
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



Schroders plc

(incorporated and registered in England and Wales under number 3909886)

**NOTICE OF ANNUAL GENERAL MEETING
AND
PROPOSED NEW LONG TERM INCENTIVE PLAN**

Notice of the Annual General Meeting of the Company to be held at 31 Gresham Street, London, EC2V 7QA on Thursday, 6 May 2010 at 11.30 a.m. is set out at the end of this circular.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the attached form. The proxy form must be received not less than 48 hours before the time of the holding of the Annual General Meeting.

Schroders plc

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To the Company's ordinary shareholders and, for information, to the holders of non-voting ordinary shares.

15 March 2010

Dear Ordinary Shareholder,

Annual General Meeting and proposed new Long Term Incentive Plan

Attached to this letter at page 7 is the notice of the 2010 Annual General Meeting of your Company. I hope that as many of you as possible will attend.

You will note that this year we are not proposing a final dividend to be declared by the Annual General Meeting. This is because the Board approved a second interim dividend on 3 March, which will be paid on 29 March.

I would draw your attention in particular to the following resolutions that are to be proposed.

Election and re-election of Directors (Resolutions 3 to 6)

We announced on 4 March that Robin Buchanan had been appointed to the Board. He will also join the Audit Committee from the end of the Annual General Meeting. Robin is standing for election by shareholders at the Annual General Meeting. Also on 4 March we announced other Board changes including the retirement from the end of the Annual General Meeting of Sir Peter Job who has served the Board and the Company with great skill and dedication over more than a decade, latterly as our Senior Independent Director and chairman of the Remuneration Committee. He will be succeeded in those roles by Andrew Beeson, and Merlyn Lowther will assume Andrew Beeson's responsibilities as chairman of the Audit Committee.

2010 Long Term Incentive Plan (Resolution 10)

The Company is seeking shareholder approval of a new performance linked, share based Long Term Incentive Plan ('LTIP') to complement the existing executive compensation tools (principally annual salary, cash bonus and deferred bonus in the form of shares or fund awards under the Equity Compensation Plan that was originally approved by shareholders at the Annual General Meeting in 2000). Shareholder approval is required as executive Directors would be eligible to participate in the LTIP, which would have a 10 year life during which awards could be made. Its main provisions are described below and in the summary that follows this letter.

The proposed LTIP is designed as a forward looking plan to incentivise participants to drive the future performance of the Group. In designing the LTIP we have taken account of recent regulatory and market developments with advice from the Company's external remuneration consultants. The Plan would provide executive Directors and other participants with upside potential but also in the case of executive Directors downside risk as their deferred bonus would be reduced by 25 per cent. of the initial maximum value of any performance linked LTIP award made to them.

LTIP awards would be in the form of nil cost, performance linked options over Schroders ordinary shares and would normally be granted annually. The current intention is that existing ordinary (i.e. voting) shares would be the main delivery mechanism, but in certain circumstances we would have the ability to use existing or newly issued (subject to anti-dilution measures) non-voting ordinary shares. No voting rights over shares subject to an award could be exercised and no dividends would be payable on shares during any period before awards were exercised.

Awards would generally vest only to the extent that performance measures were achieved and provided the employee remained in employment with the Company. Two performance measures are proposed for the initial 2010 awards over a four year measurement period: earnings per share and net new business. 50 per cent. of the initial awards would be dependent on meeting the earnings per share measure, and 50 per cent. would be dependent on the net new business measure. The Remuneration Committee would thereafter consider for any future awards whether the measures and their targets remained appropriate to the business strategy and adequately challenging, and also the relative balance of the performance measures.

The initial awards would be made in May 2010, if the Annual General Meeting approved the Plan, and would set performance targets covering the period 1 January 2010 to 31 December 2013. It is anticipated that initial awards to executive Directors would be one times base salary and for the Chief Executive would be two times base salary. Awards for 2011 and thereafter would be made in line with the normal year end process, with awards generally being made within 42 days of the announcement of our annual results. The Committee would have the flexibility to make awards at other times in exceptional circumstances.

If there had been a material misstatement of the Group's financial results, or participant misconduct that affected the outcome of the LTIP then, to the extent that the Committee considered appropriate, an unexercised award may be adjusted, delayed or lapsed.

