

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you reside elsewhere, another appropriately authorised financial adviser.**

If you have sold or transferred, or sell or transfer prior to 6.00 pm on 14 July 2006, your entire holding of Existing Ordinary Shares, please send this document, together with the Questions and Answers, the Form of Proxy and the Form of Election that accompany it, as soon as possible to the purchaser or transferee of those shares or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. The distribution of these documents in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

Merrill Lynch International, which is authorised and regulated by the Financial Services Authority, is acting for the Company and for no-one else in connection with the Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Merrill Lynch International or for affording advice in relation to the Proposals or any matters referred to herein.

Dresdner Kleinwort Wasserstein Limited, which is authorised and regulated by the Financial Services Authority, is acting for the Company and for no-one else in connection with the Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Dresdner Kleinwort Wasserstein Limited or for affording advice in relation to the Proposals or any matters referred to herein.

Application will be made to the UK Listing Authority for the Consolidated Ordinary Shares and the B Shares to be admitted to the Official List and to London Stock Exchange plc for the Consolidated Ordinary Shares and the B Shares to be admitted to trading on London Stock Exchange plc's market for listed securities. Admission to the Official List together with admission to trading on London Stock Exchange plc's market for listed securities will constitute admission to official listing on a stock exchange. It is expected that admission will become effective and that dealings in the Consolidated Ordinary Shares and the B Shares will commence on London Stock Exchange plc's market for listed securities at 8.00 am on 17 July 2006.



**3i Group plc**

(registered in England and Wales under number 1142830)

## Notice of Extraordinary General Meeting

### **Circular to Shareholders, Introduction of B Shares to the Official List and admission to trading on the London Stock Exchange, Share Capital Consolidation and Notice of Extraordinary General Meeting**

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 2 to 5 of this document and which recommends that you vote in favour of the special resolution to be proposed at the EGM referred to below.

You should note that the Proposals are conditional upon, among other things: (i) the approval by Shareholders of the Resolution; and (ii) Admission.

A Form of Proxy for use in connection with the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it, and return it as soon as possible, but in any event so as to be received by the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZJ, not later than 10.45 am on 10 July 2006.

In CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Lloyds TSB Registrars so that it is received by no later than 10.45 am on 10 July 2006. The return of a completed Form of Proxy or transmission of a CREST Proxy Instruction will not prevent you from attending the EGM and voting in person if you so wish and are so entitled.

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 pursuant to 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.



## Forward-looking Statements

This document may contain certain statements about the future outlook for the Company as opposed to those relating to historical or current facts, such as statements concerning the Company's future portfolio and changes in it, development of business strategy, dividends and other distributions to Shareholders, gearing and future performance. The Company believes its expectations are based on reasonable assumptions, but any statements about the future outlook are inherently subject to risks and uncertainties that could cause actual outcomes and results to be materially different from expectations. Such risks and uncertainties, include, but are not limited to, those described in the section "Risk Management" in the Company's 2006 Annual Report and Accounts.

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## Part I. Expected Timetable of Events

6 July 2006	Publication of Prospectus
10 July 2006 at 10.30 am	Latest time and date for receipt of AGM proxy forms
10 July 2006 at 10.45 am	Latest time and date for receipt of Forms of Proxy for the EGM
12 July 2006 at 10.30 am	AGM
12 July 2006 at 10.45 am or as soon as possible thereafter upon the conclusion or adjournment of the AGM	EGM
14 July 2006 at 4.30 pm	Latest time and date for dealings in Existing Ordinary Shares Latest time and date for receipt of Forms of Election
14 July 2006 at 6.00 pm	Record Date (for consolidation of Existing Ordinary Shares and entitlement to B Shares), Existing Ordinary Share register closed and Existing Ordinary Shares disabled in CREST
17 July 2006 at 8.00 am	Issue of B Shares, Admission of B Shares and of Consolidated Ordinary Shares and commencement of dealings in B Shares and in Consolidated Ordinary Shares
17 July 2006	Announcement of number of B Shares issued
21 July 2006	Final Existing Ordinary Share dividend payment date
21 July 2006 at 4.30 pm	Latest time and date for withdrawal/amendment of submitted Forms of Election and for settlement of CREST instructions in relation to the Initial Purchase Offer
21 July 2006 at 6.00 pm	B Share Record Date (for participation in the Initial Purchase Offer)
24 July 2006 at 8.00 am	Initial Purchase Offer completed by RIS announcement
27 July 2006	Settlement of purchases pursuant to the Initial Purchase Offer by crediting of CREST accounts/issue of cheques for proceeds Share certificates for Consolidated Ordinary Shares and cheques in respect of fractional entitlements to Consolidated Ordinary Shares posted to Certificated Shareholders Amounts in respect of fractional entitlements to Consolidated Ordinary Shares credited to CREST accounts Share certificates and Second Forms of Election in respect of B Shares retained after the Initial Purchase Offer posted to Certificated Shareholders
1 September 2006 at 4.30 pm	Latest time and date for receipt of Second Forms of Election and for settlement of CREST instructions in relation to the Company Offer
1 September 2006 at 6.00 pm	Record date for participation in the Company Offer
4 September 2006 at 8.00 am	Company Offer completed by RIS announcement
11 September 2006	Settlement of purchases pursuant to the Company Offer by submission of payments by BACS/issue of cheques for proceeds
July 2007	Future Purchase Offer expected to be made
July 2008	Future Purchase Offer expected to be made

### Notes:

- References to times in this document are to UK time.
- If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by RIS.
- All events in the above timetable (other than payment of the final dividend on the Existing Ordinary Shares) are conditional upon, among other things, the passing of the Resolution.

## Part II. Letter from the Chairman

### 3i Group plc

*(an investment company (as defined under section 266 of the Companies Act 1985 (as amended)) registered in England and Wales under no. 1142830)*

#### Registered Office

16 Palace Street,  
London SW1E 5JD

15 June 2006

#### To Shareholders and, for information only, to participants in the Share Schemes.

Dear Shareholder,

#### Proposed Return of Cash to Shareholders

##### 1. Background to the Proposals

In the preliminary announcement of the results for the Group for the year to 31 March 2006 the Board reported that the Company proposed to return £700 million to Shareholders by means of a bonus issue of listed B Shares. This document gives details of the Proposals and the business to be transacted at the forthcoming Extraordinary General Meeting of the Company, which has been convened in connection with the Proposals.

The Board is committed to creating further value for Shareholders by generating returns on investments consistent with the Group's published return targets, maintaining an effective organisation and cost structure and managing capital efficiently, so as to optimise the return for Shareholders whilst maintaining prudent financial ratios. In this context, the Board's current aim is to manage the Group's capital structure to achieve an average Gearing Ratio across the business cycle of between 30% and 40%. This range reflects the Board's view of the level of risk in the Group's investment portfolio and is based on currently anticipated costs of borrowing.

Last July, Shareholders approved a return of cash to Shareholders of up to £500 million, to be effected through a combination of a special dividend of 40.7 pence per Ordinary Share and a programme of market purchases of shares. An aggregate of £467 million has been returned to Shareholders through these routes. In addition, ordinary dividends totalling £86 million were paid to Shareholders during the financial year just ended. Despite these cash outflows, the Group's Gearing Ratio at 31 March 2006 was 1%, down from 15% a year earlier, primarily as a result of the exceptional levels of cash generated through the realisation of investments in portfolio companies.

The Board believes that this low level of gearing does not represent the most efficient use of Shareholders' capital at this time and, having taken into account projected cash outflows and inflows over the medium term, has concluded that it is in Shareholders' best interests to make a further return of cash of £700 million.

The pro forma Gearing Ratio as at 31 March 2006, calculated on the assumption that £700 million of cash was returned to Shareholders on that date, is 23%.

The Directors are of the opinion that increasing the Group's gearing would, other things being equal, result in an increase in the Group's return on equity across the business cycle and would be in the best interests of Shareholders generally.

The Directors believe the Proposals represent the most efficient and effective way to execute a return of cash of £700 million to Shareholders. The Proposals have also been designed with the objective of giving UK tax resident individual Shareholders, where possible, the flexibility to receive their return as capital or income for tax purposes, or a combination of the two. In addition, the Proposals enable the Company to utilise capital reserves and hence allow the Company to retain its revenue reserves for the payment of future dividends.

The Company will source the funds required to effect the Proposals from its reserves of cash, other liquid resources and borrowings under existing committed facilities.

##### 2. Details of the Proposals

###### 2.1 Issue of B Shares

B Shares will be issued on the basis of:

###### **one B Share for each Existing Ordinary Share**

held at the Record Date.

Application will be made for the B Shares to be admitted to the Official List and to trading on the London Stock Exchange plc's market for listed securities, with dealings expected to commence at 8.00 am on 17 July 2006. No dealings in B Shares will be possible before that date.

## 2.2 Share Capital Consolidation

As was the case in relation to the special dividend paid in July 2005, it is proposed that a share capital consolidation will be undertaken as part of the Proposals.

In order to reflect the return of value represented by the issue of the B Shares, the Existing Ordinary Shares will be consolidated and sub-divided on 17 July 2006 so that Shareholders will receive:

### 11 Consolidated Ordinary Shares for every 13 Existing Ordinary Shares

that they hold at the Record Date.

The Share Capital Consolidation will take place immediately after the issue of the B Shares.

Application will be made for the Consolidated Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange plc's market for listed securities, with dealings expected to commence at 8.00 am on 17 July 2006. Upon Admission, Consolidated Ordinary Shares will be traded on the London Stock Exchange plc's market for listed securities in the same way as Existing Ordinary Shares and will be equivalent to the Existing Ordinary Shares (other than in respect of their nominal value) including in respect of their dividend, voting and other rights.

As all shareholdings in the Company will be consolidated, your percentage holding in the Company will (save for fractional entitlements) be unchanged following the Share Capital Consolidation. The Share Capital Consolidation will not affect your entitlement to B Shares, since it will take place after the Record Date (expected to be 14 July 2006) which determines this entitlement.

The amount of the return of value is equivalent to approximately 15.4% of the market value of each Existing Ordinary Share at close of business on 13 June 2006 (the latest practicable date before the posting of this document) after having accounted for the payment of the final dividend on the Existing Ordinary Shares. The Share Capital Consolidation will reduce the number of Ordinary Shares in issue by approximately 15.4% and will therefore allow, so far as practicable, comparability of the Company's share price and other Company data such as earnings per share and net asset value per share before and after the issue of the B Shares.

If a shareholding is not exactly divisible by 13, the consolidation will generate an entitlement to a fraction of a Consolidated Ordinary Share. These entitlements will be aggregated and sold in the market on behalf of Shareholders entitled thereto. It is expected that the net proceeds of such entitlements will be paid to Shareholders either by cheques (in respect of holdings of certificated Existing Ordinary Shares) which are expected to be dispatched on or around 27 July 2006, or by crediting of CREST accounts (in respect of holdings of uncertificated Existing Ordinary Shares) which is expected to occur on or around 27 July 2006. The value of each Shareholder's fractional entitlement will not exceed the value of one Consolidated Ordinary Share.

## 2.3 B Share Offers

**The general guidance on the UK tax treatment in the following paragraphs is only a summary and is based on current law and practice as at the date of this document. UK tax resident Shareholders should read carefully Part VI (United Kingdom Taxation in relation to the Proposals) since the B Share Offers are expected to have different UK tax consequences.**

**If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction other than the UK, you should consult an appropriate professional adviser without delay.**

Unless you are an Excluded Overseas Shareholder, it is expected that the following offers may be made at the same price per share in relation to your B Shares (and you may split your allocation of B Shares as you wish between the offers that are made):

### (i) Initial Purchase Offer

If you elect to participate in this offer in respect of all or some of your B Shares, it is expected that one of the Brokers will buy those B Shares for 127 pence per B Share, free of all dealing expenses and commissions, on 24 July 2006.

It is expected that cheques for the proceeds will be sent to these Shareholders, or that CREST accounts will be credited with the proceeds, on or around 27 July 2006.

Payments received by UK tax resident individual Shareholders pursuant to the Initial Purchase Offer should generally be treated as capital for UK tax purposes.

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 the relevant B Shares by completing the Form of Election appropriately or by giving the appropriate CREST instructions in respect of those B Shares.

### (ii) Company Offer

It is expected that Shareholders will be able to elect to have all or some of the B Shares that have been retained after the Initial Purchase Offer purchased by the Company, acting through the agency of Dresdner Kleinwort Wasserstein Securities Limited, for 127 pence per B Share, free of all dealing expenses and commissions, on 4 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) or give appropriate CREST instructions in respect of those B Shares.

