

*Checked & True Copy
Shirley N. W.
Company Secretary*

Baronsmead VCT 2 plc
(Registered in England No. 3504214)

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the members of the Company will be held at the offices of ISIS EP LLP, 100 Wood Street, London EC2V 7AN on 2 November 2006 at 12 noon for the purpose of considering and, if thought fit, passing the following Special Resolutions.

SPECIAL RESOLUTIONS

1 THAT

(a) the Directors of the Company (the "**Directors**") be and are hereby empowered, pursuant to section 95(1) of the Companies Act 1985 (the "**Act**"), to allot equity securities for cash pursuant to the authority given in accordance with section 80 of the Act granted on 20 June 2005 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities in connection with:

(i) an offer of securities, open for acceptance for a period fixed by the Directors, to holders of Ordinary Shares of 10p each in the Company ("**Ordinary Shares**") and such other equity securities of the Company as the Directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise howsoever);

(ii) the dividend reinvestment plan as more particularly described in the Report of Directors contained in the annual report of the Company, for the year ended 31 March 2006;

(iii) (otherwise than pursuant to sub-paragraphs (i) and (ii) above) up to an aggregate nominal amount of £1,521,544 provided that the maximum number of Ordinary Shares which may be allotted pursuant to this sub-paragraph (iii) shall be 4,091,640 Ordinary Shares and the maximum number of C shares of 50p each in the Company ("**C Shares**") which may be allotted pursuant to this sub-paragraph (iii) shall be 2,224,760 C Shares;

and shall expire on the date falling 15 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company, except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and in this resolution "allot" and "allotment" shall be construed in accordance with section 94(3A) of the Act;

(b) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this resolution.

2 THAT the amount standing to the credit of the share premium account of the C Shares of the Company be reduced by £10,031,437.

3 THAT the Articles of Association of the Company be and are hereby amended by replacing the first sentence in Article 160.1 with the following sentence:

"The Board shall procure that at the annual general meeting of the Company in 2012, and every annual general meeting thereafter, an ordinary resolution will be proposed to the effect that the Company shall continue in being as a venture capital trust."

Dated: 26 September 2006

By Order of the Board,
F&C Asset Management plc
Secretary

Registered Office:

100 Wood Street
London
EC2V 7AN

Notes

A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him or her. A proxy need not be a shareholder.

To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power or authority) must be deposited with the Company's registrars, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol, BS99 3ZZ, at least 48 hours before the meeting. A form of proxy is enclosed with this notice. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting, if they wish.

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered on the register of members of the Company as at 6.00 pm on 31 October 2006, or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting shall be entitled to attend and vote at the aforesaid general meeting in respect of the number of shares registered in their name at that relevant time. Changes to entries on the register of members after 6.00 pm on 31 October 2006, or, in the event that the meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the meeting.

