

Full Year 2005 Financial Results

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28 February 2006

All information in £



Disclaimer

These materials issued by Henderson Group plc are a summary of certain information contained in the stock exchange announcements dated 28 February 2006 (relating to the full year results for the 12 months to 31 December 2005 of the Henderson 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 Henderson Group. 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. Henderson Group's actual future results may differ materially from the results expressed or implied in these forward-looking statements.

Henderson Group

Overview

- Improved investment performance
- Fund inflows into higher margin business
- Improving margins
- Group operating profit before tax
 - continuing operations up 20% to £63.4m (FY04: £53.0m)
- Henderson Global Investors
 - operating profit up 9% to £62.9m
 - cost:income ratio lower at 75.5%
 - AUM £67.7bn (£69.1bn at 31 Dec 04)
- Significant surplus capital

Financial highlights

- Priorities
 - People & investment performance
 - Fund flows
 - Revenue & margins
- Outlook

Henderson Group

Financials – profit and loss

Summary information from Consolidated Income Statement

£m	FY05	FY04
Henderson Global Investors	62.9	57.5
Corporate costs	(12.8)	(15.6)
Return on corporate cash	13.3	4.5
	63.4	46.4
Exceptional and other ¹	-	6.6
Total operating profit from continuing operations	63.4	53.0
Discontinued operations ²⁻³	0.6	(176.1)
Net profit/(loss) before tax from all operations⁴	64.0	(123.1)

¹ Exceptional refers to restructure costs and other refers to transfers between continuing and discontinued operations

² For FY05 this comprises TLUK profit of £2.5m and Life Services loss £1.9m carried forward from 1H05 with no changes

³ For FY04 this includes loss on fair value adjustment to Life Services, the profit/(loss) from ordinary activities of discontinued operations and the gain/(loss) on disposal of discontinued operations

⁴ Profit/(loss) before taxation and minority interests



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Financials – taxation

Summary information from Consolidated Income Statement

£m	FY05	FY04
Total operating profit from continuing operations	63.4	53.0
Taxation	(11.5)	(4.2)
Net profit after tax from continuing operations	51.9	48.8
Effective tax rates – continuing operations	18%	8%
Net profit/(loss) after tax from all operations	47.7	(173.2)



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Henderson Global Investors

Profit and loss

£m	1H05	2H05	FY05	FY04
Management fees	95.3	101.0	196.3	190.6
Transaction fees	13.0	11.4	24.4	26.1
Performance fees	16.6	9.9	26.5	18.7
Total fee income	124.9	122.3	247.2	235.4
Investment income	4.4	5.5	9.9	7.9
Operating expenses	(89.8)	(99.3)	(189.1)	(180.8)
Depreciation/ amortisation	(1.5)	(3.6)	(5.1)	(5.0)
Operating profit before tax	38.0	24.9	62.9	57.5
Margin on average AUM (bps)	1H05	2H05	FY05	FY04
Total fee income	37	37	37	34
Management fee income	28	30	29	28
Net margin	11	7	9	8

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Henderson Global Investors

Costs

<ul style="list-style-type: none"> 2006 cost:income target 74% Further improvements from: <ul style="list-style-type: none"> increased revenue larger retail business Costs decreases from: <ul style="list-style-type: none"> lower investment admin costs: loss of institutional clients & renegotiation of tariff with BNP lower office & other expenses Offset by cost increases from: <ul style="list-style-type: none"> recruitment of key staff bonus provisioning higher pension costs 		1H05	2H05	FY05	FY04
Cost:income (%)		70.6	80.5	75.5	76.4
	£m	1H05	2H05	FY05	FY04
Staff costs		56.9	62.5	119.4	100.0
Investment admin		10.3	9.3	19.6	26.0
IT		3.5	3.9	7.4	7.9
Office expenses		7.5	8.0	15.5	17.2
Other ¹		11.6	15.6	27.2	29.7
Operating expenses		89.8	99.3	189.1	180.8

¹ Includes marketing, legal & professional, travel & entertainment

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Towry Law

- Towry Law UK
 - Made a profit for first time since acquisition
 - Included in discontinued operations in 2005
 - TLUK sale agreed for £37m in cash, subject to FSA approval expected in March 2006
 - Profit on disposal will appear in 1H06 accounts
- Towry Law International
 - Discussions with regulators continue on resolution of legacy product issues
 - Provisions remain appropriate

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Financials – net assets by business unit

	£m	31 Dec 2004	31 Dec 2005
• Strong balance sheet			
	Henderson Global Investors	336	429
• No gearing	Corporate	26	192
• Appropriate provisions	Continuing operations	362	621
	Discontinued operations	1,530	26 ¹
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¹ £26m net assets in TLUK sold, subject to regulatory approval. Expect profit on sale of c£11m in 2006.