Participation in the LTIP would be determined by the Committee. It is anticipated that awards would be made to up to 50 participants annually and that participation would be limited to executive Directors and other senior employees critical to delivering long term shareholder value. The maximum initial value at grant of all awards in 2010 would not exceed £20 million. At the share price on 12 March a total award of £20 million would equate to approximately 1.5 million shares or 0.5% of the total issued share capital, and the income statement charge in the first year would be approximately £2.25 million. The income statement charge each year would be based on the Committee's best estimate of the likely outcome of each performance target at that time.

There would be no dilution of existing shareholders over the term of the LTIP. The Company does not have authority to issue new ordinary shares and so would purchase these shares in the market to satisfy awards. Awards would be hedged. Should any non-voting shares be issued they would be bought back in accordance with our policy.

The Board believes that the LTIP would be accretive to shareholder value and that in any given year the cumulative revenue contribution, after costs, would exceed the then expected possible pay-out at both the lower and upper levels of the performance targets. I commend the Plan to shareholders.

Notice of general meetings (Resolution 12)

The EU shareholders' rights directive requires company meetings to be convened on 21 days' notice unless shareholders annually disapply this requirement. If passed, Resolution 12 would allow the Company to continue to call company meetings, other than the Annual General Meeting, on 14 days' notice. We would, of course, expect to give shareholders more notice than that of any extraordinary general meeting.

Amendments to Articles of Association (Resolution 13)

We have proposed amendments to our Articles of Association at recent Annual General Meetings in order to keep them up to date with legal and best practice developments. The amendments proposed this time reflect minor changes required as a result of the final implementation of the 2006 Companies Act and relevant regulations. Given the cumulative number of amendments to the current Articles of Association we are proposing to consolidate these changes through the adoption of new Articles. The principal changes are described in detail in the Notice of Meeting. They include the removal of the Company's widely drafted objects that were previously in the Company's Memorandum of Association. The Company would as a result have unrestricted objects (as permitted by the Act). A further change is that references to authorised share capital would be removed from the Articles of Association, as that concept was abolished by the Act. The proposed new Articles of Association would, however, contain a provision limiting the allotment of non-voting ordinary shares and prohibiting the allotment of any ordinary shares, in each case without shareholder authority.

Recommendation

The Board considers that all of the resolutions set out in the Notice of the Annual General Meeting are in the interests of shareholders and the Board recommends that shareholders vote in favour of all of these resolutions as the Directors each intend to do with respect to their own ordinary shares.

Yours faithfully,



Michael Miles
Chairman

Summary of the main provisions of the Schroders 2010 Long Term Incentive Plan (the 'Plan')

1. Administration of the Plan

The Plan will be administered by the Remuneration Committee of the Board (the 'Committee'). All members of the Committee are non-executive Directors and are not eligible to participate in the Plan.

2. Eligibility

Participants in the Plan will be selected by the Committee taking into account the recommendations of the Chief Executive and of the Chairman in the case of the Chief Executive. Participants will be limited to employees and executive Directors of the Company and its subsidiaries who are required to devote substantially the whole of their working time to their duties to the Group.

3. Awards

Awards will be in the form of nil cost options to acquire ordinary or non-voting ordinary shares in the Company. Awards will be personal to the participant and his personal representative and may not be transferred. No payment will be required for the grant of an award. The maximum annual value of an award will not exceed four times a participant's base salary.

An award will be subject both to the achievement of performance targets at the date of grant and also to continued employment. Awards under the Plan will be non-pensionable.

4. Performance measures and targets

Each award will be subject to one or more performance targets which will determine whether and to what extent a participant will receive shares under the Plan.

The performance measures and target(s) will be established for each measurement period. In normal circumstances, the measurement period will be four consecutive financial years. Awards may not be made more than six months after the start of a financial year that would be the first year of a measurement period. The first measurement period will be the financial years 2010-2013 and for this period the targets will be linked to Earnings per Share and Net New Business.

The Committee has the right to alter a performance target in such circumstances as it considers appropriate but not so as to make the performance target either materially easier or more difficult to achieve than it was when the award was first granted.

The Committee may set one or more different performance measures and targets each year. Those applicable to awards granted to executive Directors of the Company will be disclosed in the Annual Report each year.

