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3i Group plc

(registered in England and Wales under number 1142830)

Questions and Answers

Introduction of B Shares to the Official List and admission to trading on the London Stock Exchange and Share Capital Consolidation

These Questions and Answers are aimed principally at the Company's individual Shareholders resident in the UK and are to be read in conjunction with the accompanying Circular relating to the Proposals (the "Circular"). These Questions and Answers set out some particular questions that those Shareholders might ask in relation to the Proposals and provide brief answers. They are intended as an introduction to the Circular, Form of Election and Form of Proxy that accompany this document and are qualified in their entirety by the more detailed descriptions of the Proposals and your participation in them given in those documents. Please read carefully both these Questions and Answers and those other documents. Defined terms utilised in these Questions and Answers, unless the context otherwise requires, shall bear the meanings given in the Circular.

If you still have any questions, you may call our Shareholder helpline on 0870 195 6310 (from within the UK) or +44 1903 276 342 (if calling from outside the UK).

Please note that the Shareholder helpline will not provide advice on the merits of the Proposals or give any financial or tax advice.

1. What is being proposed?

We propose to return 127 pence to Shareholders for each 3i ordinary share they hold at 6.00 pm on 14 July 2006. This amounts to £700 million in aggregate. This is the “return of cash”.

2. Why are we returning this cash?

Our current aim is to manage the Group’s capital structure so as to achieve an average ratio of the Group’s net borrowings to its shareholders’ funds of between 30% and 40%. At 31 March 2006 this ratio was 1%, down from 15% a year ago, primarily as a result of the exceptional levels of cash generated through the realisation of investments in portfolio companies. We believe that this low level of gearing does not represent the most efficient use of Shareholders’ capital at this time. We are therefore proposing to make a return of cash of £700 million.

3. How are we doing it?

We have chosen a method of returning cash known as a “B Share scheme”, which we believe represents the most efficient and effective way to execute the return of cash. The Proposals have also been designed with the objective of giving UK tax resident individual Shareholders, where possible, the flexibility to receive their cash as capital or income for UK tax purposes, or a combination of the two. Full details are set out in the Circular.

The timetable for the return of cash is set out in Part I (Expected Timetable of Events) of the Circular.

For each 3i ordinary share that you own at 6.00 pm on 14 July 2006, you will receive one B Share. Subject to your making a valid election for one of the offers that are expected to be made in relation to your B Shares, you will receive 127 pence in cash for each B Share.

4. What happens to my existing 3i ordinary shares?

In addition to the return of cash, there will also be a consolidation of 3i’s ordinary shares and this will reduce the number of 3i ordinary shares that all Shareholders hold.

If we were to do nothing more than the return of cash, 3i’s ordinary share price would fall because the Company would no longer have the cash which is being returned to Shareholders.

The intention of the consolidation is, therefore, to help the share price to stay approximately the same immediately before and after admission of the new 3i ordinary shares and the B Shares to listing (apart from market movements). This is known as the “Share Capital Consolidation”. Company data (such as earnings and dividends per share) should also be comparable before and after the Share Capital Consolidation which is also intended to maintain a neutral position for holders of options and awards under 3i’s share schemes who do not receive B Shares.

As a result of the Share Capital Consolidation, for every 13 3i ordinary shares you own at 6.00 pm on 14 July 2006, you will receive 11 new 3i ordinary shares.

5. What does this mean for me?

Although you will hold fewer 3i ordinary shares after the Share Capital Consolidation than you did before the Share Capital Consolidation, you will continue to own the same proportion of 3i immediately after the Share Capital Consolidation as you did just before, subject to fractional entitlements (as to which see question 6 below).

The total value of your new ordinary shareholding in 3i immediately after the Share Capital Consolidation, plus the 127 pence for every B Share that you hold, plus the value of any fractional entitlements, should be equal to the value of your original holding immediately before the Share Capital Consolidation (subject to market movements).

6. What happens if the number of 3i ordinary shares I hold at 6.00 pm on 14 July 2006 does not divide exactly by 13?

If immediately before the Share Capital Consolidation, your holding of 3i ordinary shares does not divide exactly by 13, you will be left with a fractional entitlement to a new 3i ordinary share.

So, for example, a Shareholder with 100 3i ordinary shares would, after the Share Capital Consolidation, be entitled to 84 new 3i ordinary shares and a fractional entitlement to $\frac{2}{13}$ of a new 3i ordinary share. We will combine all fractions and arrange to have them sold in the market. Your cheque for the proceeds of that sale is expected to be sent to you on or around 27 July 2006.

7. How do I get my cash?

You should elect to participate in one of the offers that are expected to be made for your B Shares.

