

# Annual General Meeting



9 July 2008



- In the event of an emergency, a two-tone fire alarm will commence
- An announcement over the public address system will follow; it will ask you to listen for further instructions
- Take a look now for your nearest fire escape sign
- Should an evacuation become necessary, instructions will be given over the public address system
- When told, you should leave the building quickly by the nearest exit
- Walk, do not run, do not stop for belongings, do not use the lifts
- Assistance will be provided for those with restricted sight, hearing or impaired mobility
- Your assembly point is opposite the QEII Conference Centre's main entrance
- Please take care when crossing the road



Baroness Hogg  
Chairman





# The Board of Directors



Willem Mesdag





Robert Swannell





Oliver Stocken





Simon Ball





Philip Yea





Kevin Dunn





Lord Smith of Kelvin





Michael Queen





Christine Morin-Postel



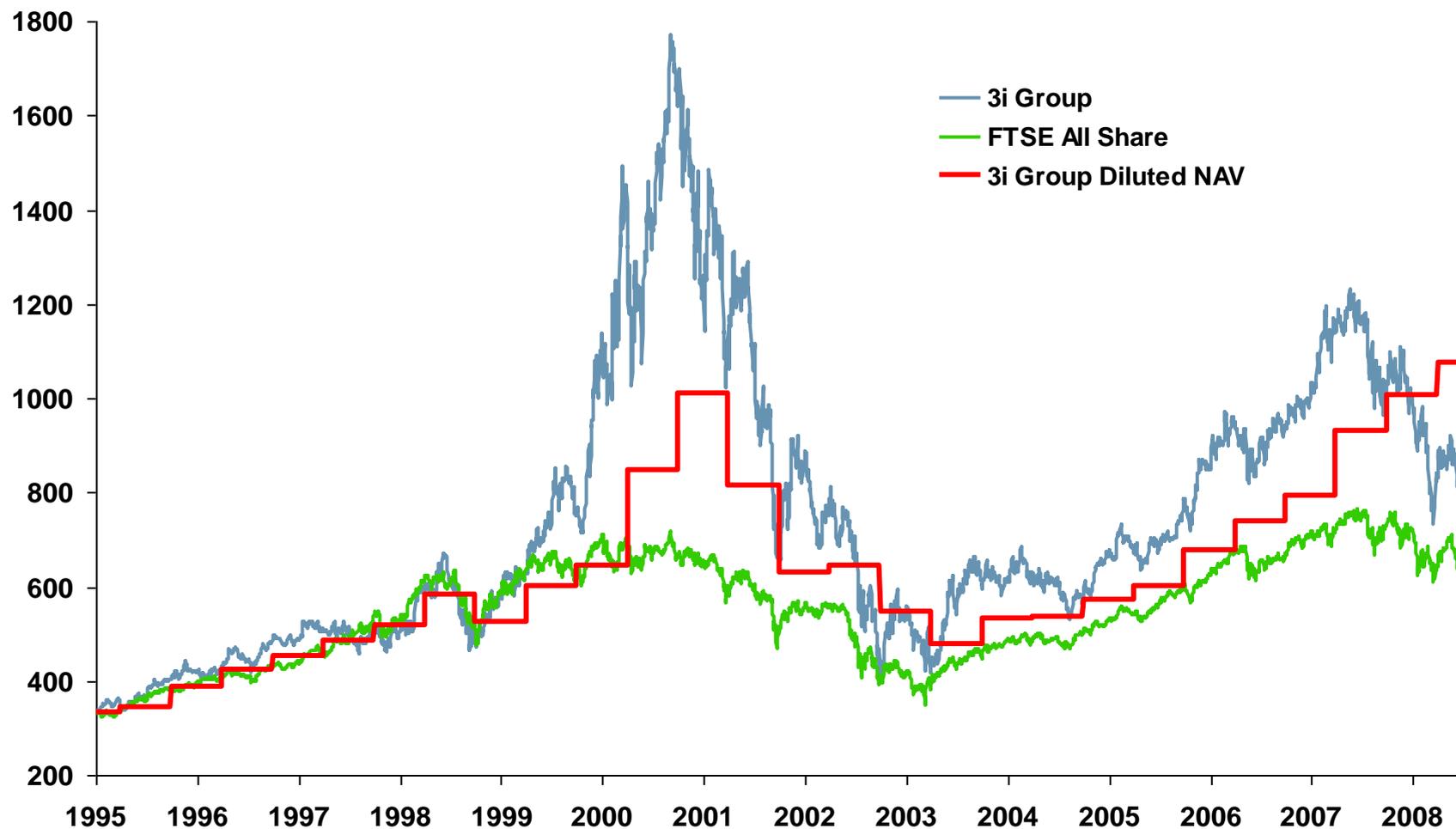


Fred Steingraber

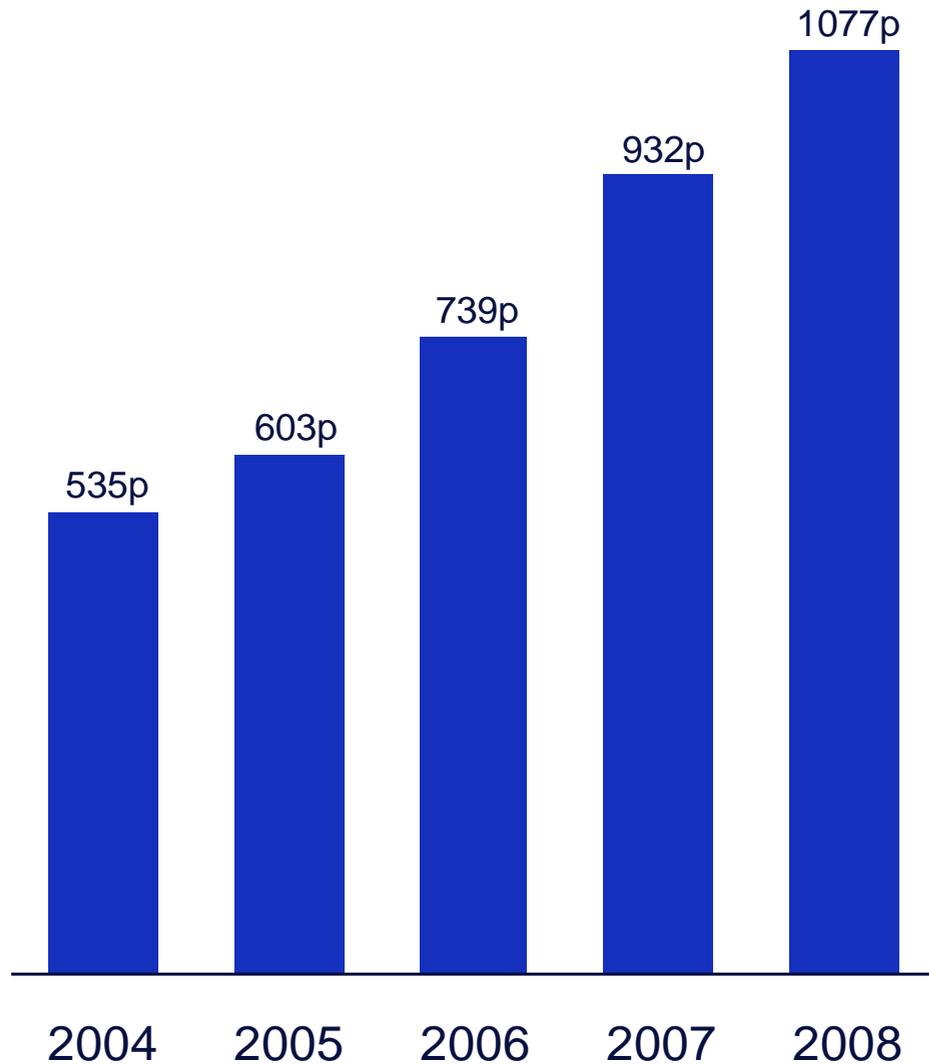


- Good performance in more challenging markets
- Realistic in outlook
  - debt markets
  - M&A markets
  - global economic conditions; portfolio performance
- Confident in strategy
  - further progress to report
  - setting new targets for the future

