

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

If you have sold or transferred, or sell or transfer prior to 6.00 pm on 13 July 2007, your entire holding of Existing Ordinary Shares and/or Existing B Shares, please send this document, together with the Form(s) of Election that accompany it, as soon as possible to the purchaser or transferee of those shares or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. The distribution of these documents in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

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

Lehman Brothers International (Europe), which is authorised and regulated by the Financial Services Authority, is acting for the Company and for no-one else in connection with the B Share Offers and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Lehman Brothers International (Europe) or for affording advice in relation to the B Share Offers or any matters referred to herein.

Application will be made to the UK Listing Authority for the Consolidated Ordinary Shares and the New B Shares to be admitted to the Official List and to the London Stock Exchange for the Consolidated Ordinary Shares and the New B Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Admission to the Official List together with admission to trading on the London Stock Exchange's main market for listed securities will constitute admission to official listing on a stock exchange. It is expected that admission will become effective and that dealings in the Consolidated Ordinary Shares and the New B Shares will commence on the London Stock Exchange's main market for listed securities at 8.00 am on 16 July 2007.



3i Group plc

(registered in England and Wales under number 1142830)

Notice of Extraordinary General Meeting

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

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 4 to 9 of this document and which recommends that you vote in favour of the special resolution to be proposed at the EGM referred to below.

You should note that the Proposals (other than the Brokers' Offer insofar as it relates to Existing B Shares) are conditional upon, among other things: (i) the approval by Ordinary Shareholders of the Resolution; and (ii) Admission.

A Form of Proxy for use in connection with the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it, and return it as soon as possible, but in any event so as to be received by the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DW, not later than 10.45 am on 9 July 2007.

In CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Lloyds TSB Registrars so that it is received by no later than 10.45 am on 9 July 2007. The return of a completed Form of Proxy or transmission of a CREST Proxy Instruction will not prevent you from attending the EGM and voting in person if you so wish and are so entitled.

None of the New B Shares has been or will be registered under the US Securities Act of 1933 or any state securities laws of the United States. Accordingly, none of the New B Shares may be offered, transferred or sold in the United States or elsewhere by Shareholders unless pursuant to a transaction that has been registered under the US Securities Act of 1933 and the relevant state securities laws or that is not subject to the registration requirements of the US Securities Act of 1933 or such laws, either due to an exemption from them or otherwise.

Neither the New B Shares nor this document has been approved, disapproved or otherwise recommended by any US federal or state securities commission nor have such authorities confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Excluded Overseas Shareholders, including US Shareholders, will only be entitled to receive the proceeds from the involuntary sale pursuant to the Brokers' Offer or otherwise of any New B Shares which they would otherwise have been entitled to retain. In addition, for US Shareholders who have previously executed an undertaking in respect of any Ordinary Shares purchased or held by them, any New B Shares allocated to them will be treated as Ordinary Shares purchased by them for the purpose of such undertaking.

Excluded Overseas Shareholders should not return a Form of Election or issue any instruction in CREST in respect of B Shares.



Forward-looking Statements

This document may contain certain statements about the future outlook for the Company as opposed to those relating to historical or current facts such as statements concerning the Company's future portfolio and changes in it, development of business strategy, dividends and other distributions to Shareholders, gearing and future performance. The Company believes its expectations are based on reasonable assumptions, but any statements about the future outlook are inherently subject to risks and uncertainties that could cause actual outcomes and results to be materially different from expectations. Such risks and uncertainties, include, but are not limited to, those described in the section "Risk Management" in the Company's 2007 Annual Report and Accounts.

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Part 1. Expected timetable of events

