Remuneration report 2007

This report sets out the role and remit of the Remuneration Committee and its membership. It describes the Group's overall remuneration policy and gives details of the compensation arrangements for Directors for the year ended 31 December 2007. The report has been prepared on behalf of the Board in accordance with the Companies Act 1985 (as amended) and the Combined Code on Corporate Governance.

Role of the Committee

The Committee's role is to review and approve the remuneration strategy and policies for the Group including the approach for the Group's annual compensation review. It is also responsible for determining the remuneration of the executive Directors, and monitoring the level and structure of remuneration for senior management generally.

The Committee reviewed its terms of reference in October 2007 and proposed certain minor amendments, to bring them in line with those of the other Board Committees, that were approved by the Board on 22 November 2007. The full terms of reference of the Committee are available at www.schroders.com or from the Company Secretary.

Composition of the Committee

The current members of the Committee, unchanged throughout 2007, are:

Sir Peter Job (Chairman)
Andrew Beeson
Kevin Parry

The Committee met on four occasions during 2007 and there was full attendance at all meetings.

Other non-executive Directors as well as the Chief Executive, Chief Financial Officer and senior Human Resources executives attend by invitation but they play no part in the determination of their own remuneration arrangements.

The Committee has appointed New Bridge Street Consultants LLP, McLagan Partners Inc. and Hewitt Bacon & Woodrow Limited as its external advisers. New Bridge Street Consultants LLP provided advice to the Committee on equity incentive plans and to the Group on the implementation of these plans. McLagan Partners Inc. provided the Committee with an interpretation of external market compensation levels and practices and also provided information and advice to management on the external market. Hewitt Bacon & Woodrow Limited provide advice to the Committee and the Group on domestic and international pensions issues, as well as acting as the actuarial advisers to, and administrators of, the UK pension scheme. McLagan Partners Inc. attended two meetings of the Committee during 2007.

Remuneration policy

The Group's remuneration policy is designed to attract, motivate and retain the talent the Group needs in order to help it to achieve its strategic objectives, while ensuring that the ratio of total compensation costs to a measure of net operating revenues for the Group is within a target determined by the Board. The Board determines the target aggregate ratio ahead of the performance year as part of the annual Budget process, and an analysis of competitor ratios is provided to the Board. At the end of each financial year the Committee is advised of the level of fixed compensation expense and then approves the amount distributable as variable compensation across the Group. The ratio of total compensation costs to operating revenues in 2007 was 46 per cent. (2006: 47 per cent.). The broader context for this ratio is covered in the business review on page 9.

The Committee believes that total compensation must reflect the global competition for talent in an industry in which successful people are highly rewarded and mobile. The Group compensates all of its employees, including executive Directors, by balancing fixed and variable compensation. Fixed compensation, in the form of base salary, pensions and other benefits, continues to be low for the executive Directors relative to other companies in the FTSE 100 Index and market competitive against a broader base of asset management competitors. In years of strong performance, however, variable compensation, in the form of cash bonuses and deferred bonuses, can be high.

Remuneration report 2007

The remuneration of executive Directors is structured in a manner which reflects performance, at both an individual and Group level, and results in them accumulating rights to shares in the Company and exposure to the performance of Schroders investment funds.

Group policy is not to guarantee compensation levels but to recognise that there will be times when this forms part of the initial package necessary to recruit senior employees. No executive Director has such a guarantee.

It remains the Committee's practice and intention to grant share options sparingly, mainly to assist in recruitment where necessary.

Key developments

During the year the Committee considered papers presented on a variety of topics including the following:

- 2006 and 2007 annual compensation reviews;
- Impact of age discrimination legislation on the share plans;
- Changes to the UK defined contribution pension scheme.

The Committee reviewed the existing remuneration policy and, among other factors, considered the guidelines of investor bodies on policies and practices in executive remuneration. The Committee considered that the Group's reward policy was appropriately aligned to the business strategy and that the policy within the Group was therefore fit for purpose. No changes were made to the existing policy. Discussions were initiated on ways of encouraging greater employee share ownership and a longer-term view of performance for senior executives and these discussions are ongoing.

