7.00 a.m., Friday, 8 May 2009

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8 May 2009

3i Group plc

PROPOSED RIGHTS ISSUE

The Board of Directors of 3i today announces an underwritten Rights Issue to raise approximately £700 million (net of expenses).

Highlights

- 9 for 7 underwritten Rights Issue to raise approximately £700 million (net of expenses) through the issue of 542,060,391 New Ordinary Shares at 135 pence per New Ordinary Share, at a discount to the theoretical ex-rights price of 39.8% when calculated by reference to the closing price of 339 pence per Ordinary Share on 7 May 2009 (being the last business day before the announcement of the terms of the Rights Issue)

- The Board believes that the proposed Rights Issue will enable it to:

  - build on the actions it has taken, and will continue to take, to reduce 3i's net debt and strengthen its balance sheet
  - continue to pace the realisation of its existing portfolio investments in order to gain the benefit of their full potential
  - take advantage of new investment opportunities

- With pro forma net debt of £1.1 billion as at 31 March 2009, after taking account of the Rights Issue and the other action the Board has taken, 3i's balance sheet will be considerably stronger than prior to the Rights Issue

- This strengthened capital structure which will further support 3i's investment grade credit rating should not only facilitate 3i's access to debt capital markets but should also help to strengthen its market position

- The Board therefore believes that 3i’s access to financing, flexibility over the timing of realisations and new investments, competitive position, and overall ability to fulfil its potential will all benefit as a result of the proposed Rights Issue, which in its view is in the best interests of its shareholders

Michael Queen, Chief Executive of 3i, said:

"This rights issue builds on a number of actions we have been taking. It will strengthen not only our balance sheet but also our market position and will position us well to take advantage of investment opportunities as they emerge"

J.P. Morgan Cazenove and Merrill Lynch are acting as Joint Global Coordinators, Joint Bookrunners and Joint Sponsors. J.P. Morgan Cazenove is acting as Lead Financial Adviser to the Rights Issue. Rothschild is acting as Financial Adviser to the Company.

Analyst presentation

A meeting for analysts and investors will be hosted at 3i's offices. The details of the meeting are as follows:

Venue: 16 Palace Street, London SW1E 5JD

Date & Time: 8 May 2009 at 9.00am (London time)

Registration will commence at 8.45am (London time)

Expected timetable

Each of the times and dates in the table below is indicative only and may be subject to change.

Expected publication of the Prospectus and Circular	8 May 2009
General Meeting	9.30 a.m. on 27 May
Dealings in New Ordinary Shares, nil paid, commence on the London Stock Exchange	8:00 a.m. on 28 May
Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters	11:00 a.m. on 11 June
Dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange	8:00 a.m. on 12 June

Note:
1. References to the times in this timetable are to London times

This summary should be read in conjunction with the full text of this Announcement.

A Prospectus containing details of the Rights Issue will be available shortly on the Group's website. A Circular convening the General Meeting is expected to be posted to shareholders shortly.

Contacts
For more information, please contact:

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J.P. Morgan Cazenove: Naguib Kheraj Ian Hannam Andrew Hodgkin	+44 (0)207 588 2828
Merrill Lynch: Mark Astaire Rupert Hume-Kendall	+44 (0)207 996 1000
Rothschild:	+44 (0)207 280 5000

Nigel Higgins
John Deans
Adam Young

Shareholder enquiries

If you have questions on the Rights Issue, please telephone the Shareholder Helpline on the numbers set out below. This helpline is available from 8 May 2009, Monday to Friday (8:30 a.m. to 5:30 p.m.) (excluding bank holidays), and will remain open until 3 July 2009.

Calls cost 8p per minute if calling from a BT Landline within the UK. Other telephone providers' costs may vary and calls from mobiles may be considerably higher.

Shareholder Helpline telephone numbers:

0871 384 2232 (from inside the UK) or +44 121 415 7187 (from outside the UK).

Please note that the Provisional Allotment Letters and a shareholder guide to completing a Provisional Allotment Letter will not be posted to Qualifying Shareholders until 27 May 2009, subject to the passing of the Resolutions at the General Meeting. Please also note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in the Prospectus and information relating to 3i's register of members and will be unable to give advice on the merits of the Rights Issue or to provide financial, tax or investment advice.

Proposed Rights Issue

1. Introduction

The Board of 3i announces today a Rights Issue to raise approximately £700 million (net of expenses).

The Rights Issue is being made on the basis of 9 New Ordinary Shares for every 7 Ordinary Shares at 135 pence per Ordinary Share. The Rights Issue Price represents;

- A 39.8% discount to the theoretical ex-rights price of an Ordinary Share, when calculated by reference to the closing price of 339 pence per Ordinary Share on 7 May (being the last business day before the announcement of the Rights Issue);

- A 60.2% discount to the closing price of 339 pence per Ordinary Share on 7 May 2009; and

- A 51.3% discount to the fully diluted net asset value of the Group, as adjusted to take account of the Rights Issue and the 3i QPEP transaction.

