	34bps	28bps
Management fee income	28bps	28bps	28bps	25bps

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Henderson - costs

	FY03	FY04	1H04	2H04
Improving cost to income ratio				
Cost/income	84%	79%	79%	78%

Target to reduce ratio over the medium term to 75% through revenue growth

£m	FY03	FY04	1H04	2H04
Flat cost base in 1H04 and 2H04				
Staff costs	84	104	52	52
Investment admin	24	26	12	14
IT	10	8	4	4
Office expenses	15	18	9	9
Other	24	29	15	14
Operating expenses	157	185	92	93

Costs include continued investment in:

- People
- Pension contribution
- UK, Europe and US distribution

Other – includes legal, marketing, travel, irrecoverable vat and stewardship.

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Life Services - profit and loss

£m	1H04	2H04	FY04	FY03
Long term technical account*	3	48	51	89
General insurance	6	7	13	12
Service Company	2	6	8	(8)
Other shareholder interests*	21	(7)	14	(12)
Operating profit before tax**	32	54	86	81

- Profit stable year on year
- Accounting for contingent loans impacts line items
- Service Company profit £8m ahead of FY04 breakeven target
- Cost base below £120m FY04 target

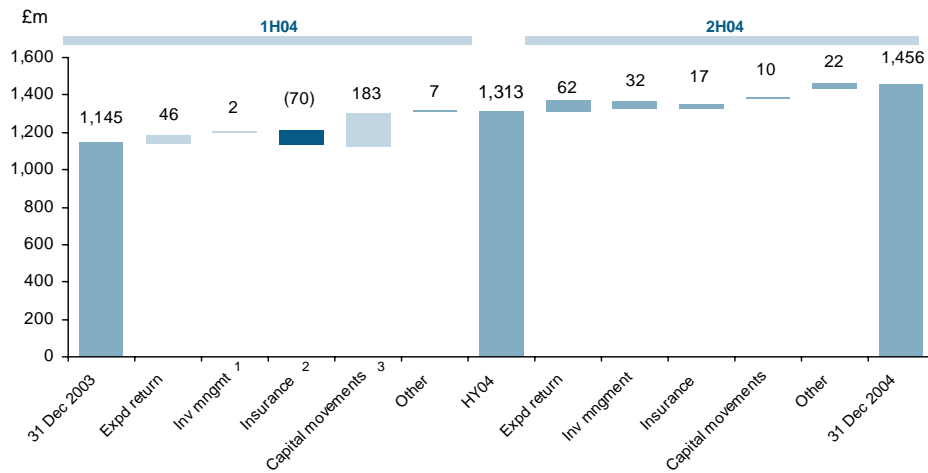
* £37m of 'other shareholder interests' profits switched to long term technical account to improve London Life regulatory capital between Tier 1 and Tier 2 FSA classifications

** Before interest charges, exceptionals, amortisation, impairment of goodwill and PVIF and short term investment fluctuation

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Life Services - traditional embedded value



Definitions:

- 1 Value created through Inv management reflects actual investment returns vs expected, the impact of changes in investment assumptions, or of changes in asset mix during the period
- 2 Value lost through Insurance reflects the demographic, expense and tax experience of the fund, together with any changes in the future assumptions for these items
- 3 Capital movements include Virgin Money (£75m) and HHG Invest minority purchase (£115m) transaction

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Key accounting developments - IFRS

- Henderson Group plc will report under IFRS from 1 Jan 2005 and will provide restatements for Full Year 2004 in June 2005.
- The main impacts will be on:
 - pensions
 - leases
 - goodwill
 - investments
- Henderson Group plc 2005 interim results under IFRS will be released in August with IFRS 2004 comparatives.