# Share price and NAV per share since flotation

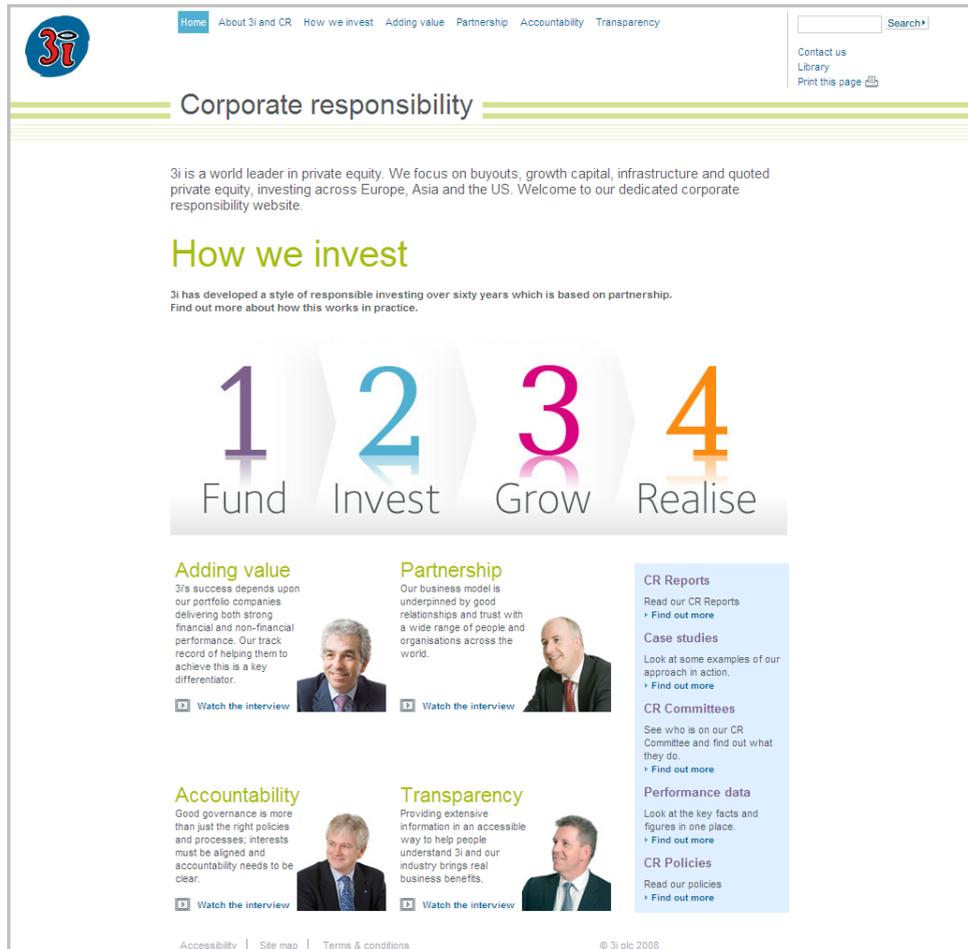


# Growth in net asset value



- Final dividend per ordinary share 10.9p (2007: 10.3p)
- Total dividend per ordinary share 17.0p (2007: 16.1p)

- Enhanced disclosure
- A new two-page accessible guide to our valuation methodology (pages 106/7 of annual report)
- Valuation bases listed for major investments (pages 108-109 in annual report)



The screenshot shows the 'Corporate responsibility' page on the 3iCR.com website. At the top, there is a navigation menu with links for Home, About 3i and CR, How we invest, Adding value, Partnership, Accountability, and Transparency. A search bar and utility links (Contact us, Library, Print this page) are also present. The main heading is 'Corporate responsibility'. Below it, a paragraph states: '3i is a world leader in private equity. We focus on buyouts, growth capital, infrastructure and quoted private equity, investing across Europe, Asia and the US. Welcome to our dedicated corporate responsibility website.' A section titled 'How we invest' includes a sub-heading and a paragraph: '3i has developed a style of responsible investing over sixty years which is based on partnership. Find out more about how this works in practice.' A large graphic displays a four-step process: 1 Fund, 2 Invest, 3 Grow, and 4 Realise. Below this, there are four main content areas: 'Adding value' (describing success through portfolio companies), 'Partnership' (describing the business model), 'Accountability' (describing good governance), and 'Transparency' (describing accessible information). Each of these four areas includes a short paragraph, a small portrait of a man, and a 'Watch the interview' link. On the right side, there is a blue sidebar with links to 'CR Reports', 'Case studies', 'CR Committees', 'Performance data', and 'CR Policies', each with a 'Find out more' link. At the bottom of the page, there are links for 'Accessibility', 'Site map', and 'Terms & conditions', along with the copyright notice '© 3i plc 2008'.

