

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, please seek advice immediately from an independent financial adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your Shares, you should pass this circular together with the accompanying documents to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

In relation to the proposals described in this circular, J.P. Morgan Cazenove and Numis, which are regulated by the Financial Services Authority, are acting for the Company and no one else and will not be responsible to any other person for providing the protections afforded to customers of J.P. Morgan Cazenove or Numis or for providing advice in relation to such proposals.

## **Alliance Trust PLC**

# **Notice of Annual General Meeting**

**YOUR VOTE IS IMPORTANT  
PLEASE VOTE**

A copy of the notice of an Annual General Meeting of the Company, to be held at the Apex City Quay Hotel, 1 West Victoria Dock Road, Dundee DD1 3JP, on 20 May 2011 at 11.00am, is set out on pages 16 to 17 of this circular.

You will find enclosed a Form of Proxy or a Form of Direction for use in connection with the AGM. To be valid, the Form of Proxy or Form of Direction must be completed and returned in accordance with the instructions thereon so as to be received at the offices of the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZY, as soon as possible and in any event by not later than 11.00am on 18 May 2011 (in the case of a Form of Proxy) or 11.00am on 16 May 2011 (in the case of a Form of Direction).

**THE BOARD URGES ALL SHAREHOLDERS AND SAVINGS PLAN INVESTORS TO  
COMPLETE AND RETURN THEIR FORMS OF PROXY AND FORMS OF DIRECTION**



**EXPECTED TIMETABLE**

<b>Latest time and date for receipt of Form of Direction from Alliance Trust Savings investors</b>	<b>11.00am 16 May 2011</b>
<b>Latest time and date for receipt of Form of Proxy from Shareholders</b>	<b>11.00am 18 May 2011</b>
<b>Time and date of the Annual General Meeting</b>	<b>11.00am 20 May 2011</b>

**YOUR VOTE IS IMPORTANT**

The Board recommends that you

**VOTE IN FAVOUR of Resolutions 1 to 16 and**

**AGAINST Resolutions 17 and 18**

**Your Board unanimously recommends that you:**

- **VOTE AGAINST** Laxey's rigid discount control mechanism resolution (**Resolution 17**), as it believes this would benefit short-term investors only and would damage the interests of long-term Shareholders.
- **VOTE AGAINST** Laxey's resolution to remove scaling-up in its entirety (**Resolution 18**), as this is too wide and would also apply to shares held in other companies.

However, the Board urges Shareholders to read and consider the entirety of this circular before voting.

<b>ORDINARY RESOLUTIONS (THE REQUISITIONED RESOLUTIONS)</b>	<b>The Directors recommend voting AGAINST Resolutions 17 &amp; 18</b>
<b>17</b> To introduce a formal Discount Control Mechanism.	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
<b>18</b> To remove the scaling-up provisions in the Alliance Trust Savings share schemes.	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

# PART I – LETTER FROM THE CHAIRMAN

## ALLIANCE TRUST PLC

(Incorporated and registered in Scotland under the Companies Acts, No.1731)

(An investment company within the meaning of section 833 of the Companies Act 2006)

### Directors

Lesley Knox (Chairman)  
Katherine Garrett-Cox (Chief Executive)  
Hugh Bolland  
Robert Burgess  
John Hylands  
Timothy Ingram  
Christopher Masters  
Clare Sheikh  
Alan Trotter

### Registered Office

8 West Marketgait  
Dundee  
DD1 1QN

12 April 2011

Dear Shareholder

### Introduction

The purpose of this letter is to give you notice of the Annual General Meeting of your Company which will be held at the Apex City Quay Hotel, 1 West Victoria Dock Road, Dundee DD1 3JP, on 20 May 2011, commencing at 11.00am.

In addition to the normal business of the AGM, which is described later in this circular, you are being asked to vote on two additional resolutions.

On 29 December 2010, the Board announced that it had received a requisition notice, as permitted by the Companies Act 2006, from LACV Ltd, a British Virgin Islands registered company, and 100 other companies (LPL UK 1 Ltd to LPL UK 100 Ltd), all of which are associated with the Isle of Man registered hedge fund manager, Laxey. The requisition notice requires the Board to put forward in general meeting two additional resolutions, which, if passed, would request the Board to:

- (a) introduce a rigid discount control mechanism (Resolution 17); and
- (b) remove the scaling-up provisions applicable to all investments held through Alliance Trust Savings share schemes (Resolution 18).

The full text of each of the Requisitioned Resolutions is contained in the notice of meeting set out on pages 16 and 17 of this circular.

The purpose of this circular is to explain the background to the resolutions to be proposed at the AGM (including the Requisitioned Resolutions) and to set out the Board's voting recommendation for the AGM. The explanatory notes relating to the resolutions to be proposed at the AGM (other than the Requisitioned Resolutions) can be found on pages 7 to 12 of this circular. However, the Board urges Shareholders to read and consider the entirety of this circular.

# YOUR VOTE IS IMPORTANT

The Board recommends that you  
**VOTE IN FAVOUR of Resolutions 1 to 16 and**  
**AGAINST Resolutions 17 and 18**

## Background

Since 1888, your Company has sought to be a core investment for investors seeking increasing value over the long-term. Your Company's focus is to generate superior returns for Shareholders over the medium to long-term through a combination of capital growth and income. As at 7 April 2011, your Company has approximately 18,000 direct Shareholders and over 26,000 investors who hold Shares through ATS.

Your Company has a long track record of investment, with which the Board and I are very proud to be associated. Over the 20 years to 31 January 2011, in share price terms, your Company has produced returns for investors of almost six times their money with dividends reinvested. Moreover, your Company has grown its dividend every year for the last 44 years.

The Board is focused on delivering strong investment returns without exposing the portfolio to excessive risk. We are continuing to take steps to improve investment performance and believe the actions that have been taken by the current executive team have led to an improving performance record;

- we are investing with higher conviction;
- we have adopted a dynamic investment strategy to enhance value for shareholders; and
- we have taken action to refocus on our core competence of investing in global equities and fixed income.

The table below shows the performance of the Company over the last three years to 31 January 2011 compared with generic equity markets and the AIC global growth and AIC global growth and income peer group.

<b>NAV Total Return</b>	<b>16.8%</b>
<b>Total Shareholder Return</b>	<b>16.9%</b>
<b>Ranking vs AIC global growth and AIC global growth and income peer group</b>	<b>18/36</b>
<b>FTSE All-World (£) total return</b>	<b>23.2%</b>
<b>FTSE All-Share total return</b>	<b>13.7%</b>

Source: FactSet, Morningstar and FTSE

The Board believes that your Company is well-placed to continue to deliver strong total returns for investors over the long-term.