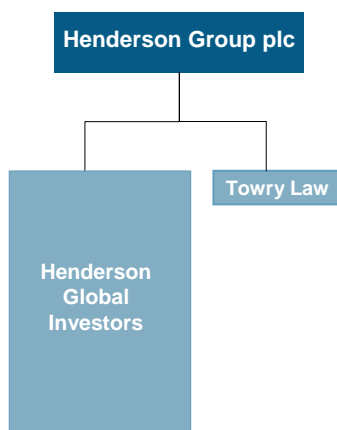
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- 2004 overview Roger Yates
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- Henderson Group plc Roger Yates



Henderson Group plc



- Pro forma 04 UK GAAP net assets of £613million
- Focus on Henderson Global Investors, a pan-European asset management franchise with broad range of investment capabilities
- Deliver value from Towry Law UK – focus on improving profit
- Reduced shareholder base and corporate costs appropriate to Henderson Group’s size
- Retain ASX and LSE listings
- Expect circa 1,500 employees



Henderson Group – expected capital allocation

- Goodwill - balance of purchased goodwill
- Regulatory capital includes consolidated requirement for new Henderson Group
- BPL – strategic investment in Italian JV partner
- Retained capital - includes funding for pensions contingency, warranties and indemnities under the sale agreement and £45m additional proceeds.

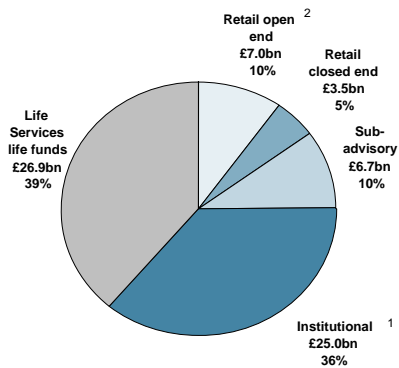
Proforma £m	31 Dec 2004
HGI and TL goodwill	233
Regulatory capital	140
Working capital	50
BPL stake	65
Retained capital	125
Proforma net assets	613

Based on returning £885million of Sale proceeds to shareholders

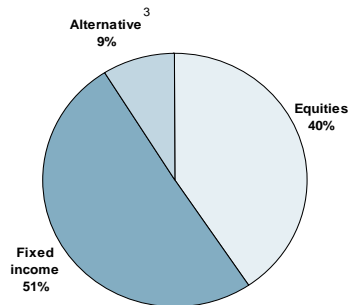


Henderson Global Investors - assets under management

**AUM 31 Dec 2004
by line of business**



**AUM 31 Dec 2004
by asset class**



¹ includes CDOs £1.5bn (2%), Hedge £0.8bn (1%), Property £3.9bn (6%)
² includes £1.2billion of funds invested into Henderson retail products from Life Services from early 2004