It is expected that cheques for the proceeds will be sent to these Shareholders, or payment by BACS to mandated accounts will be made, on or around 11 September 2006.

Payments received by UK tax resident individual Shareholders pursuant to the Company Offer should generally be treated as income for UK tax purposes.

### (iii) Future Purchase Offers

If you choose to retain any B Shares after the Initial Purchase Offer and the Company Offer, it is expected that you will have the opportunity to sell them in the future for 127 pence per B Share, free of all dealing expenses and commissions. Additionally, while you hold those B Shares, you will be entitled to receive a cumulative preferential dividend (on a notional value of 127 pence per B Share) at a rate per annum of 3.75% paid annually in arrears.

It is currently expected that the Future Purchase Offers, by which a counterparty will purchase B Shares, will be made both in July 2007 and July 2008.

Payments received by UK tax resident individual Shareholders pursuant to either of the Future Purchase Offers should generally be treated as capital for UK tax purposes.

Shareholders with outstanding B Shares after the Initial Purchase Offer and the Company Offer will not be required to participate in either of the Future Purchase Offers, but 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.

## 2.4 Forms of Election and CREST Instructions

Instructions in relation to the completion and submission of Forms of Election are set out in Part III (Completing your Form of Election) of this document.

**Certificated Shareholders who do not return a valid Form of Election by 4.30 pm on Friday 14 July 2006 will not be issued any B Shares and will therefore not be able to participate in any of the B Share Offers.** Instead the B Shares to which they are entitled will be issued to a nominee appointed by the Company for such Shareholders, who will realise the value of the B Shares as soon as reasonably practicable with the net proceeds of sale being remitted to the Shareholders concerned at the risk of such Shareholders.

The return of a Form of Election by a Certificated Shareholder will constitute a representation, warranty and undertaking that the relevant Shareholder is not an Excluded Overseas Shareholder. **Certificated Shareholders who are Excluded Overseas Shareholders should therefore not return a Form of Election.**

**If you are an Uncertificated Shareholder and do not issue a valid instruction within CREST in favour of Retention of B Shares settled by 4.30 pm on Friday 21 July 2006, you will participate in respect of your entire holding of B Shares in the Initial Purchase Offer by default.**

The issue of a valid instruction within CREST by an Uncertificated Shareholder will be deemed to constitute a representation, warranty and undertaking that the relevant Shareholder is not an Excluded Overseas Shareholder. **Uncertificated Shareholders who are Excluded Overseas Shareholders should therefore not issue any instruction within CREST in respect of the B Shares.** Non-UK Shareholders should refer to the information in Part IV (Details of the Proposals) of this document and in particular paragraph 8 on page 16.

## 2.5 Conditions to the Proposals

Implementation of the Proposals is conditional (among other things) upon:

- (A) the approval by Shareholders of the Resolution; and
- (B) Admission of the B Shares and the Consolidated Ordinary Shares.

If these conditions are not satisfied by 8.00 am on 17 July 2006 or such later time and date as the Directors shall determine, the Proposals will not take effect.

## 3. Key Dates

A detailed timetable is set out in Part I (Expected Timetable of Events) of this document. In particular you should note the following key dates this year that are presently expected in relation to the Proposals:

Date	Event
12 July 2006 at 10.45 am (or as soon as possible thereafter as the AGM either concludes or is adjourned)	EGM
14 July 2006 at 4.30 pm	Latest time and date for receipt of Forms of Election
14 July 2006 at 6.00 pm	Record Date
17 July 2006 at 8.00 am	Admission of B Shares and Consolidated Ordinary Shares
24 July 2006 at 8.00 am	Initial Purchase Offer expected to be completed
4 September 2006 at 8.00 am	Company Offer expected to be completed

#### 4. Summary Explanation of the Resolution to be proposed at the EGM

The resolution to be proposed at the EGM is a special resolution and, as such, will be passed if at least 75% of the votes cast are in favour. An explanation of the paragraphs comprising the resolution is set out below:

- (A) this paragraph increases the authorised share capital of the Company by the creation of the B Shares because there are no B Shares currently authorised in the Company's share capital;
- (B) this paragraph authorises the Directors to capitalise part of the Company's share premium account in creating and allotting the B Shares on a one-for-one basis to holders of Existing Ordinary Shares at the Record Date. The authority will lapse at the next annual general meeting of the Company;
- (C) this paragraph sets out the procedure for consolidating and sub-dividing the authorised but unissued Existing Ordinary Shares into Consolidated Ordinary Shares and the method for dealing with fractions arising on that consolidation and sub-division;
- (D) this paragraph sets out the procedure for consolidating and sub-dividing all issued Existing Ordinary Shares into Consolidated Ordinary Shares and the method for dealing with fractions arising on that consolidation and sub-division;
- (E) this paragraph gives authority for market purchases by the Company of B Shares at a maximum price of the Return Amount; and
- (F) this paragraph approves the amendment to the Company's Articles of Association required in order to incorporate the terms of the B Shares which are set out in Part V (Rights and Restrictions Attached to the B Shares) of this document.

#### 5. Shareholder Helpline

If you have any queries in relation to the Proposals, the B Share Offers, the Form of Election or the Form of Proxy, you may call the Shareholder helpline on 0870 195 6310 (or +44 1903 276 342 if calling from outside the UK) between 8.30 am and 5.30 pm on any Business Day. Please note that the Shareholder helpline will not provide advice on the merits of the Proposals or give any financial or tax advice.

#### 6. Recommendation

**The Board is of the opinion that the Proposals and the resolution to be proposed at the EGM are in the best interests of the Company and Shareholders as a whole.**

**Accordingly, the Board unanimously recommends that you vote in favour of such resolution, as the Directors intend to do in respect of their own holdings of Existing Ordinary Shares in respect of which they are able to vote, amounting in aggregate to 797,636 Existing Ordinary Shares, representing approximately 0.14% of the current issued share capital of the Company.**

Whilst the Board is satisfied that it is in the interests of the Company and Shareholders as a whole that Shareholders be given the opportunity to benefit from the B Share Offers, the Board makes no recommendation to individual Shareholders as to whether or not they should actually participate in the Initial Purchase Offer or in any of the other B Share Offers as this is a matter for each Shareholder to decide depending, amongst other things, on his or her individual tax position and objectives. Shareholders should note that 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). Shareholders in any doubt as to their position should seek their own independent advice from a suitably qualified person.

Yours sincerely,



**Baroness Hogg**  
Chairman

## Part III. Completing your Form of Election

The Form of Election in relation to participation in the Initial Purchase Offer is enclosed with this document. Uncertificated Shareholders should not complete a Form of Election but instead should refer to Part IV (Details of the Proposals) of this document.

**Certificated Shareholders who do not return a Form of Election so as to be received by the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA, not later than 4.30 pm on 14 July 2006 will not be issued any B Shares. Instead, the B Shares to which they are entitled will be issued to a nominee appointed by the Company for such Shareholders, who will realise the value of the B Shares as soon as reasonably practicable with the net proceeds of sale being remitted to the Shareholders concerned at the risk of such Shareholders.**

**The return of a Form of Election by a Certificated Shareholder will constitute a representation, warranty and undertaking that the relevant Shareholder is not an Excluded Overseas Shareholder. Certificated Shareholders who are Excluded Overseas Shareholders should therefore not return a Form of Election.**

The following instructions set out what you should do when completing the Form of Election. Any decisions you reach should be based on the information contained in this document and, if you are in any doubt as to the action you should take, the advice of an appropriate professional adviser.

References to Boxes refer to the boxes indicated on the Form of Election.

### **Name(s) of Shareholder(s)**

The Form of Election shows the name of the holder, or names of joint holders, of B Shares for which an election can be made. When the Form of Election is completed the Shareholder, or all joint Shareholders, should sign the Form of Election. Signatures need to be witnessed (the witness must be over 18 years of age and cannot be that Shareholder or, in the case of joint Shareholders, one of the joint Shareholders, although one person who is not one of the joint Shareholders can separately witness the signature of all joint Shareholders).

### **Number of shares held**

The Form of Election shows the number of Existing Ordinary Shares held on the date printed thereon. If you do not buy, sell or transfer any Existing Ordinary Shares between this date and 6.00 pm on 14 July 2006 and do not buy, sell or transfer any B Shares between 8.00 am on 17 July 2006 and 6.00 pm on 21 July 2006, then this will be the number of B Shares which you will hold at the expected B Share Record Date and you may make an election to participate in the Initial Purchase Offer or to retain your B Shares in relation to all or part of this number of B Shares. If you do buy, sell or transfer any Existing Ordinary Shares or B Shares you should take care to ensure that your election is in respect of no more than the number of B Shares that will be registered in your name(s) on the B Share Record Date.

### **TO CHOOSE EITHER THE INITIAL PURCHASE OFFER OR THE RETENTION OF B SHARES FOR ALL OF YOUR B SHARES:**

To choose the Initial Purchase Offer for **all** of your B Shares you should mark an "X" in Box 1.

To choose the Retention of B Shares for **all** of your B Shares (which will permit you subsequently to participate in respect of all or any of your retained B Shares in the Company Offer or in either of the Future Purchase Offers, if made) you should mark an "X" in Box 2.

### **TO SPLIT YOUR B SHARES BETWEEN THE INITIAL PURCHASE OFFER AND THE RETENTION OF B SHARES:**

Enter (in figures) in Box 1 the number of B Shares you wish to elect for the Initial Purchase Offer and enter (in figures) in Box 2 the number of B Shares you wish to elect for the Retention of B Shares (which will permit you subsequently to participate in respect of all or any of your retained B Shares in the Company Offer or in either of the Future Purchase Offers, if made).

### **The following is the default position which will apply where Forms of Election are incorrectly completed:**

If you mark an "X" in Box 1 and also mark an "X" or any number in Box 2, your election will be disregarded to the extent it relates to the Retention of B Shares.

If you mark an "X" in Box 2 and enter a number in Box 1, your election in favour of the Initial Purchase Offer will stand and the remainder of your B Shares will be deemed elected for the Retention of B Shares.

If you enter numbers in both Boxes 1 and 2 which in total exceed your holding of B Shares on the B Share Record Date, the excess will be deducted from your election in favour of the Retention of B Shares.

If you enter a number or numbers in either of or both Boxes 1 and 2 which amounts or amount in total to less than your holding of B Shares on the B Share Record Date, the balance of your holding will be deemed elected in favour of the Initial Purchase Offer.

If you return the Form of Election with nothing marked in Box 1 or Box 2, your B Shares will be deemed elected in favour of the Initial Purchase Offer.



**Further instructions on completing the Form of Election:**

Once completed, signed and witnessed the Form of Election should be returned to the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA, as soon as possible and, in any event, so as to be received not later than 4.30 pm on 14 July 2006.

**If you need assistance in completing the Form of Election or have any queries relating to it or the B Share Offers, you should telephone the Shareholder helpline on 0870 195 6310 (or +44 1903 276 342 if calling from outside the UK) between 8.30 am and 5.30 pm on any Business Day. Please note that the Shareholder helpline will not provide advice on the merits of the Proposals or give any financial or tax advice.**

Lloyds TSB Registrars, as the Company's agents, will determine all questions as to the form and validity (including time of receipt) of any Form of Election, in their discretion, which determination shall be final and binding. The Company also reserves the right, in its absolute discretion, to waive any defect or irregularity in relation to the completion of, or the receipt of, a Form of Election completed on behalf of any Shareholder, and such determination shall be binding on such Shareholder. None of the Company or Lloyds TSB Registrars as its agents shall be liable to any Shareholder for any loss arising from the determination of questions as to the form and validity (including time of receipt) of any Form of Election unless attributable to its own default or shall be under any duty to give notification of any defect or irregularity in any Form of Election or incur any liability in respect of such notification.

# Part IV. Details of the Proposals

## 1. The Proposals

The Proposals comprise the issue of the B Shares, the Share Capital Consolidation and the B Share Offers.

The Proposals are conditional (among other things) upon:

- (A) the approval by Shareholders of the Resolution; and
- (B) Admission.

If these conditions are not satisfied by 8.00 am on 17 July 2006 or such later time and/or date as the Directors may determine, no Consolidated Ordinary Shares or B Shares will be created and the Proposals will not take effect.