Earnings per Share ('EPS') will measure the percentage increase over the four year measurement period in excess of the percentage growth in a relevant market composite index over the same period. The composite market index will be calculated as a weighted average of the most relevant indices, as determined by the Remuneration Committee with advice from external advisers as appropriate, based on the asset allocation of Schroders funds under management. The initial relative weighting will be equities (60 per cent.) and fixed income (40 per cent.). The relative weighting of the indices will be reviewed at least annually. EPS will include all items other than the amortisation of intangible assets and other charges associated with acquisitions. In respect of the initial award, the start point for measurement will be pre-exceptionals, but the end measurement will be post-exceptionals.

The extent to which 50 per cent. of the initial award will vest will be based on the increase in EPS over the four year measurement period being greater than the percentage movement in markets in which the assets managed by the Company are invested as determined by the composite market index. If the percentage growth in EPS over the initial measurement period (2010-2013) has increased by at least 20 per cent. more than this composite index over the same four year period then 12.5 per cent. of the shares over which an award was made will vest. A participant will be able to exercise his award after the end of the measurement period.

If the percentage growth in EPS over the initial measurement period has increased by at least 40 per cent. more than the composite index then 50 per cent. of the shares over which an award was made will vest. Again, the participant will be able to exercise his award after the end of the measurement period.

EPS growth in excess of the composite index by between 20 per cent. and 40 per cent. will result in an award vesting on a straight line basis between 12.5 per cent. and 50 per cent.

If EPS growth is not 20 per cent or more above the growth in the composite index over the initial measurement period then no award related to this measure will vest. Performance above 40 per cent. will not result in any additional payment.

Aggregate Net New Business ('NNB') measures funds under management due to new and increased existing mandates and excludes market appreciation. In the event of a corporate action the target for NNB would be increased or decreased by the Remuneration Committee in line with the assets acquired or sold.

Under the NNB performance measure the extent to which the remaining 50 per cent. of the initial award made under the LTIP will vest will be based on the absolute growth in NNB excluding any growth in NNB due to increased market levels over the four year measurement period.

If NNB over the initial measurement period has increased by £15 billion then 12.5 per cent. of the shares over which an award was originally made will vest and a participant will be able to exercise his award after the end of the measurement period.

If NNB over the initial measurement period has increased by £25 billion then 50 per cent. of the shares over which an award was originally made will vest and a participant will be able to exercise his award after the end of the measurement period.

NNB that falls between these targets (£15 billion and £25 billion) will result in an award vesting on a straight line basis between 12.5 per cent. and 50 per cent. If NNB over the initial measurement period is less than the lower limit (£15 billion) then no award related to this measure will vest. Performance above the higher limit (£25 billion) will not result in any additional payment.

5. Financial implications

The overall bonus pool will be calculated through the operation of the bonus to pre-bonus profit before tax and exceptional items ratio as reported to shareholders. This limits the amount that can be paid to staff in a given year and will rise and fall in line with the performance of the Company. 50 per cent. of the cost of the overall LTIP award will be charged to the bonus pool, spread evenly over the four year measurement period. If 50 per cent. of an LTIP award vests, the cost of the award will have been fully covered within the bonus pool. If more than 50 per cent. of an LTIP award vests the overall bonus pool will increase commensurately with the excess over 50 per cent., and shareholders will have benefited from the associated increase in EPS and revenues arising from the increase in NNB.

Over the four year measurement period, the accounting charge will equal the fair value of an LTIP award to the extent that it is expected to vest based on its value at the date of grant. Assuming an award vests in full, the maximum charge in the income statement over the vesting period will be the fair value on the date of grant, not the value of the award on exercise.

6. Employee trust

It is expected that awards will normally be satisfied by the transfer of shares to participants by the trustee of the Schroder Employee Benefits Trust (the 'Trust'). Alternatively shares to satisfy awards may be issued by the Company or provided in some other manner determined by the Committee. No new ordinary (i.e. voting) shares will be issued in any circumstances.

7. Limits

The number of non-voting ordinary shares that may be allotted by the Company to the Trust in connection with the Plan (or otherwise allotted pursuant to the Plan) on any date, when aggregated with the number of shares issued or issuable pursuant to rights granted in the previous 10 years under any other share option or other share scheme operated by the Company, may not exceed 10% of the equity share capital in issue or, in respect of plans for the benefit of selected employees and directors, 5 per cent of the equity share capital of the Company in issue from time to time.