³ includes property and private capital



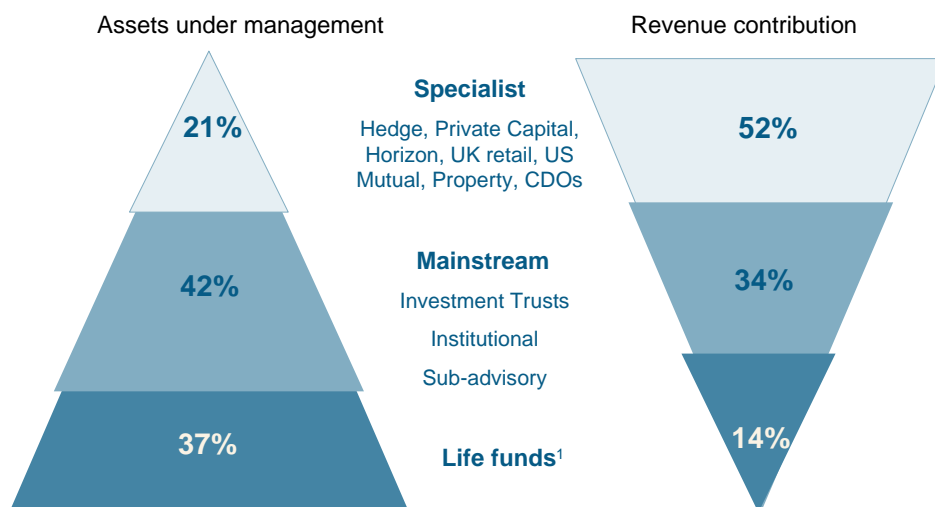
Client revenue/margins 2004

Product	Typical Annual Mgmt Fee (bps) FY04
Private equity	150-200
Horizon funds ¹	110-170
Hedge funds	125-150
US mutual funds	85-120
UK OEICs	75-150
Property	40-60
Institutional pension funds ²	10-25
Life Services' life funds	6-13

¹ Includes service fees paid by the fund (50 bps)
² includes enhanced index



Revenue contribution from AUM



¹ Life Company FUM invested in property, CDOs and private capital is included in specialist



Investment performance

Ongoing strong performance in high margin specialist products

- US Mutuals – 100% beat benchmark 1yr
- Investment Trusts – 88% beat benchmark 1yr
- Hedge funds – 84% beat benchmark 1yr
- Horizon – 68% beat benchmark 1yr

Investment awards held across diversified range

Restructuring to address challenges in UK retail and institutional

- New asset management structure: equities, fixed income, strong leadership appointments
- Exit underperformers



Towry Law

TL International

- Hong Kong + branches in Bahrain and Dubai closed to business in 2004
- Orderly exit in progress
- Product provisions reassessed and increased to £43 million

TL UK

- Key operations: financial planning and insurance broking
- Improving UK business following headcount reduction and restructuring
- Circa 500 employees
- Breakeven in FY04, small profit expected in FY05



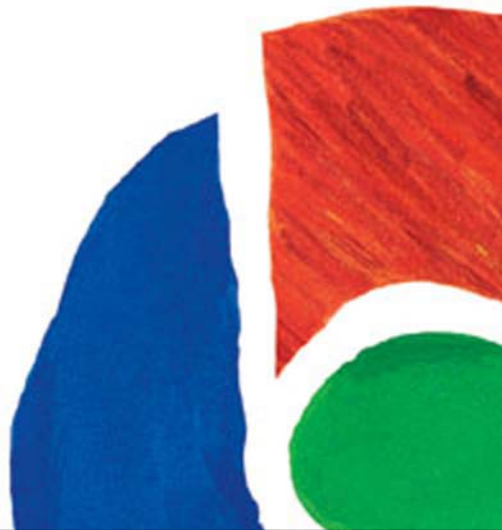
Outlook for 2005

- Execution of Life Services sale and return of cash proposals
- Maintain improvement in margins for Henderson Global Investors
- Improve investment performance to drive future net external fund flows
- Improve cost to income ratio for Henderson Global Investors
- Reduce corporate costs
- Achieve profitability in TLUK
- 2005 final dividend expected

