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RECOMMENDED MERGER OF THE ALLIANCE TRUST PLC AND THE SECOND ALLIANCE TRUST PLC

Press release

The boards of directors of The Alliance Trust PLC (“Alliance Trust”) and The Second Alliance Trust PLC (“Second Alliance Trust”) have unanimously agreed the terms of a recommended Merger of the two companies.

The Merger will create the UK’s largest generalist investment company listed on the London Stock Exchange with combined net assets of approximately £2.77 billion as at 16 March 2006.

Alliance Trust and Second Alliance Trust are separate listed public companies which have worked closely together since 1918. The companies have the same investment objective, investment policy, the same directors, and share the same management. They have portfolios which contain almost identical investments and which include their joint holdings of companies such as Alliance Trust Savings Limited (“ATS”).

Over the past few years, the companies have jointly worked on, and are carrying out plans for, their future development. They are investing in shared staff and shared technology and, together, they have each established a presence in Hong Kong as well as increased their investment in ATS.

To ensure that both companies continue to maximise the potential of this investment and to secure and consolidate the benefits which they have both enjoyed by working together, the directors of Alliance Trust and Second Alliance Trust believe that one company, not two, is the best way forward for all shareholders.

The directors of both companies believe that the Merger will:

- Result in a simplified structure able to take advantage of market opportunities in a more responsive and efficient manner;
- Raise the profile of the Combined Company in the market and increase liquidity for its shares in the market;
- Give shareholders the benefit of quarterly dividends;
- Simplify corporate governance; and
- Facilitate the development of businesses such as ATS.

Following the Merger, the Combined Company will follow the same investment objective and investment policy as Alliance Trust and Second Alliance Trust. Whilst retaining their progressive dividend policy, the Combined Company will be introducing the payment of quarterly dividends.

The Merger, which is subject, among other conditions, to the approval of the shareholders of both companies, will be implemented by way of a scheme of arrangement under section 425 of the Companies Act, as a result of which Second Alliance Trust Shareholders will become Alliance Trust Shareholders. The Merger is unanimously supported and recommended by the Alliance Trust directors and the Second Alliance Trust directors.

Lesley Knox, Chairman, said *“These are two great companies and this merger will, in our view, result in an even better combined company. This is an important development in a relationship that started 88 years ago.”*

“Our core values and the Alliance spirit will not change – many thousands of private shareholders know we put their interests first – but these will be carried on by a single, larger, simpler company that will be even better equipped to deliver value over time.”

“We strongly recommend this course of action to shareholders of Alliance Trust and Second Alliance Trust.”

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This announcement is an advertisement and not a prospectus and investors should not subscribe for or purchase any shares referred to in this announcement except on the basis of information in the Prospectus to be published by Alliance Trust in due course in connection

with the admission of new ordinary shares in the capital of Alliance Trust to the Official List of the Financial Services Authority and to trading on London Stock Exchange plc's main market for listed securities. Copies of the Prospectus will, following publication, be available from Alliance Trust's registered office.

This summary should be read in conjunction with the full text of the following announcement. Appendix I to this announcement contains definitions of certain words and expressions used in this summary and in the following announcement.

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RECOMMENDED MERGER OF THE ALLIANCE TRUST PLC AND THE SECOND ALLIANCE TRUST PLC

Introduction

The boards of directors of The Alliance Trust PLC (“Alliance Trust”) and The Second Alliance Trust PLC (“Second Alliance Trust”) have unanimously agreed the terms of a recommended Merger of the two companies. The Merger, which is subject, among other conditions, to the approval of the shareholders of both companies, will be implemented by way of a scheme of arrangement under section 425 of the Companies Act, as a result of which Second Alliance Trust Shareholders will become Alliance Trust Shareholders. The board of directors of Alliance Trust has been advised by JPMorgan Cazenove and the board of directors of Second Alliance Trust has been advised by Dresdner Kleinwort Wasserstein.

Alliance Trust and Second Alliance Trust, which are separate listed public companies, have worked closely together since 1918. Today, both companies have the same investment objective and investment policy, the same directors and share the same management. They have portfolios which contain almost identical investments and which include their joint holdings of companies such as Alliance Trust Savings Limited (“ATS”).

Over the past few years, the companies have jointly worked on, and are carrying out plans for, their future development. They are investing in shared staff and shared technology and, together, they have each established a presence in Hong Kong as well as increased their investment in ATS.

To ensure that both companies continue to maximise the potential of this investment and to secure and consolidate the benefits which they have both enjoyed by working together, the directors of Alliance Trust and Second Alliance Trust believe that one company, not two, is the best way forward for all shareholders.

The Merger will result in no disruption to the portfolios or to the investment management, staffing or administrative arrangements. The business of ATS will continue under the ownership of the Combined Company which will be the largest generalist investment company in the UK.

The directors of both companies believe that the Merger will:

- Result in a simplified structure able to take advantage of market opportunities in a more responsive and efficient manner;
- Raise the profile of the Combined Company in the market and increase liquidity for its shares in the market;
- Give shareholders the benefit of quarterly dividends;
- Simplify corporate governance; and
- Facilitate the development of businesses such as ATS.

Following the Merger, the Combined Company will follow the same investment objective and investment policy as Alliance Trust and Second Alliance Trust. Whilst retaining their progressive dividend policy, the Combined Company will be introducing payment of quarterly dividends.

Alliance Trust will hold an Extraordinary General Meeting to approve the Merger and at the same time will ask its shareholders, inter alia, for approval, conditional upon the Merger, to subdivide its shares on the basis of ten Subdivided Alliance Trust Shares for each Alliance Trust Share and to amend its Articles of Association to provide for one vote for each share. Alliance Trust will also ask for approval, conditional upon the Merger, to amend its Articles of Association to give it the power to purchase its own shares, and for authority for the purchase of up to 14.99% of its issued share capital.

The Merger is unanimously supported and recommended by the directors of both companies. It is expected that documents convening the requisite meetings to seek approval for the Merger will be despatched to shareholders on or around 31 March 2006.

1 Background to the Merger Proposal

Alliance Trust was established in Dundee in 1888, a product of the amalgamation of several smaller Dundee companies whose main business activities were to take deposits locally and lend overseas, primarily in the American Pacific North West and the other American western states and territories.

Second Alliance Trust was established in Dundee in 1883 as the Western and Hawaiian Investment Company Limited. Its original purpose was to take over the Hawaiian Investment and Agency Company Limited which operated a mortgage business in Hawaii and to expand that activity to other parts of the world, including the continental United States.

In April 1918, the directors of the Western and Hawaiian Investment Company Limited approached the directors of Alliance Trust to see if the operations of that company could be conducted out of the offices of Alliance Trust, with shared management, staff and administration costs. This was agreed and Alliance Trust and Second Alliance Trust operate today with a single investment management function with directly employed staff and a single administrative structure, the costs of which are shared between them. Furthermore, for many years the boards of directors of Alliance Trust and Second Alliance Trust have been the same.

The original business of Alliance Trust and Second Alliance Trust, mortgage lending, was gradually discontinued as both companies concentrated on investment, initially in fixed interest investments. For approximately the last 50 years, equity investment has been actively pursued by each company. Currently each company is predominantly an equity investor and they have identical investment objectives.

2 Benefits of and reasons for the Merger

The boards of directors of both companies believe the principal benefits of the Merger are:

- **A simplified structure able to take advantage of market opportunities in a more responsive and efficient manner**

The directors of both companies believe that Alliance Trust's close relationship with Second Alliance Trust has been of great benefit to each company and its respective shareholders

through the shared management and the sharing of costs and economies of scale, and that these benefits should be protected. The most effective means of preserving and safeguarding these benefits for the future is to consolidate the relationship between Alliance Trust and Second Alliance Trust. This will provide the opportunity to build on the success of the two companies and to focus more readily on current and future business opportunities.