The Rights Issue is underwritten by J.P. Morgan Securities, Merrill Lynch, RBS Hoare Govett Limited, Citigroup Global Markets U.K. Equity Limited, Lloyds TSB Bank PLC and Société Générale.

2. Background to, and reasons for, the proposed Rights Issue

3i's competitive position

3i's quoted company status offers shareholders access to private equity investments in Europe, Asia and North America. As at 31 March 2009, 3i had a portfolio of 376 investments valued at £4.1 billion of which:

- £1.5 billion was in Buyouts, which makes buyout investments in the mid-market, defined as being companies with an enterprise value of typically less than €1 billion;

- £1.6 billion was in Growth Capital, which makes minority equity investments in growing private businesses; and

- £0.4 billion was in Infrastructure, which invests in global infrastructure businesses.

3i has a number of features which differentiate it within the private equity industry, notably its mid-market positioning and its diversity in terms of geography, sector and type of investment. 3i's investment activity is undertaken by specialist teams in Europe, Asia and North America. Its international reach and resources, its sector expertise and network of experienced business leaders, support 3i's active style of investment management and underpin its long track record of achieving successful realisations. This track record is also evidence of 3i's experience of navigating through periods of economic and market dislocation.

3i combines investment on its own balance sheet with a managing or advisory role for quoted and unquoted funds on which it earns management and advisory fees. The principal funds are Eurofund IV, Eurofund V, 3i Infrastructure plc and the 3i India Infrastructure Fund. The Board intends that over time 3i will increase the proportion of its investment activity which is financed by third party monies rather than its own resources.

Rationale for the Rights Issue
3i's experience and positioning have been critical in the management of its portfolio. During the five years to 31 March 2008 3i generated an average annual total return on opening equity of 20.4%, returned £2.6 billion to Shareholders and grew assets under management from £7 billion to just under £10 billion.

Following 3i's strong performance in the five years to 31 March 2008, 3i faced much more challenging conditions in the year to 31 March 2009. During the past year 3i saw continuing crises in the world's credit markets, a sharp downturn in demand in the major economies, and falls in equity markets. These factors have all affected the private equity industry, leading to a contraction in activity and a significant impact on valuations. 3i's Diluted Net Asset Value per Ordinary Share fell, principally as a result of these market movements and the impact of gearing, from £10.77 per Ordinary Share at 31 March 2008 to £4.96 per Ordinary Share at 31 March 2009.

In line with 3i's practice of regularly reviewing its valuation methodology the Board decided in these exceptional circumstances to hold none of 3i's investment assets at cost as at 31 March 2009, and to reflect the fall in markets in its valuation process which also impacted Net Asset Value. It also became progressively more difficult to realise investments at uplifts to carrying values, although 3i achieved an average uplift of 5% on opening carrying values over the year. Largely as a result of all of these factors, 3i ended the year with net debt of £1,912 million and a ratio of net debt to total equity of 103%, significantly above the level the Board considers optimal in the current economic climate.

At the same time, the Board considers that lower market prices offer 3i the potential, as economies recover, to make new investments that may yield attractive returns. In addition, there should also be the potential for 3i to achieve greater value from realisations of its existing investments.

It is in order both to manage these challenges and to realise these opportunities to best effect that the Board believes the Rights Issue on the terms described is in the interests of 3i and shareholders as a whole.

3i's financial position and actions taken

In this more difficult economic climate the Board concluded that, notwithstanding the absence of material debt maturities before September 2010, a more conservative financial structure for 3i was appropriate, and that net debt and gearing both needed to be significantly lower. Following the appointment of Michael Queen as Chief Executive in January 2009, 3i accelerated the steps it has been taking to reduce its net debt:

- The successful acquisition of the assets of 3i Quoted Private Equity plc, which produced £110 million of net cash proceeds for 3i in April 2009;

- Placing a proportion of 3i's shareholding in 3i Infrastructure plc, which generated £61 million of cash proceeds in February 2009;

- Selling other quoted assets, raising a total of £111 million in the year to 31 March 2009;

- Continuing to divest 3i's non-core Smaller Minority and Venture Capital investments, delivering total net proceeds of £236 million during the year to March 2009, £96 million of which was in the fourth quarter of the financial year; and

- Continuing to make realisations while taking a highly selective approach to investment.

3i generated net cash of £411 million from investment and realisation activity during the second half of the financial year. Net debt was reduced from £2.1 billion at December 2008 to £1.9 billion at 31 March 2009.

During the year, the Board has also taken the opportunity to review the Group's cost base and has identified cost savings of approximately 15% by 31 March 2011 through re-engineering certain processes, outsourcing and consolidating parts of our office network which are expected to be recognised over the next two years.

The Board sees the proposed Rights Issue as a complement to, and not a substitute for, a self-disciplined approach to cash generation. The pro forma net debt as at 31 March 2009, after taking account of the Rights Issue and the acquisition of the assets of 3i QPEP, will be £1.1 billion and the ratio of net debt to total equity will be reduced from 103% to 42%.