## Objectives

- Increase accessibility to the extensive CR information we already had available
- Increase disclosure
- Support our awareness and internal communication objectives on CR issues





## Chief Executive's review

### Philip Yea



# Financial performance headlines



	2008	2007
Investment	£2,160m	£1,576m
Realisation proceeds	£1,742m	£2,438m
Realised profits on disposal	£523m	£830m
Gross portfolio return	23.9%	34.0%
Total return	£792m	£1,075m
Return on opening equity	18.6%	26.8%
Net asset value per ordinary share (diluted)	£10.77	£9.32

## Vision

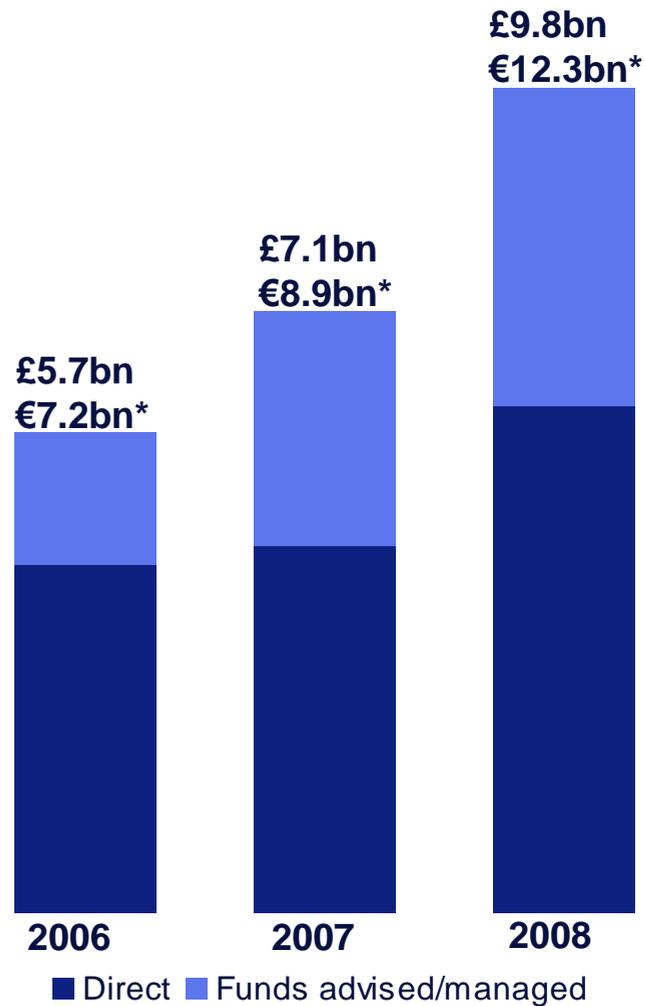
- To be the private equity firm of choice
- Operating on a world-wide scale
- Producing consistent market-beating returns
- Acknowledged for our partnership style
- Winning through our unparalleled resources

## Strategy

- To invest in high-return assets
- To grow our assets and those we manage on behalf of third parties
- To extend our international reach, directly and through investing in funds
- To use our balance sheet and resources to develop existing and new business lines
- To continue to build our strong culture of operating as one company across business lines, geographies and sectors

- Total return strong at 18.6%
- Growth in AUM of 37%
  - 3i QPE Limited listed, funded and 26% invested
  - 3i Infrastructure Limited performing very strongly
  - India Infrastructure Fund exceeds target size (\$1.2bn)
- Geographic expansion and increased deal size delivering
  - US Growth Capital established as active differentiated investor
  - Indian portfolio showing value growth
  - market-driven merger of late-stage Venture with Growth teams
- Selective approach to investing
  - fewer deals, but at higher average deal-size
  - earnings increases underpin uplift in portfolio value
- Fee income growing; net costs after fees flat year on year

# Growth in assets under management



- 37% growth in assets under management for 2008
- Direct investment driven by average size
- Funds advised/managed driven by Infrastructure and QPE
- Target AUM of c.€20bn by 2010

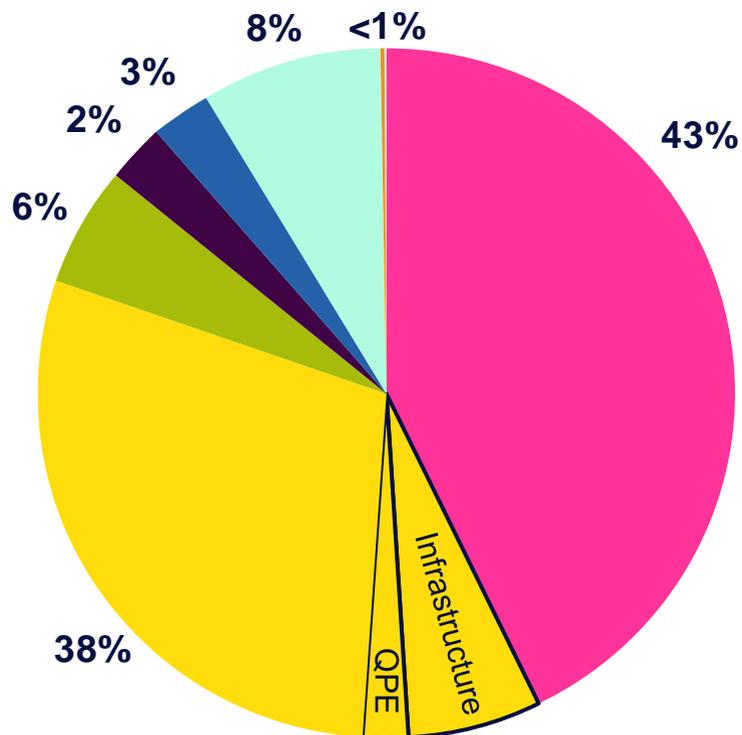
\* Sterling/euro conversion at 31 March 2008 £1 = €1.26