Laxey is a hedge fund manager and activist investor, registered in the Isle of Man. Laxey has notified your Company that funds managed by Laxey held 11,101,451 Shares as at 16 March 2011, representing approximately 1.7 per cent. of the current issued share capital of the Company. The Board believes that Laxey first became a Shareholder in your Company in July 2010.

On 10 November 2010, Alliance Trust received a letter from Laxey, which called on your Company to adopt a rigid discount control mechanism and questioned the voting structure of its shareholder enfranchisement scheme. On 29 December 2010, Laxey submitted a notice requiring the Requisitioned Resolutions to be considered at the Annual General Meeting.

## The Requisitioned Resolutions

The Requisitioned Resolutions will be proposed at the Annual General Meeting as Resolutions 17 and 18.

## Requisitioned Resolution 17

THAT the Directors are requested, within three months of the date of the passing of this resolution, to bring forward a proposal for a discount control mechanism for consideration by shareholders using the power to purchase own shares on the following basis:-

- (a) such mechanism should be designed to narrow substantially the discount that the ordinary shares of the Company trade at relative to their net asset value and should aim to allow shareholders to realise their ordinary shares in the Company, during normal market conditions, at a price which would not be lower than a discount of 10% to net asset value per share; and
- (b) net asset value would be defined, for the purposes of the mechanism, to exclude income and would value debts at market value.

In line with many other investment trusts the Company does not have a rigid DCM policy. The Board believes that investment performance is the key driver of the Company's Share price in the long-term, NOT the imposition of an arbitrary discount level set through a rigid DCM policy. In addition, the Company has an active programme of investor relations aimed at producing steady ongoing demand for Shares. Nevertheless, the Board continues to recognise the importance of share price returns and remains committed to enhancing returns through investment performance, and its flexible share buyback policy.

Your Company seeks Shareholder authority on an annual basis to repurchase Shares in the market. Between 2008 and 2010, some 10.85 million Shares, with an approximate aggregate value of £35.0 million, were repurchased and, between 1 January 2011 and 7 April 2011, some further 3.58 million Shares with an approximate aggregate value of £12.4 million have been repurchased. This buyback activity reflects the Board's view that Shares should be repurchased on investment grounds. However, any repurchases also help balance supply and demand in your Company's Shares and are always made at prices which provide a NAV enhancement for ongoing Shareholders.

With that background, the Board has carefully considered Resolution 17 and has concluded that this proposal would not be in the best interests of your Company and its Shareholders as a whole. This is because the Board believes that introducing a rigid DCM would:

- impair investment flexibility and therefore impact investment performance because Alliance Trust would have to manage its portfolio on a more short-term basis. The Board believes that the flexibility to make investment decisions to optimise investment performance is best achieved through a flexible, as opposed to a rigid, share buyback policy;
- increase your Company's Total Expense Ratio because its cost base would be spread over a smaller asset base. In addition, the Company's cost of debt would rise over time as its asset base reduced; and
- endanger the ability of the Company over the long-term to pay a growing dividend, for the reasons above and because your Company may be required to alter the composition of the portfolio.

Together, this proposal would affect the return on investment for long-term Shareholders in your Company.

In addition, your Board does not believe that introducing a rigid DCM would necessarily improve trading liquidity in the Shares or reduce discount volatility. On the contrary, the Board is concerned that a rigid DCM may reduce liquidity over the long-term and increase the volatility of the Share price. Over the ten years to 31 January 2011, your Company's Shares have been the most liquid amongst the AIC global growth and AIC global growth and income sector.

The Board believes that implementing a rigid DCM would benefit short-term investors only – and, indeed, would be damaging for the interests of long-term Shareholders.

## ACCORDINGLY THE BOARD RECOMMENDS SHAREHOLDERS

### VOTE AGAINST RESOLUTION 17

## Requisitioned Resolution 18

THAT the Directors are requested, within three months of the date of the passing of this resolution, to exercise the Company's authority and voting power, pursuant to articles of association and the Companies Act 2006, as parent company of Alliance Trust Savings Limited and any other subsidiaries offering savings schemes which facilitate investment in the Company and making other investments ("the Schemes") to act on the following basis:-

- (a) that the Terms and Conditions of such Schemes provide for the exercise of voting rights only in accordance with the specific instructions of participants in the Schemes; and
- (b) that the Schemes do not contain provisions which provide for the scaling up of voting rights and votes are counted on the basis of one vote cast, one vote counted.

### Background

As at 7 April 2011, over 60 per cent. of your Company's Shares are owned by individual Shareholders, many of whom hold their shares through nominees and do not vote for a variety of reasons including, we believe, cost or because they do not receive voting documents.

The current shareholder enfranchisement arrangement was introduced in November 2006, the rationale for which was set out in the Company's 2007 Annual Report as follows:

*"We believe that all investors should have a voice even though, by law, investors who hold shares through a nominee do not automatically have the right to receive communications, attend AGMs or vote. Given the increase in people who hold shares through nominee accounts in the UK, we believe that communication between companies and individual investors should be improved."*

The existence of scaling-up has been disclosed in each annual report published by the Company since its introduction. Scaling-up is available to ATS investors, through which individuals can invest in your Company and in other investment funds. As at 7 April 2011, over 26,000 ATS investors held 143,881,504 Shares, representing approximately 21.9 per cent. of your Company's share capital, through these schemes.

Scaling-up works as follows. Under the terms and conditions of the ATS savings schemes, votes attaching to the total shareholding held by investors through those schemes are cast in proportion to the voting instructions actually received from ATS investors in advance of the meeting (those instructions being to vote for or against the relevant resolution or to withhold from voting). This means that the votes attaching to shares held for ATS investors who give no specific instruction to vote are cast in proportion to votes of ATS investors who do give a specific instruction. There is no management discretion as to how votes should be cast under this scaling-up arrangement. ATS investors can give instructions that the votes attaching to their shares should be excluded from the scaling-up and this option is clearly laid out in the documentation sent annually to ATS investors.

A number of other similar savings schemes throughout the investment trust industry have introduced similar voting arrangements. The ATS scaling-up arrangement can be distinguished from some other saving scheme voting arrangements because the ATS schemes give no discretion whatsoever to management as to how votes are cast (see further below). In addition, and as noted above, individual ATS investors have always had the ability to opt-out of the voting arrangement.

### **Scaling-up in practice**

The Board believes this scheme has been successful in encouraging smaller investors to vote. At the 2005 AGM, fewer than 2,000 ATS investors gave positive voting instructions as to how votes on individual resolutions should be cast. At the 2010 AGM, more than 3,500 ATS investors, holding approximately 24 million Shares and representing approximately 17 per cent. of the total number of Shares held through ATS savings schemes, gave positive voting instructions.