4 July 2007	Existing B Share ex-dividend date
6 July 2007	Existing B Share dividend record date
9 July 2007 at 10.30 am	Latest time and date for receipt of AGM proxy forms
9 July 2007 at 10.45 am	Latest time and date for receipt of Forms of Proxy for the EGM
11 July 2007 at 10.30 am	AGM
11 July 2007 at 10.45 am or as soon as possible thereafter upon the conclusion or adjournment of the AGM	EGM
13 July 2007 at 4.30 pm	Latest time and date for dealings in Existing Ordinary Shares Latest time and date for receipt of Yellow and Green Forms of Election
13 July 2007 at 6.00 pm	Record Date (for consolidation of Existing Ordinary Shares and entitlement to New B Shares), Existing Ordinary Share register closed and Existing Ordinary Shares disabled in CREST
16 July 2007	Existing B Share dividend payment date
16 July 2007 at 8.00 am	Issue of New B Shares, Admission of New B Shares and of Consolidated Ordinary Shares and commencement of dealings in New B Shares and in Consolidated Ordinary Shares
20 July 2007	Existing Ordinary Share final dividend payment date
20 July 2007 at 4.30 pm	Latest time and date for withdrawal/amendment of submitted Yellow and Green Forms of Election and for settlement of CREST instructions in relation to the Brokers' Offer
20 July 2007 at 6.00 pm	Brokers' Offer Record Date (for participation in the Brokers' Offer)
23 July 2007 at 8.00 am	Brokers' Offer completed by RIS announcement
26 July 2007	Settlement of purchases pursuant to the Brokers' Offer by crediting of CREST accounts/issue of cheques for proceeds Share certificates for Consolidated Ordinary Shares and cheques in respect of fractional entitlements to Consolidated Ordinary Shares posted to Certificated Shareholders Amounts in respect of fractional entitlements to Consolidated Ordinary Shares credited to CREST accounts Share certificates and Company Offer Forms of Election in respect of New B Shares retained after the Brokers' Offer posted to Certificated Shareholders
17 August 2007 at 4.30 pm	Latest time and date for receipt of Company Offer Forms of Election and for settlement of CREST instructions in relation to the Company Offer
17 August 2007 at 6.00 pm	Record date for participation in the Company Offer
20 August 2007 at 8.00 am	Company Offer completed by RIS announcement
29 August 2007	Settlement of purchases pursuant to the Company Offer by submission of payments by BACS/issue of cheques for proceeds
July 2008	Future Purchase Offer expected to be made
July 2009	Future Purchase Offer expected to be made

Notes:

1. References to times in this document are to UK time.
2. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by RIS.
3. All events in the above timetable relating to the Proposals (other than the Brokers' Offer insofar as it relates to the Existing B Shares) are conditional upon, among other things, the passing of the Resolution.

Part 2. What you need to do

The tables below tell you what documents you should have, and what decisions you need to make. Details of the Proposals, on which you should base those decisions, are set out in Part 3 (Letter from the Chairman) and Part 5 (Details of the Proposals) of this document.

1. Documents enclosed

If you are a Certificated Shareholder, please check that in addition to this document you have the following:

If you hold Ordinary Shares	If you hold Existing B Shares
A Yellow Form of Election – this form allows you to choose whether to keep the New B Shares you receive under the Proposals, or to sell them in the Brokers' Offer. You will find the Form of Proxy and admission card for the EGM attached to this form	A Green Form of Election – this form allows you to sell the Existing B Shares you currently hold in the Brokers' Offer
A reply-paid envelope for UK-based Shareholders to return their Yellow Form of Election	A reply-paid envelope for UK-based Shareholders to return their Green Form of Election

Note: If you currently hold both Ordinary Shares and Existing B Shares, you should find enclosed both a Yellow Form of Election for your New B Shares and a Green Form of Election for your Existing B Shares. You will only have one reply-paid envelope for both forms.

If any document is missing, please contact the Shareholder Helpline (details below).

2. Your choices

3i is proposing to return money to Shareholders by issuing New B Shares to Ordinary Shareholders, with the expectation that offers will be made to purchase both the New and Existing B Shares shortly afterwards at a fixed price of 127p per B Share.

The B Share Offers, if they are made, will be as follows:

B Share Offer	When?	By whom?
Brokers' Offer	July 2007	3i's Brokers as principals
Company Offer	August 2007	3i, acting through the agency of Dresdner Kleinwort Securities Limited
Future Purchase Offers	July 2008 and July 2009	A third party to be identified

For UK tax resident individual Shareholders, it is intended that the Brokers' Offer and the Company Offer will be treated differently for tax purposes. Further information on this is in Part 7 (United Kingdom taxation in relation to the Proposals).

You must decide now if you want to (1) participate in the Brokers' Offer, or (2) retain all or some of your B Shares, either to participate in the subsequent B Share Offers or simply to continue to hold your B Shares.

