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23 February 2009

RECOMMENDED ACQUISITION OF THE ASSETS OF 3i QUOTED PRIVATE EQUITY PLC BY 3i GROUP PLC

1. Introduction

The boards of 3i QPEP and 3i announce that they have reached agreement on the terms of a recommended acquisition of the assets of 3i QPEP by 3i. The acquisition will be effected through a solvent liquidation of 3i QPEP.

3i owns 44.9 per cent. of the issued share capital of 3i QPEP.

If the acquisition is effected, shareholders in 3i QPEP excluding 3i (the “**Independent Shareholders**”) will receive cash and New 3i Shares from 3i for their interests in 3i QPEP. The City Code on Takeovers and Mergers will not apply to this transaction other than in the event of a competing Code offer.

2. The Scheme

The acquisition by 3i will be effected through a voluntary solvent liquidation of 3i QPEP. Upon the liquidation of 3i QPEP, the liquidators will implement a scheme (the “**Scheme**”) involving a distribution of assets of 3i QPEP to 3i by its liquidator in satisfaction of 3i’s rights in the winding up of 3i QPEP and a transfer by the liquidator of the residual assets of 3i QPEP to 3i in consideration of the payment of cash and issue of New 3i Shares to Independent Shareholders in respect of their interests in 3i QPEP.

The Independent Shareholders will be entitled to receive for each 3i QPEP Share:

- 50 pence in cash
- 0.1706 of a New 3i Share.

The New 3i Shares will rank *pari passu* with all issued ordinary shares of 3i in respect of any dividends declared, made or paid with a record date on or after the date of issue of the New 3i Shares. If the Scheme is effected, 3i will issue 37.6 million New 3i Shares and these shares will represent 8.9 per cent. of 3i’s post-transaction issued share capital.

3. Valuation and Costs

The terms of the Scheme value each 3i QPEP Share at 88.8 pence. This is equal to the net asset value per 3i QPEP Share as at 31 January 2009, adjusted, *inter alia*, for subsequent movements in the market value of 3i QPEP’s quoted investments up to 19 February 2009 and certain transaction costs. The balance of any other costs incurred by 3i QPEP in connection with the Scheme will be borne by 3i QPEP but are excluded from the net asset value calculation.

The terms of the Scheme value the entire issued share capital of 3i QPEP at £355.2 million, and represent a premium of 32.6 per cent. to its closing price on 19 February 2009.

3i will bear any stamp duty and stamp duty reserve tax payable in respect of the transfer of assets from 3i QPEP to 3i.

4. Background to and reasons for the Scheme

Since the onset of the dislocation to the credit markets in autumn 2007, 3i QPEP's share price has traded at a significant discount to its net asset value.

3i is offering Independent Shareholders the opportunity to realise their investment in 3i QPEP based on the current net asset value per share, as set out in paragraph 3 above, in exchange for cash and New 3i Shares. Under the terms of the Scheme, Independent Shareholders will benefit from a significant premium to the current market value of their 3i QPEP Shares, as well as exposure to a larger and more diversified portfolio of assets; and 3i Shareholders will benefit from the elimination of the effective double discount that they currently suffer on the 3i QPEP underlying assets since, as required by International Financial Reporting Standards, 3i carries its investment in 3i QPEP at its quoted value. 3i expects a net cash inflow of approximately £110 million on completion of the Scheme, being the difference between 3i QPEP's cash balance that would be transferred to 3i and the cash element of the consideration.

5. Irrevocable Undertakings

3i has received irrevocable undertakings from certain Independent Shareholders to vote in favour of the Scheme and the associated resolutions to be proposed at the EGM, in respect of a total of 59,892,953 3i QPEP Shares, representing approximately 14.97 per cent. of the existing issued ordinary share capital of 3i QPEP.

3i has received an undertaking to vote in favour of the Scheme and the associated resolutions to be proposed at the EGM from an Independent Shareholder in respect of a total of 20,000,000 3i QPEP Shares, representing approximately 5 per cent. of the existing issued ordinary share capital of 3i QPEP. This undertaking will cease to be binding if an offer is made for all the issued ordinary shares of 3i QPEP at a premium of ten per cent. or more to the value of the consideration receivable by Independent Shareholders under the Scheme.