Over the same period, the number of Shares in your Company held by ATS investors has increased from around 17 per cent. to almost 22 per cent. of the Company's share capital and it continues to grow.

The Board refutes Laxey's incorrect assertion that the scaling-up arrangement described above means that the voting results have differed from what they would have been if the traditional "one share, one vote" principle had been followed. It is also incorrect to assert that the scaling-up arrangement has amounted to "management enfranchisement". This expression suggests that Shares held by Directors through the ATS savings schemes in some way control the voting. The facts are as follows:

- Since 2006 when it was introduced, scaling-up has been applied to a total of 36 resolutions at four AGMs and it has never made a difference to the outcome of any vote.
- There is no undue influence exercised by the Directors as a consequence of scaling-up. The number of Shares held by Directors and their connected persons through the ATS savings schemes was 439,180, as at 7 April 2011, representing 0.3 per cent. of the total number of Shares then held through the ATS savings schemes. In relation to your Company's 2010 AGM, such Shares represented only 0.4 per cent. of the total votes cast on a scaled-up basis.
- Your Board is not aware of any evidence that the scaling-up arrangement has had a depressing effect on your Company's share price.

For these reasons, your Board believes that Laxey's criticisms as to the operation of the shareholder enfranchisement arrangement are unfounded.

### **The Board's view**

Your Board believes that the scaling-up arrangement has already been successful in encouraging more investors in ATS to vote. However, the Board recognises that, over time, scaling-up could make a difference to the outcome of a vote if the proportion of Shares held by ATS investors continues to grow.

Your Board has therefore, on balance, concluded that it would be appropriate going forward to remove scaling-up so far as it applies to Shares in your Company. ATS investors will continue to be provided with the Company's shareholder communications, and the Board will continue to seek additional means of promoting engagement by the Company with all individual Shareholders.

However, the Board believes that Requisitioned Resolution 18 is too widely framed and as drafted could apply to all investments held by ATS investors, not just Shares in Alliance Trust.

## **IN LIGHT OF THE POINTS MADE ABOVE THE BOARD RECOMMENDS SHAREHOLDERS**

### **VOTE AGAINST RESOLUTION 18**

As noted above, the Board and ATS have agreed that scaling-up should not be applied to Shares in your Company. This means that scaling-up will not be applied to any of the resolutions to be proposed at the AGM as set out in the notice of AGM in this circular or at any future AGMs of Alliance Trust.

## YOUR VOTES ARE IMPORTANT - PLEASE VOTE

### Action to be taken

#### (a) Shareholders

Shareholders will find enclosed with this circular a Form of Proxy for use in connection with the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and return it to your Company's registrars, Computershare, as soon as possible but, in any event, so as to arrive by no later than 11.00am on 18 May 2011. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Annual General Meeting, should you so wish. You may also elect to complete the return on-line by logging on to [www.eproxyappointment.com](http://www.eproxyappointment.com) and signing in using the electronic registration card enclosed.

#### (b) ATS investors

ATS investors will find enclosed with this circular a Form of Direction for use in connection with the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the Form of Direction in accordance with the instructions printed thereon and return it to your Company's registrars, Computershare, as soon as possible but, in any event, so as to arrive by no later than 11.00am on 16 May 2011. You will only be able to attend and vote at the meeting if you have appointed yourself a proxy by completing the Form of Direction and not completing any of the voting boxes on the form. You may also elect to complete the return on-line by logging on to [www.eproxyappointment.com](http://www.eproxyappointment.com) and signing in using the electronic registration card enclosed.

### Further help

If Shareholders have any queries in respect of the issues raised in this circular, a helpline is available on 0800 0484 817.

The operators of the helpline are unable to give financial advice.

Please also consult the Alliance Trust website at [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk) for answers to questions which you may have.

### Recommendation

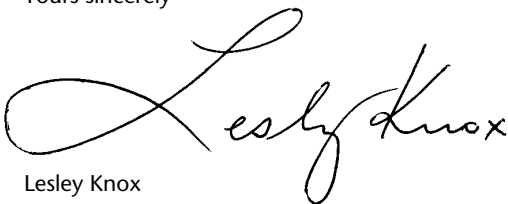
The Board considers Resolutions 1 to 16 to be proposed at the Annual General Meeting to be in the best interests of your Company and the Shareholders as a whole. Accordingly, the Board unanimously recommends that you **VOTE IN FAVOUR** of Resolutions 1 to 16 to be proposed at the Annual General Meeting as they intend to do in respect of their own beneficial holdings amounting to in aggregate 650,625 Shares, representing approximately 0.1 per cent. of the issued share capital of the Company.

**The Board does not consider Resolutions 17 and 18 to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board unanimously recommends that you VOTE AGAINST Resolutions 17 and 18 to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial holdings amounting to 650,625 Shares, representing approximately 0.1 per cent. of the issued share capital of the Company.**

**The Board has received financial advice from J.P. Morgan Cazenove and Numis in relation to Resolutions 17 and 18. In giving their advice, J.P. Morgan Cazenove and Numis have taken into account the commercial assessments of the Directors.**

I, alongside the rest of the Board, encourage you all to vote.

Yours sincerely



Lesley Knox  
Chairman

Each of J.P. Morgan Cazenove and Numis has given and not withdrawn its consent to the inclusion in this circular of the references to its name in the form and context in which it is included.

# PART II – EXPLANATORY NOTES TO THE RESOLUTIONS TO BE PROPOSED AT THE ANNUAL GENERAL MEETING

In addition to the Requisitioned Resolutions (Resolutions 17 and 18) and the ordinary business of the AGM (Resolutions 1 to 12 inclusive), Shareholders will be asked to approve a change to the performance conditions of our LTIP (Resolution 13), new articles of association (Resolution 14), renewal of the share buy back authority first given in 2006 (Resolution 15) and the granting of permission to hold general meetings, other than an AGM, on 14 days' notice (Resolution 16). Each resolution is described below.

## Resolution 1

The Directors must present the accounts, directors' report and Auditor's Report for the previous year to Shareholders at the AGM.

## Resolution 2

Shareholders are asked to approve the remuneration report as set out on pages 40 to 47 of the Annual Report.

## Resolutions 3 to 10

Our articles of association require that all Directors stand for re-election on the third anniversary of their election or previous re-election or at the first AGM after their appointment. The Board has decided that every Director should stand for annual re-election, reflecting the provisions of the revised UK Corporate Governance Code. The nomination committee recommends that all of the Directors other than Clare Sheikh who is standing down at the conclusion of the AGM be re-elected as Directors. This follows a formal performance evaluation which concluded that each Director who is being proposed for re-election continues to provide an effective contribution to the performance of the Board and is committed to his or her role as a Director of your Company.