Although Alliance Trust and Second Alliance Trust already enjoy cost savings and economies of scale by reason of the arrangement between them, there is still duplication of administration which will be eliminated by the Merger. For example, each company has its own board and its own board committees, even though the agendas for both companies are substantially the same, as well as separate audit, remuneration and nomination committees. Each company has to be separately audited and to prepare its own annual report and accounts and hold its own annual general meeting in each year.

The current arrangement between Alliance Trust and Second Alliance Trust also gives rise to the need for complex structures for co-investment in certain assets, such as real estate. The implementation of the Merger will mean that the costs and management time spent on establishing such structures will be avoided.

The directors of both companies believe that a single, simplified structure with all subsidiaries wholly owned by one company will facilitate the management and development of jointly owned companies such as ATS.

- **A raised profile for the Combined Company in the market and increased liquidity for its shares in the market**

Following the Merger, the Combined Company will be the largest generalist investment company listed on the London Stock Exchange with combined net assets of approximately £2.77 billion as at 16 March 2006. This should increase its profile in the market and draw the Combined Company to the attention of a wider audience, making it better known to potential investors. A single investment company will also provide increased clarity to potential investors and to customers of ATS.

The Combined Company's asset base and share capital, coupled with the proposed Alliance Trust Share Split, should provide a higher level of liquidity than is presently enjoyed by shareholders.

- **Quarterly dividends**

Shareholders currently receive bi-annual dividends, with each dividend paid approximately three months following the six monthly period to which it relates.

Following the Merger, the Combined Company will start paying dividends on a quarterly basis, so that shareholders will receive dividend income more frequently than under the current regime.

- **Simplification of corporate governance**

The growth of corporate governance requirements has led to the directors of both companies spending an increased amount of time and effort in ensuring that the arrangements between the companies are transparent and on an arm's length basis. The Merger will provide greater clarity and simplify corporate governance requirements.

- **To facilitate the development of businesses such as that of ATS**

Alliance Trust and Second Alliance Trust jointly own a financial services business, ATS. ATS provides investment plans, personal equity plans, individual savings accounts and self-invested personal pensions as well as operating related banking services. The simplification of the structure in a single group and the increased profile of the Combined Company will, in the opinion of the directors of both companies, facilitate the development of businesses such as that of ATS.

3 How the Merger works

Under the terms of the Merger, Alliance Trust will acquire Second Alliance Trust. Second Alliance Trust's existing ordinary share capital will be cancelled and will be reissued to Alliance Trust credited as fully paid and Alliance Trust will issue New Alliance Trust Shares to the former Second Alliance Trust Shareholders. As a result of the Scheme, Second Alliance Trust will become a subsidiary of Alliance Trust and Second Alliance Trust Shareholders will become Alliance Trust Shareholders. Alliance Trust Shareholders will retain their shares in Alliance Trust which will be subdivided so as to have the same nominal value of 2.5p as the New Alliance Trust Shares.

Second Alliance Trust Shareholders' entitlement to New Alliance Trust Shares will be calculated so that there is no transfer of value between Second Alliance Trust Shareholders and Alliance Trust Shareholders. This will be done by calculating the exchange ratio on the basis of the adjusted net asset values of Second Alliance Trust and Alliance Trust (the "**Formula Asset Value**" or "**FAV**").

Each Second Alliance Trust Shareholder will receive that number of New Alliance Trust Shares equal to the ratio of the Second Alliance Trust FAV to the Alliance Trust FAV (which takes account of the share split) multiplied by the number of Second Alliance Trust Shares held at the Scheme Record Time, as more fully described in Appendix III. This will result in Alliance Trust Shareholders in aggregate and Second Alliance Trust Shareholders in aggregate holding shares in the Combined Company pro rata to the value of the assets contributed by each of Alliance Trust and Second Alliance Trust to the Combined Company.

The Alliance Trust FAV and the Second Alliance Trust FAV will be determined as at the FAV Calculation Date (expected to be 15 June 2006), and it is, therefore, not possible prior to that date to specify the exact exchange ratio of New Alliance Trust Shares for Second Alliance Trust Shares or the total number of New Alliance Trust Shares which will be issued to Second Alliance Trust Shareholders upon completion of the Merger.

The Alliance Trust FAV and the Second Alliance Trust FAV at the FAV Calculation Date will differ slightly from their respective NAVs at that date. The FAV of each company will include income accruing to the relevant company to the FAV Calculation Date less accruals made for certain non-Merger costs and any dividends declared prior to the FAV Calculation Date so far as not previously paid. In addition, in preparing the FAV of each company, the directors of Alliance Trust and of Second Alliance Trust will review the last periodic valuation of each unlisted investment which has been used in calculating the NAV of the relevant company, and will consider whether there should be any change to that valuation. The FAV of each company will be based on the entire issued share capital of the relevant company; in contrast, for the

purposes of the calculation of the NAV, each company excludes shares held to the order of the relevant company by the trustee of the relevant Employee Benefit Trust for the purposes of the matching awards under the relevant Senior Management Equity Incentive Plan. The calculation of the FAV for each company will also exclude the costs of the Merger, some of which may have been reflected in the relevant Company's NAV, and which will be charged after completion of the Merger to the Combined Group to ensure that the expenses of the Merger will be borne by the shareholders of Alliance Trust and Second Alliance Trust in proportion to their interests in the Combined Company.

For illustrative purposes only, however, had the FAV Calculation Date been 16 March 2006 (being the latest practicable date prior to the publication of this announcement), the Second Alliance Trust FAV and the Alliance Trust FAV per Subdivided Alliance Trust Share would have been 3641.21698p and 415.59304p, respectively, and the Merger would have resulted in the issue of 876.15 New Alliance Trust Shares for every 100 Second Alliance Trust Shares.

The calculation of the illustrative Alliance Trust FAV takes account of the proposed Alliance Trust Share Split. This calculation effectively adds the accrued income of 71p per Alliance Trust Share to the NAV of 4122p as at 16 March 2006 and assumes that the recommended Alliance Trust dividend of 37p announced today had been declared on that date and so deducted from the illustrative Alliance Trust FAV. Similarly, the Second Alliance Trust FAV takes into account 19p of accrued income per Second Alliance Trust Share as at 16 March 2006.

The New Alliance Trust Shares to be received by Second Alliance Trust Shareholders pursuant to the Scheme will have the same nominal value and voting rights as, and rank *pari passu* in all respects with, the Subdivided Alliance Trust Shares held by Alliance Trust Shareholders.

Expenses of the Merger

The expenses of the Merger, which are expected to be approximately £4.5 million in aggregate for both the companies, will not be taken into account in the calculation of the Alliance Trust FAV or the Second Alliance Trust FAV. The Merger expenses will be charged to the Combined Group after the completion of the Merger. The impact of this is that expenses will be borne by the shareholders of Alliance Trust and Second Alliance Trust in proportion to their interests in the Combined Company.

Effect of the Merger on net asset value

The only appreciable effect upon the net asset value (calculated including any undistributed net revenues and ignoring fractional entitlements) attributable to an Alliance Trust Shareholder or a Second Alliance Trust Shareholder will be the expenses of the Merger. These expenses amount to approximately 0.16% of the NAV of an Alliance Trust Share and a Second Alliance Trust Share.