# Portfolio at 31 March 2008



## Analysis by geography

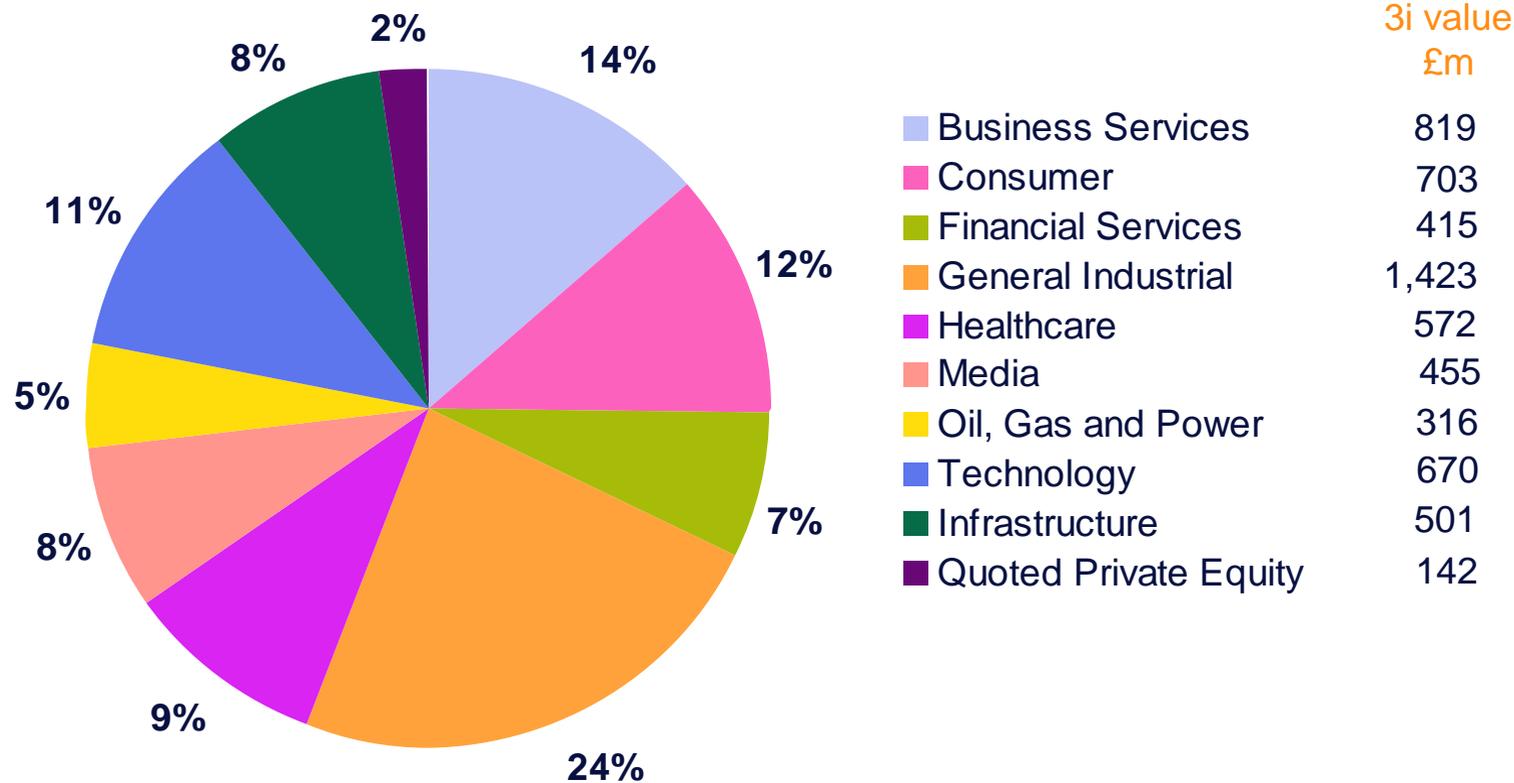
3i portfolio value £6,016m



	3i value £m	Number of businesses
Continental Europe	2,573	193
UK	2,250	183
India	334	12
China	171	9
Other Asia	174	13
US	497	73
Rest of World	17	4