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Questions





Appendix

- Group
- Henderson Global Investors
- Life Services

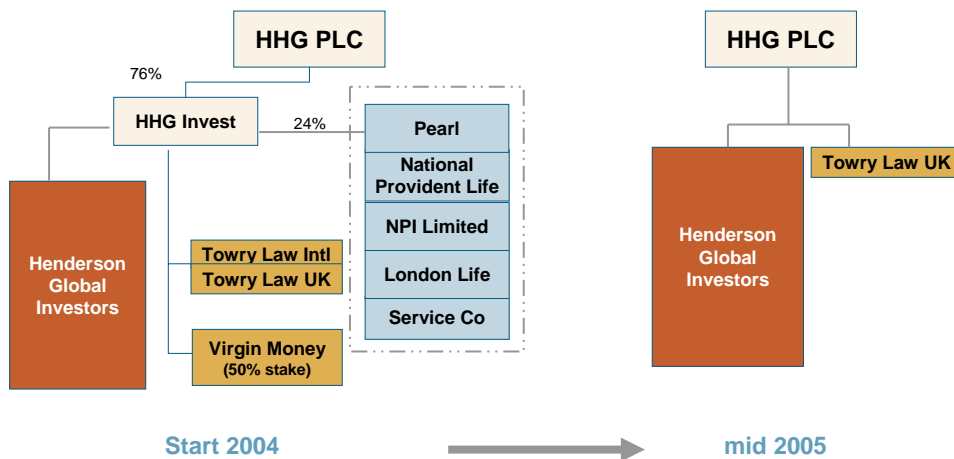


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Streamlined Group





Henderson Group pro formas (post sale) under UK GAAP

Proforma profit and loss as at 31 Dec 2004 £m

Henderson	52
Towry Law UK	-
Corporate*	(10)
Profit before tax and other	42

*This includes shareholder servicing cost saves expected from 2H05 but no adjustment for investment income

Proforma balance sheet as at 31 Dec 2004 £m

Intangible assets	233
Investments	549
Debtors, other assets, prepayments and accrued income	165
Total assets	947
Provisions	(124)
Debenture loans	(34)
Creditors, accruals, deferred income	(176)
Liabilities	(334)
Net assets	613
Share capital & premium	467
Own shares held	(4)
Capital reserve	2
Profit and loss account	148
	613

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Accounting developments - IFRS

Henderson Group plc will report under IFRS from 1 Jan 2005 but will provide restatements for the remaining group in relation to Full Year 2004 in June 2005.

The main adjustments to Full Year 2004 are expected to be:

- Pensions** Pension deficit to be included in the group balance sheet. Charge to profit and loss account may be lower as discount rate for valuing actuarial liabilities based upon AA corporate bond expected to be outperformed by investment return on asset portfolio. Actuarial gains and losses will be taken against Statement of Recognised Income and Expenditure.
- Leases** Amortisation of lease incentives will be over term of the lease rather than over the period to the first rent review. This reinstates reverse premia previously written off.
- Goodwill** Goodwill no longer amortised, but subject to annual impairment review.
- Investments** Quoted equities classified as 'fair value through profit and loss' are held at market value, with changes to the market value recognised in the profit and loss account. Hedging of related currency exposures also recognised in the profit and loss account.

Loss on disposal of Life Services business under IFRS reflected in comparatives (not 1H05)

- Further adjustment in 1H05 reflecting discontinued business up to completion of sale
- Overall presentation of the Sale as it appears in 2004 is prescribed

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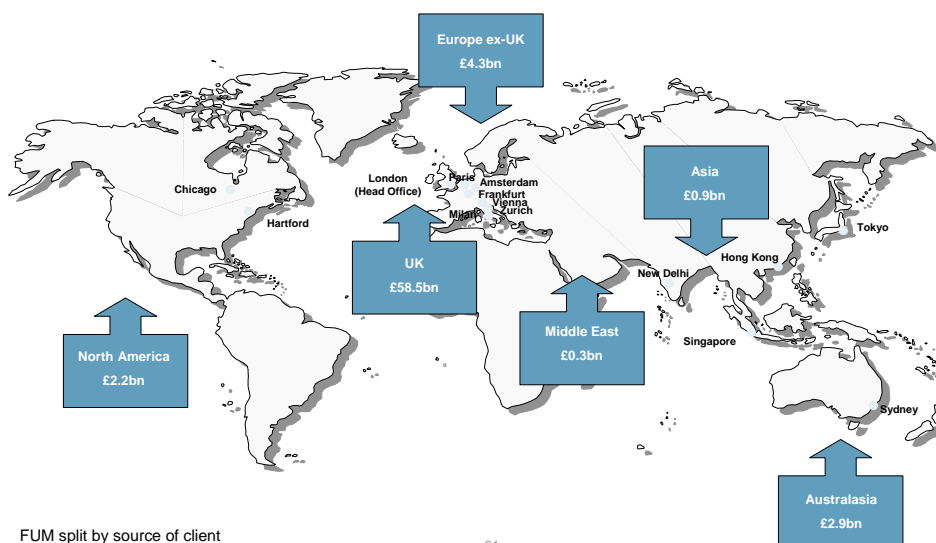
Accounting developments – FRS 27

No FRS 27 disclosures required in 1H05, FY05 or beyond

Realistic balance sheets will be integrated into the FSA returns, realistic free assets for life companies in statutory accounts and FAFRA contains disclosure on treatment of guarantees and options.



