

European Equity Tranche Income Limited

A Guernsey incorporated investment company. Registration No. 44552.

Registered Office and place of business:-

P.O. Box 405, Anson Place, Mill Court, La Charroterie, St Peter Port, Guernsey, Channel Islands GY1 3GF
TEL: 01481 722260 FAX: 01481 729829 E-mail: reception@anson-group.com

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this letter and/or the action you should take (including any tax implications that may arise for you) you are recommended to consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised and regulated under the Financial Services Act 2000 if you are in the United Kingdom, or from another appropriately authorised and regulated independent financial adviser if you are outside the United Kingdom.

If you have sold or otherwise transferred all of your shares in the Company, please forward this document immediately to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or otherwise transferred part only of your shares in the Company, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

1 September 2010

Dear Shareholder

European Equity Tranche Income Limited (the "Company") Proposed share capital reorganisation and share buyback

Following the extraordinary general meeting (the "EGM") of the Company held on 5th August 2010 held at Anson Place, Mill Court, La Charroterie, St Peter Port, Guernsey, I wrote to you to advise you that the ordinary resolution and the special resolution (the "Resolutions") proposed at the EGM had been approved by shareholders. The effect of these Resolutions is to approve the consolidation of the Company's existing ordinary shares of no par value in issue on 5.00 pm on 6 August 2010, or such other time and date as the directors may determine (the "Share Capital Reorganisation") and the purchase of fractions of the resulting ordinary shares (the "Share Buyback"), as more particularly set out in the circular to shareholders and notice of EGM dated 12 July 2010 (the "Circular"). In my letter of 5 August, 2010 I also advised that, following representations from two dissenting shareholders, the board decided to delay the implementation of the Resolutions for a period of 6 weeks from the date of the EGM in order to investigate their representations further.

I am now writing to provide you with a further update.

The board has decided to enable those shareholders in the Company who do **not** wish to participate in the Share Buyback to remain as shareholders in the Company provided that they notify the Company by signing and completing the attached letter (in accordance with the instructions) and returning it to Anson Registrars at PO Box 405 Anson Place, Mill Court,

La Charroterie, St Peter Port Guernsey, GY1 3WX as soon as possible and, in any event, to be received by the Company no later than 5pm on 23 September 2010.

If you do wish to participate in the Share Buyback no further action is required.

If no response has been received by the Company by 5pm on 23 September 2010 the Company will assume that you wish to participate in the Share Buyback and your shares will be repurchased and cancelled in accordance with this letter and the Circular.

The board remains of the view that the Share Capital Reorganisation and the Share Buyback are an effective and fair way of ensuring that all shareholders in the Company are treated equally and to ensure that all shareholders are able to dispose of their shares in the Company given their lack of marketability and the long term and illiquid nature of the Company's investments. Shareholders who elect to remain as shareholders are advised that there is limited liquidity in the shares of the Company and any realisable value of the shares may not reflect the net asset value. As stated in the Circular there is little or no prospect of a dividend being paid on the shares for the foreseeable future.

Expected revised timetable¹

Share Capital Reorganisation Record Date - 5pm on 6 August 2010

Date of Share Capital Reorganisation 3 September 2010

Date of Share Buyback 23 September 2010

Date of payment for shares purchased pursuant to the Share Buyback 30 September 2010

Action to be taken

If you do not wish to participate in the Share Buyback (i.e. you wish to stay on the share register) please sign and complete the attached letter (in accordance with the instructions) and return it to Anson Registrars at PO Box 405 Anson Place, Mill Court, La Charroterie, St Peter Port Guernsey, GY1 3WX as soon as possible and, in any event, to be received by the Company no later than 5pm on 23 September 2010.

If you do wish to participate in the Share Buyback no further action is required.

If no response has been received by the Company by 5pm on 23 September 2010 the Company will assume that you wish to participate in the Share Buyback and your shares will be repurchased and cancelled in accordance with the Circular.

Yours sincerely

Ralph Baber
Independent Director
European Equity Tranche Income Limited

¹ These dates may be subject to adjustment by the Company, in which event details of the new dates will be notified to shareholders as appropriate. In addition, the Share Buyback remains conditional on the statutory solvency test as more particularly described in the Circular.

To:
European Equity Tranche Income Limited (the "Company")
Anson Place
Mill Court
St Peter Port
Guernsey
GY1 3WX

Dear Sirs
I/We the undersigned _____ (block
letters) of _____ (block
letters, address in full), being the holder(s) of _____ ordinary shares of the
Company, hereby declare that I have received, read and understood the letter from the
Company dated 31 August 2010 and in accordance with the section entitled "Action to be
taken" confirm that I/We DO NOT WISH TO PARTICIPATE in the Share Buyback and request
that I/We remain as shareholders in the Company.

Dated this _____ day of _____ 2010

Signature
Full name(s) in which ordinary shares in the Company are
registered _____

Notes

- To be valid this letter and any power of attorney or other authority under which is signed (or a notarially certified copy of such authority) must be signed and completed in accordance with these instructions and received by the Company at PO Box 405 Anson Place, Mill Court, La Charroterie, St Peter Port Guernsey, GY1 3WX as soon as possible and, in any event, no later than 5 pm on 23 September 2010.
- If no response has been received by the Company by 5 pm on 23 September 2010 the Company will assume that you wish to participate in the Share Buyback and your shares will be repurchased and cancelled in accordance with this letter and the Circular.
- In the case of a corporation this letter must be executed under its common seal or the hand of an officer or attorney duly authorised.
- In the case of joint holders an election made by the senior shall be accepted to the exclusion of the election of the other holders. For this purpose, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.
- Letters returned other than in accordance with these notes will not be valid unless otherwise determined by the board.