## Analysis by sector

3i portfolio value £6,016m



- Progress in all business lines
- Portfolio performing well
- 3i's market position plays to the current conditions

# Gross portfolio return



	2008	2007
<b>Gross portfolio return</b>	<b>24%</b>	<b>34%</b>
Buyouts	57%	54%
Growth Capital	21%	48%
Infrastructure	14%	16%
Quoted Private Equity	n/a	n/a
SMI	0%	13%
Venture Capital	(2)%	(6)%

## Strategic progress

- New team in Asia
  - first buyout closed in April
- Central and Eastern Europe team
  - EDS closed May 2007
- Debt management opportunity

## Market positioning

- Well positioned as the leading European mid-market buyout firm
- Long-term banking relationships delivering

## Portfolio

- Active partnership model delivering
- Strengthened by Business Leaders Network

## Strategic progress

- Move to higher average deal size - £37m (2007: £26m)
- Geographical extension
  - US Growth Capital – four investments in the year totalling \$489m
  - continued development in Asia

## Market positioning

- Well positioned as the leading international growth capital business
- Long-term local relationships delivering
- Flagship deals such as Foster + Partners, Quintiles, ACR and Little Sheep reinforce international and sector strength as well as high value add

## Portfolio

- Active partnership model delivering, leveraging Group resources

## Strategic progress

- 3i Infrastructure Limited (£700m listed fund)
- 3i India Infrastructure Fund (\$1.2bn fund announced on 16 April 2008)
- Capabilities in Europe, US and Asia now in place

## Market positioning

- 3i's track record in infrastructure, government relationships and FTSE 100 status all reinforce suitability as an infrastructure partner
- Track record on corporate responsibility and transparency provide competitive advantage
- Flagship deals such as AWG, Oiltanking and Adani Power reinforce sector strength and international capability

## Portfolio

- Active partnership model delivering
- Defensive qualities

## Strategic progress

- 3i Quoted Private Equity Limited launched on the London Stock Exchange in June 2007
- New investments made – Jelf and Phibro

## Market positioning

- Value add partner for smaller quoted companies
- Differentiated by 3i's resources and brand

## Portfolio

- Active partnership in place
- Strengthened by Business Leaders Network

# A selection of case studies from our annual report



## Opportunity

## Outlook/key differentiators

Buyouts

Mid-market  
Banking relationships

Growth Capital

Origination pipeline  
Suitability for LP funding

Infrastructure

Performing; funded  
Non-correlated

QPE

Funded  
Pricing attractive

# Total return analysis



	2008 £m		2007 £m	
<b>Gross portfolio return</b>	<b>1,041</b>	<b>23.9%</b>	<b>1,406</b>	<b>34.0%</b>
Net carried interest	(92)		(61)	
Operating expenses less fees from external funds	(214)		(218)	
<b>Net portfolio return</b>	<b>735</b>	<b>16.9%</b>	<b>1,127</b>	<b>27.2%</b>
Net interest payable	(16)		(9)	
Movement in the fair value of derivatives	158		(29)	
Exchange movements	(44)		(31)	
Other	(5)		(2)	
<b>Profit after tax</b>	<b>828</b>		<b>1,056</b>	
Reserve movements	(36)		19	
<b>Total return on opening equity</b>	<b>792</b>	<b>18.6%</b>	<b>1,075</b>	<b>26.8%</b>