Their biographies can be found on pages 28 and 29 of the Annual Report or pages 28 and 29 of the summary financial statements.

## Resolution 11

Shareholders are required to appoint auditors at each general meeting at which accounts are presented. Following a competitive tender process, your Board proposes to appoint Deloitte LLP. Your Company's existing auditor, KPMG Audit Plc, will stand down at the conclusion of this AGM. This resolution is proposed with the recommendation of the audit committee.

On 8 April 2011, your Company received the following statement from KPMG Audit Plc pursuant to section 519 of the Companies Act 2006:

*"The circumstances connected with our ceasing to hold office, with effect from the end of Alliance Trust PLC's Annual General Meeting to be held on 20 May 2011, are the holding of a competitive tender for the audit, in which we were unsuccessful in retaining the audit."*

## Resolution 12

This resolution gives authority to the Directors to determine the remuneration of the auditor.

## Resolution 13

This resolution seeks the approval of Shareholders to the introduction of revised performance conditions that will apply to future awards granted under the LTIP. This will align awards made under the LTIP with the new KPIs adopted by the Board which are described below and in the Chairman's statement set out on page 2 in our Annual Report or page 2 of the summary financial statements. A copy of the LTIP containing the proposed revised performance conditions may be inspected at our Registered Office at 8 West Marketgait, Dundee DD1 1QN from 12 April 2011 between the hours of 9.00am and 5.00pm, Monday to Friday (excluding public holidays).

## Background

The LTIP was originally introduced in 2007 in order to appropriately incentivise our executive Directors and senior managers and assist in the process of aligning their interests with those of Shareholders. Its key features can be summarised as follows:

- selected individuals are invited to apply a minimum of 50 per cent. and up to 100 per cent. of their annual bonus (after tax and national insurance) in the acquisition of Shares – these Shares are then held on their behalf in an employee benefit trust for a three-year period;
- those individuals may be granted "matching awards" entitling them to receive (for no cost) additional Shares worth up to two times the gross value of the annual bonus deferred;
- the LTIP also allows your Company to grant "performance awards" – these are conditional rights to acquire (for no cost) Shares that are not linked to the individual's annual bonus. In any year, performance awards over Shares worth up to two times salary can be granted to your Company's executive Directors and senior managers (with a one times salary limit applying to other employees);

- a participant's right to receive any of the Shares over which he is granted a performance award or a matching award is normally conditional on, amongst other things, (i) remaining in employment with Alliance Trust until the third anniversary of the date of grant; and (ii) the satisfaction of challenging "performance conditions" measured over a specified "performance period" of at least three years; and
- the terms of the above performance conditions are set by your Company's remuneration committee at its discretion.

Since 2009, all performance and matching awards granted under the LTIP have been subject to a single performance condition which compares the TSR of a Share over a three year period to the TSR of a share in each company in a comparator group comprising the AIC global growth and AIC global growth and income investment trusts. Further details of this measure (the terms of which were approved by Shareholders at the annual general meeting of your Company in 2009) are included in the Directors' remuneration report for the financial year to 31 January 2011.

#### Reason for proposed variations to performance conditions

During the course of 2010, the Board undertook a review of the KPIs against which it would report on your Company's performance going forward.

The conclusion of the Board (further details of which are set out in the Chairman's statement on page 2 in our Annual Report or page 2 of the summary financial statements) was that future reporting should (i) focus on the long-term investment performance of your Company as compared to that of other similar investment trusts; and (ii) reflect the expectations of Shareholders with regard to both dividend policy and cost management. As a consequence, the Board has adopted KPIs for 2011 and future years that include:

- your Company's TSR performance compared to a specified peer group;
- the percentage change in Alliance Trust's NAV per Share, also compared to a peer group; and
- dividend progression.

The 'peer group' is the AIC global growth investment trusts sector.

Following the completion of the above review, the remuneration committee was asked to examine whether, and if so how, the introduction of these revised KPIs should be taken into account in the ongoing operation of the LTIP.

The decision reached by the remuneration committee was that, going forward, awards granted under the LTIP should be subject to revised performance conditions that more closely mirror (and therefore support) the new KPIs. Details of these amended conditions, which the remuneration committee intends to apply to future awards made under the LTIP, are set out below.

For the avoidance of doubt, these proposals do not affect the terms and conditions of existing matching or performance awards.

#### Details of proposed performance conditions – future awards made to your Company's executive Directors

All future awards (i.e. performance and matching) granted under the LTIP to executive Directors will be subject to a combination of two separate performance measures – one relating to growth in NAV and another to TSR – each of which will determine the extent to which 50 per cent. of an award vests.

Under these conditions, the TSR and NAV growth of your Company will be measured over a period of three consecutive financial years (commencing with the financial year in which the award in question is granted) and then compared to the corresponding performance of each company in a comparator group comprised of the AIC global growth investment trusts.

At the end of this period, two separate ranking tables will be produced – one for the "TSR element" of the award and another for the "NAV element" – with Alliance Trust's position in each table determining the extent to which the relevant part of the award vests as follows:

<b>Position of Alliance Trust in the TSR/NAV ranking table</b>	<b>Percentage of shares comprised in TSR /NAV element of the award that vests</b>
Below Median	0%
Median	25%
Upper Quartile	100%
Between Median and Upper Quartile	25% to 100% based on "vesting curve" (see below)

So, for example, if over the applicable period of three financial years Alliance Trust achieved an upper quartile position in the TSR ranking table but only managed median performance in relation to NAV growth then an award would vest in respect of 62.5 per cent. of the total number of shares over which it was originally granted (i.e. 50 per cent. x 100 per cent. for TSR performance plus 50 per cent. x 25 per cent. for NAV performance).

However, notwithstanding the level of Alliance Trust's performance against the TSR and/or NAV growth conditions summarised above, no part of an award will vest unless your Company has declared a progressive dividend in respect of each of the financial years that make up the relevant performance period.

In addition, and to ensure that the level of reward ultimately delivered to LTIP participants is, so far as possible, appropriate and justified, the remuneration committee will retain the discretion to reduce (or “claw back”) the extent to which an award vests if, during the applicable performance period, it is discovered that either the financial results of your Company have been materially misstated or the participant in question is guilty of misconduct.