Summary of the main provisions of the Schroders 2010 Long Term Incentive Plan (the 'Plan') continued

The maximum initial value at grant of all awards in 2010 will not exceed £20 million. This annual maximum amount will increase each year in line with increases in retail prices for subsequent awards and the Board will also have the discretion in any year to increase this annual limit up to an absolute maximum of £30 million. Where the £20 million limit is exceeded the Committee will provide an explanation to shareholders in the next Remuneration Report.

8. Release of shares

A participant may exercise his award in the 12 months after notification of the results for the final year of the relevant measurement period (or such other period as the Committee may determine ending not later than the day before the tenth anniversary of the grant date). If a participant ceases to be employed for a permitted reason (e.g. death, illness or disability or other circumstances approved by the Committee), then (subject to satisfaction of the performance target(s) over the measurement period) a proportion of the award (calculated on a time apportioned basis) will become exercisable at the end of the measurement period (except for death when the vesting of the award would be determined based on the Committee's estimate of the extent to which the performance target(s) would be satisfied at the end of the measurement period and the award would be exercisable for 12 months from the date of death). In all other cases the award will lapse.

Awards may (to the extent that any performance target(s) has been satisfied) be exercised in the event of a change of control or a winding up of the Company or a scheme of arrangement but, unless and to the extent that the Committee decides otherwise, only a proportion of the award (calculated on a time apportioned basis) will become exercisable.

9. Shares

The shares to be used for the purposes of the Plan will generally be fully-paid ordinary shares in the Company. The Company may also use non-voting ordinary shares.

No new ordinary shares will be issued in any circumstances. Application will be made to the London Stock Exchange for admission to the Official List of any new non-voting ordinary shares issued under the Plan. Any such shares issued under the Plan will rank equally in all respects with existing non-voting ordinary shares except for any rights attaching to the shares by reference to a record date prior to the date of allotment.

10. Variation of capital

In the event of any variation in the share capital of the Company (including a capitalisation or rights issue or any sub-division, consolidation or reduction in the share capital of the Company) or in such other circumstances as the Committee considers appropriate, the Committee may make such adjustment as it considers appropriate to the number of shares subject to any award.

11. Amendments

The Committee may make such amendments to the Plan and to any award as may be necessary or desirable to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group.

Except as described above and, in respect of performance measures and targets, in section 4 of this summary and for amendments designed to ease the administration of the Plan, no amendment which is to the advantage of existing or future participants may be made to those provisions dealing with eligibility, individual or plan limits, the terms of awards or the adjustment of awards without prior approval of the Company in general meeting.

No amendment will prejudice the subsisting rights of any participants under the Plan except with the prior consent of each participant so affected.

No further awards may be granted after the tenth anniversary of the approval of the Plan by shareholders.

Notice of Annual General Meeting

Notice is hereby given that the 2010 Annual General Meeting of Schroders plc will be held at 31 Gresham Street, London EC2V 7QA on Thursday, 6 May 2010 at 11.30 a.m. to transact the following business:

Resolutions

To consider and, if thought fit, pass resolutions numbered 1 to 10 as Ordinary Resolutions (requiring a majority of more than 50 per cent.) and resolutions 11 to 13 as Special Resolutions (requiring a majority of not less than 75 per cent.).

Report and Accounts

1. That the Directors' report and the accounts of the Company for the year ended 31 December 2009 be received and adopted.

For each financial year the Directors are required to present the Directors' report and the accounts of the Company for adoption by shareholders.

Remuneration report

2. That the remuneration report for the year ended 31 December 2009 be approved.

Under section 420 of the Companies Act 2006 (the 'Act'), the Directors must prepare an annual report detailing the remuneration of the Directors and the Company's remuneration policy. The Act also requires that a resolution be put to shareholders each year for their approval of that report. The Directors' remuneration report can be found on pages 42 to 55 of the Company's Annual Report. This notice therefore contains a resolution to approve the remuneration report for the year ended 31 December 2009. The result of this resolution is advisory only.

Election of Directors appointed since the last Annual General Meeting

3. That Robin Buchanan, who retires in accordance with Article 79, be elected as a Director of the Company.

Under Article 79 of the Company's Articles of Association, any Director appointed to office by the Board may only hold office until the next Annual General Meeting, when shareholders have the opportunity to vote on his election. Accordingly, Robin Buchanan, who was appointed on 4 March 2010, is seeking election. The Board supports the election of Robin Buchanan.

