

To Murray VCT Shareholders

29 May 2005

UK Shareholders Association

BM UKSA
London
WC1N 3XX

Phone: 0870-70-60-600
Email: uksa@uksa.org.uk
Web: www.uksa.org.uk

The Murray VCTs - An Update on Our Campaign

You previously responded to our letter regarding the Murray Venture Capital Trusts and there has been a letter recently circulated to some shareholders by Mr Charles Clark. The latter can be seen on his web site at <http://www.murrayvct123action.com> if you don't have a copy. The letter 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 supporting that and the appointment of new directors at the forthcoming Annual General Meetings.

Mr Clark's initiative is independent of our own campaign, although we have previously made it clear that we would like to see some changes to the directors of these companies, simply on the grounds that the past history of these companies does not inspire confidence in their supervision. Whether Mr Clark's nominees for the boards of these companies are the best candidates available, we have yet to form a view on and we would certainly be interested in any comments on the proposals from the existing board before coming to a conclusion on the matter.

There is of course the question of the fund management contract that has recently been changed from Aberdeen to Close Bros (at some considerable expense), and we feel that another change might not be in the interests of these companies. Mr Clark suggests that the new boards will review the fund management arrangements but it would seem wise to us that any new board commits to putting any such proposals for further changes to the fund management contract to the shareholders, ie. that shareholders should be given a vote on any change recommended by the board, which was not done before the last assignment.

Clearly there are many questions about the proposed new board and their intentions that are likely to be raised and we welcome the opportunity to debate these proposals that the Annual General Meeting of each company would provide. On that basis, we suggest it is quite reasonable to support the proposed requisition unless there is a prompt response from the existing board that provides some alternative or gives good reasons not to do so.

We may learn more in the next few weeks in which case I will advise further 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 we were glad to see that the companies have advised that they are considering the possibility of merging in their recent letter to shareholders and clearly that would imply some changes to the boards but such proposals would take time to complete even if they proved practical. But it is noted that the recent interim results from Murray VCT Plc show a further decline in Net Asset Value of over 18% so one can understand the frustration of some shareholders and their desire for more rapid change.

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