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The Directors
Electric and General Investment Trust plc
BNP Paribas Secretarial Services
55 Moorgate
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17 February 2011

Dear Sirs,

Reconstruction proposals for Electric and General Investment Trust plc (the "Trust")

It is with some regret that we write to complain about the reconstruction proposals you announced yesterday. We fail to understand why the Board has decided to embark on such an ambitious project with shareholders' money. Whilst we were encouraged to see your announcement in September 2010 that you were putting a share repurchase scheme into place to provide an exit for disillusioned shareholders, we were somewhat surprised when you made no use of it. We were even more surprised when you announced on 26 November 2010 that you were going to effectively wind up the Trust completely. At that time, we shared the general market view that rather than just offering a rollover into a different (and potentially underperforming) Taube Hodson Stonex managed fund, a better performing Investment Trust would have been a better solution. However, it was a brave decision and we felt it deserved support.

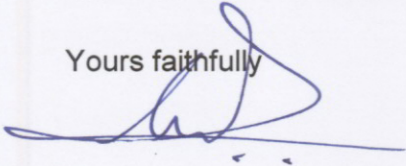
We have waited for several months for you to expand on that announcement and the result appears to be that you have decided (without, as far as we can tell, any real consultation with shareholders and certainly not us) to spend vast amounts of shareholders' funds on an experimental new product. Our client has been a significant shareholder in the Trust for many years and we feel strongly that some contact would have been appropriate.

The net effect of your costly scheme is the same as introducing a guaranteed buy back program at a fixed discount close to NAV. This would not only cost shareholders nothing, but would actually be NAV enhancing. This could have been put in place in September and indeed could still be implemented immediately. This has worked very successfully with Personal Assets, JP Morgan Overseas and Murray International and they all now trade at or above NAV. Indeed, they were all prepared to shrink in order to grow with a more stable and enduring shareholder base.

We intend to vote against these proposals and, in line with our Stewardship Code, will encourage other shareholders to do the same. Therefore, we intend to send a copy of this letter to other interested parties.

In our view, this scheme is a waste of substantial amounts of shareholder funds and a very bad precedent for the sector. As such, it should not be allowed to proceed. We hope that you will reconsider this approach and instead examine the option of implementing a buy back scheme as outlined above.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'L. Gayler', with a long horizontal flourish extending to the left.

Leonard J Gayler
Managing Director
Cayenne Asset Management Limited