Approximately 64.87 per cent. of the existing issued ordinary share capital of 3i QPEP is therefore either the subject of an undertaking or owned by 3i.

In addition, an Independent Shareholder has indicated it intends to vote in favour of the Scheme and the associated resolutions to be proposed at the EGM in respect of its holding of around 15,389,454 3i QPEP Shares.

6. Recommendation

The Independent Directors of 3i QPEP, who have been so advised by Tricorn Partners, consider the terms of the Scheme to be fair and reasonable. They have also had regard to the views of those Independent Shareholders referred to in paragraph 5 above. In providing their advice to the 3i QPEP Directors, Tricorn Partners has taken into account the commercial assessments of the Independent Directors. Accordingly, the Independent Directors intend unanimously to recommend that 3i QPEP Shareholders vote in favour of the Scheme and the associated resolutions to be proposed at the EGM as the 3i QPEP Directors intend to do in respect of their beneficial holdings in 3i QPEP, amounting to, in aggregate, 1,150,000 3i QPEP Shares, representing (as at the date of this announcement) approximately 0.3 per cent. of the existing issued ordinary share capital of 3i QPEP.

The Independent Directors comprise David Tyler, Duncan Baxter and Richard Harwood. Antoine Clauzel cannot be treated as an independent director of 3i QPEP as he is an employee of 3i. Accordingly, Antoine Clauzel has absented himself from the deliberations in respect of the Scheme and a committee of the Board of 3i QPEP, comprising the Independent Directors, has

been established for the purpose of progressing and considering the terms of the Scheme and making the recommendation in relation to the Scheme.

7. Information on 3i

3i is an international private equity company that focuses on buyouts, growth capital and infrastructure; investing across Europe, Asia and the US. 3i is listed on the London Stock Exchange and is a constituent of the FTSE 100 and MSCI European Indices. As at 30 September 2008, 3i had approximately £10 billion of assets under management. As at 31 January 2009, 3i employed over 280 investment professionals across 14 countries worldwide.

8. Information on 3i QPEP

3i QPEP is a Jersey incorporated, public closed-end investment company. 3i QPEP was admitted to the Official List and to trading on the London Stock Exchange on 29 June 2007. 3i Investments plc ("**3i Investments**"), which is regulated in the UK by the Financial Services Authority, was appointed by 3i QPEP to act as its investment adviser.

3i QPEP's investment strategy has been to deliver private equity value creation techniques to public companies, leveraging the international network of its investment adviser to source attractive opportunities and execute its value creation plan. 3i QPEP's investment policy has been to build a portfolio of influential stakes in selected companies in the UK and continental Europe and across a broad spectrum of sectors to attain the level of influence necessary to generate significant improvements in operating performance.

9. Related Party Transaction

The Scheme between 3i QPEP and 3i will be a related party transaction for the purpose of chapter 11 of the Listing Rules. The Scheme must therefore be approved by a simple majority of the Independent Shareholders (excluding for these purposes any associates of 3i). This approval will be a separate resolution to that required for the solvent liquidation of 3i QPEP (where approval of 66 2/3 per cent. of 3i QPEP Shareholders in attendance is required - see paragraph 10 below, and on which resolution 3i and its associates may vote).

10. Structure of the Scheme

The Scheme will be effected through a voluntary solvent liquidation of 3i QPEP, and it will comprise a distribution of assets of 3i QPEP to 3i by its liquidator in satisfaction of 3i's rights in the winding up of 3i QPEP and a transfer by the liquidator of the residual assets of 3i QPEP to 3i in consideration of the payment of cash and issue of New 3i Shares to the Independent Shareholders in respect of their interests in 3i QPEP.

