





# Annual general meeting 6 July 2005



# Baroness Hogg Chairman





# The Board of Directors



# Sir Robert Smith





# Christine Morin-Postel





# Michael Queen





# Danny Rosenkranz







Tony Brierley





Philip Yea





Simon Ball





# Oliver Stocken





Dr Peter Mihatsch





# Fred Steingraber





Rod Perry



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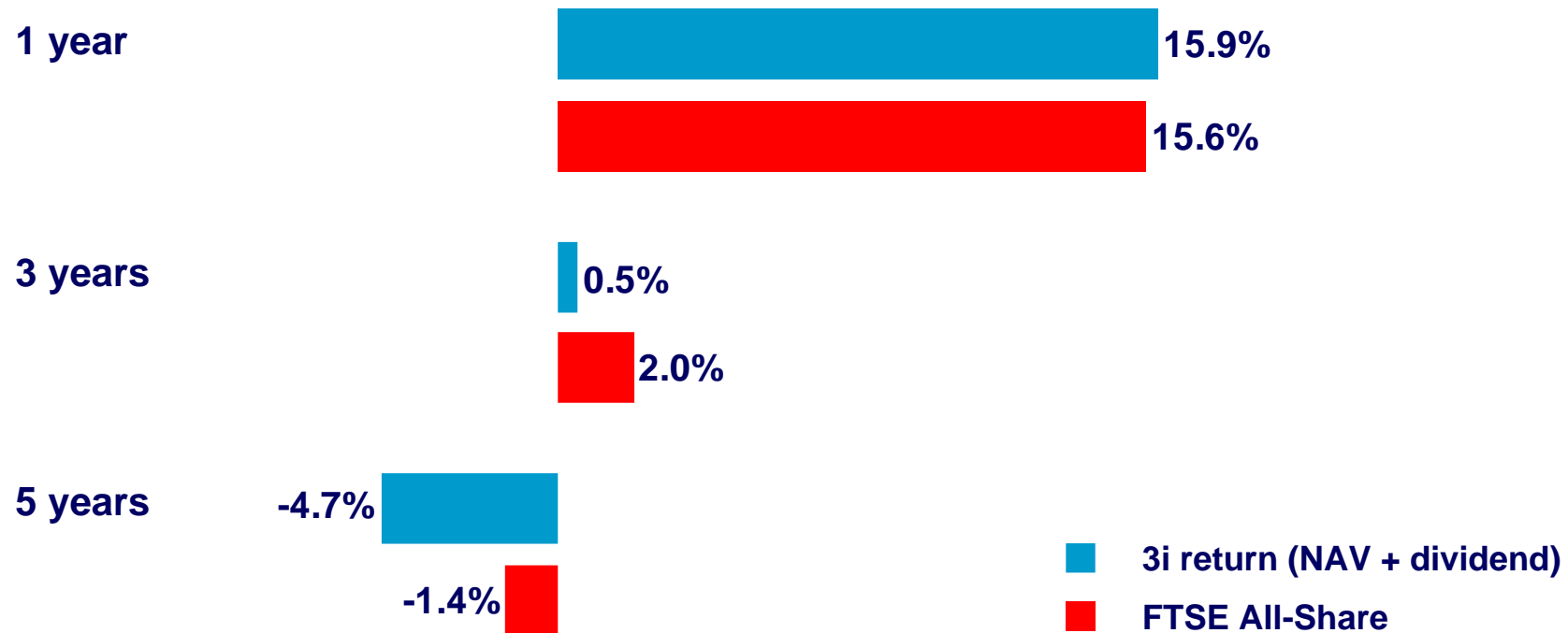


“A year of progress  
on many fronts.”