**The general guidance on the UK tax treatment in the following paragraphs is only a summary and is based on current law and practice as at the date of this document, UK tax resident Shareholders should read carefully Part VI (United Kingdom Taxation in relation to the Proposals) since the B Share Offers are expected to have different UK tax consequences.**

**If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction other than the UK, you should consult an appropriate professional adviser without delay.**

## 2. Issue of B Shares

It is proposed to capitalise a sum not exceeding £6.1 million standing to the credit of the Company's share premium account which will be applied in paying up in full the B Shares of a nominal value of one penny each. B Shares will be issued on the basis of:

### **one B Share for each Existing Ordinary Share**

held at the Record Date. No B Shares will be issued other than to Shareholders at that time.

The B Shares will carry the right to a cumulative dividend in priority to that on the Consolidated Ordinary Shares, a capital entitlement on a winding up in priority to that of the Consolidated Ordinary Shares and will have very limited voting rights as more fully set out in Part V (Rights and Restrictions Attached to the B Shares) of this document.

Certificated Shareholders will receive their B Shares in certificated form. The Company will also apply for the B Shares to be admitted to CREST with effect from Admission so that holders of Existing Ordinary Shares whose holdings are registered in CREST will automatically have their B Shares credited to their CREST accounts and general market transactions in the B Shares may be settled within the CREST system.

**Certificated Shareholders who do not return a Form of Election by 4.30 pm on Friday 14 July 2006 will not be issued any B Shares and will therefore not be able to participate in any of the B Share Offers. Instead, the B Shares to which they are entitled will be issued to a nominee appointed by the Company for such Shareholders, who will realise the value of the B Shares as soon as reasonably practicable with the net proceeds of sale being remitted to the Shareholders concerned at the risk of such Shareholders. The return of a Form of Election by a Certificated Shareholder will constitute a representation, warranty and undertaking that the relevant Shareholder is not an Excluded Overseas Shareholder. Certificated Shareholders who are Excluded Overseas Shareholders should therefore not return a Form of Election.**

In order to facilitate the elections for the B Share Offers, the B Shares will, for the purposes of settlement in CREST only, be designated as "interim B Shares" under the ISIN GB00B16PPH76/SEDOL B16PPH7 for the period from Admission (17 July 2006) until the Initial Purchase Offer is expected to be completed (24 July 2006). From 24 July 2006, the B Shares will, for the purposes of dealings and settlement in CREST, be designated as "B Shares" and will be quoted in the Official List under the ISIN GB00B16PRC61/SEDOL B16PRC6.

An announcement will be made on 17 July 2006 in respect of the number of B Shares that are issued.

## 3. Share Capital Consolidation

The Existing Ordinary Shares will be consolidated and sub-divided on 17 July 2006 so that Shareholders will receive:

### **11 Consolidated Ordinary Shares for every 13 Existing Ordinary Shares**

that they hold at the Record Date and pro rata for other numbers of Existing Ordinary Shares.

The intention of the Share Capital Consolidation is that, subject to market movements, the share price of one Consolidated Ordinary Share immediately after Admission should be approximately equal to the share price of one Existing Ordinary Share beforehand. Other Company data (such as earnings and dividends per share) should also be comparable before and after the Share Capital Consolidation. The Share Capital Consolidation is also intended to maintain a neutral position for those holders of options and awards under the Share Schemes who do not receive B Shares in respect of any entitlement under the Share Schemes.

Share certificates for Consolidated Ordinary Shares held by Certificated Shareholders are expected to be issued on or around 27 July 2006, after the Share Capital Consolidation.

The Company will apply for the Consolidated Ordinary Shares to be admitted to CREST with effect from Admission so that holders of Existing Ordinary Shares whose holdings are registered in CREST will automatically have Consolidated Ordinary Shares to which they are entitled credited to their CREST accounts and general market transactions in the Consolidated Ordinary Shares may be settled within the CREST system.

### Fractions

Shareholders whose holdings of Existing Ordinary Shares are not exactly divisible by 13 on the Record Date will receive cash in respect of fractional entitlements of Consolidated Ordinary Shares following the Share Capital Consolidation. Shareholders who only hold one Existing Ordinary Share will only receive cash. All fractional entitlements will be aggregated and are expected to be sold in the market on 17 July 2006. Cheques in respect of the proceeds of sale of fractional entitlements attributable to holdings of certificated Existing Ordinary Shares are expected to be dispatched on 27 July 2006 and amounts in respect of the proceeds of sale of fractional entitlements attributable to holdings of Existing Ordinary Shares of Uncertificated Shareholders are expected to be credited to CREST accounts by the same date.

## 4. B Share Offers

The issue of the B Shares is expected to be followed by opportunities for Shareholders to realise the value of their B Shares by participating in certain offers which are expected to be made to purchase those B Shares.

Shareholders may elect to have all or some of their B Shares purchased under the Initial Purchase Offer, or to hold all or some of their B Shares which they may then elect for purchase later through the Company Offer or either of the Future Purchase Offers which are expected to be made.

### Initial Purchase Offer

Under the Initial Purchase Offer, Shareholders may elect to have all or some of their B Shares purchased by one of the Brokers, acting as principal, on 24 July 2006, at 127 pence per B Share, free of all dealing expenses and commissions.

Shareholders who elect to participate in the Initial Purchase Offer in respect of any B Shares will not receive any amount in respect of accrued dividend on those B Shares.

No contract with Shareholders will exist in relation to the Initial Purchase Offer until the RIS announcement in respect of it is issued, which is expected to occur at 8.00 am on 24 July 2006.

The payment UK tax resident individual Shareholders will receive pursuant to the Initial Purchase Offer should generally be treated as capital for UK tax purposes.

Shareholders should read carefully Part VI (United Kingdom Taxation in relation to the Proposals) of this document before deciding whether to elect for the Initial Purchase Offer.

It is expected that Shareholders whose B Shares are purchased under the Initial Purchase Offer will be sent cheques and sales advices, or CREST accounts will be credited with the proceeds, in respect of such purchases on or around 27 July 2006. No share certificates will be issued in respect of B Shares which are purchased under the Initial Purchase Offer.

**Certificated Shareholders (other than Excluded Overseas Shareholders) wishing to participate in respect of all or part of their entitlement to B Shares in the Initial Purchase Offer should elect for the Initial Purchase Offer on their Forms of Election.**

**Uncertificated Shareholders (other than Excluded Overseas Shareholders) wishing to participate in respect of all or part of their entitlement to B Shares in the Initial Purchase Offer should issue an instruction within CREST for the Initial Purchase Offer in accordance with the instructions given in paragraph 5 of this Part IV.**

### Company Offer

Shareholders who do not elect to participate in the Initial Purchase Offer in respect of all of their B Shares may alternatively elect to have all or some of their B Shares purchased under the Company Offer.

Shareholders who elect to participate in the Company Offer in respect of any B Shares will not receive any amount in respect of accrued dividend on those B Shares.

Under the Company Offer, Shareholders may elect to have all or some of their B Shares purchased by the Company, acting through the agency of Dresdner Kleinwort Wasserstein Securities Limited, on 4 September 2006, at 127 pence per B Share, free of all dealing expenses and commissions.

No contract with Shareholders will exist in relation to the Company Offer until the RIS announcement in respect of it is issued, which is expected to occur on 4 September 2006.

The payment UK tax resident individual Shareholders will receive pursuant to the Company Offer should generally be treated as income for UK tax purposes, other than in respect of an amount equal to the one penny nominal value of the relevant B Shares.

Shareholders should read carefully Part VI (United Kingdom Taxation in relation to the Proposals) of this document, before deciding whether to elect to participate in the Company Offer.

It is expected that cheques for the proceeds will be sent to these Shareholders, or payment by BACS to mandated accounts will be made, on or around 11 September 2006.

**Certificated Shareholders (other than Excluded Overseas Shareholders) wishing to participate in the Company Offer should elect for the Retention of B Shares on their Forms of Election. Certificated Shareholders who so elect will be sent a Second Form of Election in respect of the Company Offer on or around 27 July 2006, which Second Form of Election should be returned by 4.30 pm on 1 September 2006 in order for the relevant Shareholder to participate in the Company Offer.**

**Uncertificated Shareholders (other than Excluded Overseas Shareholders) wishing to participate in the Company Offer should issue an instruction within CREST settled by 4.30 pm on 21 July 2006 for the Retention of B Shares in accordance with the instructions given in paragraph 5 of this Part IV. This should be followed by an instruction within CREST settled by 4.30 pm on 1 September 2006 in respect of the Company Offer in accordance with the instructions given in paragraph 5 of this Part IV.**

#### **Future Purchase Offers**

Shareholders who elect to retain all or some of their B Shares beyond the Initial Purchase Offer and the Company Offer will be entitled to receive a cumulative preferential dividend (on a notional value of 127 pence per B Share) at a rate per annum of 3.75% paid annually in arrears in respect of the B Shares they retain.

It is expected that the Future Purchase Offers will be made by a counterparty acting as principal in both July 2007 and July 2008 at 127 pence per B Share, free of all dealing expenses and commissions, but there can be no guarantee that the Future Purchase Offers will be made.

The Company intends to fix the record date for payment of any dividend in respect of the B Shares in each year in advance of the effective date of any Future Purchase Offer made in that year.

The payment UK tax resident individual Shareholders will receive pursuant to the Future Purchase Offers should generally be treated as capital for UK tax purposes.

Shareholders who elect to retain their B Shares beyond the Initial Purchase Offer and the Company Offer will not be required to participate in either of the Future Purchase Offers, if made, but the Company will have the right to effect the compulsory sale of any B Shares after 14 July 2009 (amongst other circumstances). Shareholders should read carefully Part V (Rights and Restrictions Attached to the B Shares) of this document in relation to the circumstances when the Company has such a right.

**Whilst the Company expects the Future Purchase Offers to be made, there can be no certainty that such offers will be made.**

**There can be no assurance that an active market for B Shares outside the Future Purchase Offers, if made, will develop or be sustained.**

**Certificated Shareholders (other than Excluded Overseas Shareholders) wishing to be able to participate in the Future Purchase Offers, if made, should elect for the Retention of B Shares on their Forms of Election in respect of the B Shares they wish to retain for the Future Purchase Offers and should not elect to participate in the Company Offer in respect of those B Shares.**

**Uncertificated Shareholders (other than Excluded Overseas Shareholders) wishing to be able to participate in the Future Purchase Offers should issue an instruction within CREST for the Retention of B Shares in accordance with the instructions given in paragraph 5 of this Part IV in respect of the B Shares they wish to retain for the Future Purchase Offers and should not elect to participate in the Company Offer in respect of those B Shares.**

Following completion of the Initial Purchase Offer, the Brokers will have the right to require the Company to purchase from the Brokers, at a price of 127 pence per B Share (plus any applicable dealing expenses and commissions), any B Shares purchased from Shareholders pursuant to the Initial Purchase Offer. If such B Shares are sold by the Brokers to the Company, they will be cancelled and not held as treasury shares. It is anticipated that any counterparty to the Future Purchase Offers, if made, will have the same right.

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 circumstances 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.

## 5. Electing in CREST

**If you are an Uncertificated Shareholder and do not issue a valid instruction within CREST in favour of the Retention of B Shares settled by 4.30 pm on Friday 21 July 2006, you will participate in respect of your entire holding of B Shares in the Initial Purchase Offer by default.** The issue of a valid instruction within CREST by an Uncertificated Shareholder will be deemed to constitute a representation, warranty and undertaking that the relevant Shareholder is not an Excluded Overseas Shareholder. **Uncertificated Shareholders who are Excluded Overseas Shareholders should therefore not issue any instruction within CREST in respect of any of the B Share Offers.**

### Electing for the Initial Purchase Offer

Shareholders (other than Excluded Overseas Shareholders) who hold interim B Shares in CREST who wish to elect for the Initial Purchase Offer in respect of all or some of their B Shares should use the following procedure after their CREST accounts have been credited on 17 July 2006. The prescribed form of election is a TTE instruction which, on its settlement, will have the effect of crediting a stock account of Lloyds TSB Registrars under the participant ID and member account ID specified below, with the number of interim B Shares to be purchased.

The TTE instruction must be properly authenticated in accordance with CRESTCo's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following:

- (i) the number of interim B Shares to which the election relates;
- (ii) the participant ID of the holder of the interim B Shares;
- (iii) the member account ID of the holder of the interim B Shares from which interim B Shares are to be debited;
- (iv) the participant ID of Lloyds TSB Registrars. This is 6RA18;
- (v) the member account ID of Lloyds TSB Registrars. This is 3iGOFF01;
- (vi) the ISIN of the interim B Shares. This is GB00B16PPH76/SEDOL B16PPH7;
- (vii) the Intended Settlement Date. This must be by 4.30 pm on 21 July 2006;
- (viii) the corporate action number. This is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST; and
- (ix) input with standard delivery instruction priority of 80.

