

ALLIANCE TRUST PLC

2010 AGM – 21st MAY 2010

FINANCIAL PERFORMANCE REPORT

Thank you Katherine. I would like to say how pleased I am to have joined Alliance Trust. As Lesley mentioned in her introduction I was previously with Legal & General and have worked within financial services for many years both in the UK and Asia. I look forward to introducing myself to many of you more informally during lunch.

I will now present the financial performance for the year.

Dividend

At Alliance we recognise the importance of a progressive dividend to our shareholders. We delivered our 43rd consecutive year of dividend increases with a 1.9% rise to 8.15p. This was set against a backdrop of over half of the companies listed on the FTSE 350 index which announced they were not increasing their dividend. We have one of the highest yields of the larger trusts and our decision to increase our reserves during the year differentiates us from other investment trusts which have used their

reserves to maintain their dividends. Indeed this slide illustrates our ability to steadily grow both the dividend and reserves over the last five years. The Company revenue reserves now total £89m which equates to coverage of the 2010 dividend by 1.6 times.

Although we expect that 2010 will remain challenging we are confident, barring any significant unforeseen developments, in our ability to deliver another year of progressively increasing dividend and have indicated our intention to pay at least 8.25p for the year ending January 2011.

Company Performance

Turning to the Company's performance, the Company generates returns through revenue earnings and capital growth. This slide gives the highlights of the Company's financial performance over the last year. I intend to cover what contributed to revenue earnings per share of 9.14p as Katherine has already covered during her presentation on Investment Performance what contributed to the capital return.

Company Revenue Performance

Although revenue earned from the Company's assets declined by 15% to £81m this was set against an extremely challenging environment for income generation and was driven primarily by two factors. Firstly, our income from investments fell by 5%, however companies listed on the FTSE All World Index reduced their total dividend payments by around 25%. This demonstrates the great emphasis we place on the sustainability of dividends in our investment selection process. Secondly, the reduction in base rates coupled with our decision to reduce cash balances and invest that cash in the markets meant a decline in bank interest earned.

Company Expenses

As regards Expenses, overall the Company decreased expenditure by nearly 5% during the year to £16m. Against a difficult economic backdrop some tough short-term decisions have been made where deemed necessary for longer term gains. As a result, support functions head count reduced by fifteen per cent during the year. The Company also benefited from a full year impact of decisive actions to reduce its cost base last year such as the decision to close the Hong Kong office.

The Total Expense Ratio is a key metric for us all. We calculate it as the expenses of running the investment trust divided by its average net assets over the year. The total expense ratio for the year was 0.69% compared to 0.70% the previous year. I am pleased to say the Company remains in the lower quartile of expense ratios for comparable investment trusts.

Consolidated results

As we have a number of subsidiaries, Alliance Trust is also required to produce consolidated accounts. These aggregate all costs across the Group. On this basis, total group expenses reduced by nearly ten per cent from £42m to £38m. This reflects the cost management discipline across all parts of our Group which saw overall employee numbers reduced by 14% over the year. We have also focussed on non staff related expenditure which reduced by 12% during the year.

I will now hand on to Shona Dobbie, who will provide our view on the economic challenges facing the UK Government.