Developments since the last report:

- In June 2007 the Committee increased the base salaries of the executive Directors. This is the first increase to the salary of the Chief Executive since his appointment in November 2001 and to the salaries of the other executive Directors since the later of April 2004 and their appointment.
- A global review of the pension benefits offered by the Group was undertaken. The core employer contribution to the Defined Contribution section of the Schroders Retirement Benefit Scheme increased to 14 per cent. for UK-based employees with effect from 1 March 2008. Prior to this change, UK-based employees in the Defined Contribution section received a core contribution of 7 per cent. or an age-related contribution, depending on the date on which their employment started.

Elements of the compensation package

Base salary

The Committee reviews the base salary of executive Directors annually. During 2007 the Committee agreed to increases for each of the executive Directors to address market relativities and salary compression accruing with respect to other senior executives. Details are set out on page 33. Base salary is the only element of remuneration that is pensionable, with the level of contribution into the UK pension scheme being subject to a notional earnings cap (see note 5 on page 61).

Benefits

Executive Directors can participate in the flexible benefits plan on the same basis as other UK employees. Benefits entitlements, including pension, for the executive Directors are shown in the tables on pages 33 and 34.

In response to the changes in pensions legislation that came into effect in April 2006 in the UK, employees who choose not to accrue benefits in the pension scheme apart from life assurance cover receive a taxable cash allowance in lieu. This allowance is set at a level to ensure that the cost impact to the Group (including employer National Insurance) is neutral. Two of the executive Directors are in receipt of such an allowance.

Variable compensation

Discretionary bonus awards are delivered in two forms: a cash bonus and a deferred bonus. The deferral is mandatory and delivered via the Equity Compensation Plan. There are two types of Equity Compensation Plan award: a share award and a fund award. These are described more fully on page 30.

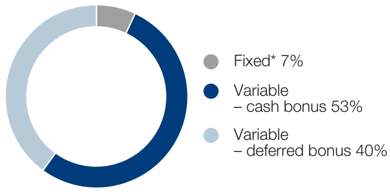
The bonus awards are determined with regard to the performance of the individual and the area or function of the business in which the individual works or for which the individual is responsible, the profitability of the Group and the external market within the overall limit determined by the ratio of compensation to revenue as explained earlier. Given that our remuneration structure places a high degree of emphasis on variable compensation, the Committee does not consider it appropriate to set a cap on discretionary bonus awards at the individual level. Variable compensation is dependent upon responsibilities, business contribution and individual performance and is not linked to base salary. As is referred to in the section starting on page 14 of the business review dealing with our corporate responsibility, the Committee considered the impact of these factors on our corporate performance when determining the overall reward to the executive Directors. The Committee can confirm that the discretionary nature of our variable compensation means that senior management are not inadvertently motivated to behave irresponsibly.

Part of the cash bonus award for the senior management of the Group is directly linked to annual improvements in the profitability of the Group.

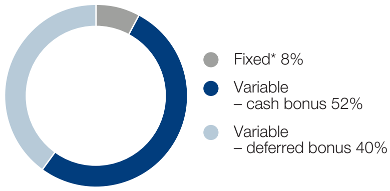
The balance between the fixed and variable elements of the total compensation package for each of the executive Directors is shown in the adjacent diagram (extracted from the tables on pages 33 and 34). Less than 12 per cent. of their individual total compensation was fixed, and more than one third of the 2007 variable compensation for each of the executive Directors in 2007 has been deferred for three years on a mandatory basis via the Equity Compensation Plan.

Proportions of 2007 fixed and variable compensation for each executive Director

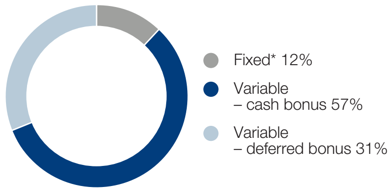
Michael Dobson



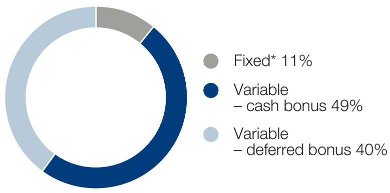
Jonathan Asquith



Alan Brown



Massimo Tosato



* Fixed includes base salary, other cash payments, benefits-in-kind and pension entitlements.

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Equity Compensation Plan 2000

Key employees receive part of their earned bonus in the form of deferred awards under the Equity Compensation Plan on terms designed to align their interests with shareholders and to retain their services in the Group. The level of mandatory deferral is determined by the Committee in accordance with a matrix that is agreed in advance of the annual compensation review.