In order for an uncertificated election to be valid, the TTE instruction must comply with the requirements as to authentication and contents set out above and must settle by 4.30 pm on 21 July 2006.

**CREST members (other than Excluded Overseas Shareholders, who should not issue TTE instructions in relation to the B Shares) and (where applicable) their CREST sponsors (other than Excluded Overseas Shareholders, who should not issue TTE instructions in relation to the B Shares) should note that the last time at which a TTE instruction may settle for the Initial Purchase Offer is 4.30 pm on 21 July 2006.**

### Electing for the Retention of B Shares

Shareholders (other than Excluded Overseas Shareholders) who hold B Shares in CREST who wish to elect for the Retention of B Shares in respect of all or some of their B Shares (which will permit them to participate in respect of those B Shares in the Company Offer or either of the Future Purchase Offers, if made) should use the following procedure after their CREST accounts have been credited on 17 July 2006. The prescribed form of election is a TTE instruction which, on its settlement, will have the effect of crediting a stock account of Lloyds TSB Registrars under the participant ID and member account ID specified below, with the number of B Shares to be retained.

The TTE instruction must be properly authenticated in accordance with CRESTCo's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following:

- (i) the number of interim B Shares to which the election relates;
- (ii) the participant ID of the holder of the interim B Shares;
- (iii) the member account ID of the holder of the interim B Shares from which interim B Shares are to be debited;
- (iv) the participant ID of Lloyds TSB Registrars. This is 6RA18;
- (v) the member account ID of Lloyds TSB Registrars. This is 3iGOFF02;
- (vi) the ISIN of the interim B Shares. This is GB00B16PPH76/SEDOL B16PPH7;
- (vii) the Intended Settlement Date. This must be by 4.30 pm on 21 July 2006;
- (viii) the corporate action number. This is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST; and
- (ix) input with standard delivery instruction priority of 80.

In order for an uncertificated election to be valid, the TTE instruction must comply with the requirements as to authentication and contents set out above and must settle by 4.30 pm on 21 July 2006.

**CREST members (other than Excluded Overseas Shareholders, who should not make TTE instructions in relation to the B Shares) and (where applicable) their CREST sponsors should note that the last time at which a TTE instruction may settle for the Retention of B Shares is 4.30 pm on 21 July 2006.**

**Uncertificated Shareholders who do not make a valid instruction in favour of the Retention of B Shares by 4.30 pm on 21 July 2006 will participate in respect of their entire holding of B Shares in the Initial Purchase Offer.**

#### **Electing for the Company Offer**

Shareholders who hold B Shares in CREST who wish to elect for the Company Offer in respect of all or some of their B Shares should use the following procedure **after having elected for the Retention of B Shares in accordance with the instructions set out above and after their CREST accounts have been credited on 24 July 2006 with "B Shares" (in succession to "interim B Shares") under ISIN GB00B16PRC61/SEDOL B16PRC6.** The prescribed form of election is a TTE instruction which, on its settlement, will have the effect of crediting a stock account of Lloyds TSB Registrars under the participant ID and member account ID specified below, with the number of B Shares to be retained.

The TTE instruction must be properly authenticated in accordance with CRESTCo's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following:

- (i) the number of B Shares to which the election relates;
- (ii) the participant ID of the holder of the B Shares;
- (iii) the member account ID of the holder of the B Shares from which B Shares are to be debited;
- (iv) the participant ID of Lloyds TSB Registrars. This is 6RA19;
- (v) the member account ID of Lloyds TSB Registrars. This is 3iGOFF01;
- (vi) the ISIN of the B Shares. This is ISIN GB00B16PRC61/SEDOL B16PRC6;
- (vii) the Intended Settlement Date. This must be by 4.30 pm on 1 September 2006;
- (viii) the corporate action number. This is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST; and
- (ix) input with standard delivery instruction priority of 80.

In order for an uncertificated election to be valid, the TTE instruction must comply with the requirements as to authentication and contents set out above and must settle by 4.30 pm on 1 September 2006.

**CREST members and (where applicable) their CREST sponsors should note that the last time at which a TTE instruction in favour of the Company Offer may settle is 4.30 pm on 1 September 2006.**

**Uncertificated Shareholders who do not make a valid instruction in favour of the Company Offer in respect of their B Shares between 8.00 am on 24 July 2006 and 4.30 pm on 1 September 2006 will not be entitled to participate in the Company Offer.**

#### **Electing for the Future Purchase Offers**

Shareholders wishing to elect in CREST for the Future Purchase Offers should elect for the Retention of B Shares and should not elect for the Company Offer thereafter. Shareholders electing in favour of the Retention of B Shares and who do not elect to participate in the Company Offer will be informed as to how to elect in favour of either of the Future Purchase Offers, if made, in due course.

**Uncertificated Shareholders who are residents in, or citizens or nationals of, any of the Prohibited Territories, or a nominee, trustee or custodian holding Existing Ordinary Shares on behalf of a citizen, national or resident of any of the Prohibited Territories should not make any instructions within CREST in relation to B Shares. Uncertificated Shareholders should note that any instructions given within CREST in relation to the B Shares will be deemed to constitute a representation, warranty and undertaking that the Uncertificated Shareholder giving such an instruction is not a resident in, or citizen or national of, any of the Prohibited Territories, or a nominee, trustee or custodian acting on behalf of a citizen, national or resident of any of the Prohibited Territories.**

## 6. Terms and Conditions of the Initial Purchase Offer and the Company Offer

The following terms and conditions shall apply to the Initial Purchase Offer:

- (a) defined terms utilised in these terms and conditions shall bear the meanings given in Part VIII (Definitions) of this document;
- (b) no contract will arise for the sale and purchase of any B Shares pursuant to the Initial Purchase Offer unless and until the Brokers complete the purchase of B Shares pursuant to the Initial Purchase Offer as principals, by way of an announcement through an RIS constituting acceptance of an offer by Shareholders electing to participate in the Initial Purchase Offer in relation to their B Shares which is expected to be made on 24 July 2006;
- (c) the Form of Election, the giving of instructions within CREST in relation to the Initial Purchase Offer, and all contracts resulting therefrom will be governed by and construed in accordance with English law. Execution by or on behalf of a Shareholder of the Form of Election or the giving of instructions within CREST in relation to the Initial Purchase Offer by or on behalf of a Shareholder constitutes their submission, in relation to all matters arising out of or in connection therewith and the exercise of the powers of the agent appointed thereunder, to the exclusive jurisdiction of the English courts;
- (d) the execution by or on behalf of a Shareholder of a Form of Election or the giving of instructions within CREST, including in either case an election to participate in the Initial Purchase Offer, will constitute the irrevocable appointment of the Company and/or any director of the Company as attorney and/or agent for the Shareholder with authority to exercise all rights, powers and privileges attached to the B Shares and to do all acts and things and to execute all such documents as such attorney and/or agent shall consider necessary for giving effect to elections in respect of the Initial Purchase Offer;
- (e) upon execution of the Form of Election or the giving of any instruction within CREST including an election to participate in the Initial Purchase Offer, the Shareholder represents, warrants and undertakes that he or she has full power and authority to tender, sell, assign and transfer the B Shares to which the Initial Purchase Offer and the Form of Election or instructions within CREST relate and that the Brokers will acquire such B Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances. In addition, by execution of the Form of Election or the giving of instructions within CREST in relation to participation in the Initial Purchase Offer, the Shareholder agrees that he or she will do all other things and execute any additional documents which may be necessary or, in the opinion of the Brokers, desirable to effect the purchase of the B Shares by the Brokers and/or to perfect any of the authorities expressed to be given under the Form of Election or CREST instructions and acknowledge that none of the Brokers, the Company or their respective agents shall have any liability whatsoever to such Shareholder in respect of acts done or omitted to be done by it on behalf of such Shareholder in connection with the instructions given to it by such Shareholder pursuant to the Form of Election or otherwise in relation to the Initial Purchase Offer, other than in respect of their wilful default, fraud or negligence;
- (f) no authority conferred by or agreed to by execution of the Form of Election or the giving of instructions within CREST in relation to the Initial Purchase Offer shall be affected by, and all such authority shall survive, the death or incapacity of the Shareholder executing such form. All obligations of such Shareholder shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder;
- (g) Lloyds TSB Registrars, as the Company's agents, will determine all questions as to the form and validity (including time of receipt) of any Form of Election (or a withdrawal thereof), in their discretion, which determination shall be final and binding. A Form of Election returned in an envelope postmarked from any of the Prohibited Territories or otherwise appearing to Lloyds TSB Registrars to be sent from those jurisdictions will not be accepted as a valid election. Forms of Election which are incorrectly completed may be rejected and returned to Shareholders or their appointed agent;
- (h) the Company reserves the right, in its absolute discretion, to waive any defect or irregularity in relation to the completion of, or the receipt of, a Form of Election (or a withdrawal thereof) completed on behalf of any Shareholder, other than any purported election postmarked or otherwise dispatched from any of the Prohibited Territories, and such determination shall be binding on such Shareholder;
- (i) none of the Company or any of its agents shall be liable to any Shareholder for any loss arising from the determination of questions as to the form and validity (including time of receipt) of any Form of Election (or the withdrawal thereof) unless attributable to their own wilful default, fraud or negligence and none of the Company or any of its agents shall be under any duty to give notification of any defect or irregularity in any Form of Election or withdrawal thereof or have any liability in respect of such notification;
- (j) upon execution of the Form of Election, the Shareholder irrevocably undertakes, represents, warrants and agrees that he or she is not a resident, or citizen or national of, any of the Prohibited Territories or a trustee, custodian or nominee holding Ordinary Shares on behalf of such persons and also represents, warrants and undertakes that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any receipt or transfer of B Shares or election for the Initial Purchase Offer in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or the Brokers or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the Proposals or such Shareholders' receipt or transfer of B Shares or participation in the Initial Purchase Offer;

- (k) the B Shares to which any Certificated Shareholder who does not return a validly executed Form of Election by 4.30 pm on 14 July 2006 (or such later time and date as the Directors may determine) (or in respect of whom the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or that the Company or the Brokers would or might be required to make filings or take any other action in any jurisdiction, in order to honour any election made pursuant to a Form of Election) would otherwise be entitled to retain shall be issued to a nominee appointed by the Company and holding those B Shares as nominee on their behalf in accordance with Article 133 of the Company's Articles of Association on terms that the relevant B Shares shall, as soon as reasonably practicable following the Record Date be sold on behalf of such Shareholder at the best price which can reasonably be obtained (as determined by the Company, in its discretion) and the net proceeds of such sale (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) be paid to such Shareholder by sending a cheque to his or her registered address. None of the Company, any nominee referred to in this clause or any broker or agent of any of them shall have any liability save in the case of their wilful default, fraud or negligence for any loss arising as a result of the timing or terms of such sale;
- (l) the B Shares to which any Uncertificated Shareholder who does not make a valid instruction within CREST by 4.30 pm on 21 July 2006 (or such later time and date as the Directors may determine) would otherwise be entitled to retain will participate in the Initial Purchase Offer as if they had been elected to participate in it; and
- (m) upon the giving of any instruction within CREST in relation to participation in the Initial Purchase Offer, any Uncertificated Shareholder is deemed to represent, warrant and undertake that he or she is not a resident, a citizen or a national of any of the Prohibited Territories or a trustee, custodian or nominee holding Ordinary Shares or B Shares on behalf of such persons and is deemed to represent, warrant and undertake that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any receipt or transfer of B Shares or election for the Initial Purchase Offer in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or the Brokers or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the Proposals or such Shareholders' receipt or transfer of B Shares or participation in the Initial Purchase Offer.