8. Who are “Excluded Overseas Shareholders”?

These are Shareholders who are resident in, or citizens or nationals of, Australia, Canada, Japan and the United States of America. Excluded Overseas Shareholders will only be entitled to receive the net proceeds from the involuntary sale in the Initial Purchase Offer or otherwise of the B Shares which they would otherwise be entitled to retain.

9. What offers are expected to be made for my B Shares?

If you are not an overseas Shareholder from certain prohibited jurisdictions, you can choose to have your B Shares purchased by brokers (which should generally be treated as a capital receipt for UK tax resident individuals) or to have your B Shares purchased by the Company (which should generally be treated as an income receipt for UK tax resident individuals).

If you choose to have your B Shares purchased by brokers, it is expected that you will also have the opportunity to sell your B Shares in the future and so you can decide when to receive your cash by holding on to some or all of your B Shares and choosing the opportunity to have them purchased in the future.

Your choice is likely to depend on your tax circumstances. We have set out some general guidance below to assist you. You should also refer to Part VI (United Kingdom Taxation in relation to the Proposals) of the Circular. If you are in any doubt as to your tax position you should obtain professional advice without delay.

Unless you are an overseas Shareholder from certain prohibited jurisdictions, you may split your allocation of B Shares as you wish between those of the following offers that are expected to be made:

(i) Initial Purchase Offer

You can choose to have all or some of your B Shares purchased by one of the Brokers on 24 July 2006 for 127 pence per B Share. If you choose to do this, it is expected that you will be sent a cheque for the proceeds of that sale on or around 27 July 2006.

If you do not want to participate in the Initial Purchase Offer in respect of all or some of your B Shares and instead would like the opportunity to participate in any or all of the Company Offer or the Future Purchase Offers, or simply to hold all or some of your B Shares, you will need to choose to retain your B Shares by completing the Form of Election appropriately and returning it so as to be received not later than 4.30 pm on 14 July 2006.

(ii) Company Offer

Provided you elect to retain all or some of your B Shares, it is expected that an offer will be made pursuant to which the Company will buy those B Shares on 4 September 2006 for 127 pence per B Share and it is expected that you will be sent a cheque for the proceeds of that sale on or around 11 September 2006.

If you elect to participate in this offer in respect of all or some of your retained B Shares, you will need to complete the Second Form of Election, which is expected to be sent to you on or around 27 July 2006.

(iii) Future Purchase Offers

If you choose to retain any of your B Shares after the Initial Purchase Offer and the Company Offer it is expected that you will have the opportunity to sell them to a counterparty in July 2007 and/or July 2008, when further offers for the B Shares are expected to be made.

You will receive an annual dividend on any B Shares you choose to retain. Please see Part IV (Details of the Proposals) of the Circular for further details.

In order to make your choice you must return your Form of Election so as to be received not later than 4.30 pm on 14 July 2006. If you fail to do so, your B Shares will be issued to a nominee who will sell them on your behalf and you will be sent the net proceeds of that sale.

10. Are there any examples of my choice?

Under the terms of the B Share Offers, there will not be any difference in the price paid per B Share between the Initial Purchase Offer, the Company Offer and either of the Future Purchase Offers (if made). The example below illustrates the B Share Offers:

Number of 3i ordinary shares held at 6.00 pm on 14 July 2006	Number of B Shares you will receive	Number of new 3i ordinary shares you will receive*	Cash proceeds of sale of all of your B Shares
100	100	84	£127.00
300	300	253	£381.00
500	500	423	£635.00
1,000	1,000	846	£1,270.00

* In addition, you will also receive the proceeds of sale of a fraction of a new 3i ordinary share to which you would be entitled following the Share Capital Consolidation.

11. How do I make my choice whether or not to participate in the Initial Purchase Offer?

You need to complete and sign the Form of Election sent to you with this document and send it back to Lloyds TSB Registrars at The Causeway, Worthing, West Sussex, BN99 6DA so as to be received **not later than 4.30 pm on 14 July 2006**.

12. What if I do not get my Form of Election back in time or do nothing?

If you do not complete your Form of Election correctly, do not sign it or do not send it back to Lloyds TSB Registrars at The Causeway, Worthing, West Sussex, BN99 6DA so as to be received not later than 4.30 pm on 14 July 2006, your B Shares will be issued to a nominee who will sell them on your behalf and you will be sent the net proceeds of that sale.

You must not send a Form of Election if you are a Shareholder resident in, or a citizen or national of, Australia, Canada, Japan or the United States of America.

13. Can I choose to keep my B Shares?

Yes, but you must elect in favour of the Retention of B Shares in the Form of Election. You are not required to participate in any of the B Share Offers but you should note that the Company will have the power to effect the transfer of any B Shares outstanding on or after 14 July 2009 at a price at least equal to 127 pence per B Share, free of all dealing expenses and commissions.