## Comparative return



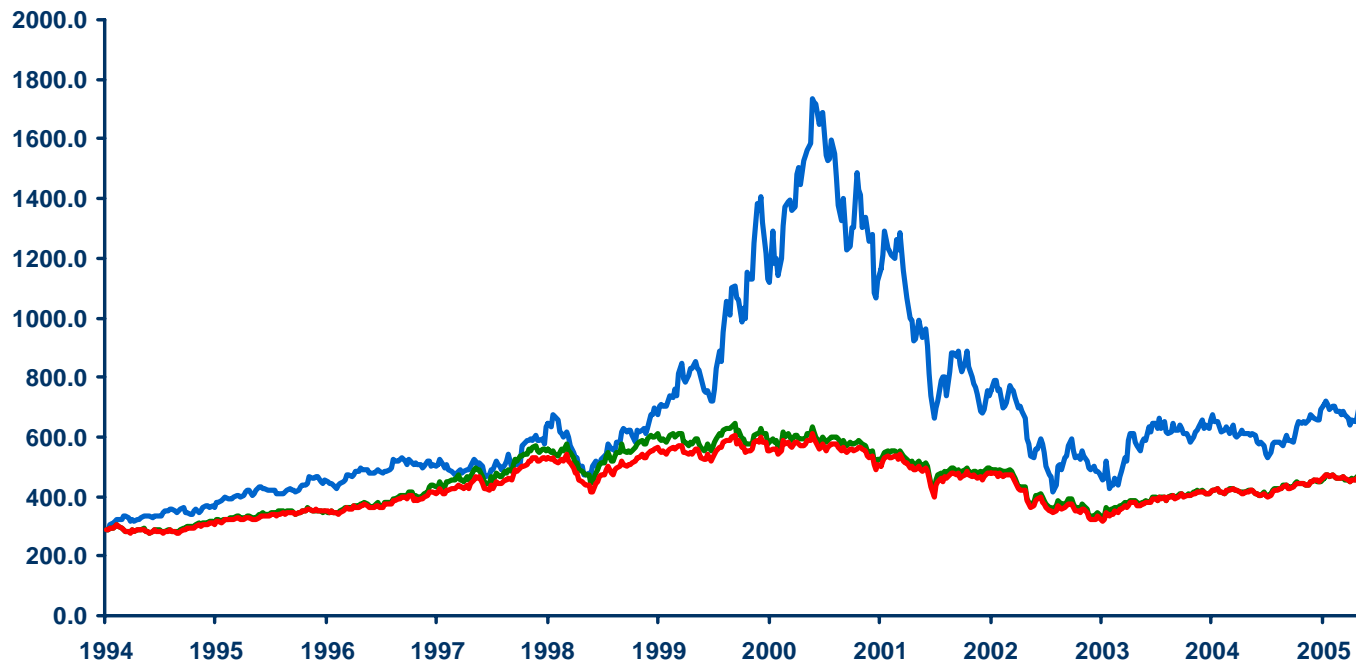
Comparison of 3i's compound annual return (net asset value plus dividends reinvested) with the FTSE All-Share total return index for the year to 31 March 2005

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## Share price since flotation

— 3i Group  
— FTSE 100  
— FTSE All Share



Source: Datastream

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## £500m return of capital to shareholders

- Special dividend 40.7 pence per share
- Share buyback programme circa £250m





# Philip Yea Chief Executive



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## Vision

3i shall be the private equity firm of choice

- Operating on a **world-wide scale**
- Producing **consistent market beating returns**
- Acknowledged for our **partnership style**
- **Winning** through our unparalleled **resources**



## Our return goals over the cycle

	Cash to cash % returns pa	Cycle volatility	Vintage year volatility
Buyouts	20%	+/- 5	+/- 10
Growth Capital	20%	+/- 3	+/- 7
Venture Capital	35%	+/- 10	+/- 20