These awards do not give rise to any immediate entitlement but will vest in full on the third anniversary of the grant date provided that the participant continues to be employed within the Group. This Plan allows deferred awards to be granted in either share awards, fund awards or a combination of both. At the third anniversary the original grant is increased by 20 per cent.

Share awards

Share awards can be granted over either ordinary or non-voting ordinary shares in the Company and are normally structured as rights to acquire shares at nil cost. Historically, awards under this Plan were made over non-voting ordinary shares. As a result of a resolution approved at the 2006 Annual General Meeting share awards for 2006 and 2007 are in respect of ordinary shares.

If a participant resigns before the three years have elapsed then the following forfeiture provisions apply as at the date of resignation:

Completed years of service from date of award	Less than 1	≥1 and <2	≥2 and <3	3
Percentage of share award forfeited	100%	72%	44%	0%

These awards do not attract dividends. To the extent that the employee chooses to leave share awards within the Equity Compensation Plan for a further two years after vesting, the employee is rewarded with additional shares of 11.1 per cent. of the number of shares which vest at the third anniversary. This compensates for dividends foregone during this period. A resolution is being proposed at the 2008 Annual General Meeting to enable awards to be adjusted to reflect the dividends paid on shares during the period starting with the fifth anniversary of grant and ending with the date on which the award is exercised.

Fund awards

Fund awards are notional investments in a range of Schroders' investment funds and can be granted by the Committee as an alternative to share awards. They give holders a personal interest in the performance of Group funds. Fund awards have a three-year vesting period, with no option to extend, and have the following forfeiture provisions as at the date of resignation:

Completed years of service from date of award	Less than 1	≥1 and <2	≥2 and <3	3
Percentage of fund award forfeited	100%	66.6%	33.3%	0%

These fund awards will be re-valued in line with the performance of the selected products and will be paid out in cash at the end of the deferral period.

In respect of 2007 the first £60,000 of the deferred bonus award was delivered in share awards and any balance, above a minimum level, was generally delivered equally in share awards and fund awards.

Equity Compensation Plan awards are not subject to further performance conditions as they are considered as already having been earned by reference to performance.

Share Option Plan 2000

Under the Share Option Plan 2000, the Company has granted market value share options over non-voting ordinary shares. Options usually become exercisable if the option holder remains with the Group for at least three years and, for executive Directors, if the performance target has been met at the third anniversary. Share options granted to other employees have no performance conditions.

In line with market practice, the performance target is that the Company's earnings per share growth (defined as the earnings per ordinary share before any items considered exceptional, as derived from the Company's Annual Report and Accounts) must be at least four per cent. per annum above the increase in the Retail Price Index over a three-year period. There is no re-test if the target is not met after three years. This performance target is a general condition and standard for each executive Director. New Bridge Street Consultants LLP assesses the performance criteria calculations annually for the Committee based on audited results.

Outstanding awards held by executive Directors under these Plans are disclosed in the tables on pages 35 and 36. This year the value of those awards that are still subject to some degree of forfeiture are disclosed.

Employee shares

Of the total variable compensation awarded to all employees in the Group in 2007, the proportion that was deferred amounted to 32.1 per cent.

The Share Incentive Plan that was introduced in 2006 for all UK-based employees is also helping to broaden the number of employee shareholders. Each of the executive Directors and 579 other employees are now members of the Plan (representing 51 per cent. of UK employees).

Total employees' rights to ordinary and non-voting ordinary shares in all of Schroders' employee share plans, as a percentage of the total ordinary and non-voting ordinary shares in issue, were 6.7 per cent. as at 31 December 2007.

Personal shareholding policy

In order further to align the interests of the most senior employees with those of shareholders, each of the executive Directors and the other members of the Group Management Committee is required, over time, to acquire and retain a target holding of Schroders' shares and/or rights to shares, equivalent to 300 per cent. of annual base salary. This target has been achieved for each of the executive Directors. Despite the recent increase in base salaries for the executive Directors the Committee determined not to alter the shareholding target.