The following terms shall apply to the Company Offer:

- (a) defined terms utilised in these terms and conditions shall bear the meaning given in Part VIII (Definitions) of this document;
- (b) no contract will arise for the sale and purchase of any B Shares pursuant to the Company Offer unless and until the Company completes the purchase of B Shares pursuant to the Company Offer by way of an announcement through an RIS, constituting acceptance of an offer by Shareholders electing to participate in the Company Offer in relation to their B Shares which is expected to be made on 4 September 2006;
- (c) the Second Form of Election, the giving of instructions within CREST in relation to the Company Offer, and all contracts resulting therefrom will be governed by and construed in accordance with English law. Execution by or on behalf of a Shareholder of the Second Form of Election or the giving of any instructions within CREST in relation to the Company Offer by or on behalf of a Shareholder constitutes their submission, in relation to all matters arising out of or in connection therewith and the exercise of the powers of the agent elected thereunder, to the exclusive jurisdiction of the English courts;
- (d) execution by or on behalf of a Shareholder of a Second Form of Election or the giving of instructions within CREST, including in either case an election to participate in the Company Offer will constitute the irrevocable appointment of the Company and/or any director of the Company as attorney and/or agent for the Shareholder with authority to exercise all rights, powers and privileges attached to the B Shares and to do all acts and things and to execute all such deeds and other documents as such attorney and/or agent shall consider necessary for giving effect to elections in respect of the Company Offer;
- (e) upon execution of the Second Form of Election, or the giving of any instruction within CREST including an election to participate in the Company Offer the Shareholder represents, warrants and undertakes that he or she has full power and authority to tender, sell, assign and transfer the B Shares to which the Company Offer and the Form of Election or instructions within CREST relate and that the Company will acquire such B Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances. In addition, by execution of the Second Form of Election or the giving of instructions within CREST in relation to participation in the Company Offer the Shareholder agrees that he or she will do all other things and execute any additional documents which may be necessary or, in the opinion of the Company, desirable to effect the purchase of the B Shares by the Company and/or to perfect any of the authorities expressed to be given under the Second Form of Election or CREST instructions and acknowledge that the Company shall not have any liability whatsoever to such Shareholder in respect of acts done or omitted to be done by it on behalf of such Shareholder in connection with the instructions given to it by such Shareholder pursuant to the Second Form of Election or otherwise in relation to the Company Offer, other than in respect of its wilful default, fraud or negligence;
- (f) no authority conferred by or agreed to by execution of the Second Form of Election or instruction within CREST in relation to the Company Offer shall be affected by, and all such authority shall survive, the death or incapacity of the Shareholder executing such form. All obligations of such Shareholder shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder;



- (g) Lloyds TSB Registrars, as the Company's agents, will determine all questions as to the form and validity (including time of receipt) of any Second Form of Election (or a withdrawal thereof), in their discretion, which determination shall be final and binding. A Form of Election returned in an envelope postmarked from any of the Prohibited Territories or otherwise appearing to Lloyds TSB Registrars to be sent from those jurisdictions will not be accepted as a valid election. Forms of Election which are incorrectly completed may be rejected and returned to Shareholders or their appointed agent;
- (h) the Company reserves the right, in its absolute discretion, to waive any defect or irregularity in relation to the completion of, or the receipt of, a Second Form of Election (or a withdrawal thereof) completed on behalf of any Shareholder, other than any purported election postmarked or otherwise dispatched from any of the Prohibited Territories and such determination shall be binding on such Shareholder;
- (i) none of the Company or any of its agents shall be liable to any Shareholder for any loss arising from the determination of questions as to the form and validity (including time of receipt) of any Second Form of Election (or the withdrawal thereof) unless attributable to their own wilful default, fraud or negligence and none of the Company or any of its agents shall be under any duty to give notification of any defect or irregularity in any Second Form of Election or withdrawal thereof or have any liability in respect of such notification;
- (j) upon execution of the Second Form of Election the Shareholder irrevocably undertakes, represents, warrants and agrees that he or she is not a resident, or citizen or national of, any of the Prohibited Territories or a trustee, custodian or nominee holding B Shares on behalf of such persons and also represents, warrants and undertakes that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any election for the Company Offer in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the Proposals or such Shareholder's participation in the Company Offer; and
- (k) upon the giving of any instruction within CREST in relation to participation in the Company Offer, any Uncertificated Shareholder is deemed to represent, warrant and undertake that he or she is not a resident, a citizen or national of any of the Prohibited Territories or a trustee, custodian or nominee holding B Shares on behalf of such persons and is deemed to represent, warrant and undertake that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any election for the Company Offer in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or any other person acting in breach of legal or regulatory requirements of any territory in connection with the Proposals or such Shareholder's participation in the Company Offer.

## 7. Withdrawal Rights

Shareholders should note that any election made on a Form of Election duly executed and submitted by 4.30 pm on 14 July 2006 may be withdrawn by the relevant Shareholders at any time prior to the end of the Election Period at 4.30 pm on 21 July 2006.

If an election is validly withdrawn, the relevant Shareholders may make a new election within the Election Period, but if a new valid election is not made by the end of the Election Period, they will be deemed to have elected for the Initial Purchase Offer in respect of their entire entitlement to B Shares. After the end of the Election Period, all elections will be irrevocable. If the Election Period is extended, withdrawal rights will also be extended.

Shareholders wishing to withdraw their election, whether their B Shares are held in CREST or otherwise, must first telephone the Shareholder helpline on 0870 195 6310 (or +44 1903 276 342 if calling from outside the UK) for further information between 8.30 am and 5.30 pm on any Business Day and, if wishing to re-elect, request a replacement Form of Election or receive instructions on how to re-elect through CREST.

For a withdrawal of any election to be effective, an original notice of withdrawal signed by the person(s) who signed the relevant Form of Election must:

- (i) be received by post or (during normal business hours only) by hand at Lloyds TSB Registrars by 4.30 pm on 21 July 2006; and
- (ii) specify the name(s) of the person(s) who elected the B Shares to be withdrawn and the number of B Shares to be withdrawn.

Withdrawals may not be rescinded and B Shares which are validly withdrawn for which no valid subsequent election has been made will be deemed to have been elected in favour of the Initial Purchase Offer. However, elections may be made anew in respect of withdrawn B Shares at any time prior to the end of the Election Period.

Lloyds TSB Registrars (as the Company's agents) will determine all questions as to the form and validity (including time and place of receipt) of any notice of withdrawal, in their discretion, which determination shall be final and binding. The Company also reserves the absolute right to waive any defect or irregularity in the withdrawal of B Shares by any Shareholder, and such determination will be binding on such Shareholder. Neither the Company nor Lloyds TSB Registrars as its agents shall be liable to any Shareholder for any loss arising from the determination of questions as to the form and validity (including time of receipt) of any withdrawal unless attributable to their own negligence, wilful default or fraud or will be under any duty to give notification of any defect or irregularity in any notice or withdrawal or incur any liability in respect of such notification.

## 8. Non-United Kingdom Shareholders

Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the Proposals (including, as may be relevant in each case, the holding or disposal of B Shares) will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject.

In particular, it is the responsibility of any Shareholder not resident in the United Kingdom or a citizen, resident or national of another country wishing to elect for any of the B Share Offers or to otherwise dispose of B Shares to satisfy himself as to the full observance of the laws of each relevant jurisdiction in connection with the Proposals, including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should observe the laws of such jurisdictions. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the creation or purchase of B Shares constitutes an invitation, offer, or other action on the part of the Company either in the United States of America or in any jurisdiction in which such invitation, offer or other action is unlawful.

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 the B Shares which they would otherwise be 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.

Each Shareholder by whom, or on whose behalf, a Form of Election is executed or instructions within CREST in relation to the Initial Purchase Offer are given represents, warrants and undertakes (or, in the case of Uncertificated Shareholders, is deemed to represent, warrant and undertake) that such Shareholder is neither a resident in, or a citizen or national of, any of the Prohibited Territories nor a nominee, trustee or custodian acting on behalf of a citizen, national or resident of any of the Prohibited Territories. Each Shareholder by whom, or on whose behalf, a Form of Election is executed or instructions within CREST in relation to the Initial Purchase Offer are given also irrevocably represents, warrants and undertakes (or, in the case of Uncertificated Shareholders, is deemed to represent, warrant and undertake) that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any receipt or transfer of B Shares or election for any of the B Share Offers in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or the Brokers or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the Proposals or such Shareholders' receipts or transfer of B Shares or acceptance of any of the B Share Offers.

**The return of a Form of Election by any Certificated Shareholder shall constitute a representation, warranty and undertaking that the relevant Shareholder is not an Excluded Overseas Shareholder. Shareholders who are resident in, or a citizen or national of, any of the Prohibited Territories (including the United States) or who are a nominee, trustee or custodian acting on behalf of such a resident, citizen or national should not submit a Form of Election.**

The B Shares of any Certificated Shareholder who does not return or is ineligible to return a validly executed Form of Election by 4.30 pm on 14 July 2006 and any Certificated Shareholder in respect of whom the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or that the Company or the Brokers would or might be required to make filings or take any other action in any jurisdiction, in order to honour any election made pursuant to a Form of Election, will not be issued to him but issued to a nominee appointed by the Company for such Shareholder, who will realise the value of the B Shares as soon as reasonably practicable with the net proceeds of sale being remitted to the Shareholder concerned at the risk of such Shareholder.

The issue of an instruction within CREST by an Uncertificated Shareholder in respect of any of the B Share Offers shall be deemed to constitute a representation, warranty and undertaking that the relevant Shareholder is not an Excluded Overseas Shareholder. Uncertificated Shareholders who are Excluded Overseas Shareholders should therefore not issue any instruction within CREST in respect of the B Share Offers.

## 9. Extraordinary General Meeting

An EGM will be held at 10.45 am on 12 July 2006 (or as soon thereafter as the AGM either concludes or is adjourned). The EGM Notice is set out in Part IX (Notice of Extraordinary General Meeting) of this document.

You will find enclosed with this document a Form of Proxy for use in respect of the EGM.

Whether or not you intend to be present at the EGM, you are requested to complete and sign the Form of Proxy and return it, in accordance with the instructions printed on it, by post or (during normal business hours only) by hand to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZJ, to arrive as soon as possible and, in any event, no later than 10.45 am on 10 July 2006. Completion and return of the Form of Proxy will not prevent you from attending at the EGM and voting in person should you wish to do so.

## 10. Amendment to the Articles of Association

A new Article is proposed to be included in the Company's Articles of Association in order to implement the Proposals. This amendment is set out in Part V (Rights and Restrictions Attached to the B Shares) of this document.

## 11. Share Schemes

Participants in The 3i Group Share Incentive Plan (under which the Existing Ordinary Shares to which they are beneficially entitled are held in trust on their behalf) will be entitled to the B Shares issued in respect of their Existing Ordinary Shares. Those B Shares, and the Consolidated Ordinary Shares to which they become entitled as a consequence of the Share Capital Consolidation, will continue to be held in the trust and be subject to the same terms as the Existing Ordinary Shares in respect of which they are issued including, where relevant, the same holding period and forfeiture provisions. Participants may be entitled to participate in one of the B Share Offers in respect of their B Shares but this will depend upon the terms on which those B Shares are held under the Plan.

Participants who have a beneficial interest in Existing Ordinary Shares which are the subject of awards under The 3i Group Discretionary Share Plan or The 3i Group Deferred Bonus Plan will be entitled to the B Shares issued in respect of their Existing Ordinary Shares. Those B Shares, and the Consolidated Ordinary Shares to which they become entitled as a consequence of the Share Capital Consolidation, will continue to be subject to the same terms as the Existing Ordinary Shares in respect of which they are issued including, where relevant, the same holding period and forfeiture provisions. Participants will not be entitled to participate in the B Share Offers during the relevant holding period applicable to those B Shares.

Participants in the remaining Share Schemes who hold options or awards entitling them to acquire Existing Ordinary Shares (or who have awards that entitle them to a cash sum linked to the value of Existing Ordinary Shares) will not be entitled to receive B Shares. Following the Share Capital Consolidation, those awards will be in respect of the same number of Consolidated Ordinary Shares; it is not envisaged that any other adjustment to the terms of those awards will be made as it is anticipated that the effect of the Share Capital Consolidation will be to provide an appropriate value adjustment. However, where the award is subject to a performance target which is based on net asset value per share, an adjustment to the calculation of that performance target will be required to take account of the issue of B Shares.

Separate communications have been, or will be, sent to participants in the Share Schemes explaining the effect of the Proposals on their participation in the Share Schemes.

## 12. Dealings and dispatch of documents

The issue of B Shares will be made by reference to holdings of Existing Ordinary Shares on the register of members as at the Record Date and the Initial Purchase Offer by reference to holdings of B Shares on the B Share register of members as at the B Share Record Date.

It is expected that dealings and settlements within the CREST system in respect of the Existing Ordinary Shares will continue until the Record Date. The registration of uncertificated holdings in respect of the Existing Ordinary Shares will be "disabled" in CREST on the Record Date. In respect of Existing Ordinary Shares held in certificated form, the register of members will be closed for transfers at the Record Date and no further transfers of Existing Ordinary Shares will be able to be made.

