

Good Morning Ladies and Gentlemen.

Welcome to the One Hundred and Twentieth Annual General Meeting of the Alliance Trust. It is good to see so many familiar faces here today.

My name is Lesley Knox and I am the Chairman of Alliance Trust.

I would like to introduce my fellow directors.

To my immediate right is Alan Harden, Chief Executive.

Next to Alan is Clare Salmon, one of our non-executive directors.

Then to Clare's right is David Deards, our Finance Director, and at the end is John Hylands. John joined as a non-executive director in February this year and we will be asking shareholders to elect him this morning.

Sitting on my immediate left is Donald McPherson, our Company Secretary.

Next to Donald is Christopher Masters who is our Senior Independent Director and Chairman of the Remuneration Committee.

On Chris's left is Katherine Garrett-Cox, our Chief Investment Officer, and next to Katherine is Hugh Bolland. Hugh joined us as a non-executive director in July last year and again will be standing for election by shareholders today.

We have some interesting business to cover today and I should like first to give you a road map of how I intend to conduct the proceedings.

By its very nature an AGM is a formal meeting and today we have a number of formal resolutions to deal with. But it is important that we do not lose sight of the Company's day to day business and so we also want to use the opportunity to tell you what kind of a year we have had, some of the challenges we have had to face, and how we see the future. To that end we are going to have presentations by Alan Harden, David Deards and Katherine Garrett-Cox.

As usual, I have had a full mailbox in the weeks running up to today's meeting from shareholders who are unable to attend today. I am going to tell you about the matters which they have raised and how I have answered them. I will take questions from the floor on matters before the AGM and may also ask my fellow directors to comment.

I hope then we can deal with the resolutions as formal business.

That is the road map and I will now hand over to Alan Harden

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Speeches by Alan Harden, David Deards and Katherine Garrett-Cox  
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Thank you Katherine.

As I said in the Annual Report, last year was a difficult year for markets in general and your company did not escape unscathed.

Alan, David and Katherine have spoken about the facts and figures. I know from your letters that investment performance is a matter of critical importance to you as shareholders, as it is to us the Board, and one where you feel we could have done better. External factors have certainly not helped us – as Katherine mentioned the first three months of 2008 have been the worst for UK markets since the technology bubble burst in the Autumn of 2002. Inflation is now an increasing concern for us, alongside slower growth.

However we have set ourselves an objective that challenges us to create value for shareholders regardless of market conditions. That is why we are investing in a wider range of asset classes and geographies – property, private equity and of course our own subsidiary businesses. Not because we think we can make a quick turn on them – that is not the way that Alliance Trust works – but because we believe that over the longer term, by investing wisely, we improve the potential to create real returns for shareholders in a range of market conditions. This spreading of our assets across different geographies and assets is very much part of our heritage and over our 120 year history the portfolio has reflected the wider economic background.

We are being selective, rather than buying into asset classes at any price. You can see that from some of the numbers Alan mentioned earlier, where we are still 86% invested in equities.

In the equity portfolio, we are becoming more decisive under Katherine's leadership and many of the actions she has taken over the last year are starting to flow through into improved investment performance. That will take time but the foundations have been laid.

Alan has spoken about the progress made in Alliance Trust Savings, our financial services business. Over the last four years we have committed some 20 million pounds of shareholders' money to that business, and some shareholders have asked whether this is a waste of money or a diversion from our day job of investment.

There is still more to be done but the growth in customer numbers, assets under administration and more importantly revenue is encouraging. With the investment phase largely over, I am confident that, as we have previously said, by the end of this year the business will be starting to operate profitably and this growing stream of income will over time both offset the costs of running the portfolio and support our dividend growth.

Thinking back 12 months, when we asked you to approve the new long-term incentive plan, there was a concern that we were setting a soft target for the management team by using the RPI plus 3% to RPI plus 12% measure.

Events since then bear out that this is not the case – inflation is starting to rise and the negative shareholder return of 5.6% for the year just ended will need to be recovered in the remaining two years of the first awards under the plan before management can start to think about working towards the RPI plus 3% annual growth target at which even the minimum payout will be made.

However that is the target we have set and you can be assured that as a Board we will be pushing management to deliver against it.

Turning to the business of the meeting, I would now like to make a few comments on some of the resolutions we will be asking you to approve today.

Firstly, two directors are standing for election, having been appointed during the year, namely Hugh Bolland and John Hylands.

Hugh joined the Board as a non-executive director in July last year. His background is in investment management. He worked with Schroders for 30 years both in the UK and Asia-Pacific region, latterly as its Deputy Chairman. Over the last few months his insights have been invaluable as we have sharpened our investment process.

John joined the Board as a non-executive director in February this year and chairs the Audit Committee. He was previously the

Finance Director of Standard Life, where he worked for 28 years. His experience of financial services is extremely helpful as we develop our own business, Alliance Trust Savings, where he also sits on the Board. I'm delighted to welcome both John and Hugh to their first Alliance Trust AGM.

We will also be voting on the proposal to review the existing share buyback power.

To date we have not used this power, which we took for the first time when we merged the two trusts in 2006, but it gives us the flexibility to buy back shares if we judge it to be in the Company's interest to do so.

Finally, we will be asking you to approve new Articles of Association. The reason why we are doing this is because of recent changes to company law which will come into force on 1 October 2008, and those of you who hold shares in other companies will most likely have seen very similar changes being proposed by those companies.

FORMAL RESOLUTIONS UNDERTAKEN AND MEETING IS CONCLUDED.