Realisations and investment

During the financial year to 31 March 2009, 3i realised £1.3 billion and, as noted above, the quality of its portfolio enabled it to do so at an average 5% uplift to opening carrying value at 31 March 2008. Good realisation opportunities do still arise but these are fewer in current markets. 3i will continue to undertake realisations with the objective of achieving best value and at a pace which supports that objective.

Of the £968 million invested by 3i in the year to 31 March 2009, £454 million was invested in existing portfolio companies (which included £127 million in respect of capitalised interest). In the period to 31 December 2010, 3i may invest up to £150 million (excluding capitalised interest) in providing further support to certain portfolio companies both to develop business opportunities and to ensure that they operate within the terms of their banking facilities.

Financial commitments

3i has agreed to co-invest alongside a number of its funds when it identifies suitable investment opportunities, and 3i's outstanding commitments to these funds comprise up to €1,307 million to Eurofund V and $148 million to the 3i India Infrastructure Fund. 3i co-invested €402 million and $34 million respectively alongside these funds in the year to 31

March 2009. 3i’s obligations to make new investments or co-invest alongside such funds are conditional on 3i Investments determining that the proposed investment or co-investment meets a number of conditions for suitability, including meeting the relevant fund’s return objectives. 3i will, however, wish to take advantage of good opportunities which arise and which satisfy those conditions and objectives.

Detailed information regarding the underlying debt in 3i’s portfolio, and on which there is no recourse to 3i, is provided in the Prospectus. The acquisition debt in the Buyout portfolio is typically committed seven to nine year term loans, the majority of which are repayable after 2013, providing covenants are met. For the Growth Capital portfolio, which has lower levels of leverage, over 85% of the debt weighted by 3i valuation is repayable after 2013. Infrastructure investments are made principally through 3i Infrastructure plc, in which 3i holds a 33.3% shareholding and which had no borrowings at the company level and cash of £387 million as at 31 March 2009, and through the 3i India Infrastructure Fund which is also ungeared.

Strategy, priorities and opportunities

The history of private equity indicates that attractive returns can be made during the recovery stage of the economic cycle. Moreover, 3i's investment experience in the mid-market, and in particular in the supply of growth capital, demonstrates its ability to make good returns without the use of the very high levels of leverage seen in parts of the private equity industry during recent years.

The Board therefore believes that 3i will be able to continue to identify opportunities for investment even if credit markets remain constrained. Specifically, the opportunities in each of 3i's core business lines are as follows:

- Buyouts: the Board believes that, due to its international reach, resources and network, 3i is well positioned to take advantage of mid-market buyout opportunities as mergers and acquisitions activity starts to recover. This activity is likely to be driven by large corporates, as they focus on core activities, and pent up demand following a period of low activity.

- Growth Capital: 3i believes that the growing private businesses in which it seeks to invest are likely to require additional equity to fund growth as they seek to minimise their funding risk and the availability of debt finance continues to remain scarce. Given recent volatility in capital markets, the Board believes that these businesses will see raising long-term investment capital from 3i as an attractive source of funding.

- Infrastructure: Demand for infrastructure investment continues to grow in 3i's core markets of Europe, India and North America, where 3i is well positioned with established teams of experienced infrastructure investors. In the developed markets of Europe and North America, replacement of older infrastructure and potential additional projects arising from fiscal stimuli are likely to be the key drivers. In India, the building of new infrastructure (for example in power, transportation and healthcare) should generate significant opportunities for well-established investors with good government relations, such as 3i.

As a leading international private equity firm, 3i's strategy continues to be to use its resources to produce consistent market-beating returns whilst being acknowledged for its partnership style of investing. 3i also remains committed to increasing the scale of the external funds which it advises or manages so as to generate a higher stream of fee income. In the near term 3i's priorities are to:

- Concentrate on its core business lines of Buyouts, Growth Capital and Infrastructure, and accelerate realisations from its SMi and Venture Capital portfolios;

- Position its business for the upturn by focusing on the mid-market opportunities it will generate, and where 3i has competitive advantage;

- Reduce the level of its net debt over the next 12 to 15 months to approximately £1 billion; and

- Reduce costs and increase efficiency while maintaining its core investment capabilities.

Benefits of Rights Issue and use of proceeds
The Board believes that the proposed Rights Issue, which is underwritten, will enable it to build on the actions it has taken, and will continue to take, to reduce 3i's net debt and strengthen its balance sheet; to continue to pace the realisation of its existing portfolio investments in order to gain the benefit of their full potential; and to take advantage of new investment opportunities.

With pro forma net debt of £1.1 billion as at 31 March 2009 after taking account of the Rights Issue and the 3i QPEP transaction, 3i's balance sheet will be considerably stronger than prior to the transactions. This strengthened capital structure, which will further support 3i's investment grade credit rating, should not only facilitate 3i's access to debt capital markets but should also help to strengthen its market position. The Board therefore believes that the proposed Rights Issue will strengthen 3i's financial and competitive position and enable 3i to fulfil its potential, and that it is in the best interests of its shareholders.

3. Current trading and prospects

The Company has nothing significant to report with respect to trading in the period since 31 March 2009 other than the completion towards the end of April of the acquisition of the assets of 3i QPEP.