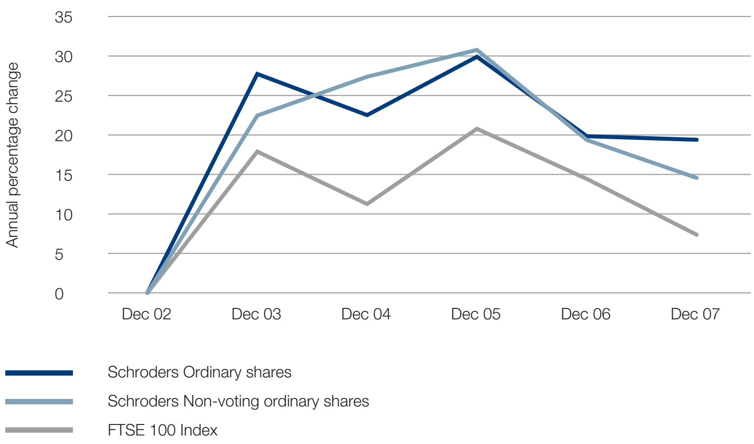
Performance graph

The following performance graph shows the Company's total shareholder return performance, comprising share price movements plus the value of dividends reinvested, compared with that of the FTSE 100 Index. This index was chosen by the Committee because it represents the principal index in which the Company's shares were quoted throughout the majority of the performance period and is still perceived as the most relevant index.

This graph shows the annual percentage change in the value over each financial year of an initial amount invested in Schroders plc on 31 December 2002 to 31 December 2007 compared with the same initial amount invested in each of the companies making up the FTSE 100 Index.

Schroders comparative total return index since 31 December 2002

Source: Thomson Financial



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Service contracts

The Committee's general policy is that each executive Director should have a rolling contract of employment with mutual notice periods of six months. When recruiting executive Directors, the Committee's policy is that contracts should not contain any provision for compensation upon early termination and that the parties should rely on employment rights conferred by law. In the event that compensation for early termination is payable, the Committee's policy is to seek to keep such compensation at an appropriate level.

The following table provides details of the current executive Directors' service contracts:

	Date of contract(s)	Nature of contract	Notice period from Company	Notice period from Director
Executive Directors				
Michael Dobson[1]	19 October 2001	Rolling	12 months	6 months
Jonathan Asquith	12 November 2001	Rolling	6 months	6 months
Alan Brown	17 May 2005	Rolling	6 months	6 months
Massimo Tosato[2]	27 July 2001 and 1 August 2001	Rolling	6 months	6 months

Notes

[1] If Michael Dobson's employment is terminated by the Company without cause he would be entitled to receive the equivalent of one year's compensation, calculated as the annual average of the aggregate of base salary, discretionary cash bonus and awards under the Equity Compensation Plan received in the preceding three years.

[2] Massimo Tosato's contract dated 27 July 2001 relates to his UK duties and his contract dated 1 August 2001 relates to his international duties. Upon early termination of these contracts he would be entitled to 12 months' compensation (calculated as base salary, discretionary cash bonus and any award under the Equity Compensation Plan for the previous year).

Executive Directors' non-executive directorships

It is the Group's policy to allow executive Directors to retain any fees earned from any non-executive directorships they hold in other external organisations. No such fees were earned during the year.

Non-executive Directors

Each non-executive Director has a letter of appointment in which both the non-executive Director and the Company are required to give reasonable notice to terminate the appointment. Non-executive Directors' appointments are subject to the re-election requirements of the Company's Articles of Association and are without a fixed term. There are no specific contractual provisions for non-executive Directors to receive compensation upon early termination.

The dates of the non-executive Directors' letters of appointment are set out in note 6 of the Directors' emoluments table on page 33.

Fees for the Chairman and other non-executive Directors are determined by the Board based on market information supplied by New Bridge Street Consultants LLP, and in accordance with the restrictions contained in the Company's Articles of Association. Non-executive Directors do not participate in decisions concerning their fees. Fees are reviewed annually, although it is anticipated that, in the absence of any significant market movement, fees would remain unchanged for two years. The fees were last formally reviewed in May 2006. No changes to the fees were made during 2007 and the next review will take place during 2008.

The current annual fees payable are as follows:

Non-executive Directors' fees	Current £
Board chairman	200,000
Board member	45,000
Audit Committee member	12,500
Audit Committee chairman*	15,000
Nominations Committee member	Nil
Nominations Committee chairman	Nil
Remuneration Committee member	10,000
Remuneration Committee chairman*	12,000

* In addition to the Committee membership fee.