3. How to choose one or more of the B Share Offers

The method of participating in the Brokers' Offer is different for New B Shares (to be received by Ordinary Shareholders) and Existing B Shares, as is the default position if you fail to make a valid election (either via a Form of Election or through CREST):

	To participate in the Brokers' Offer	To retain your B Shares
Recipients of New B Shares	Complete the YELLOW Form of Election, or issue an instruction in CREST, indicating your acceptance of the Brokers' Offer for some or all of your New B Shares	Complete the YELLOW Form of Election, or issue an instruction in CREST, indicating your wish to retain some or all of your New B Shares
Holders of Existing B Shares	Complete the GREEN Form of Election, or issue an instruction in CREST, indicating your acceptance of the Brokers' Offer for some or all of your Existing B Shares If you submit a Green Form of Election, you must enclose your certificate for your Existing B Shares . If you have lost it, contact the Shareholder Helpline (details below) Note: to ensure that you are paid this year's dividend on the Existing B Shares, you should not issue an instruction in CREST before 7 July 2007	Do nothing



If you hold Ordinary Shares or Existing B Shares in certificated form, you will find detailed instructions, including how to complete and return your Form(s) of Election, in Part 4 (Completing your Form(s) of Election) and on the Form(s) of Election themselves. You should read this document, and those Parts in particular, and the relevant Form of Election carefully before taking any action. **Yellow and Green Forms of Election must be despatched so that they are received by the Registrars before 4.30 pm on 13 July 2007.**

If you hold Ordinary Shares or Existing B Shares in CREST, you will find detailed instructions, including how to issue instructions in CREST, in Part 5 (Details of the Proposals) of this document. You should read this document, and that Part in particular, carefully before taking any action. **Instructions in CREST regarding the Brokers' Offer must be issued by 4.30 pm on 20 July 2007.**

Excluded Overseas Shareholders should not return a Form of Election or issue any instruction in CREST in respect of B Shares.

4. More information

You will find more information about the Proposals, and the choices you have, in Part 9 (Questions and answers) of this document.

If you have any queries in relation to the Proposals, the B Share Offers, the Forms of Election or the Form of Proxy, you may call the Shareholder Helpline on 0870 195 6310 (or +44 (0)1903 276 342 if calling from outside the UK) between 8.30 am and 5.30 pm on any Business Day. Please note that the Shareholder Helpline will not provide advice on the merits of the Proposals or give any financial or tax advice.

Part 3. Letter from the Chairman

3i Group plc

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

Registered Office

16 Palace Street,
London SW1E 5JD
United Kingdom

14 June 2007

To Ordinary Shareholders and, for information only, to Existing B Shareholders and participants in the Share Schemes

Dear Ordinary Shareholder,

1. Background to the Proposals

On 29 March 2007, the Company announced its intention to return £800 million to Ordinary Shareholders by means of a bonus issue of preference shares and subsequent purchase offers. On 10 May 2007, as part of the preliminary announcement of the results for the Group for the year to 31 March 2007, the Board reaffirmed this intention. This document gives details of the Proposals and the business to be transacted at the forthcoming Extraordinary General Meeting of the Company, which has been convened in connection with the Proposals.

As I indicated last year, the Board is committed to creating further value for Ordinary Shareholders by generating returns on investments consistent with the Group's published return targets, maintaining an effective organisation and cost structure and managing capital efficiently, so as to optimise the return for Ordinary Shareholders whilst maintaining prudent financial ratios.

During the financial year to 31 March 2007, £763 million of cash was returned to Shareholders by means of re-purchases of B Shares (£689 million) and on-market purchases of Ordinary Shares (£74 million). In addition, dividends of £79 million were paid on the Ordinary Shares. Despite these cash outflows, the Group's gearing ratio (the amount of the Group's consolidated net borrowings divided by its consolidated equity shareholders' funds) at 31 March 2007 was 0%, down from 1% a year earlier, primarily as a result of the exceptional levels of cash generated through the realisation of investments in portfolio companies.

The Board believes that this low level of gearing does not represent the most efficient use of Ordinary Shareholders' capital at this time and, having taken into account projected cash outflows and inflows over the medium term, has concluded that it would be in the Company's best interests to make a further return of cash of approximately £800 million. The pro forma gearing ratio as at 31 March 2007, calculated on the assumption that £800 million of cash was returned to Ordinary Shareholders on that date, would have been 23%.