Some further points to note in relation to the proposed performance conditions are as follows:

- where Alliance Trust achieves a position of between median and upper quartile within the TSR and/or NAV growth ranking table, the number of Shares to which participants become entitled will be determined by reference to precisely the same form of “vesting curve” that has been applied to LTIP performance conditions since 2009 – in essence, this approach reflects your Company’s traditional low risk investment philosophy by ensuring a higher degree of “weighting” is applied to those positions in the comparator group that are towards the median;
- for the purposes of assessing the TSR and NAV growth performance of Alliance Trust and each member of the comparator group, the relevant data will (where possible) be averaged over the 30 day period prior to the beginning and end of the performance period; and
- as highlighted above, the extent to which the revised performance conditions are satisfied will be determined by comparing the performance of Alliance Trust with that of the AIC global growth investment trusts. This represents a change from the comparator group that has been used by your Company for the purposes of its LTIP since 2009, namely the AIC global growth and AIC global growth and income investment trusts. However, the remuneration committee is of the view that restricting the group applicable to future awards to global growth trusts only will ensure that Alliance Trust’s performance is compared to organisations with investment objectives that are more reflective of its own.

#### **Details of proposed performance conditions – future awards made to other employees**

Although the revised TSR and NAV based measures described above will determine the vesting of at least a proportion of all future grants made to LTIP participants that are not executive Directors of Alliance Trust, the remuneration committee will have the discretion to impose additional targets on the awards of these individuals that relate to the financial performance of their particular business area.

This flexibility will allow the remuneration committee to incentivise and reward more effectively those employees at a senior level whose contribution is directed towards one specific area of your Company’s business. The remuneration committee will ensure that any such business-specific targets are quantified, measurable and demonstrably create value for Shareholders.

#### **Conclusions and confirmation of approvals being sought**

The remuneration committee is firmly of the view that the design of the revised performance conditions set out above appropriately reflects and supports the amended KPIs adopted by the Board. In addition, the remuneration committee is confident that the combination of the selected measures will deliver an increased level of alignment between the interests of our senior executives and those of Shareholders in that they:

- recognise (through the TSR measure) the continued importance of delivering superior levels of value to investors;
- enhance (through the NAV growth condition) the alignment between executive remuneration and underlying investment performance;
- acknowledge (through the underlying dividend requirement) the importance to investors of maintaining your Company’s long-standing record of delivering progressive returns to its Shareholders; and
- ensure (through the introduction of claw back provisions) that awards vest only in circumstances where genuine outperformance has been achieved.

If approved by Shareholders, the revised conditions will be applied to the awards to be granted under the LTIP in the current financial year.

#### **Resolution 14**

It is proposed to adopt new articles of association (the “New Articles”) in order to update your Company’s current articles of association (the “Current Articles”) primarily to take account of the coming into force of the Companies (Shareholders’ Rights) Regulations 2009 (the “Shareholders’ Rights Regulations”) and the implementation of the last parts of the Companies Act 2006 and amendments to the Uncertificated Securities Regulations 2001.

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature, and also some more minor changes which merely reflect changes made by the Companies Act 2006, the Shareholders’ Rights Regulations or the Uncertificated Securities Regulations 2001, or conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills have not been noted in the summary below. The New Articles showing all the changes to the Current Articles are available for inspection at your Company’s registered office at 8 West Marketgait, Dundee, DD1 1QN.

#### **1 Your Company’s objects**

The provisions regulating the operations of your Company are currently set out in your Company’s memorandum and articles of association. Your Company’s memorandum contains, among other things, the objects clause which sets out the scope of the activities your Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of Shares each subscriber has agreed to take in your Company. Under the Companies Act 2006 all other provisions, including the objects clause, which were contained in your Company's memorandum, have since 1 October 2009 been deemed to be contained in your Company's articles of association but your Company can remove these provisions by special resolution.

In addition, the Companies Act 2006 states that unless a company's articles of association provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason your Company is proposing to remove its objects clause, together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of your Company's articles of association as of 1 October 2009. Part (a) of Resolution 14 confirms the removal of these provisions for your Company.

## **2 Limitation of liability**

Your Company's memorandum contains a statement that the liability of the members is limited. This provision is deemed to be contained in your Company's articles of association from 1 October 2009 along with most of the rest of the memorandum (see further "Your Company's objects" above).

Your Company is choosing to remove all of these provisions by passing Resolution 14. However, the Companies Act 2006 still requires your Company's articles of association to contain a statement that the liability of the member is limited. Accordingly, it is proposed to include this in the New Articles as a specific provision. It follows the language used in the model articles for public companies set out in the Companies (Model Articles) Regulations 2008 (the "Model Articles").

## **3 Articles which duplicate statutory provisions**

Provisions in your Company's Current Articles which replicate provisions contained in the Companies Act 2006 are in the main to be removed or amended to bring them into line with the Companies Act 2006.

## **4 Authorised share capital and unissued shares**

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of Shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

## **5 Redeemable shares**

The Companies Act 2006 enables Directors to determine the terms and manner of redemption of redeemable shares provided they are so authorised by the articles. The New Articles contain such an authorisation. Your Company has no plans to issue redeemable shares but, if it did so, the Directors would need Shareholders' authority to issue new shares in the usual way.

## **6 Authority to purchase own shares, and consolidate or sub-divide shares**

Under the Companies Act 1985, a company required specific enabling provisions in its articles of association to purchase its own Shares and to consolidate or sub-divide its Shares as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006, a company only requires Shareholder authority to do any of these things and it will no longer be necessary for its articles of association to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

## **7 Uncertificated shares**

This new provision sets out the powers the Directors have in relation to uncertificated Shares and how they should be dealt with in accordance with the New Articles. It follows the language used in the Model Articles.

## **8 Fractional entitlements**

If, following a consolidation or sub-division, members are entitled to fractions of a Share, the Directors have power to sell those fractions and distribute the proceeds to the entitled members. A new provision is proposed so that, if the entitlement is less than £1, the Directors may give that amount to charity or retain it for your Company's benefit rather than giving it to the entitled member. This ensures that the Directors are not obliged to distribute nominal sums to members where the cost of doing so might be greater than the amount to be distributed. The ability to give sums to charity is in line with the Model Articles.

## **9 Provision for employees on cessation of business**

The Companies Act 2006 provides that the powers of the Directors to make provision for a person employed or formerly employed by your Company or any of its subsidiaries, in connection with the cessation or transfer to any person of the whole or part of the undertaking of your Company or that subsidiary, may only be exercised by the Directors if they are so authorised by your Company's articles of association or by your Company in general meeting. The New Articles provide that the Directors may exercise this power.

## **10 Suspension of registration of share transfers**

The Current Articles permit the Directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must

be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement and Listing Rules requirements for free transferability. Accordingly, this power has been removed in the New Articles.

