

To Murray VCT Shareholders

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UK Shareholders Association

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The Murray VCTs - A Second Update on Our Campaign

We have written to you previously regarding the Murray Venture Capital Trusts and you may have recently received a further letter from Mr Charles Clark. This letter again calls for the removal of the current directors of Murray VCT Plc, Murray VCT2 Plc and Murray VCT3 Plc and asks you to sign a requisition calling an Extraordinary General Meeting (EGM) of these companies. The letter can be seen on Mr Clark's web site at <http://www.murrayvct123action.com> if you don't have a copy. You will also soon be receiving a letter from the directors of those companies (if you haven't already) explaining what their current proposals are and the reasons for the delays in holding the Annual General Meetings (AGMs). Note that Mr Clark's initiative is independent of our own campaign. Our comments are:

1. We have previously made it clear that we would like to see some changes to the directors of these companies, but our last communication to shareholders said that we would await more information from the companies before making a recommendation as to whether you should support Mr Clark in full, or not. Unfortunately it seems that the companies have been unable to get answers to their questions from Mr Clark, and yet he seems to want to hurry along the process of voting on new directors.
2. Bearing in mind that the main focus of our campaign has been to encourage the merger of these companies (ie. the ones now managed by Close Bros), and some changes of directors, we consider that the latest proposals from the companies do meet our requirements. They are clearly actively considering a merger, and have suggested that the new merged entity would have a new chairman and two new directors. Only two of the existing directors of these three companies would remain, and some continuity of board members is not unreasonable.
3. Note that from the information we have received, and telephone conversations with Mr Clark, we have not yet been convinced that Mr Clark is totally independent of the former fund manager, Aberdeen. Neither UKSA nor the companies seem to have received in writing a clear commitment that there is no past or current association between Mr Clark and/or his proposed directors, and Aberdeen. Note also that although I have suggested a meeting with Mr Clark and his proposed directors, where some of these issues could be discussed, no such meeting has yet been arranged.

4. In his latest letter, Mr Clark rightly points out that there has been a further decline in the fund values of Murray VCT2 and Murray VCT3 in the recently published results. Clearly this is of concern to shareholders and no doubt questions will be raised at the EGMs or AGMs of those two companies on that issue. However it is worth pointing out that the investment valuations will have been subject to an independent review by the auditors of those companies, so cannot solely be based on the view of the new fund managers.

5. In our view the requisition of EGMs for Murray VCT2 and Murray VCT3 was unnecessary as the AGMs would not likely be delayed significantly and it is reasonable for the companies to delay those meetings until they have firmed up the merger proposals and obtained more information from Mr Clark. The action of requisitioning EGMs is likely to create more unnecessary expense for the companies in writing to shareholders and dealing with queries.

Based on the above, we therefore **DO NOT SUPPORT THE PROPOSED REQUISITIONS**. In addition, at any subsequent EGM or AGM, we are likely to **SUPPORT THE PROPOSALS FROM THE EXISTING BOARDS** and we would **NOT SUPPORT THE WHOLESALE REPLACEMENT OF THE EXISTING BOARDS OF DIRECTORS**.

At best we might support the appointment of a new director to represent Mr Clark's point of view and his supporters on these boards but in our view the existing boards have acted quite reasonably of late and there are too many questions outstanding about the nature and intentions of Mr Clark and his nominees.

I will try and advise you further if more information comes to light, but if you have any questions on the above, please telephone me on 020-8467-2686 or send an email to roger.lawson@btclick.com. Note that the history of these events and any more up-to-date information is on our web site at: http://www.uksa.org.uk/Murray_VCTs.htm.

You can be assured that the UK Shareholders Association will continue to promote changes to improve the performance of these companies and will keep you informed as to developments. If you have not already become a member of UKSA (and there are many other benefits besides being able to get involved in our campaigning activities), then please consider doing so. More information and an application form are present on our web site at <http://www.uksa.org.uk/Membership.htm>.

Please note that UKSA is a mutual organisation owned by its members and we rely solely on our members to fund UKSA operations (we have no government funding and we do not accept funding from financial institutions). The more members we have the better we can represent your interests.

Yours sincerely

Roger Lawson
Communication Director