² Net of provisions (£67m) & retirement benefit obligations (£46m) (2004: £91m & £34m)

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Financials – cash & cash equivalents

£m	30 Jun 2005	31 Dec 2005	£m
			Healthy cash position includes:
Henderson Global Investors	142	181	Regulatory capital
Corporate	299	306	Working capital
Continuing operations	441	487	Pensions escrow relating to disposal of Life Services
Discontinued operations	8	9 ¹	Henderson provisions (£67m) & retirement benefit obligations (£46m)
Henderson Group	449	496	Warranties & indemnities
			263

¹ £9m cash in TLUK sold, subject to regulatory approval. Henderson pension scheme will be topped up in 2006 using sale proceeds

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Financials – allocation of equity shareholder funds

£m	Actual 30 Jun 2005	Adjust- ments ¹	Restated 30 Jun 2005	Actual 31 Dec 2005 ²
Goodwill	248	21	227	225
Regulatory capital	100	5	95	95
Working capital	30	-	30	30
Warranties & indemnities	50	-	50	50
Capital surplus	192	-	192	221
	620	26	594	621

¹ Exclude TLUK as discontinued operation. Disposal will result in profit & equity increase in 2006, which will fund pensions top-up

² Continuing operations

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- **Priorities**

- **People & investment performance**
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Henderson Global Investors

Key hires in 2005

- Fixed Income
 - Gareth Quantrill – Head of Credit
 - Phil Apel – Head of Interest Rate Strategy
 - Mitesh Sheth – Investment Director of LDI
- Equities
 - Graham Kitchen – Director of UK Equities
 - Andy Jones – Director of UK Equities
 - Andy Beal – Director of Asia Pacific Equities
 - Bill McQuaker – Head of Multi-Manager
 - Alistair Sayer – Investment Director, Multi-Strategy Equities
 - Alex Tedder – Director of EAFE Equities
 - Paul Casson – Associate Director of Pan-European Equities

Henderson Global Investors

Investment performance highlights in 2005

- Significant overall improvement on 2004

Asset weighted, at/ exceeding benchmark	FY05	FY04
Fixed income	41%	18%
Equities	68%	54%
Property ¹	82%	97%

- 7 S&P first place awards
- Investment Trust awards: Lowland, EuroTrust & TR European Growth
- A number of Property awards
- Good returns from Hedge funds, Horizon, Enhanced Index, US Mutuals, Property; OEICs improving

¹ 2005 estimate based on pending benchmark data for EU/UK

Henderson Global Investors

Investment performance to 31 December 2005¹

	AUM	1 year	3 years
	£bn	%	%
Retail v benchmarks			
Investment Trusts	3.2	56	87
Horizon funds	2.4	84	98
Retail OEICs	2.7	57	40
US Mutual Funds	0.7	100	100
Absolute Return Funds	1.1	100	100
Property (EU/UK²)	5.3	79	n/a
Property (US)	1.0	100	100
Institutional	17.9	52	35
<i>Enhanced index/ passive</i>	8.1	80	72
<i>Fixed income</i>	5.5	44	32
<i>Balanced/ Active equity</i>	4.3	11	9

¹ Asset weighted

² Estimate pending benchmark data

Henderson Global Investors

Performance fee diversity

£m	1H05	2H05	FY05	FY04	Nr of funds ¹
Net performance fees earned	16.6	9.9	26.5	18.7	
Sourced from:	%	%	%	%	
Absolute Return Funds	39	27	34	54	9
Property	23	40	30	26	13
Investment trusts	25	6	17	7	5
Horizon funds	10	3	7	10	4
Other ²	3	24	12	3	11
Total	100	100	100	100	