Effect of the Merger on dividend income

The Combined Company will have the same investment policy as both the Alliance Trust and the Second Alliance Trust, and its portfolio will include the investments held in both companies' portfolios prior to the Merger. Given that Alliance Trust and Second Alliance

Trust have portfolios that contain almost identical investments, the Combined Company is expected to receive a similar revenue return on its assets to that received by both companies. The Combined Company will also maintain the same dividend policy as Alliance Trust and Second Alliance Trust, although it will pay dividends on a quarterly basis. Further details on dividends are set out below.

4 Implementation of the Scheme

A meeting of Second Alliance Trust Shareholders will be convened by order of the Court to approve the terms of the Scheme. In addition, the Second Alliance Trust Extraordinary General Meeting and the Alliance Trust Extraordinary General Meeting will be convened, *inter alia*, to obtain necessary approvals and authorities in connection with the Merger. Implementation of the Scheme will also require, *inter alia*, the sanction of the Court. At the Alliance Trust Extraordinary General Meeting, a special resolution will be proposed to approve, among other things, the Merger and, conditionally upon the Merger being implemented, the Alliance Trust Share Split, an increase in the authorised share capital of Alliance Trust, the authorisation of the board of directors of Alliance Trust to allot New Alliance Trust Shares in Alliance Trust, and amendments to the Articles of Association of Alliance Trust to alter the voting rights of Alliance Trust Shareholders, to give Alliance Trust the power to purchase its own shares and to increase the limit on the aggregate amount of remuneration of the Alliance Trust directors.

If Second Alliance Trust Shareholders and Alliance Trust Shareholders approve the Merger, the appropriate Court Order is obtained and the Scheme becomes effective, it is expected that Admission will become effective, and that dealings in the New Alliance Trust Shares will commence, on 21 June 2006. Upon completion of the Merger, the listing of Second Alliance Trust Shares will be cancelled.

5 Conditions and approvals of the Scheme and the Merger

The Conditions to the Merger are set out in full in Appendix II.

6 Description of the business of Alliance Trust and Second Alliance Trust

Investment objective and policy

Alliance Trust and Second Alliance Trust are self-managed investment companies with investment trust status. Alliance Trust and Second Alliance Trust each have the investment objective of being a core investment for investors seeking a long term store of increasing value. Each company allocates its capital across a broad range of asset classes to enhance and preserve total returns and to provide shareholders with real growth over the medium to long term. Each company can use investment techniques such as gearing and hedging to enhance returns and reduce risks within its portfolio. Neither company benchmarks against any equity index as each retains its freedom not only to move between equity markets as opportunities arise but also to invest in other asset classes.

Both companies pursue their objective by:

- investing in both quoted and unquoted equities across the globe in different sectors and industries;

- investing internationally in preference shares and in debt securities including government and corporate bonds;
- investing in other assets, including property, cash and other financial instruments and investment vehicles;
- retaining the ability to borrow, from time to time, and thereby to gear their respective portfolios; and
- investing in subsidiary and associated businesses which allows them to expand into other related activities with the objective of enhancing shareholder value.

The above investment objective and policy will be continued by the Combined Company following the Merger.

Asset allocation

The majority of each company's investments is currently held in equities but the portfolios also include property, fixed income holdings and other assets such as private equity and oil and mineral rights in the US.

Asset, Liability and Income Committees

In order to control the process of efficiently allocating capital across the various asset classes, each of Alliance Trust and Second Alliance Trust has established an Asset Liability & Income Committee ("**ALICo**") which meets monthly, and on an ad hoc basis if necessary, to manage the capital within the investment and asset allocation strategies agreed with the boards of directors. Each ALICo also considers and judges the merits, timing and risks of gearing, or of hedging other exposures such as foreign currencies.

Investment management

Alliance Trust and Second Alliance Trust's investment team is employed by both Alliance Trust and Second Alliance Trust and, as at 16 March 2006 comprised 10 managers, including the Investment Director, the Head of Equities, the Head of Property, and 13 analysts. Alliance Trust and Second Alliance Trust intend to recruit further expertise for the private equity and fixed income portfolios.

The equity portfolio of each company is managed on a country or regional basis. This structure allows efficient monitoring for the purposes of tracking performance and managing risk. Each of Alliance Trust and Second Alliance Trust is registered as an overseas corporation in Hong Kong where a shared office is maintained and where both companies are establishing an asset management business. This facilitates increased investment opportunities in the Asia Pacific region.

Alliance Trust Savings Limited

ATS, which is owned by Alliance Trust and Second Alliance Trust, provides and administers investment plans, personal equity plans, individual savings accounts and self-invested personal pensions. It recently purchased Wolanski & Co. Trustees Limited ("**Wolanski Trustees**"), which specialises in self-invested personal pensions and small self-administered schemes. As at 31 January 2006, ATS and Wolanski Trustees administered over £3.3 billion of assets on behalf of approximately 39,000 customers. To maximise ATS's potential,

considerable investment is being made in upgrading ATS's technology and in developing and broadening its range of products and services.

Market and Net Asset Values

As at 16 March 2006 (being the latest practicable date prior to the publication of this announcement), Alliance Trust Shares had a mid-market value of 3611p per share, representing a discount of 12.4% to their unaudited Net Asset Value of 4122p per share. As at 16 March 2006 (being the latest practicable date prior to the publication of this announcement), Second Alliance Trust Shares had a mid-market value of 3140p per share, representing a discount of 13.3% to their unaudited Net Asset Value of 3623p per share. Shareholders should note that Alliance Trust and Second Alliance Trust Shares have historically traded on average at similar discount levels and indeed have both traded at an average discount of 14.5% over the twelve month period ended 16 March 2006.

At the close of business on 16 March 2006 (being the latest practicable date prior to the publication of this announcement), Alliance Trust's unaudited Net Asset Value was approximately £2,077 million and Second Alliance Trust's unaudited Net Asset Value was approximately £695.5 million. Based on these figures and taking into account the expenses of the Merger which are expected to be approximately £4.5 million, the net asset value of the Combined Company would be approximately £2,768 million immediately following the Merger, which reflects a reduction in the aggregate unaudited Net Asset Value of Alliance Trust and Second Alliance Trust of approximately 0.16%.

7 Further information on the Combined Company

Investment Objective and Policy

The investment objective and policy of the companies will be continued by the Combined Company following the Merger.

Quarterly Dividend Policy

In Alliance Trust's announcement of its preliminary results for the year ended 31 January 2006, Alliance Trust proposed a final dividend of 37p per Alliance Trust Share. Assuming Alliance Trust Shareholders approve this dividend at the Alliance Trust Annual General Meeting to be held on 10 May 2006, this dividend will be payable on 12 May 2006 to those Alliance Trust Shareholders who are on the Alliance Trust register as at 21 April 2006.

For the six month period ended 31 July 2006 Alliance Trust would normally pay an interim dividend to its shareholders around October 2006. In view of the Merger however the Alliance Trust directors intend to declare a dividend for that period to Alliance Trust Shareholders before the Scheme Effective Date. A further announcement will be made by Alliance Trust in due course.

In Second Alliance Trust's announcement of its interim results for the six month period ended 31 January 2006, Second Alliance Trust declared an interim dividend of 32.5p per Second Alliance Trust Share. This will be payable on 28 March 2006 to shareholders on the Second Alliance Trust register as at 10 March 2006. Second Alliance Trust also announced that it expected to be able to recommend a final dividend for the year ended 31 July 2006 of at least

33p per Second Alliance Trust Share, payable in November 2006. In view of the Merger the Second Alliance Trust directors intend to declare this dividend before the Scheme Effective Date. A further announcement will be made by Second Alliance Trust in due course.