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

The Directors believe the Proposals represent the most efficient and effective way to execute a return of cash of approximately £800 million to Ordinary Shareholders. The Proposals have also been designed with the objective of giving UK tax resident individual Shareholders, where possible, the flexibility to receive their return as capital or income for tax purposes, or a combination of the two. In addition, effecting the return of cash by means of the bonus issue of New B Shares will enable the Company to utilise capital reserves and hence allow the Company to retain its revenue reserves for the payment of future dividends.

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

The Brokers' Offer and the Company Offer, which form part of the Proposals, will also be made to Existing B Shareholders. Should the Resolution not be passed at the EGM, the Brokers' Offer will be made to the Existing B Shareholders in any event.

2. Details of the Proposals

2.1 Issue of B Shares

New B Shares will be issued on the basis of:

11 New B Shares for 8 Existing Ordinary Shares

held at the Record Date and in the same proportion for other numbers of Existing Ordinary Shares held.

If a holding of Existing Ordinary Shares is not exactly divisible by 8, your entitlement to New B Shares will be rounded down to the nearest whole number of New B Shares. This rounding will not amount to more than $\frac{7}{8}$ ths of the value of one New B Share (i.e. less than 112p) per shareholding.

Application will be made for the New B Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities, with dealings expected to commence at 8.00 am on 16 July 2007. No dealings in New B Shares will be possible before that date.

2.2 Share Capital Consolidation

As was the case in relation to the B Share issue in July 2006, it is proposed that a share capital consolidation will be undertaken as part of the Proposals.

In order to adjust for the issue of the New B Shares, the Existing Ordinary Shares will be consolidated and sub-divided on 16 July 2007 so that Ordinary Shareholders will receive:

17 Consolidated Ordinary Shares for every 20 Existing Ordinary Shares

that they hold at the Record Date and in the same proportion for other numbers of Existing Ordinary Shares held.

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

The intention of the Share Capital Consolidation is that, subject to market movements, the share price of one Consolidated Ordinary Share immediately after Admission should be approximately equal to the share price of one Existing Ordinary Share immediately beforehand.

The value represented by the issue of New B Shares amounts to approximately 15% of the aggregate market value of all Existing Ordinary Shares in issue at close of business on 12 June 2007 (the latest practicable date before the posting of this document) after having accounted for the payment of the final dividend for the year to 31 March 2007 on the Existing Ordinary Shares. The Share Capital Consolidation will reduce the number of Ordinary Shares in issue by approximately 15% and will therefore allow, so far as practicable, comparability of the Company's share price and other Company data such as earnings per share and dividends per share before and after the issue of the New B Shares. The Share Capital Consolidation is also intended to maintain a neutral position for those holders of options and awards under the Share Schemes who do not receive New B Shares.

As all shareholdings in the Company will be consolidated, your percentage holding in the Company will (save for fractional entitlements) be unchanged following the Share Capital Consolidation. The Share Capital Consolidation will not affect your entitlement to New B Shares, since it will take place after the Record Date (expected to be 13 July 2007) which determines this entitlement.

If a holding of Existing Ordinary Shares is not exactly divisible by 20, the Share Capital Consolidation will generate an entitlement to a fraction of a Consolidated Ordinary Share. These entitlements will be aggregated and sold in the market on behalf of the Ordinary Shareholders entitled to them. It is expected that the net proceeds of the entitlements will be paid to Ordinary Shareholders either by cheque (in respect of holdings of certificated Existing Ordinary Shares), which are expected to be dispatched on or around 26 July 2007, or by the crediting of CREST accounts (in respect of holdings of Existing Ordinary Shares in CREST) which is expected to occur on or around 26 July 2007. The value of each Ordinary Shareholder's fractional entitlement will not exceed the value of one Consolidated Ordinary Share.

Application will be made for the Consolidated Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities, with dealings expected to commence at 8.00 am on 16 July 2007. Upon Admission, Consolidated Ordinary Shares will be traded on the London Stock Exchange's main market for listed securities in the same way as Existing Ordinary Shares are currently traded and will be equivalent to Existing Ordinary Shares (other than in respect of their nominal value) including in respect of their dividend, voting and other rights.

2.3 B Share Offers

The general guidance on the UK tax treatment in the following paragraphs is only a summary and is based on current law and practice as at the date of this document. UK tax resident Shareholders should read Part 7 (United Kingdom taxation in relation to the Proposals) carefully since the B Share Offers are expected to have different UK tax consequences. If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction other than the UK, you should consult an appropriate professional adviser without delay.