The Senior Independent Director receives no additional fee.

Awards from the Group's incentive and pensions plans are not made to non-executive Directors.

Directors' remuneration in 2007

The following tables on pages 33 to 37 provide details of each of the Directors' emoluments, pension entitlements, rights to fund awards, rights to shares and share interests. In accordance with the Companies Act 1985 (as amended by the 2006 Companies Act), the tables on pages 33 to 37, excluding the summary of deferred compensation table on page 34, have been audited by the independent auditors.

Directors' emoluments

The emoluments (not including any pension entitlements, rights to fund awards and rights to shares which can be found on pages 33 to 36) of the Directors of the Company in respect of the period for which they were in office in the relevant year, including their remuneration in respect of subsidiary undertakings, comprised:

	Salary and fees[1] £'000	Other cash payments[2] £'000	Benefits–in-kind[3] £'000	Annual cash bonus £'000	2007 Total £'000	2006 Total £'000
Executive Directors						
Michael Dobson (Chief Executive)	317	58	7	2,963	3,345	2,470
Jonathan Asquith	258	29	1	1,778	2,066	1,268
Alan Brown	258	33	1	1,438	1,730	1,376
Massimo Tosato	258	13	38	1,938	2,247	1,627
Non-executive Directors						
Michael Miles (Chairman)	200	–	4	–	204	184
George Mallinckrodt (President)[4]	109	–	7	–	116	113
Andrew Beeson	68	–	–	–	68	65
Luc Bertrand	58	–	–	–	58	46
Sir Peter Job	67	–	–	–	67	63
Merlyn Lowther	58	–	–	–	58	55
Kevin Parry	83	–	–	–	83	80
Bruno Schroder[5]	73	–	5	–	78	75
Total	1,807	133	63	8,117	10,120	7,422

Notes

1 The annual base salaries for the executive Directors were each increased with effect from 1 June 2007: Michael Dobson from £200,000 to £400,000 and Jonathan Asquith, Alan Brown and Massimo Tosato from £200,000 to £300,000.
2 Other cash payments comprise one or more of: cash allowance in lieu of a company car and cash allowance in lieu of pension entitlements.
3 The benefits-in-kind provided to Directors comprise one or more of: private use of company chauffeur, company car, private use of taxis, life insurance and private healthcare.
4 George Mallinckrodt received an annual fee of £45,000 as a Director, a fee of £64,000 in respect of his services as President of the Company and £7,000 in benefits-in-kind.
5 Bruno Schroder received an annual fee of £45,000 as a Director, a fee of £28,000 for his additional services to the Group and £5,000 in benefits-in-kind.
6 The dates of the non-executive Directors' letters of appointment are as follows: Michael Miles 17 December 2002, Andrew Beeson 1 October 2004, Luc Bertrand 20 February 2006, Sir Peter Job 23 December 2002, Merlyn Lowther 4 March 2004, George Mallinckrodt 24 December 2002, Kevin Parry 16 December 2002 and Bruno Schroder 24 December 2002.

Directors' pension entitlements

Defined benefit

The following table gives details of the accrued pension benefit at 31 December 2007 for Directors who have participated in the defined benefits section of the Schroders Retirement Benefits Scheme during the year to 31 December 2007. Further information concerning the Group's pension schemes is set out in note 5 in the notes to the Accounts on pages 61 to 64.

	Accrued pension at 31 Dec 2006 £'000	Change in accrued pension due to inflation £'000	Change in accrued pension excluding inflation: Increase £'000	Change in accrued pension excluding inflation: Transfer value £'000	Accrued pension at 31 Dec 2007 £'000	Transfer value at 31 Dec 2006 £'000	Increase in transfer value £'000	Transfer value at 31 Dec 2007 £'000
Executive Directors								
Michael Dobson[1,2]	11	–	–	–	11	182	12	194
Massimo Tosato	21	1	4	60	26	324	82	406
Non-executive Director								
George Mallinckrodt[3]	216	8	2	19	226	2,423	12	2,435
Bruno Schroder[4]	31	1	–	4	32	378	(6)	372

The accrued pension represents the annual pension which each Director would be entitled to receive from normal retirement age after leaving service. The accrued pension would be increased each year until it became payable in accordance with statutory requirements.