Dividends declared to Alliance Trust Shareholders and Second Alliance Trust Shareholders before the Scheme Effective Date will accelerate the payment of dividends in respect of the period to 31 July 2006.

Following the Merger, the Combined Company will be introducing a quarterly dividend policy and will pay four interim dividends in each financial year. Shareholders will, with respect to each financial year ending 31 January, receive their dividends on or around 31 July, 31 October, 31 January and 30 April.

The first quarterly dividend paid by the Combined Company will be for the period from 1 August 2006 to 31 October 2006, which will be paid on or around 31 January 2007, and the final quarterly dividend for the Combined Company's financial year ending 31 January 2007 will be paid on or around 30 April 2007. Alliance Trust Shareholders would, under the current dividend timetable, normally receive a dividend equal to the aggregate of these amounts in late April or early May of each year.

The Combined Company will continue to invest its capital to generate the long term returns required to maintain the progressive dividend policy of Alliance Trust and Second Alliance Trust. This policy aims, subject to there being sufficient distributable reserves, to increase the total dividend payable to shareholders in respect of each financial year.

The above statements are an estimate of dividends only and are not intended to be, and should not be taken as, a forecast of profits.

The Board of the Combined Company

Upon the completion of the Merger, the directors of the Combined Company will be the current directors of Alliance Trust (who are currently also the directors of Second Alliance Trust).

8 The Alliance Trust Share Split

Each Alliance Trust share has a relatively high price quotation compared to many other investment companies which, in common with Alliance Trust, have many private investors. Accordingly, the Alliance Trust directors have decided that the Alliance Trust Share Split, which will be subject to and conditional upon the Merger becoming unconditional, should be put to the Alliance Trust Shareholders for approval at the Extraordinary General Meeting. The directors of Alliance Trust consider that this share split will be welcomed particularly by those shareholders who wish as fully as possible to reinvest their dividends in the various plans provided and administered by ATS. The Alliance Trust Share Split will result in Alliance Trust Shareholders holding ten times as many shares in Alliance Trust but each Subdivided Alliance Trust Share will have a nominal value of one tenth of what it was prior to the Alliance Trust Share Split. The Alliance Trust Share Split will have no effect on the attributable net asset value of a holding of Alliance Trust Shares.

The New Alliance Trust Shares to be issued to Second Alliance Trust Shareholders pursuant to the Scheme will have the same nominal value and voting rights as, and will rank *pari passu*

in all respects with, the Subdivided Alliance Trust Shares held by Alliance Trust Shareholders after the Alliance Trust Share Split.

For the avoidance of doubt, Second Alliance Trust Shareholders will not, however, be eligible to receive the Alliance Trust final dividend in respect of the financial year ended 31 January 2006, which will be paid on 12 May 2006, or the interim dividend in respect of the period from 1 February 2006 to 31 July 2006 which, if the Merger is approved, will be declared before the Scheme Effective Date.

9 Alliance Trust's power to purchase its own shares

Alliance Trust is also asking its shareholders to approve, conditional on the Merger, an amendment to its Articles of Association to give it the power to purchase its own shares, and to give it the authority for the purchase of up to 14.99% of its issued share capital. Renewal of this authority will be sought at each annual general meeting of the Combined Company.

The directors of Alliance Trust consider that it is in the best interests of the shareholders as a whole for the Combined Company to have the power to purchase its own shares in appropriate circumstances. The directors of Alliance Trust would only exercise this power if they believed it to be in the best interests of the Combined Company.

10 Meetings of shareholders

Meetings of Second Alliance Trust Shareholders and Alliance Trust Shareholders are expected to be held on 10 May 2006 in order for shareholders to consider resolutions to approve the Merger. Set out below is the expected timetable of principal events relating to the Merger. Shareholder circulars in relation to the Scheme and a prospectus are expected to be despatched on or around 31 March 2006.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and/or date</i>
Second Alliance Trust dividend payment date.....	28 March 2006
Second Alliance Trust Court Meeting.....	10.00 a.m. on 10 May 2006
Second Alliance Trust Extraordinary General Meeting.....	10.30 a.m. on 10 May 2006
Alliance Trust Annual General Meeting	11.30 a.m. on 10 May 2006
Alliance Trust Extraordinary General Meeting	2.00 p.m. on 10 May 2006
Alliance Trust dividend payment date	12 May 2006
Alliance Trust pre-Merger dividend	June 2006
Second Alliance Trust pre-Merger dividend.....	June 2006
FAV Calculation Date	the close of business on 15 June 2006
Scheme Record Time.....	6.00 p.m. on 20 June 2006
Court Hearing Date.....	20 June 2006

<i>Event</i>	<i>Time and/or date</i>
Scheme Effective Date	21 June 2006 ⁴
Alliance Trust Share Split effective	21 June 2006 ⁴
Delisting of Second Alliance Trust Shares	21 June 2006 ⁴
Commencement of dealings on the London Stock Exchange in New Alliance Trust Shares	8.00 a.m. on 21 June 2006 ⁴

1 The Second Alliance Trust Extraordinary General Meeting will commence at 10.30 a.m. on 10 May 2006 or as soon thereafter as the Second Alliance Trust Court Meeting shall have concluded or been adjourned.

2 The Alliance Trust Annual General Meeting will commence at 11.30 a.m. on 10 May 2006 or as soon thereafter as the Second Alliance Trust Extraordinary General Meeting shall have concluded or been adjourned.

3 The Alliance Trust Extraordinary General Meeting will commence at 2.00 p.m. on 10 May 2006 or as soon thereafter as the Alliance Trust Annual General Meeting shall have concluded or been adjourned.

4 **Each of these times and dates are subject to change as the Court Hearing Date will not be allocated until after the publication of this announcement.** These dates are indicative only and will depend, *inter alia*, on the date upon which the Conditions are either satisfied or waived (to the extent that they are capable of being waived), the Court sanctions the Scheme and confirms the associated reduction of capital, and the Court Order sanctioning the Scheme and confirming the reduction of capital is delivered to the Registrar of Companies in Scotland and, in respect of the reduction of capital, is registered by the Registrar of Companies in Scotland.

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This announcement is an advertisement and not a prospectus and investors should not subscribe for or purchase any shares referred to in this announcement except on the basis of information in the prospectus to be published by Alliance Trust in due course in connection with the admission of new ordinary shares in the capital of Alliance Trust to the Official List of the Financial Services Authority and to trading on London Stock Exchange plc's main market for listed securities. Copies of the Prospectus will, following publication, be available from Alliance Trust's registered office.

The contents of this announcement, which have been prepared by and are the sole responsibility of the Companies, have been approved solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 by JPMorgan Cazenove Limited of 20 Moorgate, London, EC2R 6DA and Dresdner Kleinwort Wasserstein Limited of PO Box 560, 20 Fenchurch Street, London, EC3P 3DB.

JPMorgan Cazenove is acting exclusively for Alliance Trust and no one else in connection with the Merger. Dresdner Kleinwort Wasserstein is acting exclusively for Second Alliance Trust and no one else in connection with the Merger. They will not regard any other person (whether or not a recipient of this announcement) as their respective clients and will not be responsible to anyone other than Alliance Trust and Second Alliance Trust respectively for providing the protections afforded to their respective clients nor for giving advice in relation to the Merger, the contents of this announcement or any transaction or arrangement referred to herein.

