

For release on 16 January 2009

European Equity Tranche Income Limited (“EETI” or the “Company”)

Circular re proposed capital restructuring and details of share consolidation

Following the Company’s announcement on 12 December 2008 confirming that it had entered into a debt purchase agreement and a placing and subscription agreement with Scribona Nordic AB, the Board is pleased to announce that a circular (the “Circular”) has today been sent to shareholders convening an extraordinary general meeting for 11 a.m. on Thursday 5 February 2009 to consider and, if thought fit, approve the following resolutions:

1. To approve the issue of 927 million Ordinary Shares at a discount to the prevailing net asset value per share, to de-list from the Channel Islands Stock Exchange to save the costs and expenses in relation to such a listing and to approve a consolidation of Ordinary Shares on the basis of one Consolidated Share for every 100 Ordinary Shares in issue as further described below.
2. To approve a waiver of Rule 9 of The City Code on Takeovers and Mergers (in order to avoid Scribona Nordic and any parties deemed by the Takeover Panel to be acting in concert with Scribona Nordic being obliged to make a mandatory offer for all of the Company's Shares, which they would otherwise be obliged to do as Scribona Nordic and other members of the Concert Party will acquire over 30 per cent. of the voting rights of the Company by way of the implementation of the proposed capital restructuring).

Consolidation

In order to enable the Company’s Ordinary Shares to trade at a price which the Directors believe is more likely to lead to a reduction in the bid offer spread and an improvement in liquidity, as part of the proposed capital restructuring, the Company also proposes, subject to Shareholder approval at the EGM, to effect a share consolidation to reduce the number of Ordinary Shares in issue. It is anticipated that the Consolidation will become effective on Monday 16 February 2009, or such other date as the Board in its absolute discretion may determine.

At present, the Company has authority to issue an unlimited number of Ordinary Shares and has 98 million Ordinary Shares in issue. Following the issue of the Placing Shares and the Scribona Investment, the Company would have (prior to the Consolidation) 1,025 million Ordinary Shares in issue. It is proposed that the Consolidation will consist of the following steps:

- (i) every 100 Ordinary Shares in issue (or such number as will result in a whole number of Consolidated Shares, the balance of the existing Ordinary Shares held

by each member being dealt with as provided in (ii) below) will be consolidated into one new Consolidated Share of no par value; and

- (ii) fractional entitlements arising out of the Consolidation by reason of there being less than 100 Ordinary Shares or a number not divisible by 100 shall be aggregated into Consolidated Shares and the whole number of Consolidated Shares so arising shall be sold in the market and the net proceeds of sale held for the benefit of the Company.

Shareholders who are on the register on the Consolidation Record Date will have their holdings consolidated. Although Shareholders will receive a smaller number of Consolidated Shares following the Consolidation, the size of each shareholding as a proportion of the total number of Ordinary Shares in issue will not change, other than in respect of fractional entitlements, and each Consolidated Share will carry the same rights as set out in the Articles that currently attach to the existing Ordinary Shares. As a result, Shareholders who own less than 100 Ordinary Shares shall, upon the Consolidation becoming effective, cease to own any Ordinary Shares and shall not receive any compensation.

The Consolidation is conditional on both the Resolutions described above being passed.

Expected timetable of principal events

	2009
Posting of the Circular to Shareholders	16 January
Latest time and date for receipt of Forms of Proxy	11 a.m. on 3 February
Extraordinary General Meeting	11 a.m. on 5 February
Announce result of EGM and Placing	5 February
Ordinary Shares de-listed from the CISX	6 February
Admission effective and dealings in the new Ordinary Shares commence on AIM	6 February
CREST accounts to be credited with new Ordinary Shares	6 February
Consolidation Record Date	13 February
Consolidation effective	16 February
CREST accounts to be credited with Consolidated Shares	16 February
Definitive share certificates for the Consolidated Shares despatched	Week commencing 23 February

All dates set out in the timetable above may be adjusted by the Company and Arbuthnot Securities, in which event details of the new dates will be notified to AIM, and where appropriate, to Shareholders. All references are to London time.

Capitalised terms in this announcement shall, unless otherwise stated, have the same meaning as set out in the section headed “Definitions” in the Circular.

Enquiries:

European Equity Tranche Income Limited

Robin Monro Davies 0845 868 0533

Arbuthnot Securities Limited

Alastair Moreton 020 7012 2000

Anson Fund Managers Limited

Company Secretary 01481 722260