# Group – gross portfolio return



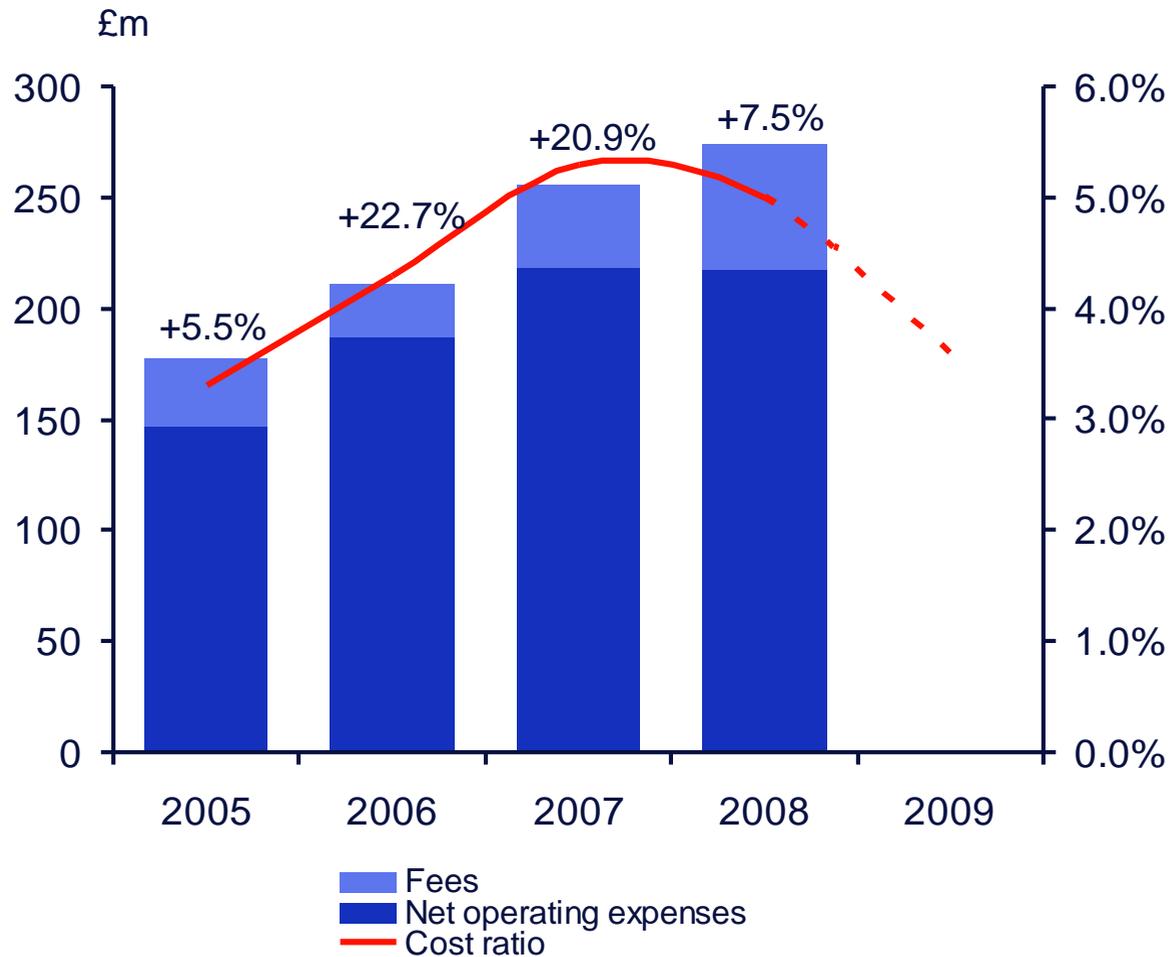
	2008 £m	2007 £m
Realised profits	523	830
Unrealised profits	291	323
Portfolio income	227	253
<b>Gross portfolio return</b>	<b><u>1,041</u></b>	<b><u>1,406</u></b>
Realised uplift on opening book value	43%	52%

# Unrealised profits



	2008 £m	2007 £m
Earnings multiples (EBITDA multiples 15% lower in 2008)	(162)	5
Earnings	307	142
First time uplift	154	142
Provisions	(188)	(71)
Up rounds	7	15
Uplifts to sale	83	139
Other movements on unquoted investments	26	(12)
Quoted portfolio	64	(37)
<b>Total</b>	<b>291</b>	<b>323</b>

# Operating expense five year trend



- Net costs flat
- Cost ratio 5%
- Expected to be below 4% 2008/09

# Balance sheet



	March 2008 £m	Sept 2007 £m	March 2007 £m
Investment assets	6,016	5,130	4,362
Other net liabilities	(321)	(143)	(114)
	<u>5,695</u>	<u>4,987</u>	<u>4,248</u>
Net borrowings/(surplus)	1,638	1,143	(1)
Equity	<u>4,057</u>	<u>3,844</u>	<u>4,249</u>
	<u>5,695</u>	<u>4,987</u>	<u>4,248</u>
Gearing	40%	30%	0%

- Existing €550m convertible bond matures August 2008
- New £430m convertible bond
  - 60% effective conversion premium
  - three year maturity
- Liquid resources and undrawn facilities > £1bn

- Last four years have delivered a reshaped business
- Growth in assets under management
  - diversified by geography and type
  - selective investment; fewer companies
  - improved capital and cost efficiency
- Group resources redirected to attractive areas
  - headcount flat over four years
  - net costs to opening portfolio on track to achieve long-term targets
- On track to achieving €20bn AUM by 2010 with potentially half third party

- Good level of new investment at £428m for three months to 30 June
- Realisations stronger than anticipated at £301m for three months to 30 June
- Uplift over opening value of 26%

We remain highly selective with respect to new investment, and continue to monitor closely the financial performance of our portfolio.

