



2010 AGM Chief Executive address

It is easy with the passage of time to forget all the events of the past couple of years. At the start of the year even the unprecedented global efforts from governments and central banks seemed unable to counter collapsing sentiment. For most of us it was the most challenging operating environment we had ever experienced. The Group's resilience in this environment, which saw us deliver a good financial performance and also advance our strategic goals, was not a matter of good fortune. It reflected a combination of some key advantages of our business model and responsiveness to a fast-changing environment.

While we certainly did not foresee the full gravity of the crisis, we were better prepared than many others. As far back as 2007 we had already started trimming our sails as market levels concerned us. This was an important factor which helped protect profits last year as revenues were inevitably under pressure in some areas of the business.

Throughout this time, we knew that we needed to focus on two key priorities. Staying close to our clients and focusing on delivering good investment performance. Throughout this period we remained alert to the opportunities to further our business.

I am encouraged by the strong investment performance we delivered and in our equities and fixed income funds this was probably Henderson's best all round performance in a decade. Our staff kept their focus in challenging times. When markets turned in the second quarter of last year and investor risk appetite slowly returned, our client focus also paid off. Investors were happy to put their trust in the Henderson franchise. We also showed ourselves to be responsive to the changing market environment. The combination of capturing the returning flows and being well positioned for the market movements, is what helped underpin successful performance last year in key asset classes.

As the Chairman already mentioned, we also took advantage of opportunities presented by market disruption to benefit our shareholders, best exemplified by the acquisition of New Star.

We also made some important changes to the way we operate and structure our business. Distribution was reorganised around a global footprint where previously this had been managed on a more regional basis. The new structure has allowed for a more holistic perspective, developing products to meet client needs and has improved our decision-making, and the speed and quality of service we provide our clients. The Senior Management Team was also refreshed, and the Group has a team focused on taking the business forward and capturing the full extent of the opportunities open to us.

Economic recovery is continuing in early 2010 but there remain doubts about its strength and sustainability. While there are reasons to be optimistic, confidence will remain fragile and central banks and governments are likely to err on the side of caution until there is more evidence of a sustainable recovery. As the global

economy moves onto a sounder footing, the removal of monetary and fiscal commitments will become a key issue. The recovery in risk assets may continue over the course of 2010, but their path is likely to be more turbulent than last year.

Our good investment performance and diverse product line-up together with the improving risk appetite of our clients has resulted in an improved outlook for organic growth. We will work hard to capitalise on this opportunity.

As regards our business performance so far this year, we continue to see good net flows into our higher margin business areas and into our Institutional fixed income products where performance in particular has been excellent. Investment performance in most parts of the business in the first quarter has remained strong and this is our top priority.

Given the diversity of our business and our healthy pipeline of client commitments, the organic growth outlook for Henderson remains strong. Nevertheless, we are currently considering opportunities to expand Henderson which would improve both the reach and capabilities of the Group.

Thank you to our shareholders and clients for your ongoing support. And our staff for all their hard work.