

Electric & General Investment Trust plc: As at 29.02.08

International / Equity Growth

Investment Manager's Commentary

Markets firmed up during the middle part of February 2008, only to lose all their gains in the last couple of days following a cautious speech from Ben Bernanke, the Fed Chairman. An appetite for greater safety was reflected in a sharp fall in US government bond yields and a rise in the gold price. The Euro and the Yen remained strong currencies, to which we have substantial exposure. European economies are slightly more resilient than the US and UK but as ever, stock market valuations take their lead from Anglo-Saxon markets. The continued unsettled conditions in financial markets are beginning to throw up some very good opportunities to gradually invest the Company's liquidity. The UK economy continued to show falling house prices, but otherwise had less bad news than of late. Three new holdings were purchased during the month, BNP Paribas, Conoco Phillips and Orkla. BNP Paribas is one of the greatest opportunities we have found thrown up by the current weak environment for financial shares. BNP Paribas has used its strong foundations as French retail lender to develop a high quality corporate and investment banking franchise, as well as expanding into attractive retail banking markets such as Italy and Central Europe. It has also developed a strong international consumer finance business. We recently met with Philippe Bordenave, the CFO, to review the most recent annual numbers. BNP Paribas is enjoying higher margins on its core lending businesses as competitors withdraw from the marketplace, and is continuing to invest to grow the business in Italy and international consumer lending to take advantage of the current environment. Revenue growth continues to outpace cost growth in each of their major businesses, and there is still lots of room for long term growth. Meanwhile, BNP Paribas has thus far avoided any significant trading or lending issues, unlike many of its peers, but has been derated in a fashion similar to the rest of the sector. The balance sheet remains conservative and well capitalised. On 2007 numbers, BNP Paribas is now trading at around 6.5x earnings for a dividend yield of over 6%. It trades at just over 1x tangible book, a measure of what would be left for shareholders if the business were to be wound up, despite earning a 15% return on equity. We have therefore recently added a holding, and believe that BNP Paribas is both a conservative and very cheap share. Conoco Phillips is a leading US integrated oil company with substantial reserves in the US, Canada, North Sea and West Africa. It has been successful in recent years in finding new reserves and has been investing in

LNG assets worldwide as the market for shipping liquefied gas to tight markets develops. It has tended to trade on a small discount to the larger integrated oil companies, despite being of acquirable size. Orkla is a conglomerate with two main areas of activity. It holds a substantial position in the Scandinavian-branded consumer goods business, which represents 40% of company revenues. Its other main business is aluminium products which are in the downstream aluminium extrusion business, which is approximately 25% of turnover. The balance of the company's activities are in specialist materials and financial investments. The company has a P/E ratio of less than 10 and its debt is roughly equivalent to its investment portfolio. Apart from being a modestly valued solid company, Orkla also has a 40% holding in Renewable Energy Corporation, which is the world's largest manufacturer of silicon for the solar energy industry. This company is enjoying dramatic growth and undergoing substantial expansion. A 'sum of the parts' approach to valuation is probably the most useful to value Orkla's range of businesses, and a relatively conservative approach, including using the current share prices where holdings are listed, leads to a net asset value ("NAV") of approximately NOK100 per share (net of interest-bearing debt). Currently, the valuation in the stock market is at a 35% discount to this level, which seems excessive. Additionally, one of Norway's most successful entrepreneurs, who made his fortune from a low cost supermarket business, has built up a 22% holding in the company. To sum up, Orkla is both a modestly valued FMCG investment and also a way to participate in the fast growing solar energy industry at a substantial discount to other valuations in the stock market. We have added to the holdings in ING and ANF, while continuing to buy Sekisui House. On the sales side, we continue to take profits in Kao and Rio and have also decided to sell the main South African holdings, given the political situation and the increasing attractions of developed market valuations. We have a good profit in MTN and a small loss in Telkom. We have also started to sell the Singapore bank holding, DBS, where interest margins seem to be coming under pressure and where the stock has held its value while bank shares in the rest of the world have collapsed.

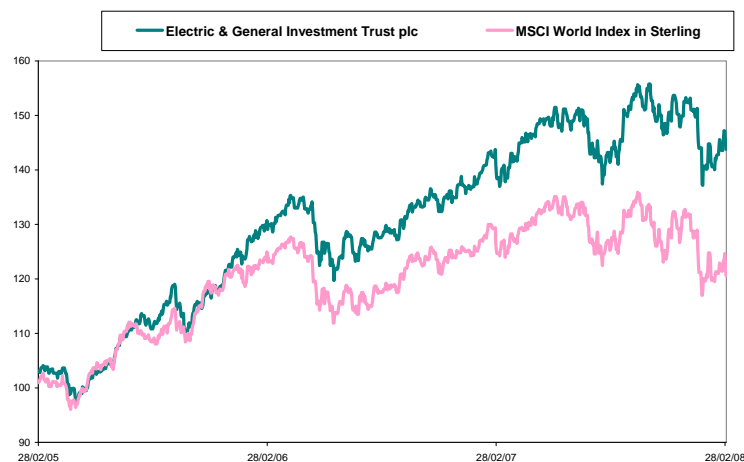


Top Ten Holdings

(as at close 29th February 2008)