¹ Number of funds generating performance fees in FY05

² Includes institutional clients & CDOs

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- Financial highlights

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- **Fund flows**
- Revenue & margins
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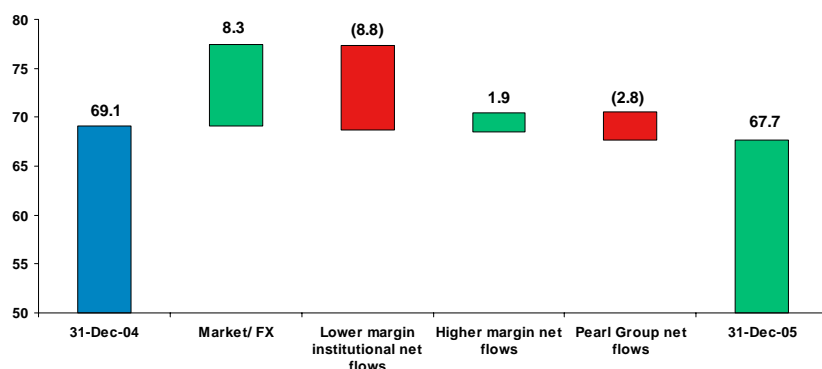
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Henderson Global Investors

Assets under management

FY05 movements in AUM (£bn)



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Henderson Global Investors

Fund inflows into higher margin areas in 2005

- Net inflows in CDOs, European & US Property, Mutual Funds, Private Capital & Horizon
 - £400m of net wholesale inflows
 - US Mutuals broke through US\$1bn in 2005, strong inflows to date in 2006
 - PFI Secondary Fund closed at £330m
 - Net inflows into Horizon
 - Launched 3 new hedge funds
 - Launched first FSA authorised Secured Loans Fund
 - Launched pan-European Retail Property Fund & Horizon Global Property Equities Fund

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- Financial highlights

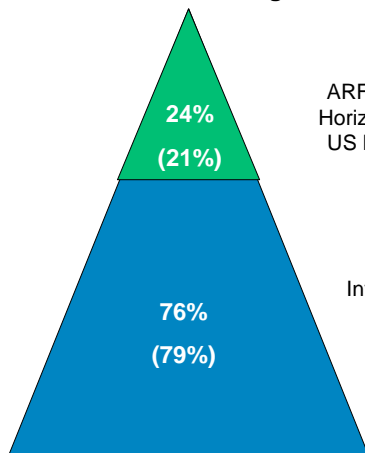
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Revenue contribution from AUM

Assets under management



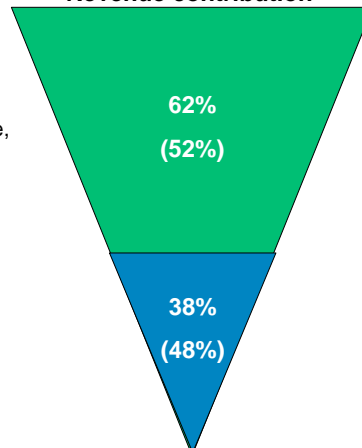
Specialist

ARFs, Private Capital, Horizon, UK Wholesale, US Mutuals, Property, CDOs

Generalist

Investment Trusts
Institutional
Sub-advisory
Pearl Group

Revenue contribution



Henderson Global Investors

Client revenue/ margins 2005

Product	FY05 Typical annual management fee before distribution costs (bps)
Private Capital	150 - 200
Horizon funds ¹	110 - 170
Absolute Return Funds	125 - 200
US mutual funds	85 - 120
UK OEICs	75 - 150
Property	40 - 60
Institutional pension funds ²	10 - 25
Pearl Group funds	11 - 18

¹ Includes service fees paid by the fund (50 bps)

² Includes enhanced index

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Building momentum in higher margins

- Launch new Absolute Return Funds & gain inflows into existing funds with spare capacity
- Generate net inflows into UK Wholesale & Horizon
- Maintain growth in Property & new flows into Private Capital
- Sell more specialist products to Institutional clients
- Create more opportunities to generate performance fees

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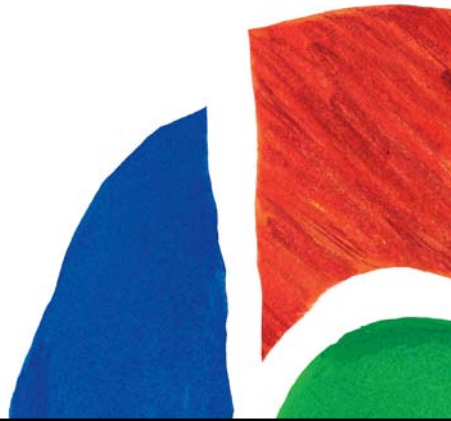
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Outlook

- Increased profits in Henderson Global Investors
 - Improve investment performance to drive future flows & revenues
 - Better product innovation
 - Sell high margin products
- Improve Henderson Global Investors cost:income ratio to 74% in 2006
- Benefits of full-year corporate cost reduction flowing through in 2006
- Recommend dividend for six months ended 31 Dec 2005, 1.39p per share
- Sustainable flow of future dividends starting with 2x dividend cover
- Settle Towry Law International issues
- Surplus capital return subject to outcome of current acquisition opportunity