4. Principal terms and conditions of the Rights Issue

Subject to the Resolutions being passed, the Directors propose to offer New Ordinary Shares by way of rights to all Qualifying Shareholders (other than, subject to certain exceptions, Restricted Shareholders), payable in full on acceptance, on the following basis:

9 New Ordinary Shares at 135p each for every 7 Ordinary Shares

that each Qualifying Shareholder holds and has registered in that Shareholder's name as at the Record Time, and so in proportion to any other number of Ordinary Shares that each Qualifying Shareholder then holds and otherwise on the terms and conditions as set out in the Prospectus and, in the case of Qualifying Non CREST Shareholders, the Provisional Allotment Letter.

The Rights Issue Price of 135p per New Ordinary Share represents a discount of 60.2% to the Closing Price of 339p on 7 May 2009 (being the last business day prior to the announcement of the Rights Issue on 8 May 2009), and a discount to the *pro forma* Diluted Net Asset Value per Ordinary Share of 277p at 31 March 2009, after taking into account the Rights Issue and the 3i QPEP transaction, of 51.2%. If a Qualifying Shareholder does not take up any of his entitlement to New Ordinary Shares, his proportionate shareholding will be diluted by up to approximately 56.3% as a result of the Rights Issue.

New Ordinary Shares representing fractional entitlements will not be provisionally allotted to Qualifying Shareholders and, where necessary, entitlements to New Ordinary Shares will be rounded down to the nearest whole number. These fractions will be aggregated and, if possible, sold in the market. The net proceeds of such sales (after deduction of expenses) will be aggregated and paid to the Company, save that Qualifying Shareholders will receive any proceeds in respect of a fractional entitlement with a value of £5 or more.

The Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST.

The Rights Issue is conditional on:
(A) the Resolutions being passed at the General Meeting;

(B) Admission becoming effective by not later than 8:00 a.m. on 28 May 2009 (or such later time as the Banks and the Company may agree); and

(C) the Underwriting Agreement otherwise becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission.

A summary of the Underwriting Agreement and the conditions to which it is subject is set out in the Prospectus.

The New Ordinary Shares, when issued and fully paid will rank *pari passu* with the Existing Ordinary Shares including the right to receive dividends or distributions made, paid or declared after the date of their issue. Application will be made to the UK Listing Authority for the New Ordinary Shares (nil and fully paid) to be admitted to the Official List and an application will be made to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares (nil paid) will commence on the London Stock Exchange at 8:00 a.m. on 28 May 2009. It is expected that dealings in the New Ordinary Shares (fully paid) will commence on the London Stock Exchange at 8:00 a.m. on 12 June 2009.

The Rights Issue is expected to result in the issue of up to 542,060,391 New Ordinary Shares (representing approximately 56.3% of the issued share capital as enlarged by the Rights Issue).

Details of further terms and conditions of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in the Prospectus and, where relevant, will also be set out in the Provisional Allotment Letter. Overseas Shareholders should refer to the Prospectus for further information on their ability to participate in the Rights Issue.

5. Dividend policy

The Board's dividend policy has been to pay two dividends on the Ordinary Shares in respect of the Company's financial year, typically in January (an interim dividend) and in July (a final dividend).

In order to qualify as an investment trust under section 842 of the Income and Corporation Taxes Act 1988, the Company is prohibited by its Articles of Association from paying dividends or distributions from capital profits and surpluses arising on the realisation of investments save by way of redemption or purchase of any of its shares in accordance with the Companies Acts. In addition, the tax legislation specifies the maximum amount of its revenue profit that an investment trust is able to retain in respect of each accounting period in order to continue to qualify as an investment trust.

The Company paid an interim dividend in January 2009 and the Board has decided, in the light of the Group's financial results for the period and the proposed Rights Issue, not to declare a final dividend for the year to 31 March 2009. The total dividend for the year will therefore consist of the interim dividend of 6.3p per Ordinary Share, which was paid in January 2009 and is sufficient to enable the Company to qualify as an investment trust under section 842 of the Income and Corporation Taxes Act 1988 in respect of the financial year to 31 March 2009.

Future dividends paid by the Company will reflect the revenue arising from dividends, interest, fees and other income earned on the Group's investing and investment management and advisory activities. The Board remains committed to the principle of paying an increasing dividend and intends to resume dividend payments consistent with this principle respect of the financial year to 31 March 2010, provided it considers it is prudent to do so at the relevant time. In light of the Rights Issue, the Board believes it is appropriate to reset the level of dividend going forward at a level at least as high in aggregate as that paid in respect of the year to 31 March 2009 (£24 million before dividend waivers), which, after adjusting for the effects of the Rights Issue and the shares issued in connection with the acquisition of the assets of 3i Quoted Private Equity plc, equates to an annual dividend of at least 2.5p per Ordinary Share. In any case, the Board intends that 3i will pay sufficient dividends to ensure that it is able to meet the requirements for approval as an investment trust for tax purposes for the financial year to 31 March 2010 and for subsequent periods.