It is expected that the following offers will be made at the same price per share in relation to your B Shares. You may split your holding of New B Shares (as well as any Existing B Shares that you may hold) as you wish between the offers that are made. These offers are not open to Excluded Overseas Shareholders.

(i) Brokers' Offer

If you elect to participate in this offer in respect of all or some of your B Shares (including any Existing B Shares that you currently hold and New B Shares that you receive), it is expected that one of the Brokers will buy those B Shares for 127p per B Share, free of all dealing expenses and commissions, on 23 July 2007.

It is expected that cheques for the proceeds will be sent to these Shareholders, or that CREST accounts will be credited with the proceeds, on or around 26 July 2007.

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

The method of participating in the Brokers' Offer is different for New B Shares (to be received by Ordinary Shareholders) and Existing B Shares, as shown in the following table:

	To participate in the Brokers' Offer	To retain your B Shares
Recipients of New B Shares	Complete the YELLOW Form of Election, or issue an instruction in CREST, indicating your acceptance of the Brokers' Offer for some or all of your New B Shares	Complete the YELLOW Form of Election, or issue an instruction in CREST, indicating your wish to retain some or all of your New B Shares
Holders of Existing B Shares	Complete the GREEN Form of Election, or issue an instruction in CREST, indicating your acceptance of the Brokers' Offer for some or all of your Existing B Shares If you submit a Green Form of Election, you must enclose your certificate for your Existing B Shares. If you have lost it, please contact the Shareholder Helpline (see paragraph 5 of this Part 3 below) for a letter of indemnity	Do nothing

The appropriate Forms of Election for your shareholding(s) are enclosed with this document. **It is important that you use the correct Form of Election.** You cannot use the Yellow Form of Election to sell Existing B Shares, nor can you use the Green Form of Election to sell New B Shares.

You should keep some or all of your B Shares if you would like the opportunity to participate in the Company Offer, the Future Purchase Offers (if made), or if you simply wish to continue to hold all or some of your B Shares.

(ii) Company Offer

It is expected that Shareholders will be able to elect to have all or some of the B Shares that they retain after the Brokers' Offer purchased by the Company, acting through the agency of Dresdner Kleinwort Securities Limited, for 127p per B Share, free of all dealing expenses and commissions, on 20 August 2007.

If you wish to participate in the Company Offer in respect of all or some of your retained B Shares, you will need to complete the Company Offer Form of Election (which is expected to be sent to B Shareholders on or around 26 July 2007) or give appropriate CREST instructions in respect of those B Shares.

It is expected that cheques for the proceeds, or payment by BACS to mandated accounts, will be made on or around 29 August 2007.

Payments received by UK tax resident individual Shareholders pursuant to the Company Offer should generally be treated as income for UK tax purposes save for an amount equal to the one penny nominal value of each B Share sold in the Company Offer.

If you still hold B Shares after the Brokers' Offer, you will receive further information in respect of the Company Offer, and the Company Offer Form of Election, in due course.

(iii) Future Purchase Offers

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

It is currently expected that the Future Purchase Offers, by which a counterparty will purchase B Shares, will be made both in July 2008 and July 2009, although there can be no guarantee that the Future Purchase Offers will be made.

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

B Shareholders with outstanding B Shares after the Brokers' Offer and the Company Offer will not be required to participate in either of the Future Purchase Offers, if made, but should note that the Company will have the power to effect the transfer of any B Shares outstanding on or after 14 July 2009 at a price at least equal to 127p per B Share, free of all dealing expenses and commissions.

2.4 Form(s) of Election and CREST instructions

Instructions on how to complete your Form(s) of Election are set out in Part 4 (Completing your Form(s) of Election) of this document.

New B Shares

Certificated Ordinary Shareholders who do not return a valid Yellow Form of Election by 4.30 pm on 13 July 2007 will have the New B Shares to which they are entitled issued to a nominee appointed by the Directors for those Shareholders. That nominee will sell the New B Shares as soon as reasonably practicable (this is currently expected to be via participation in the Brokers' Offer, if made) and cheques for the proceeds of sale will be posted to the Ordinary Shareholders concerned.