Between 2007 and 2009 Robin Buchanan served as Dean and then President of the London Business School. He is a Director of the School's Corporate Governance Centre. Previously Mr Buchanan was a Partner with Bain & Company Inc., the leading global consulting firm, serving as main board director of the firm as well as the UK Managing Partner and then the UK and South Africa Senior Partner between 1990 and 2007. Mr Buchanan remains a Senior Advisor to Bain. His early career included a predecessor firm of Deloitte & Touche and American Express International Banking Corporation (now part of Standard Chartered). Mr Buchanan is a member of the Trilateral Commission of the Advisory Board of the UK India Business Council and of the International Advisory Council of Recipco. He is a member of the Remuneration Committee of Coller Capital Ltd, a private equity firm. He served as a non-executive director of Liberty International plc, the FTSE100 property firm, from 1997 to 2008 and also with Shire plc, the FTSE100 bio-pharma firm, from 2003 to 2008.

Re-election of Directors no later than the third Annual General Meeting following last election or re-election

4. That Michael Miles, who retires in accordance with Article 80, be re-elected as a Director of the Company.
5. That Merlyn Lowther, who retires in accordance with Article 80, be re-elected as a Director of the Company.

Under Article 80 of the Company's Articles of Association, Directors must retire and may offer themselves for re-election not later than the third Annual General Meeting following his or her election or last re-election to the Board. Michael Miles and Merlyn Lowther are retiring from office under this Article and offer themselves for re-election.

Michael Miles, OBE (73) Chairman (Chairman of the Nominations Committee) was appointed as a non-executive Director and Chairman of the Board on 1 January 2003. From 1958 to 1999 he worked for the Swire Group, serving as chairman of the Swire Group in Hong Kong and of Cathay Pacific Airways from 1984 until 1988. He was an executive director of John Swire & Sons Limited from 1988 to 1999. He was chairman of Johnson Matthey plc from 1998 to 2006 and a non-executive director of BP plc from 1994 to 2006. He is chairman of BP Pension Trustees Limited and a non-executive director of GEMS III Limited and GEMS Oriental and General Fund II Limited. He was an advisor to the board of John Swire & Sons Limited from 1999 to December 2009. He became an advisor to the board of Alexander Proudfoot in February 2010.

Merlyn Lowther (56) Independent non-executive Director (member of the Audit and Nominations Committees), was appointed a Director on 1 April 2004. She joined the Bank of England Economics Division in 1975 and held various senior management positions within the Bank including Personnel Director from 1996 to 1998 and Deputy Chief Cashier from 1991 to 1996. She was appointed Chief Cashier in 1999, a post she held until leaving the Bank in 2004. She is a trustee of Henry Smith's Charity and of the Winston Churchill Memorial Trust, and is a member of the advisory group to the chief executive of Frogmore Property Company Ltd.

The Board supports the re-election of these Directors.

Re-election of Directors having served more than nine years on the Board

6. That Bruno Schroder, who retires having served more than nine years as a Director, be re-elected as a Director of the Company.

In accordance with the Company's Corporate Governance Guidelines, which reflect the provisions of the Combined Code on Corporate Governance, non-executive Directors must retire and may offer themselves for re-election annually once they have served nine or more years on the board. This applies to Bruno Schroder and he offers himself for re-election.

Bruno Schroder (77) Non-executive Director (member of the Nominations Committee), was appointed a director in 1963. From 1954 to 1955 he worked for Schroder Gebrüder (Bank) in Hamburg and he joined the Schroder Group in London in 1960 where he worked in the Commercial Banking and Corporate Finance divisions of J. Henry Schroder Wagg & Co Ltd, London. He is a director of a number of other private limited companies.

The Board believes that it is appropriate for Bruno Schroder, as the representative of the Company's principal shareholder group, to be re-elected.

The Chairman confirms that, following the completion of the Board performance evaluation process for 2009, the performance of each of the Directors standing for re-election continues to be effective and demonstrates commitment to his or her respective role. Accordingly, the re-election of each of these Directors is recommended.

Auditors

7. That PricewaterhouseCoopers LLP be re-appointed as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company in accordance with section 489 of the Companies Act 2006.
8. That the Directors be authorised to fix the remuneration of PricewaterhouseCoopers LLP as auditors of the Company.