### **11 Voting by proxies on a show of hands**

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands, unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles remove provisions in the Current Articles dealing with proxy voting on the basis that these are dealt with in the Companies Act 2006 and contain a provision clarifying how the provision of the Companies Act 2006 giving a proxy a second vote on a show of hands should apply to discretionary authorities.

### **12 Votes on behalf of a member of unsound mind**

This provision in the Current Articles gave the Directors discretion to allow a person appointed by the court to manage the affairs of someone suffering from a mental disorder to vote in place of that member. This provision used to appear in the Table A Articles but is not contained in the Model Articles. It has therefore now been removed to bring the New Articles in line with the Model Articles.

In these circumstances the guardian or other appointed person should use his or her authority to appoint a proxy on behalf of the member (he/she could appoint him/herself as proxy if wished) and that proxy can vote.

### **13 Chairman's casting vote**

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes at general meetings, in keeping with up-to-date corporate governance requirements.

### **14 Notice of general meetings**

The Shareholders' Rights Regulations amend the Companies Act 2006 to require your Company to give 21 clear days' notice of general meetings unless your Company offers members an electronic voting facility and a special resolution (such as Resolution 16) reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles remove provisions in the Current Articles dealing with notice of general meetings on the basis that this is dealt with in the Companies Act 2006.

### **15 Adjournments**

The New Articles clarify the circumstances in which the chairman has power to adjourn the meeting without the consent of the meeting. These changes bring the New Articles in line with the common law and with market practice as well as making them more consistent with the Model Articles. In particular they will confirm the power of the chairman to adjourn the meeting in order to restore order or protect the safety of the attendees.

Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles have amended the Current Articles to reflect this requirement.

### **16 Security and orderly conduct**

The New Articles confirm that the Directors may put in place security procedures at general meetings. This change will bring the New Articles in line with market practice.

### **17 Satellite meeting places**

This proposed change will allow your Company to hold general meetings in more than one place. This will enable your Company to make arrangements that will be more convenient to Shareholders and will bring the New Articles in line with market practice.

### **18 Nomination of Directors**

It is proposed to remove the requirement in the Current Articles that a Director cannot be elected at a general meeting unless a specified amount of notice is given before the meeting. This requirement used to appear in the Table A Articles but is not contained in the Model Articles and there is no requirement for such a notice to be given. Accordingly it is no longer considered necessary.

### **19 Retirement at annual general meeting**

In accordance with the new UK Corporate Governance Code and the current practice of your Company, the New Articles provide that any non-executive Director who has been with your Company for a continuous period of nine years and over shall retire and thereafter stand for re-election annually.

### **20 Reserves/Business bought from a past date/Liquidators' powers**

Current Articles dealing with the creation of reserves, business bought from a past date and liquidators' powers have been deleted as they are obsolete and unnecessary in light of provisions of statute and applicable accounting standards.

## **21 Voting rights threshold to demand poll**

The New Articles have changed the proportion of members' voting rights required to demand a poll at a general meeting from one-twentieth to one-tenth as permitted by law and in line with the Model Articles.

## **22 Minimum number of Directors constitute a committee**

The New Articles provide that a minimum of one Director (instead of two as provided in the Current Articles) is required to constitute a committee. This approach gives your Company more flexibility.

## **23 General**

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the Model Articles.

The New Articles provide that a minimum of one Director (instead of two as provided in the Current Articles) is required to constitute a committee. This approach gives your Company more flexibility.

## **Resolution 15**

This resolution seeks authority for your Company to make market purchases of its Shares and is proposed as a special resolution. If passed, the resolution gives authority for your Company to purchase up to 98,556,965 of its Shares, representing approximately 14.99 per cent. of your Company's issued ordinary share capital as at 7 April 2011.

The resolution specifies the minimum and maximum prices which may be paid for any Shares purchased under this authority. The authority will expire on the earlier of 15 months after the passing of this resolution and your Company's 2012 AGM.

The Directors will only exercise the authority to purchase Shares where they consider that such purchases will be in the best interests of Shareholders generally. Your Company will cancel any Shares it purchases under this authority.

## **Resolution 16**

In 2008, your Company amended its articles of association to permit general meetings other than AGMs to be held on 14 days' notice. However, under the Companies (Shareholders' Rights) Regulations 2009 companies will only be able to opt for a notice period of 14 days in respect of general meetings other than the AGM if it is annually authorised at the AGM each year. The Shareholders approved this resolution at the last two AGMs and the renewal of this authority is proposed. Your Company will not use this power to enable it to hold meetings at short notice as a matter of routine but only where the circumstances justify it and it is thought to be in Shareholders' interests to do so.

## **Resolutions 17 and 18**

These are the Requisitioned Resolutions and are dealt with in detail in Part I (Letter from the Chairman) of this circular.

# PART III – LETTER FROM LAXEY

Your Company is required under section 314 of the Companies Act 2006 to distribute to Shareholders this statement by Laxey Partners Limited. **It does not represent the views of the Board.**

27th January 2011

Dear shareholder,

## Alliance Trust PLC

We are writing to you in connection with Alliance Trust plc (“Alliance”). Funds managed by Laxey Partners Limited hold 10,005,808 shares in Alliance totalling £37,046,504 at the mid market price on the 26th January 2011. We therefore wish to see Alliance performing to its fullest potential.

On the 10th November 2010 we wrote to the board of Alliance suggesting that shareholders should have the right to debate:

- an introduction by Alliance of a discount control mechanism (“DCM”)
- the operation of the Alliance Savings Scheme (“Saving Scheme”).

As this suggestion was rejected, we have been compelled to require the board to put certain resolutions to shareholders at the forthcoming AGM. This letter explains our position in more detail.

## Discount control mechanisms

As many of you may know, a constant issue within the investment trust sector is that the trust’s shares trade at a discount to the underlying net asset value per share. As at 25th January 2011 the shares in Alliance traded at £3.69 compared to a net asset value of £4.40, a discount of 16.1%. Many directly comparable investment trusts (such as Foreign & Colonial, Scottish IT and Witan) have suffered this problem and have now adopted DCMs.

DCMs ensure that the price of shares in the investment trust more accurately reflects the amount of assets which the investment trust has. Having a DCM means that an investor can buy and sell in the knowledge that the price at which he buys and sells more closely represents the underlying assets of the investment trust. Without a DCM in place, Alliance shareholders who sell their shares could be doing so for much less than the shares represent in asset terms.

We have therefore asked Alliance to put a resolution to the AGM requesting the board to put in place a DCM to ensure that the price at which a share held by you trades is not less than 90% of the share of assets which it represents. Having this in place:

- allows you to buy and sell shares at a price which more fairly represents your equity ownership of Alliance;
- enhances the revenue per share – and should be reflected in the dividend per share; and
- reduces the possibility of the price of Alliance shares varying widely independently of investment performance and increases the attractiveness of shares in Alliance.

