

FITCH AFFIRMS SCHRODERS AT 'A+'; OUTLOOK STABLE

Fitch Ratings-London-16 November 2006: Fitch Ratings has today affirmed UK asset manager Schroders plc's ("Schroders") ratings at Issuer Default 'A+', Short-term 'F1', Individual 'B' and Support '5'. The Outlook is Stable.

The Issuer Default, Short-term and Individual ratings reflect Schroders' broad investment management franchise, strong cash generation ability and high capitalisation. They also take into account the market risk inherent in the asset management business, ongoing net outflows from institutional funds under management ("FUM") and operational and reputational risks.

Operating profitability continues to improve as the FUM mix shifts towards higher-margin retail, specialist and alternative products. Performance has benefited from stronger equity markets in 2005 and H106. Fitch notes that investment performance will be key to winning higher-margin institutional and retail business. Compensation costs, while higher, are controlled tightly. However, marketing and IT project spend essential to the business will affect short-term cost development, although revenue and efficiency gains are expected to flow through subsequently.

Schroders has a strong risk culture. Risks are mostly operational and reputational in nature, but these appear well-controlled. Market volatility can affect FUM levels and related fee income, as well as private equity and seed capital portfolios. Credit risk is low and private client lending is limited and well-collateralised.

Schroders has accumulated surplus capital over the past five years. This provides a comfortable buffer against any performance downturns and allows sufficient flexibility for the group to make necessary investments to broaden product range and enhance technology as well as make complementary acquisitions. Fitch considers that any significant deterioration to Schroders' capital base could exert downward pressure on the ratings in the future.

Schroders is a global asset management company with GBP122.8 billion under management as at 30 September 2006. Schroders also has private banking and private equity operations. Schroders is listed on the London Stock Exchange, although around 47% of voting rights are held by the Schroder family.

Contact: Cynthia Chan, London, Tel: +44 207 417 4301; Alison Leveridge, +44 207 417 4305.

Media Relations: Françoise Alos, Paris, Tel: +33 1 44 29 91 22; Mayra Cunningham, London, Tel: +44 20 7417 3557.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, www.fitchratings.com. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.