This announcement may not be distributed, directly or indirectly, in or into Australia, Canada, Japan or South Africa or any other jurisdiction where offering the New Alliance Trust Shares or making them available for subscription or purchase would breach any applicable law. This announcement does not constitute or form part of an offer to sell or issue, or any solicitation of an offer to buy or subscribe for, any securities referred to herein. The Merger and the distribution of this announcement and other information in connection with the Merger in certain jurisdictions may be restricted by law and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Alliance Trust Shares have not been and will not be registered with the US Securities and Exchanges Commission under the US Securities Act or the securities laws of any state of the United States and will be distributed pursuant to exemptions from, or in

transactions not subject to, the registration requirements of the US Securities Act, including the exemption provided by Section 3(a)(10) of that act.

This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward looking statements can be identified by the use of forward looking terminology, including the terms 'believes', 'estimates', 'plans', 'projects', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should' or, in each case, their negative or other variations or comparable terminology. These forward looking statements include matters that are not historical facts and include statements regarding the companies' intentions, beliefs or current expectations concerning, among other things, the companies' results of operations, financial condition, liquidity, prospects, growth and strategies and the market which the companies operate within.

By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward looking statements including, without limitation, the factors to be described in the risk factors section of the Prospectus, and the factors to be described in the financial review and prospects section of the Prospectus.

Forward looking statements may and often do differ materially from actual results. Any forward looking statements in this announcement reflect the companies' views with respect to future events as at the date of this announcement and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the companies' operations, results of operations, growth strategy and liquidity. Save as required by law or by the Listing Rules of the Financial Services Authority, the companies undertake no obligation publicly to release the results of any revisions to any forward looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement.

Information in this announcement or any of the documents relating to the Merger cannot be relied upon as a guide to future performance.

The market values of an Alliance Trust Share and of a Second Alliance Trust Share have been derived from the Daily Official List as at 16 March 2006.

The net asset value of Alliance Trust as at the close of business on 16 March 2006 is as announced publicly and delivered to a regulatory information service by Alliance Trust on 17 March 2006.

The net asset value of Second Alliance Trust as at the close of business on 16 March 2006 is as announced publicly and delivered to a regulatory information service by Second Alliance Trust on 17 March 2006.

The valuations and statements in this announcement relating to or involving the entire issued share capital of Alliance Trust and Second Alliance Trust are based on

- (i) The issued share capital of Alliance Trust as at 16 March 2006 comprising 50,400,000 ordinary shares of 25p each and;

- (ii) The issued share capital of Second Alliance Trust as at 16 March 2006 comprising 19,200,000 ordinary shares of 25p each.

The average discounts at which Alliance Trust and Second Alliance Trust shares have traded in the 12 months ended 16 March 2006 (being the latest practicable date prior to this announcement) have been taken from Datastream.

The Merger will comply with the applicable rules and regulations of the City Code and the UK Listing Authority. The Merger will be governed by Scots law and will be subject to the terms and conditions set out in this announcement and to be set out in the Merger documents. The Merger documents will be sent to shareholders in due course and, in any event, within 28 days of this announcement.

The directors of Alliance Trust and Second Alliance Trust accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the directors of Alliance Trust, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Shareholdings

As at 16 March 2006 (being the latest practicable date prior to this announcement), the directors and their connected persons, which are deemed to be acting in concert with Alliance Trust, owned the following Alliance Trust and Second Alliance Trust Shares (including deposited shares purchased on the relevant Director's behalf pursuant to the Alliance Trust or Second Alliance Trust Senior Management Equity Incentive Plan):

Director	Number of Alliance Trust Shares	Percentage of issued Alliance Trust Shares	Number of Second Alliance Trust Shares	Percentage of issued Second Alliance Trust Shares
Lesley Knox	2,191	0.0043%	915	0.0048%
Alan Harden	1,545	0.0031%	1,454	0.0076%
David Deards	1,816	0.0036%	2,585	0.0135%
William Jack	1,000	0.0020%	1,000	0.0052%
Christopher Masters	525	0.0010%	562	0.0029%
Gordon McQueen	200	0.0004%	200	0.0010%
Sheila Ruckley	2,641	0.0052%	3,323	0.0173%
Clare Salmon	200	0.0004%	200	0.0010%
Alan Young	3,486	0.0069%	1,864	0.0097%
Total	13,604	0.0270%	12,103	0.0630%

Under the Companies Act, Executive Directors also have a disclosable interest as potential beneficiaries, along with other employees, in Alliance Trust and Second Alliance Trust shares held by the trustee of the Alliance Trust EBT and Second Alliance Trust EBT respectively. These interests are not reflected in the above table.

As at 16 March 2006 the Executive Directors had been granted the following additional rights to acquire Second Alliance Trust Shares in the form of matching awards under the Alliance Trust and Second Alliance Trust Senior Management Equity Incentive Plan:

Director	Number of Alliance Trust Shares subject to matching award – granted on 9 June 2005	Number of Second Alliance Trust Shares subject to matching award – granted on 6 October 2005
David Deards	894	627
Alan Harden	1,694	1,189
Sheila Ruckley	796	552
Alan Young	1,016	776
Total	4,400	3,144

As at 16 March 2006 (being the latest practicable date prior to this announcement), certain individuals employed by JPMorgan Cazenove, who are involved in giving its financial advice to Alliance Trust, and their connected persons, had beneficial interests in 976 Alliance Trust Shares (0.0019% of Alliance Trust’s issued share capital) of which 837 were held non-beneficially, and 1,500 Second Alliance Trust Shares (0.0078% of Second Alliance Trust’s issued share capital).

As at 16 March 2006 (being the latest practicable date prior to this announcement), certain individuals employed by Dresdner Kleinwort Wasserstein who are involved in giving its financial advice to Second Alliance Trust, and their connected persons, had beneficial interests in 3,573 Alliance Trust Shares (0.0071% of Alliance Trust’s issued share capital) and 2,268 Second Alliance Trust Shares (0.0118% of Second Alliance Trust’s issued share capital).

As at 17 March 2006 (being the latest practicable date prior to the publication of this announcement), ATS had an interest in a total of 9,002,734 Alliance Trust Shares (representing 17.86 per cent of issued share capital), which were held in plans for customers of ATS.

As at 17 March 2006 (being the latest practicable date prior to the publication of this announcement), ATS had an interest in a total of 4,955,563 Second Alliance Trust Shares (representing 25.81 per cent of issued share capital), which were held in plans for customers of ATS.

Save for these interests, neither Alliance Trust nor any of its directors, nor any person acting in concert with it, owns or controls any Alliance Trust Shares or Second Alliance Trust Shares or has entered into any derivative referenced to Alliance Trust Shares or Second Alliance Trust Shares.

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, “interested” (directly or indirectly) in 1% or more of any class of “relevant securities” of Alliance Trust or of Second Alliance Trust, all “dealings” in any “relevant securities” of that company (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 p.m. (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the Effective Date or the date on which the Scheme is withdrawn. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of Alliance Trust or Second Alliance Trust, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all “dealings” in “relevant securities” of Alliance Trust or of Second Alliance Trust by Alliance Trust or Second Alliance Trust, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the City Code, which can also be found on the Takeover Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Takeover Panel (www.thetakeoverpanel.org.uk; telephone number +44 (0) 20 7382 9026; fax +44 (0) 20 7236 7005).