The Company's auditors must offer themselves for reappointment at each Annual General Meeting at which accounts are presented. Accordingly, the Board, on the recommendation of the Audit Committee, proposes the reappointment of PricewaterhouseCoopers LLP as the Company's auditors. Resolution 8 authorises the Directors to agree the remuneration of PricewaterhouseCoopers LLP for their services as auditors.

Authority to allot shares

9. That the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities up to an aggregate nominal amount of £5,000,000, which authority shall expire on 30 May 2011 or at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (whichever is earlier) (unless previously revoked or varied by the Company in general meeting), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. For the purposes of this authority, the expression 'equity securities' shall mean equity securities as defined in section 560 of the Companies Act 2006, but shall not in any circumstances include ordinary shares (as defined in the Company's Articles of Association), or any right to subscribe for, or to convert any security into, ordinary shares.

Under the Act the Directors may not allot shares in the Company without the authority of shareholders in general meeting, except for the issue of shares under the Company's share or share option plans. If approved by shareholders, this resolution would renew the authority given by shareholders at the 2009 Annual General Meeting and permit the Directors to issue non-voting ordinary shares or rights to subscribe for, or convert securities into, non-voting ordinary shares up to an aggregate nominal amount of £5,000,000. The authority would not permit the Directors to issue ordinary shares or to grant rights to subscribe for, or convert securities into, ordinary shares. The maximum amount of the authority is equal to approximately 1.73 per cent. of the Company's total issued share capital excluding treasury shares and approximately 8.01 per cent. of its issued non-voting ordinary share capital excluding treasury shares, in each case as at 12 March, being the latest practicable date prior to the publication of this document. The Company currently holds 1,050,000 non-voting ordinary shares in treasury in order to fulfil obligations in respect of the Group's share plans.

The authority given by this resolution would expire on the earlier of 30 May 2011 and the conclusion of the next Annual General Meeting of the Company. Except for the issue of non-voting ordinary shares under the Company's share or share option plans, the Directors do not presently intend to allot any unissued shares. The Directors do, however, consider that it would be appropriate to have the flexibility to make limited issues of non-voting ordinary shares or to grant rights to subscribe for, or convert securities into, non-voting ordinary shares. This flexibility could be required, for example, should the Company wish to use non-voting ordinary shares as consideration for possible acquisitions.

2010 Long Term Incentive Plan

10. That the Schroders 2010 Long Term Incentive Plan, a copy of the rules of which are produced to the meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and adopted and the Directors of the Company be and are hereby authorised to do all such acts and things necessary or expedient to carry the same into effect.

The main provisions of the 2010 Long Term Incentive Plan are described in the letter to shareholders and summary earlier in the circular of which this notice of meeting is part.

Authority to purchase own shares

11. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases within the meaning of section 693(4) of the Companies Act 2006 of non-voting ordinary shares of £1 each ('Shares'), subject to the following conditions:

- (a) such authority be limited to a maximum number of 14,400,000 Shares;
- (b) in the case of purchases made otherwise than by tender offer, the maximum price, exclusive of expenses, at which Shares may be purchased is the higher of
 - (i) 5 per cent. above the average of the middle market quotations for the Shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out;
- (c) in the case of a tender offer, the maximum price, exclusive of expenses, at which Shares may be purchased is 5 per cent. above the average of the middle market quotations for the Shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the date on which the tender offer is announced;
- (d) the minimum price at which Shares may be purchased is £1 per share, exclusive of expenses; and
- (e) such authority shall, unless renewed prior to such time, expire at the conclusion of the next Annual General Meeting of the Company save that the Company may before such expiry enter into a contract to purchase Shares which would or might be completed or executed wholly or partly after its expiry and may make a purchase of Shares in pursuance of any such contract.

If passed, this resolution would renew the Company's general authority to make purchases of its non-voting ordinary shares. This authority relates to 14,400,000 shares, representing approximately 5 per cent. of the Company's total issued share capital excluding treasury shares and 23.07 per cent. of its issued non-voting ordinary share capital excluding treasury shares, in each case as at 12 March, being the latest practicable date prior to the publication of this document. The authority sets limits on the price which may be paid for any shares and is limited to market purchases on the London Stock Exchange or (so far as required under the Listing Rules) market purchases by tender offer to all shareholders.