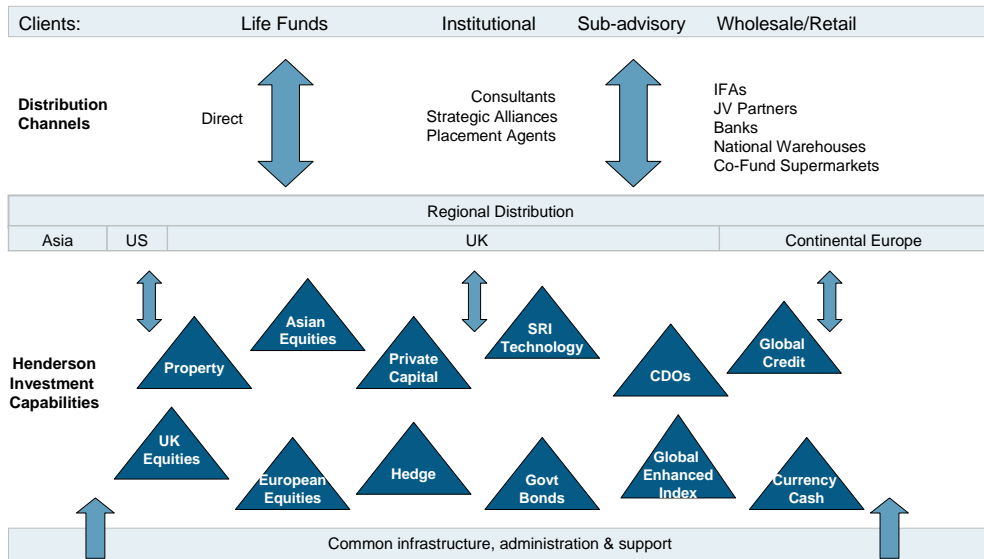
Henderson – geographic source of client



FUM split by source of client



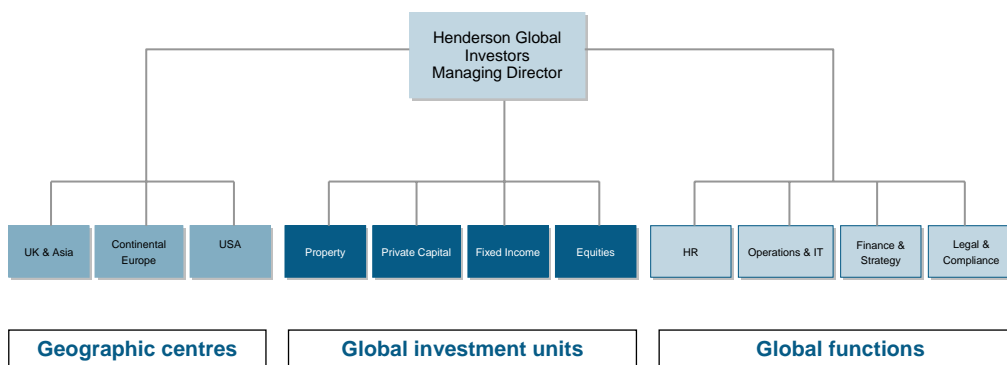
Henderson's Business Model



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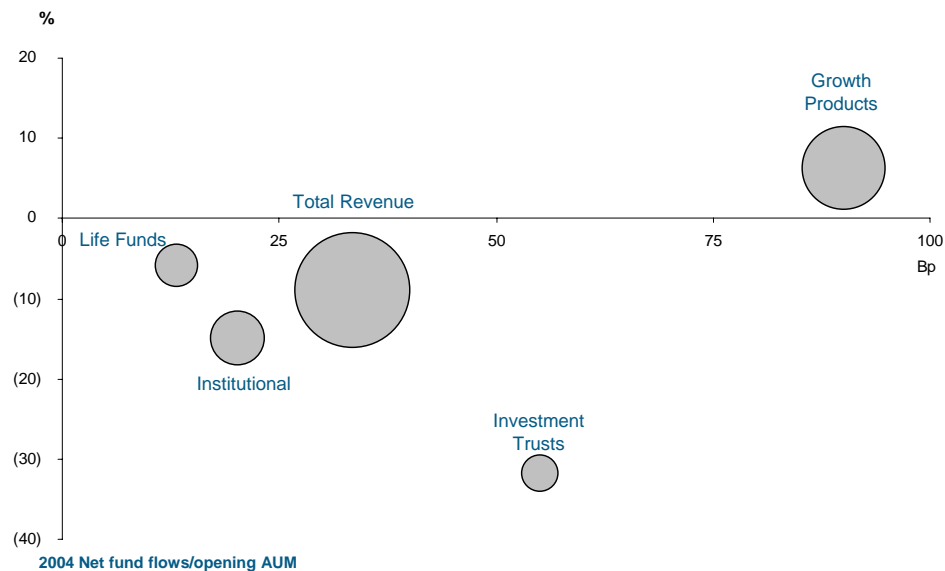
Henderson management structure



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Growth products provide revenue protection



Investment in Banca Popolare di Lodi ("BPL")

- Henderson strategic investment management relationship with BPL since 2000.
- Top 10 Italian bank with c.1,000 branches and c. 700 financial consultants
- The relationship includes £65 million investment (75:25 equity:debt) in BPL listed companies and provides Henderson with access to the Italian mutual fund market.
- Agreement includes sub-advisory of co-branded funds and distribution of Henderson product through BPL networks
- Total AUM from the relationship was £1 billion at 31 December 2004 comprising:
 - £830m of co-branded Italian mutual funds (Bipielle-Henderson)
 - £200m of Horizon branded product
- Current agreement to be reviewed end 2005



Investment Management Agreements with Life Services

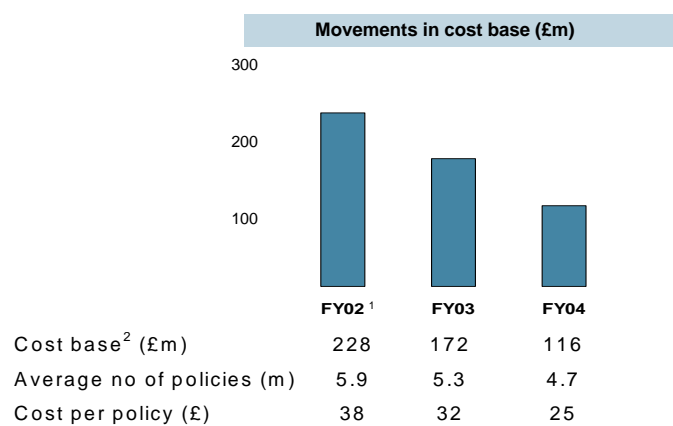
- Life Services is Henderson's single largest client (41% of AUM¹, 19% of revenue)
- Separate investment management agreements established on 10 year terms for each life company (including Pearl Assurance, London Life, National Provident Life and NPI Ltd).
- Potential for fee growth – dependent on evolving investment strategy
- Each party is protected under the agreement:
 - Henderson has annual revenue backstop and receives compensation for termination in most cases
 - Client can terminate without penalty for material underperformance
- Triennial fee review

¹ Life Services AUM comprises investments into Listed Assets (including Henderson retail products), Property and Private Capital.