Appendix I

Definitions

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

Admission	Admission of the New Alliance Trust Shares to the Official List and to trading on the London Stock Exchange’s market for listed securities becoming effective.
ALICo	The Asset, Liability & Income Committee of Alliance Trust or Second Alliance Trust, as the context may require.
Alliance Trust	The Alliance Trust PLC.
Alliance Trust Annual General Meeting	The annual general meeting of Alliance Trust (and any adjournment thereof) convened for 11.30 a.m. on 10 May 2006 (or as soon thereafter as the Second Alliance Trust Extraordinary General Meeting shall have been concluded or adjourned).
Alliance Trust EBT	The Alliance Trust PLC Employee Benefit Trust, established by deed of trust dated 12 May 2005.
Alliance Trust	The extraordinary general meeting of

Extraordinary General Meeting or Extraordinary General Meeting	Alliance Trust (and any adjournment thereof) convened for 2.00 p.m. on 10 May 2006 (or as soon thereafter as the Alliance Trust Annual General Meeting shall have been concluded or adjourned).
Alliance Trust FAV	The Formula Asset Value attributable to the Subdivided Alliance Trust Shares.
Alliance Trust Share Split	The subdivision of the ordinary share capital of Alliance Trust, conditional upon and with effect from the Merger becoming unconditional, on the basis of ten Subdivided Alliance Trust Shares for each Alliance Trust Share.
Alliance Trust Shareholders	Holders of Alliance Trust Shares, Subdivided Alliance Trust Shares or New Alliance Trust Shares, as the context may require.
Alliance Trust Shares	Ordinary shares of 25p each in the capital of Alliance Trust.
Articles of Association or Articles	The articles of association of Alliance Trust.
ATS	Alliance Trust Savings Limited, a company incorporated in Scotland with registered number SC98767, with registered business address of Meadow House, 64 Reform Street, Dundee, DD1 9YP.
Business Day	Any day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in London and Edinburgh.
City Code	The City Code on Takeovers and Mergers.
Combined Company	Alliance Trust as enlarged after the implementation of the Scheme and the Merger.
Combined Group	The Group following the Effective Date.
Companies Act	The Companies Act 1985 (as amended).
Conditions	The conditions to the implementation of the Scheme and the Merger set out Appendix II of this announcement.
Court	The Court of Session in Scotland.

Court Hearing	The hearing of the petition to sanction the Scheme and to confirm the reduction of capital provided for by the Scheme.
Court Hearing Date	The date of the commencement of the Court Hearing.
Court Order	The interlocutor of the Court sanctioning the Scheme under Section 425 of the Act and confirming the reduction of capital provided for by the Scheme under Section 137 of the Act.
Dresdner Kleinwort Wasserstein	Dresdner Kleinwort Wasserstein Limited.
Effective Date	The date on which the Scheme becomes effective in accordance with its terms, which is expected to be 21 June 2006.
FAV or Formula Asset Value	The relevant formula asset values in respect of the Subdivided Alliance Trust Shares and Second Alliance Trust Shares as determined in accordance with the formula as set out in Appendix III of this announcement.
FAV Calculation Date	The date at the close of business of which the Alliance Trust FAV and the Second Alliance Trust FAV are to be calculated, which is expected to be 15 June 2006.
Financial Services Authority or FSA	The Financial Services Authority of the United Kingdom in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of FSMA.
FSMA	The Financial Services and Markets Act 2000 (as amended).
Group	Alliance Trust and its subsidiary undertakings from time to time (being the Combined Group following the Effective Date).
HMRC	Her Majesty's Revenue and Customs.
JPMorgan Cazenove	JPMorgan Cazenove Limited.
Listing Rules	The rules relating to admission to the

	Official List made in accordance with s.73A(2) of FSMA.
London Stock Exchange Merger	The London Stock Exchange plc. The proposed merger between Alliance Trust and Second Alliance Trust by means of the Scheme.
Net Asset Value or NAV	The unaudited net asset value of the relevant company, or the shares of the relevant company, calculated in accordance with the relevant company's normal reporting policies (which, when calculated per share, excludes the shares held in the Alliance Trust EBT or the Second Alliance Trust EBT, as the case may be).
New Alliance Trust Shares	Ordinary shares of 2.5p each in Alliance Trust, to be issued to the Second Alliance Trust Shareholders pursuant to the Scheme.
New Second Alliance Trust Shares	The Second Alliance Trust Shares to be issued by Second Alliance Trust pursuant to the Scheme.
Official List	The Official List of the Financial Services Authority.
Panel Prospectus	The Panel on Takeovers and Mergers. The prospectus to be issued by Alliance Trust relating to the Combined Company and the New Alliance Trust Shares.
Scheme or Scheme of Arrangement	The proposed scheme of arrangement under Section 425 of the Companies Act between Second Alliance Trust and the Second Alliance Trust Shareholders, together with the associated reduction of capital.
Scheme Circular	The document to be sent to Second Alliance Trust Shareholders setting out details of the Scheme.
Scheme Record Time	6.00 p.m. on the last Business Day immediately prior to the Effective Date.
Second Alliance Trust Second Alliance Trust Court Meeting	The Second Alliance Trust PLC. The meeting of Second Alliance Trust Shareholders (and any adjournment thereof) convened pursuant to an order

	of the Court under Section 425 of the Companies Act, to be held at 10.00 a.m. on 10 May 2006 for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment).
Second Alliance Trust EBT	The Second Alliance Trust PLC Employee Benefit Trust, established by deed of trust dated 12 May 2005.
Second Alliance Trust Extraordinary General Meeting	The extraordinary general meeting of Second Alliance Trust (and any adjournment thereof) convened in connection with the Scheme, to be held at 10.30 a.m. on 10 May 2006 (or as soon thereafter as the Second Alliance Trust Court Meeting shall have been concluded or adjourned).
Second Alliance Trust FAV	The Formula Asset Value attributable to the Second Alliance Trust Shares.
Second Alliance Trust Group	Second Alliance Trust and its subsidiary undertakings.
Second Alliance Trust Shareholders	Holders of Second Alliance Trust Shares.
Second Alliance Trust Shares	Fully-paid ordinary shares of 25p each in the capital of Second Alliance Trust.
Subdivided Alliance Trust Shares	Alliance Trust Shares which have been, pursuant to the Alliance Trust Share Split, subdivided into ordinary shares of 2.5p each.
Taxes Act	The Income and Corporation Taxes Act 1988, as amended.
UK or United Kingdom	The United Kingdom of Great Britain and Northern Ireland.
US Securities Act	The United States Securities Act of 1933, as amended.
Wolanski Trustees	Wolanski & Co. Trustees Limited, a company incorporated in England and Wales with registered number 02178783.

Appendix II
CONDITIONS OF THE SCHEME AND THE MERGER

The Merger is conditional upon the Scheme becoming unconditional and becoming effective, subject to the City Code, by not later than 30 September 2006 or such later date (if any) as Alliance Trust and Second Alliance Trust may agree and (if required) the Court may allow.

