

1 April, 2008

Dear Shareholder

I have great pleasure in enclosing Panmure Gordon's Annual Report & Accounts for the year ended 31 December 2007, together with the Notice of Annual General Meeting, which is being held on Thursday 22 May 2008 at 2.00 pm at our London offices.

I would like to take this opportunity to draw your attention to the Company's proposal to establish a new share incentive plan as the primary long-term incentive vehicle for the Group going forward (the Performance Share Plan or "PSP"). This proposal is the subject of a resolution being put to shareholders at the Annual General Meeting and details of the plan are set out in Appendix 3 to the Notice of Meeting.

The Remuneration Committee recently undertook a review of the Group's share-based long-term incentive provision. This review was considered necessary because the majority of the Company's past share awards will have vested by the end of 2008. Also, on the acquisition of ThinkEquity in March 2007, a Performance Pool Plan ("PPP") was put in place which envisaged the issue of up to 16.85m shares contingent upon a number of conditions including financial performance targets. However, owing to the deterioration in market conditions since the second half of 2007, the plan's purpose as a tool for retention and motivation of our US employees has diminished. It is therefore proposed that the PSP replace the PPP as the primary incentive plan for the US business as well as the UK business and participants in the PPP will be offered a one-time opportunity to exchange their entitlement under the PPP for awards under the PSP.

The Remuneration Committee is keen to ensure that the Company will be providing a competitive share-based incentive package in 2009 and thereafter, in particular one that will assist the retention of the talented executive directors and employees required to drive the Group's success. The awards proposed to be granted to key executives will only vest if demanding and stretching performance conditions relating to the Company's compound annual growth in earnings per share have been achieved.

The PSP will operate within a 20% in 10 years dilution limit, in addition to the use of treasury shares and shares being purchased in the market by an Employee Benefit Trust. To the extent that it is possible, the Company does intend to seek to satisfy awards under the PSP by the use of shares purchased in the market and treasury shares before issuing new shares to minimise dilution for existing shareholders, but to the extent that it is not possible to do so, the PSP will operate within a 20% in 10 years dilution limit.

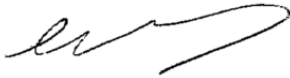
It is acknowledged that the Company operates outside of the usual institutional investor dilution guidelines, but the Board is of the view that this is vital so as to enable the Company to provide a competitive remuneration package to senior executives and other key revenue producers whose continued retention and incentivisation is crucial to the Company's success in what is a highly competitive employment market. Given the Company's low market capitalisation at present, to be able to offer even a reasonable level of incentivisation would require the potential to issue a large number of shares.

As a Group-wide plan, the PSP will unite employees from all business areas in a common goal and it has always been the opinion of the Board that share based awards are fundamental to the alignment of the

interests of staff and shareholders in focusing all concerned on delivering sustained, enhanced value for shareholders over time.

Being AIM listed, the company is not obliged to obtain shareholder approval for a new share plan; we do endeavour to comply with best practice wherever possible, however, and so have decided to seek formal shareholder approval for the adoption of the PSP. Consequently, I hope that you will support its introduction.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C Stonehill', with a stylized flourish at the end.

Charles Stonehill
Chairman