To become effective, the Scheme requires, amongst other things, the following events to occur: (i) approval of the Scheme by Independent Shareholders as described in paragraph 9 above, (ii) a special resolution (requiring approval by 66 2/3 per cent. of 3i QPEP Shareholders in attendance) being passed to approve amendments to the articles to facilitate the proposals, to wind up 3i QPEP and to appoint a liquidator, (iii) 3i QPEP, 3i and the liquidator to enter into a transfer agreement setting out the terms upon which 3i QPEP (acting through the liquidator) having first made a distribution of assets to 3i in satisfaction of 3i's rights in the winding up of 3i QPEP, transfers its residual assets to 3i in return for the issue of New 3i Shares and the payment of cash to the Independent Shareholders, (iv) the Directors not resolving to abandon the Scheme if required pursuant to their fiduciary duties, (v) the approval of the Jersey Financial Services Commission, and (vi) the admission of the New 3i Shares to the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange.

11. Directors

The Independent Directors intend to resign from the board of the Company either following the Scheme becoming effective or following completion of the liquidation of the Company and their expectation is that they will have no further continuing business involvement with 3i QPEP or 3i. In order to comply with Jersey legal requirements, at least two of the Independent Directors will remain on the board during the liquidation of the Company. The future role of Antoine Clauzel will be determined in due course. Upon the resignation of the Independent Directors, they shall each receive certain payments to compensate them for loss of office. 3i QPEP has no employees.

3i QPEP, 3i and 3i Investments have agreed that the investment advisory and other agreements between 3i QPEP and members of the 3i group of companies will terminate on completion of the winding up of 3i QPEP and that no compensation for such termination will be payable by either party.

12. Implementation Agreement

3i QPEP and 3i have entered into an Implementation Agreement which provides, inter alia, for the implementation of the Scheme and contains certain assurances and confirmations between the parties, including provisions to implement the Scheme on a timely basis and governing the conduct of the business of 3i QPEP.

The Implementation Agreement terminates in certain circumstances, including:

- (i) immediately, if agreed in writing by the parties;
- (ii) immediately, if the Effective Date has not occurred by 29 May 2009;
- (iii) immediately, on the earliest to occur of the date (if any) on which the Scheme is withdrawn or lapses and the Effective Date; and
- (iv) immediately, if the resolutions at the EGM are not passed by the requisite majority of 3i QPEP Shareholders.

13. Delisting of 3i QPEP and Listing and Dealing of New 3i Shares

Prior to the Scheme becoming effective, and subject to applicable requirements of the London Stock Exchange and the Financial Services Authority, 3i QPEP will apply to the London Stock Exchange for 3i QPEP Shares to cease to be admitted to trading and to the Financial Services Authority for the listing of 3i QPEP Shares to be cancelled from the Official List, in each case to take effect on the next Business Day following the Effective Date.

Subject to the Scheme becoming effective, share certificates in respect of 3i QPEP Shares will cease to be valid on the Effective Date and should be destroyed. In addition, on the Effective Date, entitlements to 3i QPEP Shares held within the CREST system will be cancelled.

Application will be made by 3i for the New 3i Shares to be admitted to listing and trading on the London Stock Exchange.

14. Overseas Shareholders

The availability of the Scheme to Independent Shareholders who are not resident in the United Kingdom or Jersey may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. Independent Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

15. Indicative Timetable

The Scheme will be implemented on the terms and subject to the conditions set out in this announcement and to be set out in the Scheme Circular, including obtaining relevant regulatory approvals and approval by the 3i QPEP Shareholders. The Scheme Circular will provide full details of the Scheme, together with notices of EGM and the expected timetable.

An indicative timetable of principal events is as follows:

Event	Indicative Timing
Posting of Scheme Circular to 3i QPEP Shareholders	23 March 2009
3i QPEP EGM and announcement of results	16 April 2009
Effective Date:	17 April 2009
3i QPEP in liquidation; Liquidation distribution to 3i; and New 3i Shares issued	

All dates in this announcement which relate to the implementation of the Scheme are indicative only. A more detailed timetable will be included in the Scheme Circular.

16. General

In deciding whether or not to vote in favour of the resolutions to implement the Scheme, 3i QPEP Shareholders should rely only on the information contained in, and should follow the procedures described in, the Scheme Circular.