The Company expects to dispatch on 27 July 2006 definitive share certificates in respect of the Consolidated Ordinary Shares held in certificated form and in respect of any B Shares held in certificated form for which elections to retain such B Shares have been validly made. From Admission, certificates in respect of the Existing Ordinary Shares will no longer be valid. Certificates for Consolidated Ordinary Shares will only be issued following the Share Capital Consolidation. It is therefore important that, if you hold certificates in respect of your Existing Ordinary Shares, you should retain them for the time being until certificates for Consolidated Ordinary Shares are dispatched. Once received, you should destroy your certificates for Existing Ordinary Shares. Share certificates will be dispatched to Shareholders at their own risk.

Shareholders who hold their Existing Ordinary Shares through the CREST system will, on Admission (which is expected to occur at 8.00 am on 17 July 2006), have their CREST accounts credited with Consolidated Ordinary Shares and B Shares. Shareholders holding Consolidated Ordinary Shares through the CREST system will not receive any share certificates.

Temporary documents of title will not be issued and, pending dispatch of definitive share certificates, transfers of Consolidated Ordinary Shares held in certificated form and of any B Shares held in certificated form which have not been elected for purchase under the Initial Purchase Offer will be certified against the register held by Lloyds TSB Registrars. It is expected that cheques in respect of B Shares purchased under the Initial Purchase Offer and any fractional entitlements under the Share Capital Consolidation will be dispatched to relevant Shareholders or relevant Shareholders will have their CREST accounts credited with the proceeds, as appropriate, on 27 July 2006.

## 13. Miscellaneous

As at 13 June 2006, the latest practicable date prior to publication of this document, the Company was not holding any shares in treasury.

## Part V. Rights and Restrictions Attached to the B Shares

1. The following sets out the text of a new Article in respect of the rights and restrictions to be attached to the B Shares which is proposed to be added to the Articles of Association of the Company by the Resolution:

### B Shares

#### 148. Rights and Restrictions Attached to B Shares

##### (A) Form of Election

- (i) Together with a circular to members dated 15 June 2006 (the "**Circular**") members were sent a form of election relating to the B Shares (the "**Form of Election**") under which they could elect in relation to any B Shares held by them to (i) participate in the purchase of the B Shares by a person or persons acting as principal (the "**Initial Purchase Offer**") or (ii) retain the B Shares.
- (ii) The B Shares which holders of certificated shares who fail to return a duly completed Form of Election by 4.30 pm on 14 July 2006 (or such other time and date that the board may determine) would otherwise be entitled to retain shall be issued to a nominee appointed by the board and acting on their behalf in accordance with Article 133.
- (iii) The board reserves the right, in its absolute discretion, to waive any defect or irregularity in relation to the completion of, or the receipt of, a Form of Election (or a withdrawal thereof). The board may, in addition, if it so determines in its absolute discretion, treat any other document or action as a Form of Election or as the completion of a valid Form of Election, as the case may be.

##### (B) Income

- (i) Out of the profits available for distribution in respect of each financial year or other accounting period of the company, the holders of the B Shares shall be entitled, in priority to any payment of dividend or other distribution to the holders of the ordinary shares and before profits are carried to reserves, to be paid a cumulative preferential dividend per B Share (the "**B Share Dividend**") calculated on 127p (the "**Return Amount**") per B Share in accordance with articles 148(B)(ii) – (iv) below rounded down to the nearest whole penny.
- (ii) The first B Share Dividend shall be in respect of the period commencing on the date of issue of the B Shares and ending on 14 July 2007 and is to be paid in arrears on 14 July 2007 (or such later Business Day in 2007 as the Directors may determine) and thereafter such dividend shall be paid (without having to be declared) in arrears on 14 July (or such later Business Day as the Directors may determine) in each year or, if any such date would otherwise fall on a date which is not a Business Day it shall be postponed to the immediately following Business Day, without any consequent amendment to the amount being paid (each, a "**Payment Date**").
- (iii) The first period beginning on the date of issue of the B Shares and ending on 14 July 2007 and each twelve month period ending on 14 July thereafter is called a "**Calculation Period**". The annual rate applicable to each Calculation Period shall be 3.75%, calculated on the basis of a 365 day year such that the B Share Dividend shall accrue pro rata in respect of the number of days in the first Calculation Period (which shall include the date of issue of the B Shares).
- (iv) In this Article, the expression "**Business Day**" means a day upon which pound sterling deposits may be dealt in on the London inter-bank market and commercial banks are generally open in London.
- (v) The holders of the B Shares shall not be entitled to any further right of participation in the profits of the company.

##### (C) Capital

- (i) On a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of the B Shares shall be entitled, in priority to any payment to the holders of ordinary shares, to the Return Amount per B Share held by them, together with a sum equal to the aggregate amount of accrued but unpaid dividend thereon.
- (ii) The aggregate entitlement of each holder of B Shares on a winding up in respect of all of the B Shares held by him shall be rounded down to the nearest whole penny.
- (iii) On a winding up, the holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the company in excess of that specified in article 148(C)(i) above. If on such a winding-up the amounts available for payment are insufficient to cover in full the amounts payable on the B Shares, the holders of the B Shares will share rateably in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled.
- (iv) The holders of the B Shares shall not be entitled to any further right of participation in the assets of the company.

##### (D) Attendance and voting at general meetings

- (i) The holders of the B Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the company nor to attend, speak or vote at such general meeting, unless:
  - (a) the business of the meeting includes the consideration of a resolution for the winding-up (excluding any intra-group reorganisation on a solvent basis) of the company, in which case the holders of the B Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on such resolution; or
  - (b) at the date of the notice convening the meeting, the B Share Dividend has remained unpaid for six months or more from a Payment Date, in which case the holders of the B Shares shall have the right to attend the general meeting and shall be entitled to speak and vote on all resolutions.

- (ii) Whenever the holders of the B Shares are entitled to vote at a general meeting of the company, on a show of hands every holder thereof who (being an individual) is present in person or (being a corporation) by a representative shall have one vote, and on a poll every such holder shall have one vote per B Share.

**(E) Company's right to procure sale**

Subject to the provisions of the Companies Acts and to compliance with applicable securities law and regulations but without the need to obtain the sanction of any resolution of the holders of the B Shares, the company may:

- (a) at any time on or after 14 July 2009; or
- (b) at any time when the company no longer meets some or all of the criteria for listing of the B Shares under the Listing Rules of the UK Listing Authority,

without obtaining the sanction of the holders of the B Shares appoint any person on behalf of all the holders of the B Shares to execute a transfer of all of the B Shares or any part thereof (and/or an agreement to transfer the same) in acceptance of an offer made by any person (other than the company) subject to such person paying to the holder of the B Shares so transferred such amount as they would be entitled to were the company to be wound up on such day and in connection therewith change the form of any B Shares held in uncertificated form to certificated form and cancel any relevant listing or trading of such B Shares (and the holders of B Shares shall take, and the company may on their behalf take, such steps as may be required in connection with such change of form or cancellation of listing).

**(F) Class rights**

- (i) The company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of B Shares.
- (ii) A reduction by the company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares and, upon such reduction, the payment to the holders of the B Shares of the preferential amounts to which they would be entitled to under article 148(C) were the company to be wound up on the day that such reduction becomes effective (or the issue to the holders of the B Shares of new shares in any new holding company of the company with substantially the same terms as the B Shares), shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares. Without prejudice to the foregoing, the company is authorised to reduce (or purchase shares in) its capital of any class or classes (subject to obtaining, as applicable, the consent of the holders of the ordinary shares and the confirmation of the Court in each case in accordance with the Companies Acts) and such reduction (or purchase) shall not involve a variation of any rights attaching to the B Shares for any purpose or require the consent of the holders of the B Shares. The holders of the B Shares shall not be entitled to participate in any capitalisation of profits or reserves by the company and any such capitalisation shall not involve a variation of any rights attaching to the B Shares for any purpose or require the consent of the holders of the B Shares.
- (iii) If at any time a currency other than pounds sterling is accepted as legal tender in the United Kingdom in place of or in addition to pounds sterling, the Directors shall be entitled, without the consent of holders of the ordinary shares or the B Shares, to make such arrangements and adjustments in respect of the method of calculation and payment of any of the entitlements of holders of B Shares under these articles as the Directors consider necessary, fair and reasonable in the circumstances to give effect to the rights attaching to the B Shares, including (without limitation) in respect of the calculation and payment of the B Share Dividend, notwithstanding the fact of such acceptance. Any such arrangements and adjustments shall not involve a variation of any rights attaching to the B Shares for any purpose or require the consent of the holders of B Shares.

**(G) Deletion of Article 148(A)–(G) when no B Shares in existence**

Article 148(A)–(G) shall remain in force until there are no longer any B Shares in existence. Thereafter article 148(A)–(G) shall be and shall be deemed to be of no effect and shall be deleted and replaced with the wording "Article 148(A)–(G) has been deleted", and the separate register for the holders of B Shares shall no longer be required to be maintained by the company; but the validity of anything done under article 148(A)–(G) before that date shall not otherwise be affected and any actions taken under article 148(A)–(G) before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.

2. There will be no restrictions on the free transferability of the B Shares.
3. Further details in respect of the B Shares will be given in the Prospectus which is expected to be published on or around 6 July 2006.

## Part VI. United Kingdom Taxation in relation to the Proposals

The summary below is intended as a general guide only and is based on current United Kingdom tax law and HM Revenue and Customs' practice. Save where expressly provided, the summary applies only to Shareholders who are resident and, in the case of individuals, ordinarily resident in the United Kingdom for tax purposes and who hold their Ordinary Shares and B Shares beneficially as investments (and not as securities to be realised in the course of a trade), who participate in the issue of B Shares, receive B Shares and then participate in the Initial Purchase Offer, the Company Offer and/or the Future Purchase Offers. It also applies to persons who have acquired their Ordinary Shares by reason of their or another's office or employment except to the extent that any of the provisions of Part 7 of the Income Tax (Earnings and Pensions) Act 2003 apply.

The summary does not deal with the position of certain classes of Shareholders, such as dealers in securities, insurance companies and trusts.

Participants in any of the Share Schemes are referred to the separate information which is being sent to them.

**Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser.**

### 1. Bonus Issue of B Shares

The bonus issue of B Shares to holders of Ordinary Shares should be a reorganisation of the share capital of the Company for the purposes of United Kingdom taxation of chargeable gains ("**CGT**"). Accordingly, the receipt of the B Shares should not itself give rise to any liability to CGT in a Shareholder's hands. Instead, the Shareholder's resultant holding of Ordinary Shares and B Shares should together be treated as the same asset as the Shareholder's existing holding of Ordinary Shares and as having been acquired at the same time, and for the same consideration, as that holding of Ordinary Shares was acquired.

Upon a subsequent disposal of all or part of the Shareholder's holding of Ordinary Shares or (as the case may be) B Shares, the Shareholder's aggregate CGT base cost in its existing holding of Ordinary Shares will have to be apportioned between the Ordinary Shares and the B Shares, so as to ascertain that part of the base cost which is attributable to the Ordinary Shares and that part of the base cost which is attributable to the B Shares. That apportionment will be made by reference to the respective market values of the Ordinary Shares and the B Shares on the first day after the date of issue of the B Shares on which market values or prices are quoted or published for the Ordinary Shares and the B Shares.

The bonus issue of the B Shares should not itself give rise to any liability to United Kingdom income tax (or corporation tax on income) in a Shareholder's hands.

### 2. Dividends Payable on the B Shares

The tax treatment of the dividend paid on the B Shares will be the same as that of any other dividend paid by the Company. Accordingly, that tax treatment will be as summarised below.

There is no United Kingdom withholding tax on United Kingdom dividends. Accordingly, the Company will not be required to withhold tax at source when paying the dividend on the B Shares.

A Shareholder who is an individual resident and ordinarily resident (for tax purposes) in the United Kingdom and who receives the dividend will be entitled to a tax credit equal to one-ninth of the dividend. The individual will be taxable on the total of the dividend and the related tax credit (the "Gross B Share Dividend"), which will be regarded as the top slice of the individual's income. The tax credit will, however, be treated as discharging the individual's liability to income tax in respect of the Gross B Share Dividend, unless and except to the extent that the Gross B Share Dividend falls above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay tax on the Gross B Share Dividend calculated as 32.5% of the Gross B Share Dividend less the related tax credit. So, for example, a dividend of £80 will carry a tax credit of £8.89 and the income tax payable on that dividend by an individual liable to income tax at the higher rate would be 32.5% of £88.89, namely £28.89, less the tax credit of £8.89, leaving a net tax charge of £20.

A Shareholder that is a Company resident (for tax purposes) in the United Kingdom will not generally be taxable on the dividend.