This approach, combined with the diversity of our business in terms of asset class, geography and sector put us in a good position to deal with what continues to be an uncertain economic environment.





# The Resolutions

- AGM
  - 15 resolutions
  - ‘political donations’
  - issue of shares
  - purchase of shares
  - B shares
  - Articles of Association



# Questions

Resolutions	For	Against	Abstain
1 To receive and consider the Company's Accounts for the year to 31 March 2008 and the Directors' and Auditors' reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To approve the Directors' remuneration report for the year to 31 March 2008.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To declare a dividend.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To reappoint Mr W Mesdag as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To reappoint Mr S P Ball as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To reappoint Sir Robert Smith as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 To reappoint Mr O H J Stocken as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 To reappoint Ernst & Young LLP as Auditors of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 To authorise the Board to fix the Auditors' remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 To renew the authority to incur political expenditure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 To renew the authority to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 To renew the section 89 authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 To renew the authority to purchase own ordinary shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 To renew the authority to purchase own B shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 To adopt new Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proxy votes lodged for this Resolution:

99.16% For, 0.14% Discretionary, 0.34% Abstain and 0.36% Against

“THAT the Company’s Accounts for the year to 31 March 2008 and the Directors’ report, the Auditors’ report and the auditable part of the Directors’ remuneration report be and they are hereby received and considered”

Proxy votes lodged for this Resolution:

92.48% For, 0.50% Discretionary, 5.21% Abstain and 1.81% Against

“THAT the Directors’ remuneration report for the year to 31 March 2008 be and it is hereby approved”

Proxy votes lodged for this Resolution:

99.62% For, 0.14% Discretionary, 0.23% Abstain and 0.01% Against

“THAT a final dividend of 10.9 pence per ordinary share be and it is hereby declared, payable to those shareholders whose names appeared on the Register of Members at close of business on 20 June 2008”

Proxy votes lodged for this Resolution:

98.37% For, 0.15% Discretionary, 0.26% Abstain and 1.22% Against

“THAT Mr W Mesdag be and he is hereby reappointed as a Director of the Company”

Proxy votes lodged for this Resolution:

98.13% For, 0.50% Discretionary, 0.26% Abstain and 1.11% Against

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

Proxy votes lodged for this Resolution:

98.34% For, 0.15% Discretionary, 0.26% Abstain and 1.25% Against

“THAT Lord Smith of Kelvin be and he is hereby reappointed as a Director of the Company”

Proxy votes lodged for this Resolution:

98.32% For, 0.16% Discretionary, 0.26% Abstain and 1.26% Against

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

Proxy votes lodged for this Resolution:

98.89% For, 0.50% Discretionary, 0.24% Abstain and 0.37% 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”

Proxy votes lodged for this Resolution:

98.95% For, 0.50% Discretionary, 0.25% Abstain and 0.30% Against

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

Proxy votes lodged for this Resolution:

98.25% For, 0.14% Discretionary, 0.44% Abstain and 1.17% Against

**To renew the authority to incur political expenditure**

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

Proxy votes lodged for this Resolution:

98.26% For, 0.14% Discretionary, 0.26% Abstain and 1.34% Against

**To renew the Directors' authority to allot shares**

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

Proxy votes lodged for this Resolution:

99.24% For, 0.15% Discretionary, 0.39% Abstain and 0.22% Against

## Special Resolution

To renew the Directors' authority to allot shares for cash

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

Proxy votes lodged for this Resolution:

99.57% For, 0.14% Discretionary, 0.24% Abstain and 0.05% Against

## Special Resolution

To renew the Company's authority to purchase its own ordinary shares

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

Proxy votes lodged for this Resolution:

98.81% For, 0.14% Discretionary, 0.25% Abstain and 0.80% Against

## Special Resolution

To renew the Company's authority to purchase its own B Shares

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

Proxy votes lodged for this Resolution:

97.70% For, 0.17% Discretionary, 0.53% Abstain and 1.60% Against

## Special Resolution

### To adopt new Articles of Association

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