1. Conditions of the Scheme

The Scheme is conditional upon:

1.1 the approval of the Scheme by a majority in number representing three-fourths or more in value of the Second Alliance Trust Shareholders present and voting, either in person or by proxy, at the Second Alliance Trust Court Meeting, or at any adjournment thereof;

1.2 the special resolution to approve matters to give effect to and implement the Scheme and the associated reduction of capital, to increase the authorised share capital of Second Alliance Trust, to authorise the allotment of New Second Alliance Trust Shares, to increase the authorised share capital of Second Alliance Trust by the creation of one “Deferred Share”, to amend the articles of association of Second Alliance Trust in respect of that Deferred Share accordingly and to authorise the allotment of the Deferred Share, being duly passed by the requisite majority of Second Alliance Trust Shareholders at the Second Alliance Trust Extraordinary General Meeting, or at any adjournment thereof;

1.3 the passing at the Alliance Trust Extraordinary General Meeting, or at any adjournment thereof, of a special resolution to approve the Merger, to subdivide the share capital of Alliance Trust, to increase the authorised share capital of Alliance Trust, to authorise the allotment of New Alliance Trust Shares pursuant to the Scheme and to amend the Articles of Association of Alliance Trust, as set out in the notice of the Alliance Trust Extraordinary General Meeting;

1.4 the sanction (with or without modification, on terms agreed by Alliance Trust and Second Alliance Trust) of the Scheme and confirmation of the reduction of capital provided for by the Scheme by the Court and a certified copy of the Court Order and the minute of such reduction attached thereto being delivered for registration to the Registrar of Companies in Scotland and, in relation to the reduction of capital provided for by the Scheme, being registered by the Registrar of Companies in Scotland; and

1.5 the admission to the Official List of the New Alliance Trust Shares becoming effective in accordance with the Listing Rules and the admission of such shares to the London Stock Exchange’s market for larger and established companies becoming effective or (if Second Alliance Trust and Alliance Trust so determine and subject to the consent of the Panel) the FSA agreeing or confirming its decision to admit such shares to the Official List and the London Stock Exchange agreeing or confirming its decision to admit such shares to trading subject only to (i) the allotment of such shares and/or (ii) the Scheme becoming unconditional in all respects.

2. Conditions of the Merger

Alliance Trust and Second Alliance Trust have agreed that, subject as stated in paragraph 3 below, application to the Court to sanction the Scheme and to confirm the reduction of capital provided for by the Scheme will not be made unless conditions 1.1, 1.2 and 1.3 above have been fulfilled and unless immediately prior to the hearing of the petition to sanction the Scheme the following conditions (as amended if appropriate) are satisfied or waived as referred to below:

2.1 no notice having been given or action taken by the HMRC which indicates that Second Alliance Trust or Alliance Trust may not remain approved as an investment trust company pursuant to Section 842 of the Taxes Act up to the time when the Scheme becomes effective, or that the Merger and/or the transfer of Second Alliance Trust's assets to Alliance Trust might cause Alliance Trust to cease to be approved as an investment trust company;

2.2 no governmental authority, regulatory body, court or other person having instituted or threatened any action, proceedings or investigation, or enacted or proposed any statute, regulation or order, which would or might make implementation of the Scheme and the other steps involved in the Merger void or illegal, or restrict or prohibit the implementation of the Merger, or impose material additional conditions in relation to that implementation, or otherwise adversely affect in any material respect the business of Alliance Trust or Second Alliance Trust;

2.3 there being no material pending or threatened litigation, arbitration proceedings, prosecution or other legal proceedings against Alliance Trust or Second Alliance Trust; and

2.4 except as publicly disclosed before 20 March 2006 or contemplated by the Scheme, neither Second Alliance Trust nor Alliance Trust having issued any ordinary shares or other securities or securities convertible into, or warrants or options to subscribe for, its ordinary shares or other securities, or entered into any commitment to do so, or made any material change in its investment policies other than as agreed between Second Alliance Trust and Alliance Trust, or entered into any material agreement or commitment which is of a long term or unusual (by reference to the prior practice of Second Alliance Trust or Alliance Trust, as the case may be) nature or magnitude, other than agreements the existence of which has been disclosed in writing to Second Alliance Trust or Alliance Trust as the case may be before 20 March 2006.

3. Waiver of Conditions

Subject to the requirements of the Panel, Second Alliance Trust and Alliance Trust, acting together, may waive all or any of the conditions contained in paragraphs 1.5 and 2 above (or, where appropriate, by the party for whose benefit the condition exists), in whole or in part.

Appendix III
FORMULA ASSET VALUE

Entitlement of Second Alliance Trust Shareholders

The aggregate number of New Alliance Trust Shares that each Second Alliance Trust Shareholder will be entitled to receive in respect of the cancellation of his Second Alliance Trust Shares will be calculated by dividing the Second Alliance Trust FAV by the Alliance Trust FAV (the “**FAV Ratio**”) and multiplying the Second Alliance Trust Shareholder’s holding of Second Alliance Trust Shares by the FAV Ratio. The number of Second Alliance Trust Shares held by a Second Alliance Trust Shareholder will be taken as at the Scheme Record Time. The FAV Ratio will be calculated to five decimal places, with 0.000005 being rounded downwards.

Entitlements to less than one New Alliance Trust Share will not be issued to Second Alliance Trust Shareholders but will be aggregated and sold in the market. The net proceeds of sale will be paid by cheque to the relevant Second Alliance Trust Shareholder in due proportions, except that individual entitlements of less than £3.00 shall be retained for the benefit of the Combined Company.

Formulae for calculations of the Alliance Trust FAV and Second Alliance Trust FAV

The FAV of (i) Alliance Trust (the “**Alliance Trust FAV**”) and (ii) Second Alliance Trust (the “**Second Alliance Trust FAV**”) shall be calculated as provided below, separately, in relation to Alliance Trust and Second Alliance Trust (each of which for the purposes of this Appendix is, unless the context otherwise requires, referred to as the relevant company) as at the close of business on the FAV Calculation Date. Both FAVs will be calculated in pence, rounded to five decimal places, with 0.000005 pence being rounded downwards.

The Alliance Trust Share Split is conditional upon the Merger becoming unconditional, which is expected to be on 21 June 2006, which is post the FAV Calculation Date. However, the Alliance Trust FAV calculation takes account of the Alliance Trust Share Split.

Accordingly the Alliance Trust FAV will be:

$$\frac{(A + B + C + D + E + F + G) - (H + I + J + K)}{10X}$$

And the Second Alliance Trust FAV will be:

$$\frac{(A + B + C + D + E + F + G) - (H + I + J + K)}{Y}$$

where in relation to each company:

A is the value of those investments of the relevant company, as at the close of business on the FAV Calculation Date, which are listed or dealt in, on a recognised

stock exchange, including AIM, calculated by reference to bid prices as at the close of business on the FAV Calculation Date. In the case of debt-related securities (including convertible debt securities), the value of the investment is the bid price as at the close of business on the FAV Calculation Date, subject to adjustment to exclude any accrual of interest up to the close of business on the FAV Calculation Date. The quotation or price shall be taken from the principal stock exchange or market where the relevant investment is listed or dealt in, as shown by the exchange's or market's recognised method of publication of prices for such investments;

- B** is the value of those investments of the relevant company, as at the close of business on the FAV Calculation Date, which are dealt in on an "over the counter" market, calculated by reference to the average of the average prices marked for those investments on such of the five business days up to and including the FAV Calculation Date on which there were dealings recorded, as shown by the relevant market's recognised method of publication of prices for such investments;
- C** is the value of those investments of the relevant company, as at the close of business on the FAV Calculation Date, which comprise units in unit trusts or OEICs, calculated by reference to the bid price quoted as at the FAV Calculation Date by the relevant unit trust or OEIC managers for holdings of the amount held by the relevant company;
- D** is the value of all those traded options and futures contracts to which the relevant company is party as at the close of business on the FAV Calculation Date which are traded on a stock, commodities, financial futures or other securities exchange, calculated by reference to the closing bid prices on the FAV Calculation Date, as shown by the relevant exchange's recognised method of publication of such prices;
- E** is the value of all other investments of the relevant company, which will be valued as at the close of business on the FAV Calculation Date at fair values on a basis as agreed between the boards of Second Alliance Trust and Alliance Trust or, failing such agreement within seven days after the FAV Calculation Date, as determined by an independent expert;
- F** is the actual amount as at the close of business on the FAV Calculation Date of any sums due from debtors (for these purposes including any dividends receivable on investments quoted as ex-dividend and any accrual of interest up to the close of business on the FAV Calculation Date, on debt related securities but excluding any dividend, distribution or interest unlikely to be received or the amount of which has been taken into account in the value of any of the investments comprised in A to E above), any prepaid expenses, any tax recoverable, any cash and deposits with or balances at banks, bills receivable or money market instruments of the relevant company (together in each case with accrued interest less an accrual for any associated tax) and the fair value of any other tangible assets and intangible assets not otherwise accounted for, determined by agreement between the boards of