A Shareholder who is not liable to tax on the dividend will not be entitled to claim payment of the tax credit in respect of the dividend.

### 3. Initial Purchase Offer

A sale of B Shares by a Shareholder to the Brokers pursuant to the Initial Purchase Offer should be treated as a normal third party disposal for United Kingdom tax purposes. Accordingly:

- (A) a Shareholder who sells all or part of the Shareholder's holding of B Shares pursuant to the Initial Purchase Offer should thereby crystallise a disposal of those B Shares for CGT purposes. This may, depending on individual circumstances, give rise to a liability to CGT. Any gain or loss will be calculated by reference to the difference between the purchase price and the Shareholder's base cost, for CGT purposes, in the B Shares disposed of. Shareholders are referred to paragraph 1 of this Part VI above for an outline of the principles that will apply in determining the base cost that is attributable to their B Shares for CGT purposes and that will, as such, be taken into account in the computation of any gain or loss arising on any disposal of their B Shares;
- (B) no part of the proceeds received by a Shareholder pursuant to the Initial Purchase Offer should be an income distribution in the Shareholder's hands;
- (C) the amount of CGT, if any, payable by an individual Shareholder as a consequence of accepting the Initial Purchase Offer will depend on his or her personal tax position. No tax will be payable on any gain realised on a disposal of B Shares if the amount of the chargeable gain, when aggregated with other chargeable gains realised by the Shareholder in the year of assessment in question (and after taking account of indexation and taper relief and such other exemptions and allowable losses as may be available in each case), does not exceed the annual allowance of tax free capital gains (£8,800 for the tax year 2006/2007). Broadly, any gains in excess of this amount will be taxed at a rate of 10% for a taxpayer paying income tax at the starting rate, 20% for a taxpayer paying income tax at the basic rate and 40% for higher rate taxpayers. Indexation allowance will be available in respect of periods of ownership of Ordinary Shares up to 5 April 1998 and taper relief may be available thereafter; and
- (D) a corporate Shareholder is taxable on all of its chargeable gains, subject to other reliefs. Taper relief is not available to a corporate Shareholder. However, corporate Shareholders are entitled to indexation allowance up to the date the chargeable gain is realised.

### 4. Future Purchase Offers

It is expected that the sale of B Shares by a Shareholder pursuant to either of the Future Purchase Offers should be treated as a normal third party disposal for United Kingdom tax purposes with the same tax consequences as described in paragraph 3 of this Part VI above.

### 5. Section 703 Income and Corporation Taxes Act 1988 ("Section 703")

Section 703 permits HM Revenue & Customs in certain circumstances to issue a Shareholder with a notice stating that it will tax what would otherwise be a capital receipt as a receipt of income. No application has been made to HM Revenue & Customs for clearance in respect of the application of Section 703 to the receipt of the proceeds of the Initial Purchase Offer or either of the Future Purchase Offers by a Shareholder. However, having consulted leading Tax Counsel, the Company does not expect that Section 703 should apply to Shareholders who elect to participate in the Initial Purchase Offer or either of the Future Purchase Offers, in the absence of particular circumstances affecting a Shareholders' position.

### 6. Company Offer

The Company will not be required to withhold tax at source when making payments in respect of the Company Offer.

A Shareholder selling B Shares to the Company pursuant to the Company Offer should be treated in the following manner:

#### Individual Shareholders resident in the United Kingdom

A Shareholder who is an individual resident and ordinarily resident (for tax purposes) in the United Kingdom will, in respect of each B Share sold to the Company pursuant to the Company Offer, be subject to income tax on an amount equal to the amount received from the Company in excess of the nominal value of each B Share (such nominal value being one penny per share and the excess amount so received being referred to in this Part VI as the "Income Element").

The Income Element will be taxed in the hands of an individual Shareholder as if it were a dividend paid by the Company. Accordingly, such a Shareholder will be entitled to a tax credit equal to one-ninth of the Income Element. The individual will be taxable on the total of the Income Element and the related tax credit (the "Gross Amount"), which will be regarded as the top slice of the individual's income. The tax credit will, however, be treated as discharging the individual's liability to income tax in respect of the Gross Amount, unless and except to the extent that the Gross Amount falls above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay tax on the Gross Amount calculated as 32.5% of the Gross Amount less the related tax credit. So, for example, an Income Element of £80 will carry a tax credit of £8.89 and the income tax payable on that amount by an individual liable to income tax at the higher rate would be 32.5% of £88.89, namely £28.89, less the tax credit of £8.89, leaving a net tax charge of £20. A Shareholder who is not liable to tax on the Income Element will not be entitled to claim payment of a tax credit in respect of the Income Element.

An amount equal to the nominal value of each B Share sold to the Company pursuant to the Company Offer will be treated as the Shareholder's disposal proceeds for CGT purposes. The disposal may result in the Shareholder realising a capital loss. Shareholders are referred to paragraph 1 of this Part VI for an outline of the principles that will apply in determining the base cost that is attributable to their B Shares for CGT purposes and that will, as such, be taken into account in the computation of any gain or loss arising on any disposal of their B Shares.

**Corporate Shareholders resident in the United Kingdom**

A shareholder that is a company resident (for tax purposes) in the United Kingdom will be treated as receiving a distribution of an amount equal to the amount received from the Company in excess of the nominal value of each B Share. Such a Shareholder will not generally be taxable on that distribution. However, such a Shareholder will be treated, for CGT purposes, as disposing of their B Shares for an amount equal to the amount received from the Company. Shareholders are referred to paragraph 1 of this Part VI for an outline of the principles that will apply in determining the base cost that is attributable to their B Shares for CGT purposes and that will, as such, be taken into account in the computation of any gain or loss arising on any disposal of their B Shares.

**7. Stamp Duty and Stamp Duty Reserve Tax**

Except in relation to depositary receipt arrangements or clearance services, where special rules apply:

- (A) no stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue of the B Shares;
- (B) an agreement to sell B Shares will normally give rise to a liability on the part of the purchaser to SDRT, at the rate of 0.5% of the actual consideration paid. If an instrument of transfer of the B Shares is subsequently produced, it will generally be subject to stamp duty at the rate of 0.5% of the actual consideration paid (rounded up, if necessary, to the nearest £5). When such stamp duty is paid, the SDRT charge will normally be cancelled and any SDRT already paid will be refunded; and
- (C) for the avoidance of doubt, a sale of B Shares under the Initial Purchase Offer, either of the Future Purchase Offers or the Company Offer will not give rise to any liability to stamp duty or SDRT for the selling Shareholder.

**8. Share Capital Consolidation**

The Share Capital Consolidation will not be treated as a disposal of the Existing Ordinary Shares for CGT purposes. Instead, the Consolidated Ordinary Shares will be treated as the same asset as the Existing Ordinary Shares and as having been acquired at the same time as the Existing Ordinary Shares.

If and to the extent that a holder of Existing Ordinary Shares receives cash in respect of any fractional entitlement arising from the Share Capital Consolidation, then, for CGT purposes, he or she should not be treated as making a part disposal of his original holding of Existing Ordinary Shares or of his entitlement to Consolidated Ordinary Shares. Instead, the base cost of such Shareholder in the Consolidated Ordinary Shares to which he or she is entitled should be reduced by an amount equal to the amount of cash the Shareholder receives in respect of any such fractional entitlement.



## Part VII. Additional Information

### 1. Summary of Rights and Restrictions attached to the Consolidated Ordinary Shares

The rights and restrictions attaching to the Consolidated Ordinary Shares will be set out in the Articles of Association of the Company and will be substantially the same as those attaching to the Existing Ordinary Shares. These may be summarised, as regards income, return of capital and voting, as follows:

**Income:** Subject to the payment of the preferential dividend on the B Shares, the holders of the Consolidated Ordinary Shares shall be entitled to be paid any further profits of the Company available for distribution and determined to be distributed. Any dividend payable on the Consolidated Ordinary Shares which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and shall cease to remain owing by the Company.

**Capital:** On a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis) after paying such sums as may be due in priority to the holders of any other class of shares in the capital of the Company (including the B Shares) any further such amount shall be paid to the holders of the Consolidated Ordinary Shares rateably according to the amounts paid up or credited as paid up in respect of each Consolidated Ordinary Share.

**Voting:** The holders of the Consolidated Ordinary Shares shall be entitled in respect of their holding of such shares to receive notice of any general meeting of the Company and to attend and vote at any such general meeting. At any such meeting, on a show of hands, every holder of Consolidated Ordinary Shares present in person shall have one vote and every such holder present in person or by proxy shall upon a poll have one vote for every Consolidated Ordinary Share of which he is the holder.

### 2. Form

The Consolidated Ordinary Shares and the B Shares are not renounceable and will be transferable by an instrument of transfer in usual or common form. The Consolidated Ordinary Shares and the B Shares will be in registered form. The Consolidated Ordinary Shares and the B Shares will be capable of being held in certificated form, but the Company will also apply for the Consolidated Ordinary Shares and the B Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Consolidated Ordinary Shares and the B Shares may take place within the CREST system in respect of general market transactions.

### 3. CREST

For the purposes of dealings and settlement in CREST, the B Shares will be designated as "interim B Shares" under the ISIN GBO0B16PPH76/SEDOL B16PPH7 for the period from Admission until the Initial Purchase Offer is complete. During this period CREST holders will have their accounts credited with "interim B Shares" to allow them to elect electronically through the CREST system. From 24 July 2006, the B Shares will, for the purposes of dealings and settlement in CREST, be designated as "B Shares" and will be quoted in the Official List under the ISIN GBO0B16PRC61/SEDOL B16PRC6.

Accordingly, on 24 July 2006 those CREST holders who have elected to retain B Shares will have their CREST accounts credited with the B Shares under the new ISIN GBO0B16PRC61/SEDOL B16PRC6.

If the Existing Ordinary Shares to which any election made on the enclosed Form of Election relates are currently held in certificated form and are subsequently dematerialised into CREST before 4.30 pm on 14 July 2006 (or such later time and/or date as the Directors may determine), any instruction given by the submission of a Form of Election will become ineffective. Shareholders who subsequently hold their B Shares in CREST will need to submit a valid instruction within CREST in accordance with the instructions set out in paragraph 5 of Part IV (Details of the Proposals) of this document in place of the previously submitted Form of Election by 4.30 pm on 14 July 2006.

If the Existing Ordinary Shares to which any instruction within CREST relates are currently held in CREST and are subsequently rematerialised into certificated form before 4.30 pm on 14 July 2006 (or such later time and/or date as the Directors may determine), any such instruction given will become ineffective. Shareholders who subsequently hold their B Shares in certificated form will need to submit a valid Form of Election by 4.30 pm on 14 July 2006. Forms of Election can be obtained by telephoning Lloyds TSB Registrars on 0870 195 6310 (or +44 1903 276 342 if calling from outside the UK) between 8.30 am and 5.30 pm on any Business Day.

### 4. Consent

Merrill Lynch International has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

Each of Dresdner Kleinwort Wasserstein Limited and Dresdner Kleinwort Wasserstein Securities Limited has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.



## 5. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company, 16 Palace Street, London SW1E 5JD from the date of this document up to and including the date of the EGM and will also be available for inspection for at least 15 minutes prior to and during the EGM:

- (i) the Memorandum and Articles of Association of the Company together with the proposed amendment to the Articles of Association in consequence of the Proposals;
- (ii) the consent letters referred to in paragraph 4 of this Part VII; and
- (iii) this document.

Copies of the Prospectus will be available from the registered office of the Company, 16 Palace Street, London SW1E 5JD from the date of its publication, which is expected to occur on 6 July 2006.