6. Employee Share Investment Plan (the "ESIP")

The Directors would like to take this opportunity to increase employees' alignment with shareholders, and demonstrate their confidence in the value of the Company, by facilitating a significant investment by employees in the Company's shares through the ESIP.

The essential features of the ESIP (under which awards will only be made in the 30 days following the Ex-Rights Date) are as follows:

- Subject to legal, tax, regulatory and other practical considerations, the ESIP will be open to all employees of the Group. Before investing in the ESIP, senior executives will want, and if they wish to participate in the ESIP will normally be expected first to, take up the rights which they have in relation to their existing shareholdings.

- Eligible employees will be invited to subscribe for Ordinary Shares (''Investment Shares'') at a price determined by the Board. This will be not less than the market value (determined as for the purposes of capital gains tax) of an Ordinary Share on the date of subscription which will be on a date or dates selected by the Board falling within the period of 30 days after the Ex-Rights Date.

- There will be minimum and maximum investment limits per individual of £5,000 and £1.5 million respectively.

- Participants (other than the executive Directors) will then be granted an award (a ‘‘Matching Award’’) in respect of one Ordinary Share for every two Investment Shares. Executive Directors will not be eligible for Matching Awards because of the other share based arrangements that already exist for them.

- The Matching Award will be subject to a performance target which will mean that in normal circumstances it will not vest unless the growth in the Net Asset Value per Ordinary Share is 35% or more, measured by comparing the pro forma Diluted Net Asset Value per Ordinary Share after taking account the Rights Issue and the 3i QPEP transaction, as at 31 March 2009 with the fully Diluted Net Asset Value per Ordinary Share as at 31 March 2012 (adjusted for the reinvestment of dividends paid between 31 March 2009 and 31 March 2012).

- It will also be a condition of the vesting of the Matching Award that the Participant has retained all of his Investment Shares. If he does not do so, his Matching Award will lapse unless and to the extent that the Board decides otherwise.

- The maximum number of Ordinary Shares available for Investment Shares and Matching Awards is 16 million. If applications for Investment Shares exceed the maximum available, they will be scaled down on a basis to be determined by the Board.

Unlike other senior staff, the Group’s investment staff do not normally receive equity-based long-term incentives, and therefore do not have significant holdings of shares in the Company. Their incentive arrangements include portfolio awards which: are funded from realised cash profits; form part of the originally committed team profit-share percentage in relation to certain pools of assets; and are normally paid in cash over a period of three years subject to leaver provisions. In order to encourage the investment staff to participate in the ESIP, they will be given the opportunity to have the payment of their portfolio awards advanced if they elect to apply the after-tax amount in purchasing Investment Shares. In these cases, if the participant does not keep his Investment Shares until the Matching Award vests, then not only will the Matching Award lapse, but the failure to retain the Investment Shares will be taken into consideration by the Company when making future bonus and/or other awards.

Employees will be formally invited to participate following the publication of the Circular.

The Matching Awards will be granted in accordance with, and be subject to, the terms of The 3i Group Discretionary Share Plan. However, in order to implement the ESIP, the Board wishes to amend the Plan to allow the Investment Shares to be issued pursuant to it and is seeking Shareholders’ authority to do so at the General Meeting.

Following implementation of the ESIP, the Directors intend to undertake a detailed review of reward strategy. A key objective of this review will be to increase employee alignment with shareholders, and therefore consideration will in particular be given to making certain future awards under The 3i Group Discretionary Share Plan on a similar basis to the ESIP.

7. General Meeting

A notice convening the General Meeting of the Company to be held at the offices of J.P. Morgan Cazenove at 20 Moorgate London EC2R 6DA on 27 May 2009 at 9:30 a.m. is set out at the end of the Circular which is being sent to Shareholders today. The General Meeting is being convened for the purposes of considering and, if thought fit, passing the Resolutions which are required to implement the Rights Issue and to amend The 3i Group Discretionary Share Plan.

8. Directors Intentions

Save in respect of certain Ordinary Shares held in 3i Share Plans, each of the Directors intends to take up his or her rights to subscribe for the New Ordinary Shares under the Rights Issue.

9. Action to be taken

A Proxy Form for use at the General Meeting or at any adjournment thereof is enclosed with the Circular to be sent to Shareholders. Whether or not Shareholders propose to attend the General Meeting in person, the Proxy Form should be completed in accordance with the instructions printed on it and returned by post or by hand as soon as possible, but in any event to be received no later than 9.30 a.m. on 25 May 2009, to the Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The completion and return of the Proxy Form will not preclude a Shareholder from attending and voting at the meeting in person.

Subject to the passing of the Resolutions at the General Meeting, if you are a Qualifying Non-CREST Shareholder, (other than a Qualifying Non-CREST Shareholder who is a Restricted Shareholder), it is intended that you will be sent a Provisional Allotment Letter on 27 May 2009 giving details of your Nil Paid Rights and containing instructions on how to take up your entitlements under the Rights Issue. For Qualifying Non-CREST Shareholders, (other than those Qualifying Non-CREST Shareholders who are Restricted Shareholders) the New Ordinary Shares will be issued in certificated form and will be represented by definitive share certificates, which are expected to be despatched no later than 19 June 2009 to the registered address of the person(s) entitled to them.