Since the previous authority was renewed at the last Annual General Meeting on 23 April 2009, 1,050,000 non-voting ordinary shares have been purchased at a total cost of £10,239,635 and are held in treasury. As at the date of this notice of meeting there were 2,576,583 options outstanding over non-voting ordinary shares. This represented 0.89 per cent. of the total issued share capital excluding treasury shares and 4.13 per cent. of the issued non-voting ordinary share capital excluding treasury shares at that date and would represent 0.94 per cent. of the total issued share capital excluding treasury shares and 5.36 per cent. of the issued non-voting ordinary share capital excluding treasury shares if the Company were to purchase the maximum number of shares allowed under this general authority.

In recent years, this authority has been used with a view to maintaining the ratio of ordinary shares to non-voting ordinary shares over the medium term, taking into account the issue of non-voting ordinary shares under the Company's share or share option plans. This policy was extended in 2007 to take into account the issue of any non-voting ordinary shares pursuant to the authority to allot shares conferred on the Directors. In addition, purchases may also be undertaken at the Directors' discretion, where they consider them to be otherwise appropriate. Purchases under this authority would only be made where the Directors believed that they were in the best interests of the Company, taking into account other available investment opportunities and the overall financial position of the Group, and

where earnings per share would be increased (except possibly in respect of purchases made in relation to the issue of non-voting ordinary shares under the Company's share or share option plans). If the Company were to purchase any non-voting ordinary shares pursuant to this authority, the Directors would consider whether to cancel those shares or (subject to the limits allowed by company law) hold them as treasury shares.

Notice of general meetings

12. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Under the Act, the Company may call a general meeting, other than an Annual General Meeting, by giving 14 days' clear notice to shareholders. Under the EU Shareholder Rights Directive this period is extended to 21 clear days unless the Company has obtained shareholder approval for a shorter period. This resolution would maintain the current position under the Act as agreed by shareholders at the 2009 Annual General Meeting. Annual General Meetings will still require at least 21 clear days' notice. The shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Amendments to Articles of Association

13. That the Articles of Association of the Company be amended by deleting all the provisions from the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and that the regulations initialled by the Chairman be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

The Company's Articles of Association (the 'Articles') were adopted in 2000 and last amended at the Annual General Meeting in April 2008. As the Act has been implemented in stages, further amendments are now proposed in order to take into account changes in the law that came into force since that meeting and to reflect changes and developments in market practice. Since the last changes to the Articles, the Companies (Shareholders' Rights) Regulations 2009 (the 'Regulations') have also been implemented, on 3 August 2009. A number of further changes to the Articles are therefore also proposed to take the Regulations and the guidance by the Institute of Chartered Secretaries and Administrators into account. As a result of all of these changes it is proposed to update the Articles by adopting new Articles.

The principal changes to the Articles are described below. References below to Article numbers are, except where stated, to the relevant Article in the current Articles. Certain other changes of a minor, technical or clarifying nature and also some minor changes that merely reflect changes made by the Act are not noted below as they are not considered material. A copy of the new Articles, revision marked to show all of the changes proposed when compared to the current Articles, is available for inspection at the Company's registered office.

Memorandum of Association

Resolution 13 will also have the effect of making a further technical change by removing from the Articles provisions that were previously in the Company's Memorandum of Association. The Memorandum of Association contained, among other things, the objects clause of the Company which sets out the scope of the activities the Company is authorised to undertake; this is drafted to give a very wide scope. Under the Act, a company no longer needs to have an objects clause; the Act also states that, unless a company's articles provide otherwise, a company's objects are unrestricted.

The Act significantly reduces the constitutional significance of a company's Memorandum of Association. The Act provides that a memorandum will only record the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Act, the objects clause and all other provisions contained in the Company's Memorandum of Association at 1 October 2009 are now deemed to be contained in the Articles, but those provisions can be removed by special resolution. It is proposed to take advantage of the changes made by the Act to simplify the position by removing all of those provisions.

Authorised share capital and unissued shares

The Act abolishes the requirement for a company to have an authorised share capital. It is proposed that Article 3 and any further references to the concept of authorised and unissued share capital in the Articles be removed. It is, however, also proposed that the existing limit on the number of shares that can be allotted, without increasing the authorised share capital, be retained by the inclusion of a provision in the Articles providing that no ordinary shares may be allotted and that non-voting ordinary shares may only be allotted provided the total number of non-voting ordinary shares in issue does not exceed 113,977,598. The proposed new Articles provide that an ordinary resolution is required to revoke or amend these restrictions on the maximum number of shares that may be allotted. Except for shares allotted in connection with an employees' share scheme, the allotment of non-voting ordinary shares will still need to be authorised by an allotment authority to the Directors under the Act, such as Resolution 9 in this Notice of Meeting.