Second Alliance Trust and Alliance Trust or, failing such agreement within seven days after the FAV Calculation Date, as determined by an independent expert;

- G** is the costs and expenses of the Merger which have been paid by the relevant company before the FAV Calculation Date;
- H** is the principal amount as at the close of business on the FAV Calculation Date of any outstanding borrowings of the relevant company plus accrued but unpaid interest, commitment fees incurred but not paid and other charges up to and including that date;
- I** is the amount of any dividend or other distribution declared or announced on or before the close of business on the FAV Calculation Date so far as not previously paid to holders of shares of the relevant company as agreed between the boards of Second Alliance Trust and Alliance Trust or, failing such agreement within seven days after the FAV Calculation Date, as determined by an independent expert;
- J** is the amount of any taxation payable to any taxation authority including HM Revenue & Customs (net of any repayment receivable from HM Revenue & Customs), making provision for a corporation tax charge on the net profits for all applicable periods up to the FAV Calculation Date, and offsetting from such sum any recoverable foreign withholding taxes and any recoverable UK income tax not included in F above in the period to date as agreed between the boards of Second Alliance Trust and Alliance Trust or, failing such agreement within seven days after the FAV Calculation Date, as determined by an independent expert;
- K** is the amount which fairly reflects at the close of business on the FAV Calculation Date all other accrued liabilities of the relevant company including a fair provision for any contingent liabilities (including liabilities on account of purchases of investments not settled, liabilities to taxation, whether or not deferred) or losses (including disputed claims) in so far as not taken into account from H to and including J above but excluding the costs and expenses of the Merger (other than those falling within G above), determined by agreement between the boards of Second Alliance Trust and Alliance Trust or, failing such agreement within seven days after the FAV Calculation Date, as determined by an independent expert;
- X** is the number of Alliance Trust Shares in issue, including those shares held by the trustee of the Alliance Trust EBT, at the close of business on the FAV Calculation Date; and
- Y** is the number of Second Alliance Trust Shares in issue, including those shares held by the trustee of the Second Alliance Trust EBT, at the close of business on the FAV Calculation Date.

Notes:

1. For the purpose of the above calculations, the value of assets and liabilities denominated in currencies other than sterling shall be converted at the bid rates of exchange between sterling and such other currencies in London at the close of business on the FAV Calculation Date, as agreed by the boards of Second Alliance

Trust and Alliance Trust or, failing such agreement within seven days after the FAV Calculation Date, as determined by an independent expert.

2. In the case of A, B and D above, if there has been any general suspension of trading on the relevant stock exchange or market, or if it was closed for business on the FAV Calculation Date, the value of the investments concerned shall be taken as at the close of business on the immediately preceding date on which there was trading on the relevant stock exchange or market, save that if there has been a material adverse change in the financial position of the underlying investment, a fair provision determined by agreement between the boards of Second Alliance Trust and Alliance Trust or, failing such agreement within seven days after the FAV Calculation Date, as determined by an independent expert, shall be made to reflect the adverse change in the value of the investment.
3. Subject to Note 2 above, in the case of A to E above:
 - (a) where no price is quoted in respect of any such investment or where dealings in any investment have been suspended on any relevant date or, in the case of B above, if there have been no dealings recorded in respect of any such investment for any of the five business days up to and including the FAV Calculation Date or, in the case of C above, if the relevant unit trust or OEIC manager is not required to purchase units in the relevant unit trust or OEIC on the FAV Calculation Date or has not quoted published bid and published offer prices on any of the five business days up to and including the FAV Calculation Date, the value shall be determined in accordance with E above; and
 - (b) where any such investment as is referred to therein is, as at the close of business on the FAV Calculation Date, subject to any legally binding right of any person to acquire the same or any legally binding obligation on the relevant company to dispose of the same, whether as a result of the Merger or otherwise, at a price other than that determined in accordance with A to E above, as the case may be, then such investment shall be valued at such other price unless such obligation or entitlement is unconditionally and irrevocably waived or lapses prior to the close of business on the FAV Calculation Date or unless the third party has the right (but no obligation) to acquire the investment at a higher price than that determined as aforesaid.
4. With regard to E, any unquoted investments shall be valued by the boards of Second Alliance Trust and Alliance Trust on the basis of the accounting policies used by Alliance Trust in its audited financial statements for the year ended 31 January 2006 and by Second Alliance Trust in its unaudited interim results for the six month period ended 31 January 2006.
5. Subject to Note 4 above, with regard to E and/or F above, the boards of Second Alliance Trust and Alliance Trust and, if appointed, any independent expert, shall have regard, *inter alia*, to the following when determining the valuation of any investment or other asset (which shall be calculated on the basis of a notional sale by a willing seller to a willing buyer, without regard to any additional value that

might be attributed to the investment or asset by any special category of potential purchaser):

- (a) the existence of any pre-emption rights or obligations in relation to such investment or asset or any other restrictions on the transfer or disposal of the same which may exist or which may arise as a consequence of the proposed transfer of such investment or asset or as a consequence of the transfer of such investment or asset to any party on the winding up of the relevant company;
 - (b) the marketability of such investment or asset; and
 - (c) the terms and volumes of any recent dealings in such investment or asset.
6. With regard to F above, the boards of Second Alliance Trust and Alliance Trust, and, if appointed, the independent expert, shall, except in the case of debtors and tangible assets, be bound by the actual amount of such items and, in the case of debtors and tangible assets, shall have regard to but shall not be bound by the accounting policies used by Alliance Trust in its audited financial statements for the year ended 31 January 2006 and by Second Alliance Trust in its unaudited interim financial results for the six month period ended 31 January 2006.
7. References in this Appendix to an independent expert shall mean a member of the London Investment Banking Association or a member firm of the London Stock Exchange or a member of the Institute of Chartered Accountants in England and Wales or the Institute of Chartered Accountants of Scotland (not connected with any of the parties to this transaction) selected by the boards of Second Alliance Trust and Alliance Trust. In making any determination referred to in this Appendix III, the boards of Second Alliance Trust and Alliance Trust, or any independent expert, as the case may be, shall act as experts and not as arbitrators, and their determination shall, in the absence of fraud (and subject to any agreement otherwise between Alliance Trust and Second Alliance Trust), be final and binding on all interested parties and, in the absence of fraud, none of them shall be under any liability to any person by reason thereof or by anything done or omitted to be done by them for the purposes thereof or in connection therewith.
8. The directors of the relevant company will prepare the calculations of the FAV of the relevant company on the FAV Calculation Date. Such calculations will be submitted to the other party's financial advisers, namely JPMorgan Cazenove on behalf of Alliance Trust and Dresdner Kleinwort Wasserstein on behalf of Second Alliance Trust.
9. Notwithstanding any of the above provisions, in the event that the valuation of any investment or other asset of the relevant company or the amount of any deduction made in accordance with the provisions is, in the opinion of the boards of Second Alliance Trust and Alliance Trust, unavailable from the prescribed source, incorrect or unfair, they may, if they so agree, adopt an alternative method of valuation or deduction, as the case may be.

END

