

Summary of questions at the Henderson Group 2009 AGM

11 May 2009

What is the reduction in tax rate that Henderson Group achieves by being tax resident in the Republic of Ireland compared to the UK?

The current corporate tax rate for UK companies is 28%. We expect to pay corporate tax of approximately 20% by being tax-resident in the Republic of Ireland.

Why did Henderson Group choose to incorporate in Jersey rather than, for example, in Ireland or England?

In reorganising the Group to become tax-resident in the Republic of Ireland, we had a number of options for incorporation. We chose to incorporate the Company in Jersey as Jersey law is very similar to UK law. This combination, of Irish tax-residency and Jersey incorporation, is a common choice for UK companies choosing to move their tax residence offshore.

The Chief Executive's Statement refers to a 'Third Party Administrator Review' at a cost of £2.6 million in 2008. What were the benefits of this review?

Back-office administration is a significant part of our business and a material proportion of our operating expenses. Henderson outsources this work to a third party administrator, BNP Paribas. Due to the size and importance of this contract it is subject to periodic review to check that we are getting the best service for our clients and the best value for our money. The result of the review was that we have negotiated a much better contract, both in terms of the standards of service that we expect and also the costs of those services.

There was a £68.8 million loss on part disposal and impairment of the equity holding in Banco Popolare Gruppo Bancario (BP). How and when did this loss arise and what is the ongoing connection with that company?

Our relationship with BP, an Italian regional bank, goes back a number of years. We entered into an agreement with BP whereby they marketed our investment products in Italy. As part of the agreement, we made an investment in the bank and this investment was held on our balance sheet. The value of this investment has fallen, consistent with the falls in the value of banks worldwide. In fact, relative to many other banks, the shares of BP fared comparatively well.

The sub-advisory of co-branded funds terminated in December 2007 and the distribution agreement came to an end in 2008. We reduced our shareholding in BP during 2008. The loss

reflects the loss on this part disposal and the reduction in the market value at 31 December 2008 of the remaining investment. Since the end of the year, the remaining investment has been sold, realising a small profit of £0.8 million on the written down value.

The Consolidated Balance Sheet includes Retirement Benefit Assets of £152.5 million at the end of 2008 compared to only £62.3 million at the end of 2007. What caused this significant increase?

International Financial Reporting Standards require us to include the net surplus of the Henderson Group Pension Scheme on the balance sheet. As set out in Note 21 of the Financial Statements, this surplus increased during 2008. The surplus (or deficit) is the difference between the assets and the liabilities and both can change materially from year-to-year by the nature of the accounting methodologies used to calculate these numbers. Accordingly, we should not be surprised to see some volatility in the Retirement Benefit Assets included in the balance sheet.

An important point to note is that the pension scheme is in much better health than many other pension schemes around the world and there is not a significant deficit that the Company will have to make up.

Why didn't the Henderson Group Directors and senior management reduce their remuneration to reflect the falls in revenue and in the share price caused by the global financial crisis?

First, I would like to remind you that a large percentage of the remuneration of our staff is variable remuneration. This variable component of pay is based on the performance of the Group, including the performance of the share price, and so there is an automatic formula that relates share price and other factors to remuneration.

Secondly, through the operation of various employee share plans and incentive schemes, between 10% and 15% of the Company's shares are owned by employees, either directly or indirectly. As such, staff have a strong interest in the share price of the Company.

Thirdly, this year all salaries for staff above a certain level, and this actually went quite far down the organisation, were frozen. So there were no basic salary increases for senior staff this year.

The Report on Directors' Remuneration lists many share schemes for the benefit of employees. These appear excessive compared to Australian standards.

Although the list of employee share plans may appear extensive, the plans have differing objectives and not all staff are invited to participate in all plans. In general, the plans are intended

to align employee interests with those of shareholders. Some plans provide opportunities for staff to purchase shares in a tax advantageous manner, others are incentive schemes that only become valuable to the employee to the extent the share price has risen.

This is a complex matter and much has been written on the merits and disadvantages of various plans. However, I can assure you that we are constantly striving to follow best practice and, ultimately, to serve the interests of shareholders.

Why there are two different amounts in the approvals in Resolution 15 – Authority to allot shares?

Part (a) of the resolution authorises the Directors to allot up to a nominal amount of £33 million. This corresponds to 264 million ordinary shares of 12.5 pence each. This is less than one-third of the issued share capital, which is in accordance with guidelines set by investors in the UK. This effectively renews the existing authority given by shareholders at the 2008 AGM.

Part (b) authorises a higher limit of up to a nominal value of £66 million, provided the shares are issued by way of a rights issue to ordinary shareholders in proportion to their existing holding. This corresponds to 528 million shares which is less than two-thirds of the issued share capital, which is in accordance with guidelines set by investors in the UK.

Seeking authorities of this nature is fairly common practice for UK-listed companies. The second authority is a new limit recently introduced by the Association of British Insurers, or ABI, one of the major investor representative bodies on the UK.

What is the significance of the maximum and minimum prices set out in Resolution 17 – Authority to purchase own shares?

We are required to specify minimum and maximum prices at which the Company can purchase its own share in the resolution seeking authority. In practice, the price at which any shares would be purchased would be around the market price at any time. The minimum price is 12.5 pence, ie we would not be permitted to buy back shares at less than their nominal value. The maximum price is set at 5% above the prevailing market price. This ensures there is no possibility of abuse of the authority granted by shareholders.