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

If you intend to hold your New B Shares in CREST and you wish to participate in the Brokers' Offer, you will need to issue an instruction in CREST in accordance with the procedure set out in paragraph 5.1 of Part 5 (Details of the Proposals) of this document. If you do not issue a valid instruction within CREST in favour of Retention of B Shares settled by 4.30 pm on 20 July 2007, you will participate in respect of your entire holding of New B Shares in the Brokers' Offer (if made) by default.

The issue of a valid instruction within CREST by an Ordinary Shareholder will be deemed to constitute a representation, warranty and undertaking that the relevant Shareholder is not an Excluded Overseas Shareholder. Excluded Overseas Shareholders should therefore not issue any instruction within CREST in respect of New B Shares. Non-UK Ordinary Shareholders should refer to the information in Part 5 (Details of the Proposals) of this document and, in particular, paragraph 8 on page 25.

Existing B Shares

Certificated Existing B Shareholders who do not return a valid Green Form of Election and B Share Certificate (or a letter of indemnity) by 4.30 pm on 13 July 2007 will retain all of their Existing B Shares and will not be entitled to participate in the Brokers' Offer. If you hold your Existing B Shares in CREST and you wish to participate in the Brokers' Offer, you will need to issue an instruction in CREST in accordance with the procedure set out in paragraph 5.2 of Part 5 (Details of the Proposals) of this document.

Therefore, if you do not wish to participate in the Brokers' Offer in respect of your Existing B Shares, you need take no further action.

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

The issue of a valid instruction within CREST by an Existing B Shareholder will be deemed to constitute a representation, warranty and undertaking that the relevant Existing B Shareholder is not an Excluded Overseas Shareholder. Excluded Overseas Shareholders should therefore not issue any instruction within CREST in respect of Existing B Shares. Non-UK Shareholders should refer to the information in Part 5 (Details of the Proposals) of this document and, in particular, paragraph 8 on page 25.

2.5 Conditions to the Proposals

Implementation of the Proposals (other than the Brokers' Offer insofar as it relates to Existing B Shares) is conditional (among other things) upon:

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

If these conditions are not satisfied by 8.00 am on 16 July 2007 or such later time and date as the Directors shall determine, the Proposals (other than the Brokers' Offer insofar as it relates to Existing B Shares) will not take effect.

3. Key Dates

A detailed timetable is set out in Part 1 (Expected timetable of events) of this document. In particular you should note the following key dates that are presently expected in relation to the Proposals:

Date	Event
11 July 2007 at 10.45 am (or as soon as possible thereafter as the AGM either concludes or is adjourned)	EGM
13 July 2007 at 4.30 pm	Latest time and date for receipt of Green and Yellow Forms of Election
13 July 2007 at 6.00 pm	Record Date (for consolidation of Existing Ordinary Shares and entitlement to New B Shares), Existing Ordinary Share register closed and Existing Ordinary Shares disabled in CREST
16 July 2007 at 8.00 am	Admission of New B Shares and Consolidated Ordinary Shares
23 July 2007 at 8.00 am	Brokers' Offer expected to be completed
17 August 2007 at 4.30 pm	Latest time and date for receipt of Company Offer Forms of Election
20 August 2007 at 8.00 am	Company Offer expected to be completed

4. Summary explanation of the Resolution to be proposed at the EGM

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

- (A) this paragraph increases the authorised share capital of the Company by the creation of the New B Shares because the Company would not otherwise have sufficient unissued B Shares;
- (B) this paragraph authorises the Directors to capitalise part of the Company's share premium account in creating and allotting the New B Shares on an 11 – for – 8 basis (rounded down to the nearest whole number) to holders of Existing Ordinary Shares at the Record Date. The authority will lapse at the next annual general meeting of the Company;
- (C) this paragraph authorises the Directors to issue the New B Shares to which Certificated Ordinary Shareholders who do not return a validly executed Yellow Form of Election by 4.30 pm on 13 July 2007 (or such later time and date as the Directors may determine) are entitled to a person appointed as nominee by the Board to act on behalf of those Shareholders who will sell the New B Shares with the sale proceeds being sent to the Ordinary Shareholders concerned;
- (D) this paragraph sets out the procedure for consolidating and sub-dividing the authorised but unissued Existing Ordinary Shares into Consolidated Ordinary Shares and the method for dealing with fractions arising on that consolidation and sub-division;
- (E) this paragraph sets out the procedure for consolidating and sub-dividing all issued Existing Ordinary Shares into Consolidated Ordinary Shares and the method for dealing with fractions arising on that consolidation and sub-division; and
- (F) this paragraph gives authority for market purchases by the Company of B Shares at a maximum price of 127p per B Share and supplements the corresponding resolution to be proposed at the AGM in respect of the Existing B Shares.