The change in accrued pension represents the difference between the accrued pension at 31 December 2006 and 31 December 2007. This is broken down into inflationary increases and increases arising as a result of service for the year concerned, postponement of retirement or any change in salary, where appropriate.

The transfer value represents the current capital sum which would be required, using demographic and financial assumptions, to provide the accrued pension and ancillary benefits at the relevant date. The transfer values have been calculated in a manner consistent with 'Retirement Benefit Schemes – Transfer Values (GN11)' published by the Institute of Actuaries and the Faculty of Actuaries.

The pension is non-contributory. The accrued pension or transfer value shown above does not include any allowance for additional voluntary contributions made by a Director.

1 Michael Dobson ceased further accrual in the Scheme on 31 March 2006. In lieu of this, he receives a taxable cash payment of £34,462 per annum, included in the emoluments table above.
2 No contributions were paid by the Company during the year.
3 George Mallinckrodt – no contributions have been made by the Company into the Scheme since 19 August 1990. He began to draw his pension from the Scheme on 1 September 1995. The values shown in this table in respect of his pension benefits are notional.
4 Bruno Schroder – no contributions have been made by the Company into the Scheme since 17 January 1993. He began to draw his pension from the Scheme on 17 April 2007. The values shown in this table in respect of his pension benefits are notional as at 31 December 2007.

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Defined contribution

The following table gives details of the pension contributions paid or payable by the Company into defined contribution arrangements for the year to 31 December 2007.

	2007 Employer contributions £'000	2006 Employer contributions £'000
Executive Directors		
Michael Dobson[1]	–	12
Jonathan Asquith[2]	–	105
Massimo Tosato	78	60
Total	78	177

The contributions disclosed exclude any personal contributions made by a Director.

[1] Michael Dobson ceased to have 13 per cent. of his base salary in excess of the earnings cap paid into a funded approved retirement benefits scheme on 31 March 2006, and in lieu of this he receives a taxable cash payment of £11,882 per annum, included in the emoluments table on page 33. The notional earnings cap was £108,600 for the 2006-07 fiscal year and £112,800 for the 2007-08 fiscal year.

[2] Jonathan Asquith ceased further accrual in the Scheme on 31 March 2006, and in lieu of this he receives a taxable cash payment of £16,367 per annum, included in the emoluments table on page 33.

Summary of the deferred compensation earned in respect of 2007

In respect of 2007 the executive Directors were granted rights to deferred awards under the Equity Compensation Plan[1]. These awards, split between fund awards and share awards, are subject to forfeiture and are not accessible for three years. They will vest in full on the third anniversary of the grant date provided the Director continues to be employed within the Group, in line with the rules of the Plan. Should the Director choose to leave the share awards within the Equity Compensation Plan for a further two years, the Director would be rewarded with additional shares of 11.1 per cent. of the number of shares which vested at the third anniversary of the grant date, in lieu of dividends foregone.

	Equity Compensation Plan[1]			
	Fund awards £'000	Share awards £'000	2007 Total award £'000	2006 Total award £'000
Executive Directors				
Michael Dobson	994	1,252	2,246	2,187
Jonathan Asquith	586	763	1,349	1,004
Alan Brown	331	457	788	1,004
Massimo Tosato	706	907	1,613	1,400

[1] For further details in respect of the Equity Compensation Plan 2000 see box on page 30.

Further details in respect of their awards and previous years' awards are shown in the following two tables.

Directors' rights to fund awards

Fund awards are notional investments in a range of Schroders' investment funds. These are rights to deferred cash and do not give rise to any immediate entitlement on grant. The 'rights granted during year' refer to awards made in March 2007 in respect of the 2006 performance year. 'Rights granted 10 March 2008' are made in respect of the 2007 performance year. These rights are subject to forfeiture and the deferred cash awards are not accessible for three years. They become fully vested on the third anniversary of the grant date provided the Director continues to be employed within the Group, in line with the rules of the Plan.

The executive Directors had the following rights to deferred cash awards, under the Equity Compensation Plan[1].