If you are a Qualifying CREST Shareholder, you will not be sent a Provisional Allotment Letter. It is expected that Equiniti, 3i's registrar, will instruct Euroclear UK to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than such Qualifying CREST Shareholders who are Restricted Shareholders) with such Shareholders entitlements to Nil Paid Rights, with effect from 8:00 a.m. on 28 May 2009.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or the Fully Paid Rights of CREST sponsored members.

If you have sold or do sell or have otherwise transferred or do transfer (other than ex-rights) all of your existing Ordinary Shares before the Ex-Rights Date, which is 28 May 2009, please forward the Circular, the Proxy Form and any accompanying documents together with (if you are a Qualifying Non-CREST Shareholder) any Provisional Allotment Letter duly renounced to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was/is effected for onward transmission to the purchaser or transferee. The Provisional Allotment Letter, when issued, should not, however, be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to any of the Excluded Territories. If you have sold or do sell or have otherwise transferred only part of your holding of existing Ordinary Shares (other than ex-rights) held in certificated form, please contact immediately the stockbroker, bank or other agent through whom the transfer was/is effected.

If you have sold or do sell or have otherwise transferred or do transfer all or some of your existing Ordinary Shares (other than ex-rights) held in uncertificated form before the Ex-

Rights Date, a claim transaction will automatically be generated by Euroclear UK which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee.
The latest time for acceptance under the Rights Issue is expected to be 11:00 a.m. on 11 June 2009. The procedure for acceptance and payment is set out in the Prospectus. Further details also appear in the Provisional Allotment Letter that will be sent to all Qualifying Non-CREST Shareholders (other than those Qualifying Non-CREST Shareholders who are Restricted Shareholders).

If you are in any doubt as to the action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised pursuant to the FSMA if you are resident in the UK or, if not, from another appropriate authorised independent financial adviser.

IMPORTANT NOTICE

The defined terms set out in the Appendix apply in this announcement. Unless otherwise stated references to time contained in this announcement are to UK time. This announcement has been issued by and is the sole responsibility of 3i Group plc.

A copy of the Prospectus when published will be available from the registered office of the Company and on the Company's website at www.3igroup.com provided that the Prospectus will not be available (whether through the website or otherwise) to Restricted Shareholders, subject to certain exceptions. The Prospectus will give further details of the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights being offered pursuant to the Rights Issue.

This announcement is an advertisement and does not constitute a prospectus. Investors should not base any decision to purchase, otherwise acquire or subscribe for, sell or otherwise dispose of any Nil Paid Rights or New Ordinary Shares referred to in this announcement except on the basis of the information contained in or incorporated by reference into the Prospectus.

Each of J.P. Morgan Cazenove, J.P. Morgan Securities, Merrill Lynch, the Joint Lead Managers, the Co-Lead Managers and Rothschild is authorised and regulated in the United Kingdom by the FSA, and is acting for 3i and no one else in connection with the Rights Issue and will not regard any other person (whether or not a recipient of the Prospectus) as a client in relation to the Rights Issue and will not be responsible to anyone other than 3i for providing the protections afforded to their respective clients or for providing advice in relation to the Rights Issue or any matters referred to in this announcement.

Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove, J.P. Morgan Securities, Merrill Lynch, the Joint Lead Managers, the Co-Lead Managers and Rothschild by FSMA or under other laws, none of J.P. Morgan Cazenove, J.P. Morgan Securities, Merrill Lynch, the Joint Lead Managers, the Co-Lead Managers nor Rothschild accepts any responsibility whatsoever for the contents of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with 3i, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares or the Rights Issue. Subject to applicable law, each of J.P. Morgan Cazenove, J.P. Morgan Securities, Merrill Lynch, the Joint Lead Managers, the Co-Lead Managers and Rothschild accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this announcement or any such statement.

This announcement does not constitute an offering circular or prospectus in connection with an offering of securities by the Company. Prospective investors must neither accept any offer for, nor acquire, any securities to which the announcement refers, unless they do so on the basis of the information contained in the Prospectus published by the Company. This announcement does not constitute an offer to sell or the solicitation of an offer to buy, or subscribe for, any securities and cannot be relied upon for any investment contract or decision. In addition, this announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, New Ordinary Shares, Provisional Allotment Letters, Nil Paid Rights, Fully Paid Rights and/or to take up any entitlements to Nil Paid Rights in the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or any other jurisdiction in which such an offer or solicitation is unlawful or to any person to whom it is unlawful to make such offer or invitation.

The New Ordinary Shares, the Provisional Allotment Letters, the Nil Paid Rights and the Fully Paid Rights have not been and will not be registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or under any relevant securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, to (or for the account or benefit of) any US Person, or within the US except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with state securities laws. The Company does not intend to register any portion of the Rights Issue in the United States or to conduct a public offering of securities in the United States. No money, pecunious or other consideration is being solicited and, if sent in response to the information contained herein, will not be accepted. The Company will not be registered under the US Investment Company Act of 1940 as amended, and investors will not be entitled to the benefits of the Act. Offers of the New Ordinary Shares, the Provisional Allotment Letters, the Nil Paid Rights and the Fully Paid Rights are being made outside the United States only to (or for the account or benefit of) non-US Persons in offshore transactions within the meaning of, and in accordance, with Regulation S under the US Securities Act.