## Alliance Saving Scheme

We have also requested that Alliance put forward a resolution seeking changes to the Savings Scheme “Shareholder Enfranchisement Facility” (the “SEF”).

The SEF means that some shareholders’ shares will be voted even though they have not instructed a vote to be cast. It applies to any shares in Alliance which are held through Alliance Trust Savings and which have not been explicitly opted out. If you hold shares through Alliance Trust Savings and have not voted on a resolution, then, unless you have specifically opted out of the SEF, your shares will still have been voted on your behalf and without you being notified. The way in which this is done is explained more fully on our website [www.atstaction.co.uk](http://www.atstaction.co.uk).

This is deeply unfair to both you and other shareholders. The SEF means that uncast votes are cast in proportion to those votes which are cast in the Scheme. Alliance states that this is “enfranchisement”. We prefer to call it “management enfranchisement”. We believe that the directors and management of Alliance hold their shares through the Scheme and are probably much more likely than many retail shareholders to exercise their voting rights. We therefore believe it is wrong that they are effectively enabled by the Scheme to exercise more votes than those to which they are entitled alone.

Having the SEF in place means:

- voting results are different to what they would be if the traditional “one share, one vote” principle were followed;
- directors who vote their shares in support of their own actions effectively exercise more votes than they would do otherwise; and
- until you inform Alliance that you wish to opt out of the SEF, shares in respect of which you do not cast a vote are being voted by someone else.

### Conclusion

We believe the stock market views both the lack of a DCM and the SEF as a “poison pill” which is depressing the prices of your shares.

We also believe that a vote to introduce a DCM and to address the inequality of the skewed voting SEF will significantly improve the rating of Alliance to the benefit of all shareholders.

We hope you will agree with us that it is inappropriate for the SEF to apply until shareholders have had a chance to vote on the validity of the SEF itself. We have therefore requested that the board ensure that the SEF does not apply to the resolutions we have requisitioned at the AGM. We hope you will support us in this.

In 2008, Katherine Garrett-Cox, the Chief Executive of Alliance said *“We have to do what we can to narrow the gap between our NAV performance and that of the share price”*.

Notwithstanding this comment, our intervention has been described as an “unwelcome distraction”. We fully accept management may find it unwelcome, but we disagree that matters relating to our company’s share price performance will be recognised by many shareholders as a “distraction”.

**We therefore urge all shareholders to vote in favour of our resolutions.**

For further information on these issues please visit our website [www.atstaction.co.uk](http://www.atstaction.co.uk).

Yours faithfully,

Michael A Haxby  
Director  
[Laxey Partners Limited]

# PART IV – DEFINITIONS

The following definitions apply throughout this circular unless the context requires otherwise:

<b>AIC</b>	The Association of Investment Companies.
<b>Alliance Trust Savings</b> or <b>ATS</b>	Alliance Trust Savings Limited with registered number 98767.
<b>Annual General Meeting</b> or <b>AGM</b>	The annual general meeting of Alliance Trust convened for 11.00am on 20 May 2011 (or any adjournment thereof).
<b>Annual Report</b>	The annual report and accounts of your Company.
<b>Auditor's Report</b>	The audit report prepared by KPMG Audit Plc.
<b>Board</b> or <b>Directors</b>	The Directors of your Company.
<b>Company</b> or <b>Alliance Trust</b>	Alliance Trust PLC.
<b>Computershare</b>	Computershare Investor Services PLC.
<b>DCM</b> or <b>Discount Control Mechanism</b>	A mechanism which seeks to control the discount to NAV at which the Shares trade in the market.
<b>Form of Proxy</b>	The form of proxy for use in connection with the Annual General Meeting.
<b>Form of Direction</b>	The form of direction for use in connection with the Annual General Meeting.
<b>ISAs</b>	Individual Savings Accounts.
<b>J.P. Morgan Cazenove</b>	J.P. Morgan PLC, a company which operates its investment banking business in the UK under the name J.P. Morgan Cazenove.
<b>KPIs</b>	The key performance indicators of your Company described on page 8 of this circular and in the Chairman's statement on page 2 in your Company's 2011 Annual Report or page 2 of the summary financial statements.
<b>Laxey</b>	As the context requires, Laxey Partners Limited or its associates or funds managed by Laxey Partners Limited or its associates.
<b>LTIP</b>	The Alliance Trust Long-Term Incentive Plan.
<b>NAV</b>	Net asset value: the value of the capital assets of your Company (excluding current period interest and dividend income) after deduction of all liabilities.
<b>NAV Total Return</b>	The total return generated by the fund, calculated as the percentage change in the NAV per share plus effect of the value of the declared dividend per share paid out. The dividend is accounted for on the day that the stock is declared ex-dividend.
<b>Numis</b>	Numis Securities Limited.
<b>Requisitioned Resolutions</b>	The Resolutions numbered 17 and 18 set out in the notice of meeting on page 17 of this circular.
<b>Resolutions</b>	The resolutions set out in the notice of meeting, and "Resolution" means any one of them.
<b>Self-Invested Pension Plans</b>	Tax efficient investment savings vehicle allowing individual investment discretion within the range of HM Revenue and Customs approved options.
<b>Shareholders</b>	Holders of Shares, directly or indirectly through nominees such as ATS.
<b>Shares</b>	Ordinary shares of 2.5 pence each in the capital of your Company.
<b>Total Expense Ratio</b>	The annual management and administrative expenses of the Company, divided by the average of the opening and closing net assets of the Company.
<b>Total Shareholder Return</b> or <b>TSR</b>	The total return due to a shareholder, calculated as the percentage change in the share price plus the effect of the value of the declared dividend per share being reinvested in the share price. The dividend is accounted for on the day that the stock is declared ex-dividend.
<b>UK</b>	United Kingdom of Great Britain and Northern Ireland.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN that the 123rd Annual General Meeting of Alliance Trust PLC will be held at the Apex City Quay Hotel, 1 West Victoria Dock Road, Dundee, DD1 3JP on Friday, 20 May 2011 at 11.00am to consider and, if thought fit, pass the following resolutions of which resolutions 1 to 13 and 17 to 18 will be proposed as Ordinary Resolutions and resolutions 14 to 16 as Special Resolutions, all as set out below:**

## **ORDINARY RESOLUTIONS**

- 1** THAT the report of the Directors and the accounts for the year ended 31 January 2011 be received.
- 2** THAT the Directors' remuneration report be approved.
- 3** THAT Mr Hugh Bolland be re-elected as a Director.
- 4** THAT Mr Robert Burgess be re-elected as a Director.
- 5** THAT Mrs Katherine Garrett-Cox be re-elected as a Director.
- 6** THAT Mr John Hylands be re-elected as a Director.
- 7** THAT Mr Timothy Ingram be elected as a Director.
- 8** THAT Mrs Lesley Knox be re-elected as a Director.
- 9** THAT Dr Christopher Masters be re-elected as a Director.
- 10** THAT Mr Alan Trotter be re-elected as a Director.
- 11** THAT Deloitte LLP be appointed as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before your Company.
- 12** THAT the Directors be authorised to determine the remuneration of the auditor.
- 13** THAT the Remuneration Committee of the Company be authorised to grant future matching awards and performance awards pursuant to the Alliance Trust PLC Long-Term Incentive Plan that are subject to the revised performance conditions summarised on pages 7 to 9 of the circular to shareholders accompanying this notice of meeting.