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Life Services - efficiency



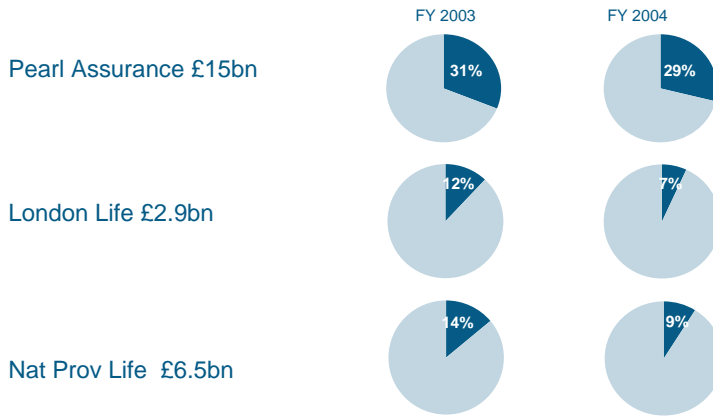
¹ FY02 adjusted to exclude unit trust policies as per FY03, FY04 restated
² Estimated cost base excluding sales costs and contemporary business

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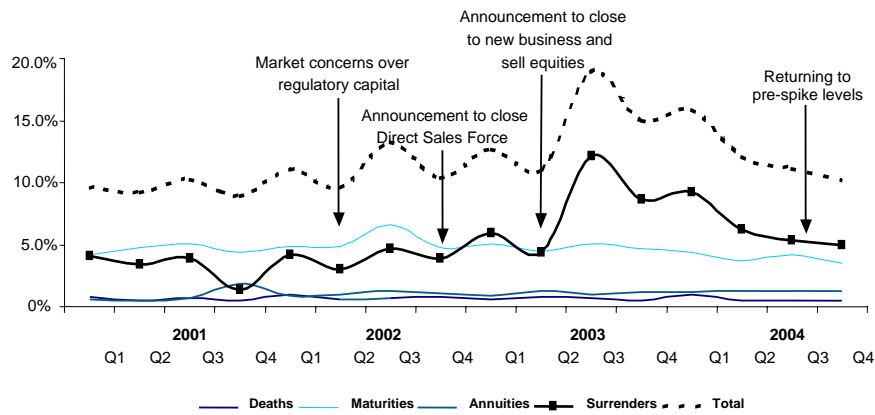
Life Services – investment mix

- Equity backing ratios are low – predominantly fixed interest and property
- Persistency – improving as moves back to normal levels following 03/04 'spike'



Life Services – discontinuance rates

Total Life Services Discontinuance Rate 2001 - 2004





Life Services - traditional embedded value

Life Services Traditional embedded value* As at 31 Dec 2004 (£m)

	Pearl & NPL	LL	Unit linked, Service Co & other	Total
Adjusted net assets	671	113	208	992
Value of in force business	453	118	99	670
Cost of capital	(143)	(47)	(16)	(206)
Traditional embedded value	981	184	291	1,456

* At risk discount rates of 10.1% for Pearl & NPL, and 8.1% for all other companies, representing margins above gilt rates of 5.0% and 3.0% respectively



Life Services - statutory balance sheets

£m	Regulatory Capital FY02	Regulatory Capital FY03	Regulatory Capital ¹ FY04
Pearl			
Available Assets	495	724	1221
Implicit Items	500	31	0
CRR	602	560	750
FAR %	2.7%	2.1%	3.3%
NPL			
Available Assets	427	374	354
Implicit Items	0	0	0
CRR	322	276	283
FAR %	1.3%	1.4%	1.1%
LL			
Available Assets	94	125	183
Implicit Items	80	12	0
CRR	99	89	122
FAR %	2.6%	1.7%	2.2%

1 – New FSA required format, resilience reserve included within the CRR (ie: not liabilities) with effect from 31/12/04 CRR includes with-profits ICC (extra realistic balance sheet requirement)

