

Thank you Lesley.

Firstly can I add my own welcome to this, our 120<sup>th</sup>, AGM. In this presentation I will give you an overview of our Company's performance.

A year ago we felt growing apprehension about the valuations placed on financial assets and the way that risk was being priced by investors. We, therefore, began this financial year with reduced exposure to quoted equities and with 7.4% of our assets held in cash.

We were earlier than most in adopting this cautious stance and this level of cash caused a drag on our performance in the first half of the year whilst we reinvested the cash. With the benefit of hindsight, we should have remained more defensive throughout the second half of 2007. The troubles that hit the financial sector in the middle of the year and subsequently spilled out into the world financial markets were deeper and have lasted longer than we anticipated.

We are disappointed with our results, particularly for capital growth, for the year, with a negative total shareholder return of 5.6%. The discount has also remained stubbornly high and ended the year at 16% and at this level we believe significantly under values our Company. Disappointingly since the year end the discount has continued to widen to around 18%. David Deards, Finance Director will follow this presentation with more detailed information on our financial performance.

This year we are celebrating the 120th year of Alliance Trust and we are more conscious than most that economic and market cycles bring potential benefits for an investment company with a long term outlook. In our last financial year, stock markets delivered a harsh reminder of the challenge we face when investing to generate a substantial, positive real gain over the medium term regardless of the investment environment and market conditions. The difficulties in the credit market and the resulting market turbulence have however underlined the value of our strong balance sheet. As a result we have reinforced our commitment to diversify into different types of assets to and to deliver substantial and sustainable investment performance complemented by returns from our financial services subsidiaries.

We currently invest in quoted equities, private equity, property and our own subsidiaries. We believe that the results of this strategy will improve growth in our Company's value and earnings. Over time this will deliver a consistent level of total shareholder return and, in so doing, address the current discount in a sustainable manner. Shareholders have given the board the power to buy back stock. To date we have not used this power, although the board keep this constantly under review. Many other investment companies have used their powers to manage their discount to a stated level which has cost them significant amounts of capital to maintain. We believe that our capital is better used in the execution of our strategy.

The Alliance Trust Group has never been wedded to a market index. We invest value exists, focusing on quality investments across a broad spectrum of asset classes to maximize returns. The outcome of this strategy will result in real growth above inflation. However over the last year we have underperformed our real return target so we have some ground to make up in order to achieve the mid term goal.

Over the last few years we have been on a journey to diversify our portfolio. Quoted equities remains our largest single asset class and at the year end was 93.5%. We also ended the year with 5.4% in private equity, 3.4% in property and 1.5% in our subsidiaries. Net gearing at the year-end was 4.8%, compared to the 2007 year-end when the portfolio was not geared and we held 7.4% cash. Since the year end we have taken profit and reduced our exposure to quoted equity, increased slightly private equity and remained flat in property. The extent of due diligence required when investing in property and private equity, means finding the best investments takes time.

Our priority this year is to improve our Company's investment performance. Our new Chief Investment Officer Katherine Garrett-Cox, who joined us last May has prioritised improvements to the investment process. Katherine will talk about investment performance and ongoing developments after David.

Katherine is also focused on leading the creation of a UK asset management business, to further exploit our core competencies and to create an additional revenue stream for the Company. I am

delighted to announce that the company received the relevant regulatory permission from the FSA recently gained regulatory. This new business will give investors access to the Alliance Trust style of investment in a range of specialist funds or structures. Like Alliance Trust Savings, this company is 100% owned by Alliance Trust PLC.

Our aim is to create value within our group and we expect our investment in subsidiary companies to deliver further returns both through a reassessment of their enterprise value as well as through paying up earnings to the PLC.

Since 2004 within Alliance Trust Savings, we have maintained a 20% compound annual growth rate in revenue. Last year was again on track with revenue at £19.9m, up 19% year on year, client numbers up by 5.7% to over 47,000 and accounts administered now over 70,000. Costs have risen as we have invested in technology and staff. Last year operating expenditure was £18.3m, a 19% year on year increase. This progress has been achieved by, building on the technology infrastructure that we have been investing in over the past few years.

Within the PLC accounts we carry Alliance Trust Savings at net asset value, currently £20.4m, a decline on last year as we made an operating loss. The focus within Alliance Trust Savings this year is to achieve operational profitability by the year end. As Alliance Trust Savings moves into profit, we would expect to see this reflected in the value of the business.

Others are just beginning to see the potential of Alliance Trust Savings – in a report issued earlier this year one analyst placed a valuation in the region of £120-160m on the business.

In Spring 2009, the expected completion of our new headquarters in Dundee will provide us with fit for purpose offices and will enable us to drive greater efficiency across the group by bringing together teams from the three Dundee premises into one. As you may have seen if you came along Marketgait this morning, this work is already well advanced.

We remain concerned about the outlook for western economies and markets over the rest of this year. Strong economic growth in Asia and other emerging markets gives us optimism in those areas.

Policy makers in the USA have responded swiftly and decisively through a combination of fiscal and monetary measures, inclusive tax rebates, as well as lowering interest rates aggressively. However the US economy may already be in a recession, therefore whilst the policy measures are positive, the squeeze in financial markets is dampening the effects of the interest rate cuts and so it is likely to take some time before the economy responds.

These problems may prove even more acute in the UK. We have only had three small interest rates cuts, of which there is little sign of these being passed on to consumers.

Households are therefore struggling under a mountain of debt and rising basic costs of fuel and food, access to credit is difficult for the consumer and business community alike. Consumer spending in the UK is showing signs of considerable pressure as witnessed by the Marks & Spencer results this week. Our concerns are magnified by the constant changing and increasing tax burden put on the individual and businesses, thereby reducing further the opportunity for discretionary spending or business investment.

Our business relies on companies taking advantage of both the global and local prevailing market conditions and on economic growth in the areas that they operate. Whilst we remain invested in companies quoted on the FTSE we have increasingly weighted our investments towards companies with little exposure to the UK economy. We wait to see the impact of the proposed corporate tax

changes on overseas earnings, will have on their intention remaining headquartered in the UK.

As Katherine will discuss later this morning, we will look to increase investments in asset classes and to parts of the world that are more likely to grow, we are therefore likely to add to our Asian or emerging markets exposure during the course of the year and to companies that have the ability to profit from some of the larger trends that are evolving.

In difficult markets when others have capital constraints, Alliance Trust in our 120<sup>th</sup> year and now a member of the FTSE 100 is in very good shape. With a strong balance sheet, with a stronger than ever management team, we have the ability and flexibility to continue to invest where value can be found, delivering sustainable and strong returns over the mid to long term.

Thank you