Rank	Company Name	Weighting
1	NEWCREST MINING A\$0.50	2.20%
2	ING GROEP NV CVA EUR 0.24	2.15%
3	NESTLE SA CHF1 (REGD)	2.01%
4	VODAFONE GROUP USD 0.11428571	1.91%
5	FRANCE TELECOM EUR4	1.89%
6	SNC LAVALIN GROUP COM NPV CAD	1.84%
7	RIO TINTO ORD GBP0.10	1.78%
8	ROYAL DUTCH SHELL EUR0.07 'B' SHS	1.73%
9	ANF EUR1	1.73%
10	SWISS REINSURANCE CHF0.10	1.72%

NAV per share Performance 01.03.05 (rebased to £100) to 29.02.08



Discrete Annual Performance (%) 12 Months Ending

	December 2007	December 2006	December 2005	December 2004	December 2003
Ordinary Price	4.62	10.78	21.17	25.68	19.35
NAV	10.95	12.38	24.35	6.84	18.96
Morgan Stanley Capital International World Index in Sterling	5.69	3.75	19.74	5.05	17.94

Note: Price is month-end mid-price. Benchmark is not total return index.
Source: Bloomberg

Past performance is not a guide to the future. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested.

Cumulative Performance to 29.02.08 (%)

NAV Per Share (P)	Ordinary Share Price (P)		1 Month	YTD	1 Year	3 Year	5 Year	10 Year
458.5	415.00	Ordinary Price	4.34	2.28	2.03	31.96	119.00	26.72
Yield	Discount	NAV	1.73	4.56	3.64	39.19	92.57	28.97
1.81%	-9.49%	Morgan Stanley Capital International World Index in Sterling	-0.83	-3.46	-4.13	19.46	52.83	17.26

Note: Price is month-end mid-price. Benchmark is not total return index.
Source: Bloomberg

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Company Objective

The Company is a closed-end fund. The aim of the Company is to produce above average capital growth by investing in an international portfolio of companies.

Charges

Basic Management Fee: 0.4% of net assets per annum.
Performance Fee: 10% of the outperformance versus the MSCI World Index in Sterling over the relevant performance period (maximum of 0.6% in a period of increase and 0.2% in a period of decrease of net assets).

Fund Details

Total Gross Assets:

£307.0m (As at 29.02.08)

Dealing:

Daily (Stockmarket)

NAV Frequency:

Daily

Legal Status:

UK Investment trust

Listing:

London Stock Exchange

Dividends:

March, October

Investment Manager:

Taube Hodson Stonex Partners Limited

Stockbroker:

JPMorgan Cazenove Limited

Administrator:

BNP Paribas Fund Services UK Limited

Registrar:

Computershare Investor Services PLC

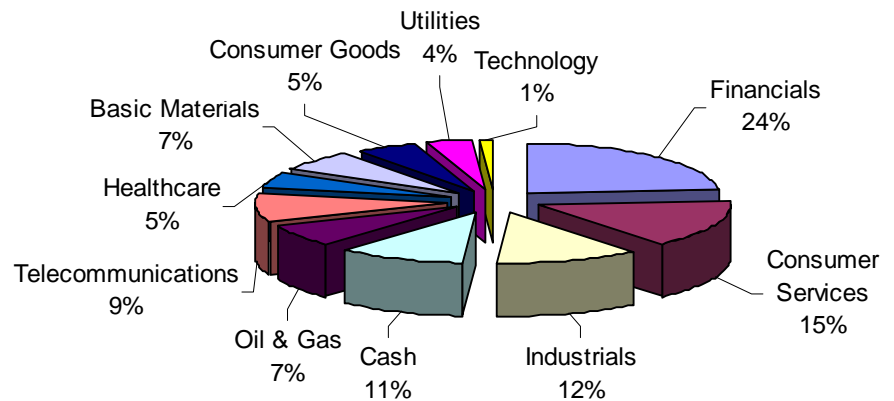
Wrapped Products

The shares of Electric & General Investment Trust plc ("Electric & General") are offered within the BNP Paribas Electric & General Savings Scheme, ISA and PEP. Further details can be obtained from the Share Saving Scheme section of the Electric & General website on www.electricandgeneral.com or by calling the Investor Helpline on 0845 358 1113.

Important Information

The prices of shares in investment trusts and income received from them can go down as well as up and investors may not get back the full amount invested. Past performance is no guarantee of future performance. Quoted yields are not guaranteed. Changes in the rates of currency exchanges may have an adverse effect on the value or price of the shares. Investments in a currency other than your own currency will be subject to movements in foreign exchange rates. Reference to any specific securities should not be construed as a recommendation to buy or sell these securities but is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may have already been acted upon. Investment trusts can borrow money to make additional investments on top of shareholders' funds (gearing). The use of gearing can lead to volatility in the NAV, meaning that a relatively small movement, down or up, in the value of a company's assets will result in a magnified movement, in the same direction, of that NAV. Share price performance is not the same as NAV performance and investors may not realise returns the same as NAV performance. The Company may invest in emerging markets which tend to be more volatile than more established stock markets and the value of your investment could move sharply up or down. If you have any questions about the suitability of this investment for your portfolio, you should contact an independent financial adviser. Nothing in this factsheet should be construed as advice nor be considered an offer or solicitation to deal in investments. Issued by Taube Hodson Stonex Partners Limited which is authorised and regulated by the Financial Services Authority. Registered office: Cassini House, 1st Floor, 57-59 St. James's Street, London, SW1A 1LD.

Sector Allocation



Geographical Allocation

