



To: Stock Exchange

For immediate release
30 May 2006

**Securities Trust of Scotland plc
Performance fee**

The following is extracted from the Chairman's Statement in the company's financial report for the period ended 31 March 2006, that has been posted to shareholders today:

"At the time of the company's listing, the directors noted that they intended to negotiate a performance fee arrangement with Martin Currie, to further align the manager's interests with those of shareholders. I am pleased to report that agreement has been reached whereby, in return for an immediate reduction in the basic management fee from 0.4% to 0.3% of total assets, Martin Currie is able to earn 15% of any outperformance of the benchmark FTSE All-Share index by the NAV per share, adjusted for share buybacks. This fee is assessed annually to 31 March and is subject to a cap of 1% of year-end net assets and high-watermark provisions. If the NAV per share falls in an assessment period, the share of any outperformance falls to 7.5%. Furthermore, there are three separate tests that the company must meet in order for the full performance fee to become payable: the discount must be lower than at the prior year-end; revenue return per share must be higher than in the prior period; and NAV per share total return performance must exceed that of the AITC UK Growth & Income peer group average. For each of these tests that the annual outcome fails to meet, the performance fee is reduced by 25%.

The board is satisfied that this arrangement appropriately balances the interests of shareholders with those of the managers."

For further information, please contact:

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