Date: 15 June 2006

## Part VIII. Definitions

“3i” or “the Company”	3i Group plc;
“3i Group” or “the Group”	the Company and its subsidiaries;
“Admission”	the admission of the Consolidated Ordinary Shares and the B Shares to the Official List and to trading on the London Stock Exchange plc’s market for listed securities becoming effective;
“AGM”	the Annual General Meeting of the Company convened for 10.30 am on 12 July 2006;
“B Shares”	the cumulative preference shares of one penny each in the capital of the Company to be created by the approval of the Resolution at the EGM;
“B Share Offers”	the Initial Purchase Offer, the Company Offer and the Future Purchase Offers;
“B Share Record Date”	6.00 pm on 21 July 2006 (or such other time and date as the Directors may determine);
“BACS”	the Bankers Automated Clearing System;
“Board” or “Directors”	the Board of Directors of the Company;
“Brokers”	Dresdner Kleinwort Wasserstein Securities Limited and Merrill Lynch International;
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business in London;
“Certificated Shareholders”	Shareholders holding their Ordinary Shares or B Shares in certificated form;
“Company Offer”	the offer by which the Company, acting through its agent Dresdner Kleinwort Wasserstein Securities Limited, is expected to purchase B Shares on 4 September 2006;
“Companies Act”	the UK Companies Act 1985 (as amended);
“Consolidated Ordinary Shares”	the new ordinary shares of 62 <sup>69</sup> / <sub>88</sub> pence each in the capital of the Company to be created by the approval of the Resolution at the EGM;
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which CRESTCo Limited is the Operator (as defined in those regulations);
“CRESTCo”	CRESTCO Limited, the operator of CREST;
“CREST Proxy Instruction”	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of the Shareholder at the EGM containing the information required to be contained therein by the CREST Manual;
“EGM”	the Extraordinary General Meeting of the Company convened in connection with the Proposals for 10.45 am on 12 July 2006 (or as soon as possible thereafter after the closing or adjournment of the AGM);
“Election Period”	the period from the date of this document to 4.30 pm on 21 July 2006, during which Shareholders (other than Excluded Overseas Shareholders) may make elections in favour of the Initial Purchase Offer or to retain B Shares to be issued to them (provided, in respect of Certificated Shareholders, they have submitted Forms of Election by 4.30 pm on 14 July 2006);
“Excluded Overseas Shareholders”	Shareholders who are resident in, or citizens or nationals of, the Prohibited Territories or are a nominee, trustee or custodian for such a resident, citizen or national;
“Existing Ordinary Shares”	the existing ordinary shares of 53 <sup>1</sup> / <sub>8</sub> pence each in the capital of the Company;
“Form of Election”	the form of election enclosed with this document;
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the EGM;
“FSA”	the Financial Services Authority;
“Future Purchase Offers”	the offers by which a counterparty acting as principal is presently expected to purchase B Shares in both July 2007 and July 2008;
“Gearing Ratio”	the amount of the 3i Group’s consolidated net borrowings divided by its consolidated equity shareholders’ funds;
“Initial Purchase Offer”	the offer by which the Brokers acting as principals are expected to purchase B Shares on 24 July 2006;
“ISIN”	International Securities Identification Number;

“Listing Rules”	the listing rules made by the FSA for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended from time to time;
“Official List”	the official list maintained by the FSA for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended from time to time;
“Ordinary Shares”	Existing Ordinary Shares or Consolidated Ordinary Shares, as the context may require;
“Prohibited Territories”	Australia, Canada, Japan and the United States of America;
“Proposals”	the issue of the B Shares, the Share Capital Consolidation and the B Share Offers;
“Prospectus”	means the prospectus being prepared in accordance with the Prospectus Rules made under Section 84 of the Financial Services and Markets Act 2000 in respect of the Company and the B Shares;
“Prospectus Rules”	the prospectus rules made by the FSA under Part VI of the Financial Services and Markets Act 2000;
“Questions and Answers”	the questions and answers for Shareholders accompanying this document;
“Record Date”	6.00 pm on 14 July 2006 (or such other time or date as the Directors may determine);
“Registrars”	Lloyds TSB Registrars, the Company’s registrars and receiving agents in respect of the Proposals;
“Resolution”	the special resolution contained in the notice of the EGM in Part IX of this document;
“Retention of B Shares”	the option on the Form of Election for Shareholders to retain B Shares;
“Return Amount”	127 pence per B Share;
“RIS”	a Regulatory Information Service which is approved by the FSA as meeting the Primary Information Provider criteria and which is on the list of Regulatory Information Services approved by the FSA;
“Second Form of Election”	the form of election to be posted to Certificated Shareholders who elect to retain all or some of their B Shares after the Initial Purchase Offer;
“Share Capital Consolidation”	the consolidation of the Existing Ordinary Shares into the Consolidated Ordinary Shares;
“Share Schemes”	The 3i Group 1994 Executive Share Option Plan, The 3i Group Discretionary Share Plan, The 3i Group Management Equity Investment Plan, The 3i Group Sharesave Scheme, The 3i Group Share Incentive Plan and The 3i Deferred Share Bonus Plan;
“Shareholders”	holders of Ordinary Shares or B Shares, as the context may require;
“TTE Instruction”	Transfer to Escrow instruction;
“Uncertificated Shareholders”	Shareholders other than Certificated Shareholders;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland; and
“US Shareholders”	means Shareholders who are resident in, or citizens or nationals of, the United States of America or Shareholders who are a nominee, trustee or custodian for such a resident, citizen or national.

# Part IX. Notice of Extraordinary General Meeting

## 3i Group plc

(an investment company (as defined under section 266 of the Companies Act 1985 (as amended))  
registered in England and Wales under No. 1142830)

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of 3i Group plc (the "Company") will be held at The Institution of Engineering and Technology (formerly The Institution of Electrical Engineers), Savoy Place, London WC2R 0BL on Wednesday 12 July 2006 at 10.45 am (or as soon as possible thereafter upon the conclusion or adjournment of the Company's Annual General Meeting on that date) for the following purpose:

To consider and, if thought fit, pass the following Resolution as a Special Resolution:

**THAT**, conditional upon the admission of the Consolidated Ordinary Shares (as defined below) and the B Shares (as defined below) to the Official List of the UK Listing Authority and their admission to trading on London Stock Exchange plc's market for listed securities becoming effective by 17 July 2006 (or such later date as the Directors of the Company may decide):

- (A) the authorised share capital of the Company be and is hereby increased from £410,099,999 to £416,199,999 by the creation of 610,000,000 cumulative preference shares of one penny each ("**B Shares**");
- (B) the Directors be and are hereby authorised to capitalise a maximum sum not exceeding £6,100,000 standing to the credit of the Company's share premium account and to apply such sum in paying up in full a number of B Shares represented by that sum and are hereby authorised pursuant to section 80 of the Companies Act 1985 (as amended) (the "**Companies Act**") to allot and issue such B Shares credited as fully paid up, up to an aggregate nominal amount of £6,100,000 to the holders of the ordinary shares of 53<sup>1</sup>/<sub>8</sub> pence each in the Company (the "**Existing Ordinary Shares**") on the basis of one B Share for each Existing Ordinary Share held and recorded on the register of members of the Company at 6.00 pm on 14 July 2006 (or such other time and date as the Directors of the Company may determine), provided that the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2007;
- (C) the share capital represented by all of the Existing Ordinary Shares which at 6.00 pm on 14 July 2006 (or such other time and date as the Directors of the Company may determine) (the "**Consolidation Record Time**") are shown in the books of the Company as authorised but unissued be consolidated into share capital of the Company with a nominal value equal to the product of 53<sup>1</sup>/<sub>8</sub> pence and such number of Existing Ordinary Shares and the share capital represented by that consolidation be sub-divided into new ordinary shares of 62<sup>69</sup>/<sub>88</sub> pence each (the "**Unissued Consolidated Ordinary Shares**"), provided that where such sub-division results in a fraction of an Unissued Consolidated Ordinary Share such fraction shall, together with the minimum number of Unissued Consolidated Ordinary Shares as are required (after this Resolution has become wholly unconditional and effective) to be cancelled in order that the nominal value in pounds sterling of the Company's authorised share capital is a whole number, be cancelled pursuant to section 121(2)(e) of the Companies Act;
- (D) the share capital represented by each holding of Existing Ordinary Shares as shown in the register of members at the Consolidation Record Time be consolidated into share capital of the Company with a nominal value equal to the product of 53<sup>1</sup>/<sub>8</sub> pence and the number of Existing Ordinary Shares comprised in such holding and the share capital represented by each such consolidation be sub-divided into ordinary shares of 62<sup>69</sup>/<sub>88</sub> pence each (the "**Consolidated Ordinary Shares**") provided that:
- (i) where such consolidation and sub-division results in a member being entitled to a fraction of a Consolidated Ordinary Share, such fraction shall be aggregated with such other fractions into Consolidated Ordinary Shares (the "**Fractional Entitlement Shares**"); and
  - (ii) the Directors of the Company be and are hereby authorised to sell (or appoint another person to sell), on behalf of all the relevant members, all the Fractional Entitlement Shares, at the best price reasonably obtainable, and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant members entitled thereto (any fraction of a penny which would otherwise be payable being rounded down to the nearest penny if less than half a penny and rounded up if more than or equal to half a penny) and that any person authorised by the Directors of the Company be and is hereby authorised to execute the instrument of transfer in respect of such shares on behalf of the relevant shareholders;
- (E) the Company be generally and unconditionally authorised, in accordance with Article 7 of the Company's Articles of Association, to make market purchases (as defined in Section 163(3) of the Companies Act) of its B Shares PROVIDED THAT:
- (i) the Company does not purchase under this authority more than 610,000,000 B Shares;
  - (ii) the Company does not pay for each such B Share less than one penny; and
  - (iii) the Company does not pay for each such B Share more than 127 pence.

The authority shall continue for the period ending on the date of the Annual General Meeting of the Company to be held in 2007 provided that if the Company has agreed, before this authority expires, to purchase B Shares where the purchase will or may be executed after this authority expires (either wholly or in part), the Company may complete such purchases as if this authority had not expired; and

(F) the Articles of Association of the Company shall be and are hereby amended in the manner set out in the text of the amendment produced to the meeting and initialled by the Chairman for the purposes of identification.

By order of the Board

**A W W Brierley**  
Secretary

15 June 2006

**Registered Office:**  
16 Palace Street  
London SW1E 5JD

Notes:

1. A member entitled to attend and vote at the Extraordinary General Meeting may appoint one or more proxies to attend and, on a poll, to vote instead of the member. A proxy need not be a member. The appointment of a proxy will not preclude a member from attending and voting in person at the Extraordinary General Meeting, if desired.
2. A Form of Proxy is enclosed for the use of members who are unable to attend the Extraordinary General Meeting. To be effective this should be lodged (together, where applicable, with any power of attorney or other authority under which it is executed) with the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZJ at least 48 hours before the appointed time of the Extraordinary General Meeting (that is to say, no later than 10.45 am on 10 July 2006) or before the time fixed for any adjournment of the meeting. Proxy appointments and voting directions may also be registered electronically by contacting the [www.sharevote.co.uk](http://www.sharevote.co.uk) website, where full details of the procedure are given. To be valid, such a registration must equally be received at least 48 hours before the appointed time of the Extraordinary General Meeting or before the time fixed for any adjournment of the meeting. Members appointing proxies through [www.sharevote.co.uk](http://www.sharevote.co.uk) should read the terms and conditions of use carefully. The facility to appoint proxies through the [www.sharevote.co.uk](http://www.sharevote.co.uk) system is available to shareholders and those who use this facility will not be disadvantaged. Alternatively proxies may be lodged using the CREST proxy voting service. CREST members who wish to appoint a proxy or proxies may do so by utilising the CREST electronic proxy appointment service in accordance with the procedures described in the CREST manual. For such a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications, must contain the information required for such instructions, as described in the CREST Manual, and, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Company's agent (ID 7RA01) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) at which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. Normal system timings and limitations will apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or rating service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. Where members return more than one proxy appointment, either in paper form or by electronic communication, the proxy received last by the Company's registrars before the latest time for receipt of proxies will take precedence, regardless of the dates on which the member made the relevant appointment. If the Company's registrars are unable to determine which was last delivered, none of them shall be treated as valid.
3. In order to attend or vote at the Extraordinary General Meeting, a member must be entered on the Company's Register of Members at 6.00 pm on 10 July 2006, or in the event that the meeting is adjourned, as at such time falling 48 hours before the time of any adjourned meeting. A member will only be entitled to attend and vote in respect of those shares registered in the name of the member at that time. This time has been specified pursuant to regulation 41 of the Uncertificated Securities Regulations 2001. Changes to entries on the Company's Register of Members after that time will be disregarded in determining the right of any person to attend or vote at the Extraordinary General Meeting or at any adjournment of the meeting, as the case may be.
4. A copy of the full terms of the proposed amended Articles of Association of the Company (indicating where they would be amended) is available for inspection at the registered office of the Company at 16 Palace Street, London SW1E 5JD during normal business hours on weekdays (Saturdays, Sundays and public holidays excepted) from today until the close of the Extraordinary General Meeting and will be available for inspection at The Institution of Engineering and Technology (formerly The Institution of Electrical Engineers), Savoy Place, London WC2R 0BL from 15 minutes prior to the Company's Annual General Meeting on 12 July 2006 until the conclusion of the Extraordinary General Meeting on that date.



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