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## The team



Jonathan Russell



Michael Queen



Jo Taylor



Paul Waller



Chris Rowlands



Rod Perry



Simon Ball



Denise Collis



Tony Brierley





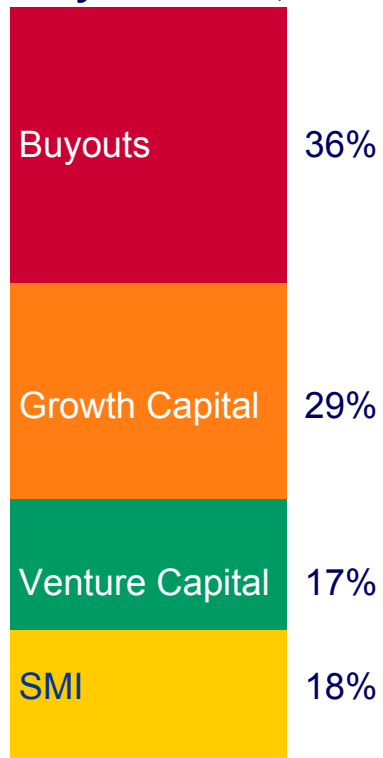
## Performance highlights – year to 31 March 2005

- A total return of £512m
  - 15.9% on opening shareholders' funds
- Realisations of £1.3bn
  - £1.7bn including co-investment funds
- Investment of £755m
  - £962m including co-investment funds
- International business now 56% of new investment



## Portfolio value and gross returns by business line

Portfolio by value £4,301m\*



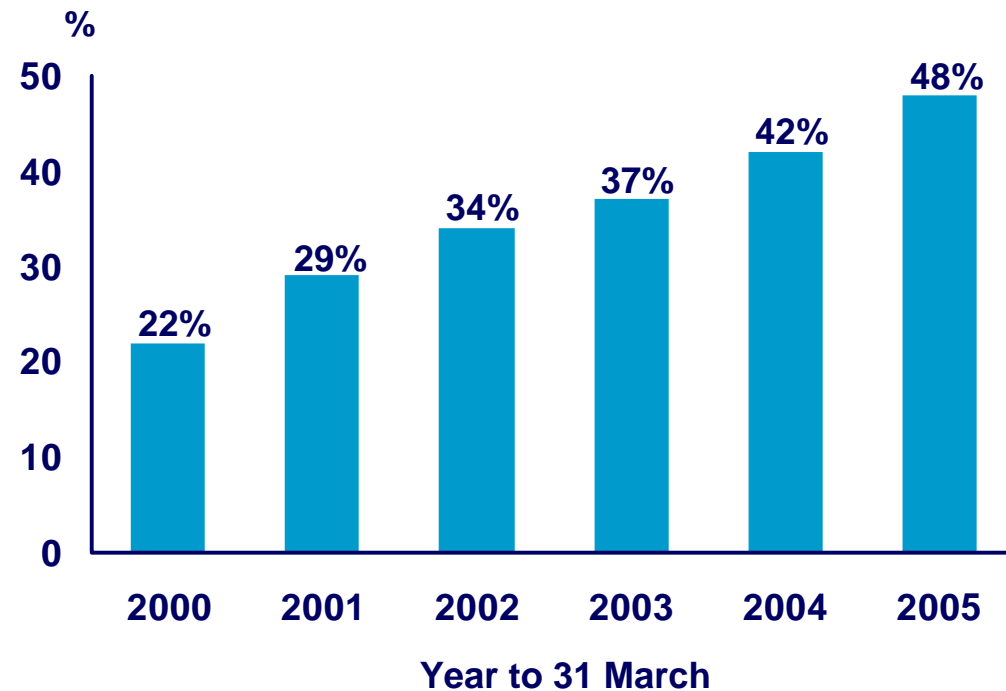
	2005	2004
Buyouts	22%	25%
Growth Capital	24%	23%
Venture Capital	11%	5%
SMI	7%	17%
<b>Gross portfolio return</b>	<b>18%</b>	<b>19%</b>

\*Excludes co-investment funds



## World-wide scale

Trend in international portfolio value



### Asian development

- China (Shanghai opening)
- India (MD recruited)
- Japan
- Direct and through relationships