Information on the tax consequences of the Scheme for the 3i QPEP Shareholders will be contained in the Scheme Circular. The Independent Directors of 3i QPEP are being advised by Tricorn Partners and 3i is being advised by Rothschild.

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Tricorn Partners is acting exclusively for 3i QPEP and no one else in connection with the Scheme and will not be responsible to anyone other than 3i QPEP for providing the protections afforded to clients of Tricorn Partners or for providing advice in connection with the Scheme or any matter referred to herein.

Rothschild, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting for 3i and no one else in relation to the Scheme and will not be responsible to anyone other than 3i for providing the protections afforded to clients of Rothschild nor for providing advice in relation to the proposed transaction.

This announcement is not intended to and does not constitute, or form any part of, an offer to sell or an invitation to subscribe for or purchase any securities or the solicitation of any vote or approval in any jurisdiction, pursuant to the Scheme or otherwise. The Scheme will be made solely through the Scheme Circular, which will contain the full terms and conditions of the Scheme (including details of how to vote in respect of the Scheme). Any response in relation to the Scheme will be made only on the basis of the information contained in the Scheme Circular or any other document by which the Scheme is made. 3i QPEP Shareholders are advised to read carefully the formal documentation in relation to the acquisition once it has been dispatched. This announcement does not constitute a prospectus or prospectus equivalent document.

Forward Looking Statements

This announcement contains statements about 3i QPEP and 3i that are or may be forward looking statements. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans" "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects", "continue", "should" or, words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of 3i QPEP's or 3i's operations and potential synergies resulting from the Scheme; and (iii) the effects of government regulation on 3i QPEP's or 3i's business.

Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. 3i QPEP and 3i disclaim any obligation to update any forward looking or other statements contained herein, except as required by applicable law.

APPENDIX I DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise.

“3i”	3i Group plc
“3i QPEP” or the “Company”	3i Quoted Private Equity plc
“3i QPEP Directors”	the directors of 3i QPEP as at the date of this announcement
“3i QPEP Shareholders”	the holders of 3i QPEP Shares, including 3i
“3i QPEP Shares”	the existing unconditionally allotted or issued and fully paid ordinary shares of 1 pence each in the capital of 3i QPEP
“Business Day”	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are open for business (other than solely for trading and settlement in Euros) in the City of London
“Code”	The City Code on Takeovers and Mergers
“Effective Date”	the date on which the Scheme becomes effective pursuant to its terms
“EGM”	the extraordinary general meeting of 3i QPEP (or any adjournment thereof) to be held in connection with the Scheme for the purposes of, inter alia, obtaining shareholder approval for the Scheme and the steps necessary to implement the Scheme
“Financial Services Authority”	the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
“Independent Directors”	the 3i QPEP Directors other than Antoine Clauzel
“Independent Shareholders”	the 3i QPEP Shareholders excluding 3i
“Listing Rules”	the rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority’s publication of the same name
“London Stock Exchange”	London Stock Exchange plc
“New 3i Shares”	Ordinary Shares of 73 19/22 pence par value in the capital of 3i to be issued to Independent Shareholders pursuant to the Scheme
“Official List”	The Official List of the UK Listing Authority
“Rothschild”	N M Rothschild & Sons Limited
“Scheme”	the distribution of assets to 3i by 3i QPEP’s liquidator in satisfaction of its rights in the winding up of 3i QPEP and

a transfer by the liquidator of the residual assets of 3i QPEP to 3i in consideration of the payment of cash and the issue of New 3i Shares to Independent Shareholders in respect of their interests in 3i QPEP, as set out in Section 2 of this announcement

“Scheme Circular”

the circular to be sent to 3i QPEP Shareholders containing the terms and conditions of the Scheme, details of the proposals and the resolutions required to implement them

“Tricorn Partners”

Tricorn Partners LLP

“UKLA”

the UK Listing Authority, being the Financial Services Authority Limited acting in its capacity as the competent authority for the purposes of Part IV of the Financial Services and Markets Act 2000

“United Kingdom” or “UK”

the United Kingdom of Great Britain and Northern Ireland

All the times referred to in this announcement are London times.

References to the singular include the plural and vice versa.