

To Shareholders in the
Murray Venture Capital Trusts

29 July 2005

UK Shareholders Association
BM UKSA
London
WC1N 3XX

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

An Information Update and Proxy Voting Advice

Dear Shareholder,

This note refers to your shareholding in either Murray VCT Plc, Murray VCT2 Plc or Murray VCT 3 Plc. We have previously written to you expressing our concerns about various aspects of these three companies, including of course the poor returns which you have experienced as shareholders. You may also be aware that a Mr Charles Clark has been waging a campaign to remove all the directors of these companies and replace them by totally fresh boards. To this end he has requisitioned Extraordinary General Meetings (EGMs) of all three of these companies, although Annual General Meetings would have been scheduled for the Murray VCT2 and 3 anyway in the near future. This note is to give you our latest views on the position of these companies, including some comments on the proposals of Mr Clark, and some advice on how to exercise your proxy votes.

Our Original Comments and Complaints

In our original letter to you back in February, we raised the following issues:

a - The performance of the companies, where we pointed out that Murray VCT and VCT2 had actually been among the worst performing venture capital trusts launched in the years 1995 to 1997 based on total return (net asset values plus reinvested dividends). The recently published results for Murray VCT2 and VCT3, for the year ending 28 February 2005, are again very disappointing, with a further decline in net assets of these companies during the past year of 21% and 24% respectively. The net asset value of the three companies as last reported by the companies is therefore as follows (bearing in mind that the original amount invested per share was £1):

Murray VCT Plc: 30.1 pence (20 pence)
Murray VCT2 Plc: 34.5 pence (25 pence)
Murray VCT3 Plc: 42.4 pence (31 pence)

The prices in brackets are the "bid prices" at the date of writing, ie. the price you would likely get in the market if you sold your shares.

b - We expressed some concerns about the change of fund manager from Aberdeen to Close Bros as information on this change, or adequate justification, had not been given to shareholders. More information was provided to shareholders on this change, and I met with both the staff of Aberdeen and Close Bros.

.....Continued

Although Murray VCT4 subsequently chose to retain Aberdeen as the fund manager, UKSA had no objection to the change to Close Bros for Murray VCT 1 to 3 even though there have clearly been substantial costs incurred as a result. The new fund management contract has many positive aspects. We would certainly oppose any further change to the fund manager unless there were very good reasons to do so, and we have already asked that any proposed new directors nominated by Mr Clark make a commitment to consult shareholders before such a change is implemented.

c - We complained about the lack of information in the Annual Reports of the companies, which has now been rectified.

d - We highlighted the poor cost structure, particularly in relation to the current size of the portfolios, and we suggested that the companies should consider merging to reduce overhead costs.

e - We expressed concerns that the directors did not move more rapidly to tackle the problems of these companies at an earlier date (ie. consider a change of fund manager sooner).

Subsequent Events

The campaigns by UKSA, and by Mr Clark, have clearly stimulated the directors of these companies to further action. They are now actively progressing proposals for a merger of the three companies. In addition they are proposing that the board of the unified company would have a new chairman and two new directors, with only two directors remaining from the existing boards to provide some minimal continuity. The other existing directors would all stand down. We consider these proposals very reasonable and sensible, subject of course to seeing the details of any merger proposals. In fact they meet the original objectives of UKSA in most respects. We therefore **SUPPORT THE PROPOSALS FROM THE EXISTING BOARDS**, and we do **NOT SUPPORT THE WHOLESALE REPLACEMENT OF THE CURRENT BOARDS OF DIRECTORS ALTHOUGH WE ARE KEEN TO SEE SOME CHANGES IN THE COMPOSITION OF THE BOARDS**.

Mr Clark's Recent Actions

Mr Clark's recent requisitions of EGMs seems to us to be unnecessary and will no doubt incur extra costs for the companies, as has the necessity to communicate with shareholders about his complaints as expressed in multiple letters.

From a recent meeting with Mr Clark, and other information received, we have not yet been convinced that Mr Clark is totally independent of the former fund manager, Aberdeen Asset Management. For example it was reported in one of the Scottish Sunday newspapers on the 17th July that Mr Clark had admitted that his campaign had received financial support from Aberdeen.

Attendance at the AGM and How to Vote

I would certainly encourage all shareholders to attend the Extraordinary General Meetings (and any AGMs) so that you can hear for yourself what the Directors and Mr Clark have to say on the above points. I will certainly be attending on behalf of UKSA, as well as a personal shareholder in these companies, to represent the interests of shareholders.

.....Continued

If you are not attending in person, I would suggest that you appoint me as your proxy to vote on your behalf at the meeting.

If you are undecided as to how to vote after reading the Annual Reports and other information you have received, I would ask that you appoint me as your proxy and I will vote according to what is said at the meetings (or alternatively you can give me specific guidelines). If you wish to do that, please do the following:

- Extract the proxy voting form(s) from the documents you have received.
- Enter your name as the name of the shareholder.
- Enter my name and the address in the heading of this letter as the person you are appointing as proxy and cross out "*the Chairman of the meeting*".
- Leave the voting boxes blank, unless you wish to give me specific instructions.
- Date and sign the forms.
- Return them to me to the following address: UKSA, PO Box 62, Chislehurst, BR7 5YB using the reply paid envelope enclosed and I will forward them to the company's registrars after taking a copy. It would help if you can put your address and the number of shares you hold at the foot of the forms for my information.

If you have already returned a proxy form to the registrars, but wish to change your vote, please telephone me on the number below and I will send another copy to you. Otherwise if you have any questions on any of the above, please call me on 020-8467-2686 at any time.

Even if you intend to attend the EGM/AGM, which I would certainly encourage you to do, we advise you to return the proxy voting forms as suggested above. It is very important to ensure that your vote is recorded at what is likely to be a contentious meeting and if you attend the meeting and a poll is called, you can always change your proxy vote.

How to Support UKSA

Note that the above events demonstrate how UKSA can have a positive influence on the actions of company boards. 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 in the enclosed membership leaflet, or look at our internet web site at www.uksa.org.uk. If you have any questions on membership please telephone 0870-70-60-600. The application form can be returned in the same reply paid envelope as the proxy voting form.

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
Communications Director