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## Buyouts

- The market
- 3i
- Strategy



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## Growth Capital

- The market
- 3i
- Strategy



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## Venture Capital

- The market
- 3i
- Strategy



ARAKIS

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## Current activity

- Good start to 2005/2006
- Healthy forward pipeline









# Simon Ball

## Finance Director





## Financial performance highlights

- Total return £512m
- Total return on opening shareholders' funds 15.9%
- Final dividend 9.3p
- Net asset value per share 603p
- Realisation proceeds £1.3bn
  - Including co-investment funds £1.7bn
- Realised profits on disposal £260m
- New investment £755m
  - Including co-investment funds £962m

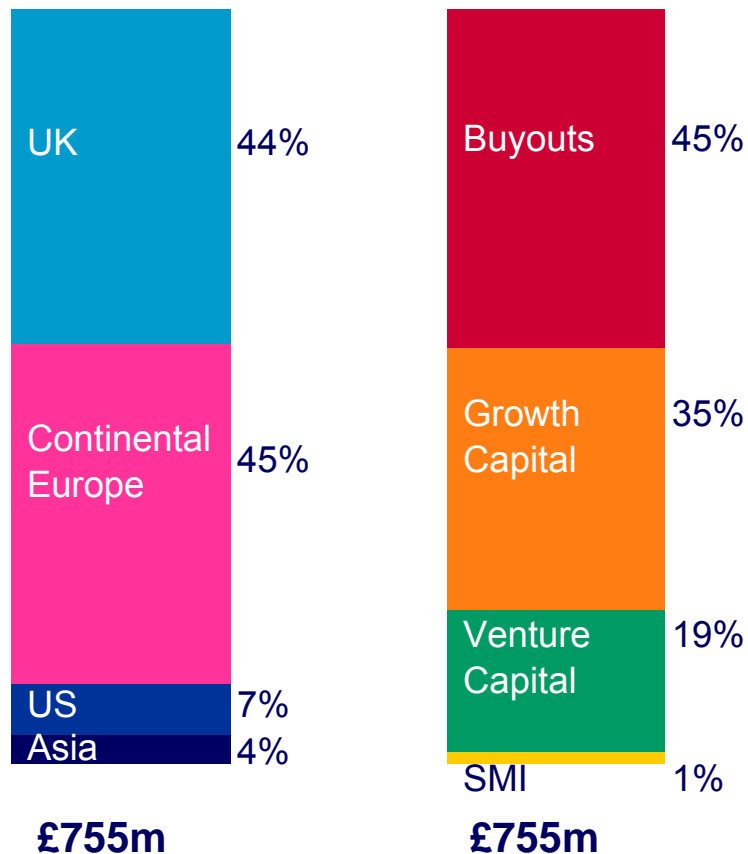


## Total return

	<b>2005</b>		<b>2004</b>
	<b>£m</b>	<b>(as restated)</b>	<b>£m</b>
Realised profits on disposal of investments	260		228
Unrealised profits on revaluation of investments	270		336
Portfolio income	232		199
<b>Gross portfolio return</b>	<b>762</b>	<b>18%</b>	<b>763</b>
			<b>19%</b>
Fund management fee income	30		35
Carried interest and investment performance plans	(66)		(40)
Administrative expenses	(172)		(163)
<b>Net portfolio return</b>	<b>554</b>	<b>13%</b>	<b>595</b>
			<b>15%</b>
Net interest payable	(36)		(60)
Other	(6)		(11)
<b>Total return</b>	<b>512</b>		<b>524</b>
<b>Return on opening shareholders' funds</b>	<b>15.9%</b>		<b>18.8%</b>