For further detail on the rights and restrictions attached to the B Shares please refer to Part V (Rights and Restrictions Attached to the B Shares) of the Circular.

14. Can I sell my B Shares in the market?

Whilst application will be made for the B Shares to be admitted to the Official List and to trading on the London Stock Exchange, there can be no assurance that an active market for the B Shares outside the Future Purchase Offers, if made, will develop or be sustained.

15. Do I need to vote?

The return of cash needs Shareholder approval before it can take place. Your Directors recommend that you should vote in favour of the special resolution proposed at the EGM.

You can vote at the EGM by completing and signing your Form of Proxy and returning it to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZJ as soon as possible, but in any event so as to be received not later than 10.45 am on 10 July 2006. You may still attend the EGM in person if you wish. Proxy appointments and voting directions may also be registered electronically by contacting the www.sharevote.co.uk website, where full details of the procedure are given. Such a registration must be received not later than 10.45 am on 10 July 2006.

If you do not vote but Shareholders still approve the return of cash, you may still return your Form of Election in respect of the B Shares you will receive.

16. When and where is the EGM?

The EGM will be held immediately after the Company's AGM (which has been convened for 10.30 am on Wednesday 12 July 2006) at the same venue, The Institution of Engineering and Technology (formerly The Institution of Electrical Engineers), Savoy Place, London WC2R 0BL.

17. What happens to my 3i ordinary share certificate?

Your existing 3i ordinary share certificate will no longer be valid once the new 3i ordinary shares have been listed. You will be sent a certificate for your new 3i ordinary shares.

18. When do I get my new 3i ordinary share certificate?

New 3i ordinary share certificates will be dispatched on or around 27 July 2006. They are dispatched at the Shareholder's own risk.

19. Will I get a B Share certificate?

You will only receive a B Share certificate if you elect to retain some or all of your B Shares and therefore do not participate in the Initial Purchase Offer in respect of those B Shares. B Share certificates will be dispatched on or around 27 July 2006. They are dispatched at the Shareholder's own risk.

20. What is my tax position?

The following is only a very basic guide. We have set out a general guide to UK taxation in Part VI (United Kingdom Taxation in relation to the Proposals) of the Circular and you should read it carefully. If you have a complicated tax position, or are otherwise in any doubt as to your tax circumstances, or if you are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

If you are a UK resident individual Shareholder then, depending on your circumstances, if you choose:

(i) Initial Purchase Offer

the proceeds of purchase should generally be treated as a capital receipt for UK tax purposes;

(ii) Company Offer

the proceeds of purchase should generally be treated as an income receipt for UK tax purposes; or

(iii) Future Purchase Offers

the proceeds of a purchase of your B Shares in the future should generally be treated as a capital receipt for UK tax purposes.

Dividend payments on your B Shares should generally be treated as income for UK tax purposes.

21. Will the return of cash affect my dividend on my 3i ordinary shares?

No. The final dividend on 3i ordinary shares will be paid, subject to approval at the AGM, on 21 July 2006.

<p>Shareholder Helpline : 0870 195 6310 (+44 1903 276 342 if calling from outside the UK)</p>

None of the B Shares has been or will be registered under the US Securities Act of 1933 or any state securities laws of the United States. Accordingly, none of the B Shares may be offered, transferred or sold in the United States or elsewhere by Shareholders unless pursuant to a transaction that has been registered under the US Securities Act of 1933 and the relevant state securities laws or that is not subject to the registration requirements of the US Securities Act of 1933 or such laws, either due to an exemption therefrom or otherwise.

None of the B Shares nor this document has been approved, disapproved or otherwise recommended by any US federal or state securities commission nor have such authorities confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Excluded Overseas Shareholders, including US Shareholders, will only be entitled to receive the net proceeds from the involuntary sale in the Initial Purchase Offer or otherwise of any B Shares which they would otherwise have been entitled to retain. In addition, for US Shareholders who have previously executed an undertaking in respect of any Ordinary Shares purchased or held by them, any B Shares which those Shareholders would otherwise be entitled to retain will be treated as Ordinary Shares purchased by them for the purpose of such undertaking.

If you participate in any of the B Share Offers, you will be treated by the relevant Broker as a "corporate finance contact" (as defined by the FSA in its Handbook of Rules and Guidance). The relevant Broker will not act on your behalf and you will not be a "client" (as defined by the FSA in its Handbook of Rules and Guidance) of the relevant Broker. Under no circumstance will the relevant Broker be responsible to you for providing any protections provided to "clients" nor will they advise you on the merits of the Proposals generally or specifically on the B Share Offers.

If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.