	Rights held as at 1 Jan 2007 £'000	Rights granted during year £'000	Rights held as at 31 Dec 2007 £'000	Rights granted 10 Mar 2008 £'000	Vesting date
Executive Directors					
Michael Dobson	100	–	100	–	6 March 2008
	1,200	–	1,200	–	5 March 2009
	–	967	967	–	7 March 2010
				994	9 March 2011
Jonathan Asquith	526	–	526	–	6 March 2008
	727	–	727	–	5 March 2009
	–	429	429	–	7 March 2010
				586	9 March 2011
Alan Brown	225	–	225	–	5 March 2009
	–	429	429	–	7 March 2010
				331	9 March 2011
Massimo Tosato	500	–	500	–	6 March 2008
	727	–	727	–	5 March 2009
	–	609	609	–	7 March 2010
				706	9 March 2011

[1] For further details in respect of the Equity Compensation Plan 2000 see box on page 30.

The grant value of these rights to fund awards that are still subject to forfeiture at the date of this report are as follows: Michael Dobson £2,038,000, Jonathan Asquith £1,114,000, Alan Brown £692,000 and Massimo Tosato £1,354,000.

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Directors' rights to shares

These rights to shares do not give rise to any immediate entitlement on grant. They are subject to forfeiture and are not accessible for three years. They become fully vested on the third anniversary of the grant date provided the Director continues to be employed within the Group, in line with the rules of the respective plans.

The executive Directors had the following rights to ordinary and non-voting ordinary shares:

		Number of shares						Exercise dates	
		Rights held as at 1 Jan 2007	Rights granted during year	Rights exercised during year[5]	Rights held as at 31 Dec 2007	Rights granted 10 Mar 2008[6]	Exercise price of outstanding rights	Earliest	Latest
Executive Directors									
Michael Dobson	(2)	250,000			250,000		£4.83	9 Dec 2005	8 Dec 2012
	(2)	150,000			150,000		£3.98	10 Mar 2006	9 Mar 2013
	(2)	500,000			500,000		£7.06	12 Nov 2006	11 Nov 2011
	(3)	352,186			352,186		–	10 Mar 2006	9 Mar 2013
	(3)	502,386			502,386		–	8 Mar 2007	7 Mar 2014
	(3)	305,499			305,499		–	7 Mar 2008	6 Mar 2015
	(4)	146,162			146,162		–	6 Mar 2009	5 Mar 2016
	(4)	–	119,719		119,719		–	8 Mar 2010	7 Mar 2017
	(4)					153,869	–	10 Mar 2011	9 Mar 2018
Jonathan Asquith	(2)	150,000			150,000		£8.00	22 Apr 2005	21 Apr 2012
	(2)	150,000			150,000		£5.41	6 Nov 2005	5 Nov 2012
	(2)	100,000			100,000		£3.98	10 Mar 2006	9 Mar 2013
	(3)	133,969			133,969		–	10 Mar 2006	9 Mar 2013
	(3)	81,466			81,466		–	8 Mar 2007	7 Mar 2014
	(3)	98,931			98,931		–	7 Mar 2008	6 Mar 2015
	(4)	90,877			90,877		–	6 Mar 2009	5 Mar 2016
	(4)	–	56,405		56,405		–	8 Mar 2010	7 Mar 2017
	(4)					93,811	–	10 Mar 2011	9 Mar 2018
Alan Brown	(4)	32,154			32,154		–	6 Mar 2009	5 Mar 2016
	(4)	–	56,405		56,405		–	8 Mar 2010	7 Mar 2017
	(4)					56,209		10 Mar 2011	9 Mar 2018
Massimo Tosato	(1)	18,963		18,963	–		£8.22	7 May 2004	6 May 2009
	(1)	62,499		62,499	–		£8.00	13 Mar 2005	12 Mar 2010
	(2)	165,350		48,601	116,749		£8.00	22 Apr 2005	21 Apr 2012
	(2)	100,000		100,000	–		£5.41	6 Nov 2005	5 Nov 2012
	(3)	16,294		16,294	–		–	10 Mar 2005	9 Mar 2012
	(3)	80,381			80,381		–	10 Mar 2006	9 Mar 2013
	(3)	80,447			80,447		–	8 Mar 2007	7 Mar 2014
	(3)	103,856			103,856		–	7 Mar 2008	6 Mar 2015
	(4)	90,877			90,877		–	6 Mar 2009	5 Mar 2016
	(4)	–	77,601		77,601		–	8 Mar 2010	7 Mar 2017
	(4)					111,505	–	10 Mar 2011	9 Mar 2018

The market price of the ordinary shares at 31 December 2007 was £13.02 and the range during 2007 was £10.72 to £15.60.