US Persons who are Qualifying Shareholders will only be able to participate in the Rights Issue if they are both (i) qualified purchasers, as defined in section 2(a)(51) of the US Investment Company Act and (ii) qualified institutional buyers, as defined in Rule 144A of the US Securities Act. In addition, none of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights will qualify for distribution under any of the relevant securities laws of any of the Excluded Territories. Accordingly, the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within any of the Excluded Territories.

This announcement contains ‘‘forward-looking statements‘‘ that involve risks and uncertainties. Forward-looking statements can be identified by words such as ‘‘believes’‘, ‘‘estimates’‘, ‘‘anticipates’‘, ‘‘expects’‘, ‘‘intends’‘, ‘‘may’‘, ‘‘would’‘, ‘‘should’‘, ‘‘could’‘, ‘‘likely’‘, ‘‘will’‘, ‘‘plans’‘, ‘‘possible’‘, ‘‘probable’‘, ‘‘predicts‘‘ and ‘‘potential’‘, as well as the negatives of these terms and other words of similar meaning in connection with a discussion of future returns or financial performance.

These may include, among others, statements relating to:

- the intentions, beliefs or current expectations of the Group and/or the Directors concerning the Group’s plans or objectives for future operations, investments, realisations, financial performance, returns, Net Asset Value, gearing, liquidity, prospects and dividend policy;

- the impact of the current economic downturn and volatile capital markets;
- continuing scarcity of debt finance for leveraged buyout transactions;
- the performance and valuations of the Group's investments in its portfolio companies;
- the Group's operations and ability to achieve cost savings;
- the Group's investment strategies;
- anticipated uses of cash; and
- the expected outcome of contingencies, including regulatory changes, litigation and pension liabilities.

The forward-looking statements in this announcement are made based upon 3i's expectations and beliefs concerning future events impacting the 3i Group and therefore involve a number of known and unknown risks and uncertainties. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it will operate, which may prove not to be accurate. The Company cautions that these forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in these forward-looking statements. Therefore undue reliance should not be placed on such forward-looking statements.

Any forward-looking statements contained in this announcement speak only as at the date of this announcement. Except as required by the Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules, the London Stock Exchange or other applicable law or regulations, 3i expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this announcement might not occur and actual results may differ materially from those described in the forward-looking statements.

Neither this announcement nor any copy of it may be taken or transmitted, directly or indirectly, into the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or any other such jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. Any failure to comply with this restriction may constitute a violation of the securities laws of the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa. The distribution of this announcement in other jurisdictions may be restricted by law and persons into who possession this announcement comes should inform themselves about, and observe, any such restrictions. The Ordinary Shares (including Existing Ordinary Shares and New Ordinary Shares) have not been and will not be registered under the applicable securities laws of the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa and, subject to certain exemptions, may not be offered or sold within the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa.

Neither the content of 3i's website nor any website accessible by hyperlinks on 3i's website is incorporated in, or forms part of, this announcement.

Appendix

Definitions

‘‘3i’’ or ‘‘the Company’’	3i Group plc, a public limited company incorporated in England and Wales with registered number 1142830, whose registered office is at 16 Palace Street, London SW1E 5JD;
‘‘3i Investments’’	3i Investments plc, a public limited company incorporated in England and Wales with registered number 3975789, whose registered office is at 16 Palace Street, London SW1E 5JD;
‘‘3i QPEP’’	3i Quoted Private Equity plc, a public limited company incorporated in Jersey, Channel Islands with registered number 96272, whose registered office is at 22 Grenville Street, St Helier, Jersey, Channel Islands JE4 8PX;
‘‘Admission’’	admission of the New Ordinary Shares, nil paid, to the Official List and to trading on the main market for listed securities of the London Stock Exchange;
‘‘Articles of Association’’ or ‘‘Articles’’	the articles of association of the Company, a summary of which is set out in the Prospectus;
“Banks”	J.P. Morgan Cazenove, J.P. Morgan Securities and Merrill Lynch
‘‘Buyouts’’	the buyouts business line of the 3i Group, details of which are set out the Prospectus;
‘‘Circular’’	the shareholder circular sent to all Shareholders and dated 8 May 2009;
“Co-Lead Managers”	Lloyds TSB Bank PLC and Société Générale;
‘‘Companies Acts’’	has the meaning given thereto by section 2 of the Companies Act 2006 but shall extend only to such provisions as may be from time to time in force;
‘‘CREST’’	the system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear UK;
‘‘Diluted Net Asset Value per Ordinary Share’’	the Net Asset Value attributable to each Ordinary Share on the assumption that rights which the Company has granted and which are dilutive to the Net Asset Value attributable to each Ordinary Share have been fully exercised. Such rights may be in respect of instruments convertible into Ordinary Shares or options or warrants to subscribe for Ordinary Shares;
‘‘Directors’’ or ‘‘Board’’	the directors of the Company whose names are set out in the Prospectus;
‘‘Equiniti’’	Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA in its capacities as 3i’s registrar and receiving agent in respect of the Rights Issue;
‘‘Euroclear UK’’	Euroclear UK & Ireland Limited (formerly named CRESTCo Limited), the operator of CREST;
‘‘Excluded Territories’’	Australia, Canada, Japan, New Zealand, South Africa and the United States and any other jurisdiction where the extension or availability of the Rights Issue (and any other transaction contemplated thereby) would breach any applicable law;