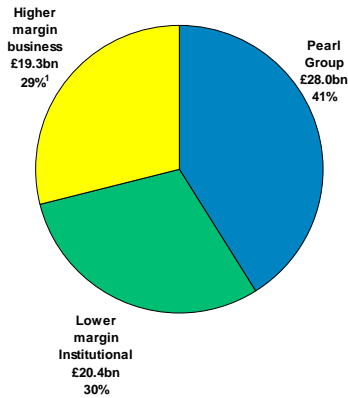


Appendix

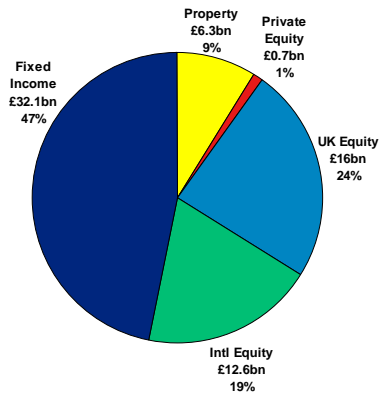
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Split of assets under management

AUM 31 Dec 2005
by line of business



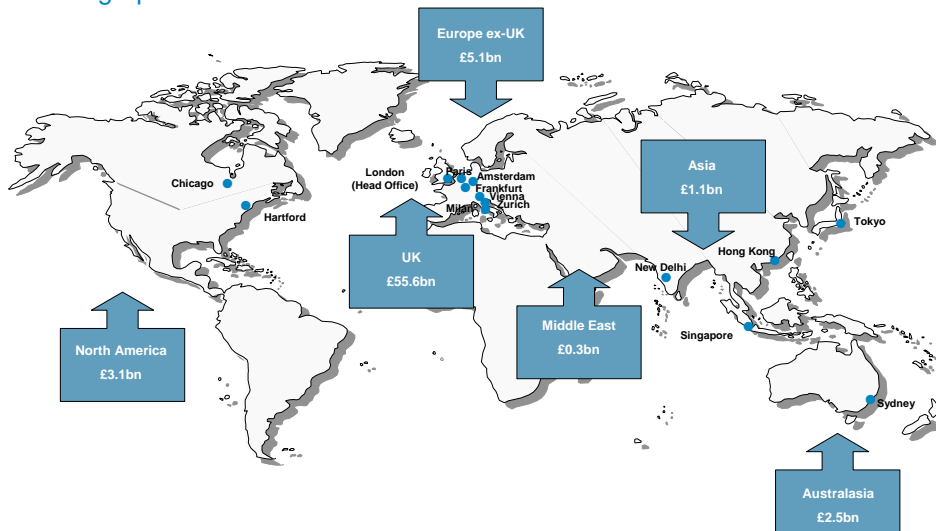
AUM 31 Dec 2005
by asset class



¹Includes CDOs £2.2bn (3%); Absolute Return Funds £0.9bn (1%)

Henderson Global Investors

Geographic source of client



FUM split by source of client at 31 December 2005

Relationship with Banca Popolare Italiana (BPI)

- Agreement includes sub-advisory of co-branded funds & distribution of Horizon through BPI networks
- Total AUM 31 Dec 05
 - Co-branded £861m
 - Horizon branded £287m
- Improved performance fees in 2005
- Dividend yield 3 – 5%; next dividend payable May 2006
- Value of investment at 31 Dec 05 £62.4m (30 Jun 2005: £69m)
- 70% currency exposure hedged
- Agreed reduction in investment in Feb 2006 of c20%
- Current market value of residual investment £60m

Henderson Global Investors

Products launched in 2005

- Absolute Return Funds: 3 launches taking total number of funds to 11
 - North American Equity Multi-Strategy Fund
 - Global Currency Absolute Return Fund
 - European Style Rotational Fund
- Equity
 - Pan European Enhanced Equity Trust
- Fixed Income
 - Secured Loans Fund: first un-leveraged, FSA authorised pooled secured loans fund in UK
 - Emerging Market Debt Fund: UCITSIII OEIC sub-fund of the Strategic Investment Fund
- Private Capital
 - PFI Secondary Fund: new infrastructure fund
- Property
 - Horizon Global Property Equities Fund
 - Horizon Asia Pacific Property Equities Fund
 - Specialist pan-European Retail Property Fund
 - Henderson Indirect Property Fund (Europe)