The market price of the non-voting ordinary shares at 31 December 2007 was £11.68 and the range during 2007 was £9.90 to £13.52.

The value of those rights to share awards based upon the original grant price that are still subject to forfeiture at the date of this report are as follows: Michael Dobson £2,791,000, Jonathan Asquith £1,588,000, Alan Brown £1,017,000 and Massimo Tosato £1,887,000.

1 Share Option Plan 1999. Exercise of these options was conditional upon achieving a performance target of earnings per share growth of at least the Retail Price Index plus two per cent. per annum over a minimum five-year period. The performance target had been achieved.

2 Share Option Plan 2000. Exercise of these options is conditional upon achieving a performance target of earnings per share growth of at least the Retail Price Index plus four per cent. per annum over a minimum three-year period. In respect of the awards exercisable from 22 April 2005, 6 November 2005 and 9 December 2005 the performance target has been achieved. More detail is available on page 30.

3 Equity Compensation Plan 2000. The figures shown above comprise the number of shares available on the third anniversary plus additional shares of up to 11.1 per cent. assuming shares remain within the Plan until the fifth anniversary. Awards are structured as nil-cost share awards over non-voting ordinary shares. Further detail is included in the box on page 30.

4 Same as note 3, with the exception that these awards are structured as nil-cost share awards over ordinary shares.

5 The market prices on the dates the rights were exercised during 2007 were: £11.42, £11.42, £13.34 and £11.44 respectively for the share option awards and £11.42 for the Equity Compensation Plan award. The aggregate gain on rights exercised amounted to £1,323,000, of which £1,137,000 relates to the share option awards and £186,000 relates to gains on the Equity Compensation Plan award.

6 These grants are in respect of the 2007 performance year and use the closing market price of the ordinary shares on 7 March 2008, which was £9.04.

Directors' share interests

At 1 January 2007 (or date of appointment, if later) and at 31 December 2007, the Directors listed had the following interests in shares in the Company:

	31 Dec 2007		1 Jan 2007	
	Ordinary shares	**Non-voting ordinary shares**	Ordinary shares	Non-voting ordinary shares
Beneficial				
Executive Directors				
Michael Dobson	2,413	11,105	2,243	561,105
Jonathan Asquith	447	–	278	–
Alan Brown	447	–	278	–
Massimo Tosato	1,413	–	1,243	–
Non-executive Directors				
Michael Miles	5,000	–	5,000	–
George Mallinckrodt	30,000	507,226	30,000	507,226
Andrew Beeson	–	15,000	–	15,000
Luc Bertrand	–	–	–	–
Sir Peter Job	–	–	–	–
Merlyn Lowther	1,000	–	1,000	–
Kevin Parry	5,000	–	5,000	–
Bruno Schroder	6,353,655	59,310	6,353,655	59,310
Non-beneficial				
George Mallinckrodt	213,631	–	213,631	–
Kevin Parry	333	–	333	–
Bruno Schroder	64,800	16,200	64,800	16,200

Additionally, at 31 December 2007, the executive Directors were potential beneficiaries of the Schroders Employee Benefit Trust, which held 4,367,479 non-voting ordinary shares (1 January 2007: 6,610,454) and 4,397,446 ordinary shares (1 January 2007: 3,204,197) on behalf of all non-US based employees. Their own rights to shares held within this Trust are set out on page 36.

During the year no Director held an interest in the shares or loan stock of any subsidiary of the Company.

Since 31 December 2007 each of the executive Directors, Michael Dobson (53 shares), Jonathan Asquith (54 shares), Alan Brown (54 shares) and Massimo Tosato (53 shares) acquired ordinary shares under the terms of the Schroders Share Incentive Plan. There have been no other changes in the interests set out above between 31 December 2007 and the date of this report.

A resolution to approve this report will be put to shareholders at the Annual General Meeting on 24 April 2008.

Approved and signed on behalf of the Board

Sir Peter Job
Chairman, Remuneration Committee
10 March 2008