

Capital Gains Tax

For holders of shares prior to 18 April 2000

Shareholders who received Schroders plc shares and Schroder Holdings (Jersey) Ltd (SHJ) shares in place of Schroders plc shares held prior to 18 April 2000 may have a liability to UK capital gains tax in respect of their disposal of the SHJ shares to Salomon Smith Barney.

Shareholders on the register at 17 April 2000 received an additional 4.5p per share in October 2000 under the terms of the Offer from Salomon Smith Barney dated 27 April 2000. This should be taken into account for capital gains tax in the same way as the consideration of £3.00 per share received at the outset.

The Inland Revenue has confirmed the methodology to be used for this apportionment.

The market values for the new Schroders shares on their first day of trading were £9.77 for the voting shares and £8.05 for the non-voting shares.

For voting (ordinary) shares the base cost apportionment is:
£9.77 ÷ 12.77 to the new Schroders plc shares, and
£3.00 ÷ 12.77 to the SHJ shares.

For non-voting ordinary shares, the base cost apportionment is as follows:
£8.05 ÷ 11.05 to the new non-voting Schroders plc shares, and
£3.00 ÷ 11.05 to the SHJ shares.

Whether or not a liability to UK capital gains tax arises on the disposal of SHJ shares will depend on the individual circumstances of the shareholder and the form of consideration received:

- Where cash was received, the shareholder will be treated as having made a disposal or part disposal of the SHJ shares for capital gains tax purposes;
- To the extent that loan notes or shares were received, there is no disposal for capital gains tax and any gain or loss which would have arisen on a disposal will be “rolled over” into the loan notes or shares, which are treated as the same asset as the relevant holding of SHJ shares for which they were exchanged. Any subsequent disposal of the loan notes or shares may give rise to a capital gain or loss depending on individual circumstances. In calculating the capital gain arising on any such disposal, the holder’s acquisition cost will be deemed to be the original acquisition cost to the holder of the relevant holding of SHJ shares.