

To Torex Retail Shareholders

UK Shareholders Association

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Your Support is Urgently Required to Protect Your Investment

Dear Shareholder,

Enclosed you will find a form requisitioning an Extraordinary General Meeting (EGM) of Torex Retail Plc. It is vitally important that you sign the form and return this to us as soon as possible if you wish to protect your interest in the company.

The purpose of requisitioning the EGM is so as to put a resolution to remove certain directors of the company and appoint some new non-executive directors. You may well ask: why is this necessary? Simply because we do not believe the current directors are paying sufficient attention to the interests of ordinary shareholders. As ordinary shareholders you are the primary owners of this company, but in general you have not as yet been consulted about the proposed disposals of the operating businesses of the company. The Chairman has been unable to reassure us that you will even get to vote on any proposed disposals. In addition the board seems to have avoided proper consideration of alternatives to a sale, which seems to be more in the interests of the bankers and bondholders than in yours.

We have previously written to you suggesting that a quick sale of the businesses of Torex at this time was unlikely to maximise the value and subsequent returns to ordinary shareholders. Indeed, after repayment of debt, there may be little left for ordinary shareholders.

We have put this point to the directors and have suggested that there are alternative restructuring possibilities that they should explore. Indeed one organisation which specialises in this field has shown interest in putting together such a deal. But the Chairman has refused to meet with us to discuss this matter. The only course open to us is therefore to remove two of the directors, Mr Steve Marshall the current Chairman, and Mr Grant, a non-executive director.

This would still leave the existing two executive directors in place, including the chief executive, to provide continuity. In addition we are nominating three new directors to act on a temporary basis to try and ensure that other alternative restructuring proposals are properly and fully considered.

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Note that we cannot of course dictate what any new directors, or the new board as a whole might do, particularly as they will need to become familiar with the financial and operating position of the company, which the board unfortunately has seen fit to communicate very little about to shareholders in recent months.

We do not suggest though that they rule out due consideration of any offers for the business that may be on the table, but should consider those dispassionately alongside other alternatives that might enable refinancing and continuation of business activities.

I hope that you will support our proposals before it is too late. Torex is in essence a company with great products, substantial customer loyalty, enthusiastic staff, extensive intellectual property and would have a very bright future if competently managed. Don't let it be sold for a pittance to private equity buyers via a hurried sale and too cheaply!

You can be assured that we already have widespread support from many shareholders in Torex including a number of individuals with substantial holdings plus a number of institutions. We believe this should be sufficient to ensure the requisition will be actioned (we need at least 10% of shareholders to support the requisition so it is very important for you to return the form, however small your shareholding). Obtaining an EGM will also give you the opportunity to question the directors about their past actions in respect of this company, which they otherwise seem reluctant to discuss with shareholders.

To summarise the basis of our action, our concerns are about the current sales process being followed to dispose of the business(es) and the likely outcome for ordinary shareholders in terms of expected value to be obtained from that approach. We desire the directors to consider possible alternatives such as a restructuring and refunding of the existing business which we believe are also likely to be in the interests of customers and employees. In relation to the refunding alternatives we have already suggested to the directors an organisation which is interested in pursuing such an option but they do require some information and reasonable co-operation from the directors in terms of answering questions before they can proceed further and we ask for the directors to provide such co-operation.

If you have any questions on the contents of this letter, are unclear on our reasons for putting this to you, or have questions on how to complete the requisition form, then please contact me via telephone or email using the contact information below. Please complete the requisition form and return via post to the following address: UKSA, PO Box 62, Chislehurst, BR7 5YB.

Yours sincerely

A handwritten signature in cursive script that reads "Roger Lawson".

Roger Lawson

Communications Director

Email: roger.lawson@btclick.com; Direct telephone: 020-8467-2686

Additional Information:

The proposed EGM resolution supports the appointment of the following three directors:

David Lovett – Currently Managing Director of Alix Partners LLP, a corporate turnaround specialist. A Chartered Accountant and previously a partner of Andersen's. He has advised on many turnaround situations and is the author of books on this subject and a regular conference speaker.

Donald Featherstone – Currently a director of Alix Partners LLP. An MBA from the University of Chicago and 15 years experience of corporate turnarounds.

Roger Lawson – A director of the UK Shareholders' Association Ltd for several years with a career primarily as a director of private companies in the IT sector (currently of Ixaris Systems Ltd – an e-payment company). Formerly IT director of a large retailing company and has an MBA degree from Cranfield.

All You Are Supporting is the Call for an EGM.

Note that it is important to emphasise that all you are supporting by signing the enclosed document is the requisitioning of an Extraordinary General Meeting (EGM). It will be for you to decide later how you vote on the resolutions at the proposed EGM based on what is said by the current directors at the meeting or prior to it, and the answers they may give to questions at the meeting.

Shareholders Who are Not on the Register.

Only those people who are on the share register of the company should sign the enclosed note. You may hold your shares in a nominee account (in other words you are not on the share register in your own name and do not hold your shares in certificated form or as a personal crest member). If your shares are in a nominee account then you will have to get your nominee operator to complete the form on your behalf and return it to us. Alternatively you will have to get your nominee operator to change your shares into certificated form, prior to signing the enclosed form. Please contact me if you are unsure what to do about this.