‘‘Existing Ordinary Shares’’	means Ordinary Shares in issue and fully paid as at the date of this announcement;
“Ex-Rights Date”	28 May 2009, being the date on which the Ordinary Shares start trading “ex-rights”;
‘‘Fully Paid Rights’’	rights to acquire New Ordinary Shares, fully paid;
“General Meeting”	The general meeting of the Company to be convened pursuant to the notice set out in the Circular (including any adjournment thereof);
‘‘Growth Capital’’ or ‘‘Growth’’	the growth capital business line of the 3i Group, details of which are set out in the Prospectus;
‘‘Infrastructure’’	the infrastructure business line of the 3i Group, details of which are set out in the Prospectus;
“Joint-Lead Managers”	RBS Hoare Govett Limited and Citigroup Global Markets U.K. Equity Limited;
“J.P. Morgan Cazenove”	J.P. Morgan Cazenove Limited;
“J.P. Morgan Securities”	J.P. Morgan Securities Limited;
‘‘London Stock Exchange’’	London Stock Exchange plc or its successor(s);
“Merrill Lynch”	Merrill Lynch International;
‘‘NAV’’ or ‘‘Net Asset Value’’	the Net Asset Value is the aggregate value of the net assets of the Group (that is, the value of its assets less the amount of its liabilities), calculated in accordance with the Company’s normal accounting and reporting policies;
‘‘Net Asset Value per Ordinary Share’’	the Net Asset Value per Ordinary Share is the Net Asset Value divided by the number of Ordinary Shares of the Company in issue as adjusted in accordance with generally accepted accounting practice;
‘‘New Ordinary Shares’’	the ordinary shares of 73 19/22p each in the capital of the Company to be issued by the Company pursuant to the Rights Issue;
‘‘Nil Paid Rights’’	rights to acquire New Ordinary Shares, nil paid;
‘‘Official List’’	the official list of the UK Listing Authority;
‘‘Ordinary Shares’’	ordinary shares of 73 19/22 each in the capital of the Company including the New Ordinary Shares;
‘‘Overseas Shareholders’’	Shareholders with registered addresses outside the UK or who are citizens of, incorporated in, registered or otherwise resident in countries outside the UK;
‘‘Prospectus’’	the Prospectus dated 8 May 2009, relating to the Company for the purpose of the Rights Issue and the listing of the New Ordinary Shares on the London Stock Exchange (together with any supplements or amendments thereto);
‘‘Provisional Allotment Letter’’	the provisional allotment letter to be issued to Qualifying Non-CREST Shareholders in connection with the Rights Issue;
‘‘Qualifying CREST Shareholders’’	Qualifying Shareholders holding Ordinary Shares in uncertificated form;
‘‘Qualifying Non-CREST Shareholders’’	Qualifying Shareholders holding Ordinary Shares in certificated form;
‘‘Qualifying Shareholders’’	holders of Ordinary Shares on the register of members of the Company at the Record Time;
‘‘Record Time’’	close of business on 26 May 2009;
‘‘Resolutions’’	the resolutions to be proposed at the General Meeting as set out in the notice of General Meeting contained in the Circular;

‘‘Restricted Shareholders’’	Qualifying Shareholders with registered addresses in, or who are citizens, residents or nationals of, any of the Excluded Territories;
‘‘Rights Issue’’	the offer by way of rights to Qualifying Shareholders to acquire New Ordinary Shares, on the terms and conditions set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter;
‘‘Rights Issue Price’’	135p per New Ordinary Share;
“Rothschild”	N M Rothschild & Sons Limited;
‘‘Shareholder(s)’’	holder(s) of Ordinary Shares;
‘‘Smaller Minority’’ or ‘‘SMi’’	the Group’s smaller minority investments portfolio;
“UK Listing Authority” or “UKLA”	The Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI FSMA and in the exercise of its functions in respect of admission of securities to the Official List other than in accordance with Part VI of FSMA;
‘‘Underwriting Agreement’’	the conditional underwriting agreement dated 8 May 2009 between the Company, J.P. Morgan Cazenove and the Joint Lead Managers and the Co-Lead Managers relating to the Rights Issue and described in the Prospectus;
“US Investment Company Act”	The United States Investment Company Act of 1940, as amended;
‘‘Venture Capital’’ or ‘‘Venture Portfolio’’	the 3i Group’s portfolio of venture capital investments, details of which are set out in the Prospectus.