## Investment

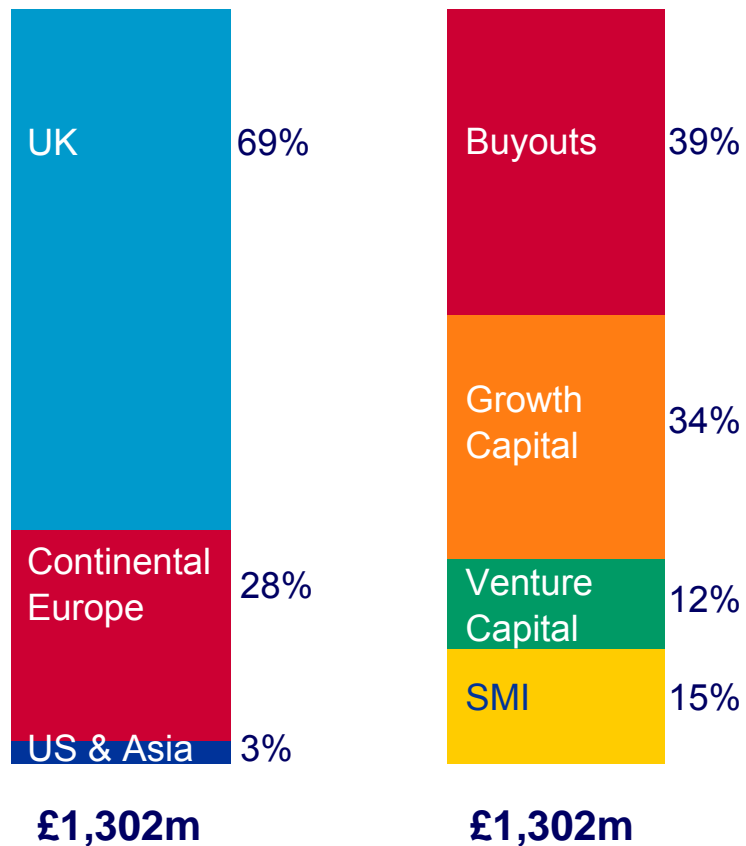


- 67 new investments
- 56% outside UK
- Top 10 investments account for 33%
- Average new completed investment size
  - Buyouts £18m\*
  - Growth Capital £7m
  - Venture Capital £3m

\*Buyouts average new investment including co-investment funds is £28m



## Realisations



- 443 realisations
- 12 IPOs from six different markets
- Top 10 account for 39% of proceeds
- Equity uplift over value 40%
- Portfolio turn by value 24%



## Balance sheet

	2005 £m	2004 (as restated) £m
Investment assets	4,301	4,326
Other net assets/(liabilities)	<u>(138)</u>	<u>(160)</u>
	<u>4,163</u>	<u>4,166</u>
Net borrowings	526	936
Shareholders' funds	<u>3,637</u>	<u>3,230</u>
	<u>4,163</u>	<u>4,166</u>
Gearing	14%	29%



## Return of capital to shareholders

- Intention to return £500m to shareholders
- Pro-forma gearing at 31 March 2005 reflecting return of capital: 34%
- Enhancing total return to shareholders
- Through:
  - A special dividend of approximately £250m (40.7p per share)
  - An on-market share buyback programme of £250m



## Financial summary

A business that:

- Has delivered gross returns over 20% for the second year in Buyouts and Growth Capital
- Has improved Venture Capital returns (11%)
- Is seeing the benefits of a more focused approach
- Has generated positive cash flow of £433m, and
- Is proposing to increase balance sheet efficiency through the return of £500m to shareholders







Roger Perkin  
Ernst & Young



## Resolutions commentary

- AGM
  - Political donations
  - Limit on directors' fees
- EGM
  - Special dividend
  - On-market purchase of shares

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## Resolution 1

Proxy votes lodged for this Resolution:

97.84% For, 0.18% Discretionary, 1.80% Abstain and 0.18% Against

“THAT the Company’s Accounts for the year ended 31 March 2005 and the Directors’ report and Auditors’ report thereon be and they are hereby received and considered”

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## Resolution 2

Proxy votes lodged for this Resolution:

97.42% For, 0.18% Discretionary, 1.60% Abstain and 0.80% Against

“THAT the Directors’ remuneration report for the year ended 31 March 2005 be and it is hereby approved”



## Resolution 3

Proxy votes lodged for this Resolution:

99.81% For, 0.18% Discretionary, 0.01% Abstain and 0.04% Against

“THAT a final dividend of 9.3 pence per share be and it is hereby declared, payable to those shareholders whose names appeared on the Register of Members at close of business on 17 June 2005”

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## Resolution 4

Proxy votes lodged for this Resolution:

99.69% For, 0.19% Discretionary, 0.04% Abstain and 0.08% Against

**“THAT Mr S P Ball be and he is hereby reappointed as a Director of the Company”**

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## Resolution 5

Proxy votes lodged for this Resolution:

99.66% For, 0.19% Discretionary, 0.05% Abstain and 0.1% Against

**“THAT Dr P Mihatsch be and he is hereby reappointed as a Director of the Company”**



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## Resolution 6

Proxy votes lodged for this Resolution:

99.56% For, 0.19% Discretionary, 0.04% Abstain and 0.21% Against

**“THAT Sir Robert Smith be and he is hereby reappointed as a Director of the Company”**

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## Resolution 7

Proxy votes lodged for this Resolution:

99.53% For, 0.19% Discretionary, 0.05% Abstain and 0.23% Against

**“THAT Mr F G Steingraber be and he is hereby reappointed as a Director of the Company”**

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## Resolution 8

Proxy votes lodged for this Resolution:

99.35% For, 0.19% Discretionary, 0.04% Abstain and 0.42% Against

**“THAT Mr O H J Stocken be and he is hereby reappointed as a Director of the Company”**



## Resolution 9

Proxy votes lodged for this Resolution:

99.52% For, 0.18% Discretionary, 0.03% Abstain and 0.27% Against

“THAT Ernst & Young LLP be and they are hereby reappointed as Auditors of the Company to hold office until the conclusion of the next General Meeting at which Accounts are laid before the Members”

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## Resolution 10

Proxy votes lodged for this Resolution:

99.56% For, 0.18% Discretionary, 0.03% Abstain and 0.23% Against

**“THAT the Board be and it is hereby authorised to fix the Auditors’ remuneration”**



## Resolution 11

Proxy votes lodged for this Resolution:

99.14% For, 0.18% Discretionary, 0.09% Abstain and 0.59% Against

“THAT the limit on the aggregate of all fees paid to Directors pursuant to Article 97 of the Company’s Articles of Association (excluding amounts payable under any other provision of the Articles) be increased from £600,000 to £800,000 per annum.”

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## Resolution 12

Proxy votes lodged for this Resolution:

97.73% For, 0.18% Discretionary, 0.08% Abstain and 2.01% Against

To renew the Company's authority to incur political expenditure

(The full text of this Resolution is set out in the Notice of AGM)

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## Resolution 13

Proxy votes lodged for this Resolution:

97.72% For, 0.18% Discretionary, 0.08% Abstain and 2.02% Against

To renew the authority of 3i plc to incur political expenditure

(The full text of this Resolution is set out in the Notice of AGM)







# Commencement of Extraordinary General Meeting



# EGM Resolutions



## Resolution 1

Proxy votes lodged for this Resolution:

99.17% For, 0.12% Discretionary, 0.01% Abstain and 0.70% Against

To consolidate the authorised and issued share capital of the Company into ordinary shares of 53 $\frac{1}{8}$  pence each and to deal with fractional entitlements

(The full text of this Resolution is set out in the Notice of EGM)

Extraordinary General Meeting 6 July 2005



## Resolution 2

Proxy votes lodged for this Resolution:

99.82% For, 0.13% Discretionary, 0.01% Abstain and 0.04% Against

## Special Resolution

To authorise the Company to make market purchases of its own shares

(The full text of this Resolution is set out in the Notice of EGM)

Extraordinary General Meeting 6 July 2005



## Resolution 3

Proxy votes lodged for this Resolution:

99.80% For, 0.13% Discretionary, 0.03% Abstain and 0.40% Against

## Special Resolution

To amend the Company's Articles of Association

(The full text of this Resolution is set out in the Notice of EGM)