Rights to decline registration of partly paid shares

It is proposed to amend Article 36 to reflect the requirement in the Act that a reason must be given for a refusal to register a transfer.

Procedure if quorum not present

Pursuant to the Act general meetings adjourned for lack of quorum must be held at least 10 clear working days after the original meeting. It is proposed that Article 52 be amended to reflect the Act.

Chairman's casting vote

The Act no longer permits the Chairman a casting vote in the event of an equality of votes at general meetings of the Company. It is therefore proposed that Article 66 be removed.

Rights attached to shares

It is proposed that the Articles do not refer to either Subscriber Shares or B Shares as the B Shares have been reduced under a reduction of capital and the Subscriber Shares have been re-purchased and cancelled.

Use of seals

The Act provides that a single director in the presence of a witness is able to sign documents to which the common seal is applied. It is proposed that the Articles reflect this.

Proxy forms

A proxy form is attached to enable shareholders unable to attend the meeting to cast their votes on a poll at the Annual General Meeting by post or online, or by appointing someone else to attend, speak and vote on a poll on their behalf.

By Order of the Board



Graham Staples
Company Secretary

Registered office:
31 Gresham Street
London EC2V 7QA

15 March 2010

Notes:

1. Ordinary shareholders entitled to attend and to speak and vote at the meeting are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting. An ordinary shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form for ordinary shareholders which may be used to make such appointment and give proxy instructions accompanies this notice. Non-voting ordinary shareholders have no right to attend or speak or vote at the Annual General Meeting.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrar, Computershare Investor Services PLC, The Pavilions Bridgwater Road, Bristol BS99 6ZY no later than 48 hours before the time fixed for the meeting.
3. Ordinary shareholders who prefer to register the appointment of their proxy electronically via the internet can do so at www.eproxyappointment.com where full instructions are given. The voting ID, task ID and shareholder reference number printed on the proxy form will be required. Alternatively ordinary shareholders who have already registered with Computershare Investor Services can appoint their proxy by logging on to their portfolio at www.eproxyappointment.com and clicking on 'Company Meetings'. A proxy appointment made electronically will not be valid if sent to any email address other than those provided or if received after 11.30 a.m. on 4 May 2010. Any communication found to contain a computer virus will not be accepted.
4. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 10 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. The statement of the rights of ordinary shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by ordinary shareholders of the Company.
7. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), ordinary shareholders must be registered in the Register of Members of the Company at 6.00 p.m. on 4 May 2010 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

8. As at 12 March 2010 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 226,022,400 ordinary shares, carrying one vote each, and 62,429,294 non-voting ordinary shares, excluding 1,050,000 non-voting ordinary shares held in treasury, in issue. No ordinary shares are held in treasury. Therefore, the total voting rights in the Company as at 12 March 2010 are 226,022,400.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 11.30 a.m. on 4 May 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a member provided that no more than one corporate representative exercises powers over the same share.
14. Profiles of each of the Directors offering themselves for election or re-election are detailed under the relevant resolution in this Notice of Meeting. The profiles include, where appropriate, membership of Board Committees.
15. The following documents are available for inspection at the Company's registered office during normal business hours on weekdays and will be available for inspection at least 15 minutes prior to and during the meeting: the rules of the proposed Long Term Incentive Plan; the proposed new Articles of Association revision marked to show changes from the existing Articles of Association; and Directors' service contracts or letters of appointment.
16. In the event that you have sold or transferred your shares in the Company, you should pass this Annual Report and Accounts to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.
17. Pursuant to requests made by shareholders of the Company meeting the threshold requirements set out in section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to:
 - (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or
 - (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
18. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need to be given if:
 - (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (ii) the answer has already been given on a website in the form of an answer to a question; or
 - (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
19. Under section 338 and section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 23 March 2010, being the date 6 clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
20. A copy of this notice, and any other information required by s311A of the Companies Act 2006, can be found at www.schroders.com.