## **SPECIAL RESOLUTIONS**

- 14** THAT
  - (a) the Articles of Association of the Company be amended by deleting all the provisions of 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
  - (b) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.
- 15** THAT the Company be authorised generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 2.5p each provided that:
  - (a) The maximum aggregate number of ordinary shares that may be purchased is 98,556,965.
  - (b) The minimum price (excluding expenses) which may be paid for each ordinary share is 2.5p.
  - (c) The maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:
    - (i) 105 per cent. of the average market value of an ordinary share for the five business days prior to the day the purchase is made, and
    - (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for:
      - (a) the last independent trade of; and
      - (b) the highest current independent bid for, any number of the Company's ordinary shares on the trading venue where the purchase is carried out.

The authority conferred by this resolution shall expire on the date occurring 15 months after the passing of this resolution or, if earlier, at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

- 16** THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

**ORDINARY RESOLUTIONS (THE REQUISITIONED RESOLUTIONS)**

- 17** THAT the Directors are requested, within three months of the date of the passing of this resolution, to bring forward a proposal for a discount control mechanism for consideration by shareholders using the power to purchase own shares on the following basis:-
- (a) such mechanism should be designed to narrow substantially the discount that the ordinary shares of the Company trade at relative to their net asset value and should aim to allow shareholders to realise their ordinary shares in the Company, during normal market conditions, at a price which would not be lower than a discount of 10% to net asset value per share; and
  - (b) net asset value would be defined, for the purposes of the mechanism, to exclude income and would value debts at market value.
- 18** THAT the Directors are requested, within three months of the date of the passing of this resolution, to exercise the Company's authority and voting power, pursuant to articles of association and the Companies Act 2006, as parent company of Alliance Trust Savings Limited and any other subsidiaries offering savings schemes which facilitate investment in the Company and making other investments ("the Schemes") to act on the following basis:-
- (a) that the Terms and Conditions of such Schemes provide for the exercise of voting rights only in accordance with the specific instructions of participants in the Schemes; and
  - (b) that the Schemes do not contain provisions which provide for the scaling up of voting rights and votes are counted on the basis of one vote cast, one vote counted.

**By order of the Board**

**Donald McPherson, Company Secretary  
Dundee, 12 April 2011**

**Notes:**

- 1 Holders of Shares are entitled to attend and vote at general meetings of your Company. The total number of issued Shares in the Company on 7 April 2011, which is the latest practicable date before the publication of this circular, is 657,484,760. On a vote by show of hands every member who is present has one vote and every proxy present who has been duly appointed by a member entitled to vote has one vote. On a poll vote every member who is present in person or by proxy has one vote for every Share of which he is the holder. All votes will be taken on a poll.
- 2 Each member entitled to attend and vote has the right to appoint a proxy to attend and vote at the meeting instead of him. A proxy need not be a member of your Company. A Shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by the Shareholder.
- 3 A Form of Proxy or, as the case may be, Form of Direction is enclosed with this Notice. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person. Recipients of a Form of Direction who are not registered holders of Shares will only be entitled to vote at the meeting if they have duly completed and returned a Form of Direction in accordance with the instructions set out thereon.
- 4 To be effective the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a notarially certified copy of any such power or authority), must be sent to your Company's registrars at the address shown on the Form of Proxy or lodged electronically at [www.eproxyappointment.com](http://www.eproxyappointment.com) or by CREST members using the CREST proxy voting service (see note 6 on the Form of Proxy) in each case, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- 5 A member of your Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of your Company, provided that they do not do so in relation to the same Shares. It is no longer necessary to nominate a designated corporate representative.
- 6 The right to appoint a proxy does not apply to persons whose Shares are held on their behalf by another person and who have been nominated to receive communications from your Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the Shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the Shares as to the exercise of voting rights.
- 7 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, your Company specifies that entitlement to attend and vote at the meeting, and the number of votes which may be cast thereat, will be determined by reference to your Company's register of members at close of business on Wednesday 18 May 2011 or, if the meeting is adjourned, two days before the day of the adjourned meeting. Changes to the register of members after that time shall be disregarded.
- 8 Copies of all contracts of service of Directors and the terms and conditions of appointment of all non-executive Directors are available for inspection at your Company's registered office during business hours on any weekday (Saturdays and public holidays excluded) and will also be available for inspection at the place of the meeting for 15 minutes before and during the meeting.
- 9 Your Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of your Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
- 10 The following information is, or will be, available on your Company's website ([www.alliancetrust.co.uk](http://www.alliancetrust.co.uk)): (i) the contents of this notice of the AGM; (ii) the total numbers of (a) Shares in your Company, and (b) Shares of each class, in respect of which members are entitled to exercise voting rights at the AGM; (iii) the totals of the voting rights that members are entitled to exercise at the meeting in respect of the Shares of each class; and (iv) any members' statements, members' resolutions or members' matters of business received by your Company after the date of this notice.
- 11 Shareholders should note that, on a request made by Shareholders of your Company under section 527 of the Companies Act 2006, your Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of your Company's accounts (including the auditor's report and the conduct of the audit) or (ii) any circumstance connected with an auditor of your Company appointed for the financial year beginning 1 February 2010 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. Your Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 (requirements as to website availability) of the Companies Act 2006. Where your Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to your 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 AGM of the relevant financial year includes any statement that your Company has been required under section 527 of the Companies Act 2006 to publish on a website.
- 12 Any person to whom a copy of 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 or her and the Shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may under any such agreement have a right to give instructions to the Shareholder as to the exercise of voting rights. Any statement of the rights of Shareholders in relation to the appointment of proxies does not apply to Nominated Persons as these rights can only be exercised by Shareholders of your Company.
- 13 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting 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. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Your 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.
- 14 CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. 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(s), 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.