5. Shareholder Helpline

If you have any queries in relation to the Proposals, the B Share Offers, the Forms of Election or the Form of Proxy, you may call the Shareholder Helpline on 0870 195 6310 (or +44 (0)1903 276 342 if calling from outside the UK) between 8.30 am and 5.30 pm on any Business Day. Calls are charged at the national rate. Please note that the Shareholder Helpline will not provide advice on the merits of the Proposals or give any financial or tax advice.

6. Questions and answers

You will find more information about the Proposals, and the choices you have, in Part 9 (Questions and answers) of this document.

7. Recommendation

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

Accordingly, the Board unanimously recommends that you vote in favour of the Resolution, as the Directors intend to do in respect of their own holdings of Existing Ordinary Shares in respect of which they are able to vote, amounting in aggregate to 1,110,972 Existing Ordinary Shares, representing approximately 0.24% of the current issued ordinary share capital of the Company.

Whilst the Board is satisfied that it is in the interests of the Company and Ordinary Shareholders as a whole that Ordinary Shareholders be given the opportunity to benefit from the B Share Offers, the Board makes no recommendation to individual Shareholders as to whether or not they should actually participate in the Brokers' Offer (if made) or in any of the other B Share Offers. This is a matter for each Shareholder to decide depending, amongst other things, on his or her individual tax position and objectives. Shareholders should note that under the terms of the B Share Offers there will not be any difference in the price paid per B Share between the Brokers' Offer, the Company Offer and either of the Future Purchase Offers (if made). Shareholders in any doubt as to their position should seek their own independent advice from a suitably qualified person.

Yours sincerely,

A handwritten signature in black ink that reads "Sarah Hogg". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

Baroness Hogg
Chairman

Part 4. Completing your Form(s) of Election

The Form(s) of Election enclosed with this document are the means by which Certificated Shareholders can choose whether or not to sell their B Shares in the Brokers' Offer:

- the Yellow Form of Election relates to the New B Shares being issued to Ordinary Shareholders; use this form to choose to sell or retain your New B Shares;
- the Green Form of Election relates to Existing B Shares; use this form to sell your Existing B Shares. (Note: you should do nothing if you want to retain them all).

1. New B Share Form of Election (YELLOW)

If you hold Ordinary Shares in certificated form, a **YELLOW** Form of Election in relation to participation in the Brokers' Offer in respect of your New B Shares is enclosed with this document. CREST Shareholders should not complete a Yellow Form of Election but instead should refer to paragraph 5.1 of Part 5 (Details of the Proposals) of this document.

Certificated Ordinary Shareholders who do not return a valid Yellow Form of Election so as to be received by the Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA, not later than 4.30 pm on 13 July 2007 will have the New B Shares to which they are entitled issued to a nominee appointed by the Directors for those Shareholders. That nominee will sell the New B Shares as soon as reasonably practicable (this is currently expected to be via participation in the Brokers' Offer, if made) and cheques for the proceeds of sale will be posted to the Ordinary Shareholders concerned.

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

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

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

Name(s) of Shareholder(s)

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

Number of shares held

Box B shows the indicative number of New B Shares you will receive. If you do not buy, sell or transfer any Existing Ordinary Shares between this date and 6.00 pm on 13 July 2007 and do not buy, sell or transfer any New B Shares between 8.00 am on 16 July 2007 and 6.00 pm on 20 July 2007, then the number in Box B will be the number of New B Shares which you will hold at the expected Brokers' Offer Record Date. You may make an election to participate in the Brokers' Offer or to retain your New B Shares in relation to all or part of this number of New B Shares. If you do buy, sell or transfer any Existing Ordinary Shares or New B Shares you should take care to ensure that your election is in respect of no more than the number of New B Shares that will be registered in your name(s) on the Brokers' Offer Record Date.

To elect to participate in the Brokers' Offer for all of your New B Shares:

- To choose the Brokers' Offer for **all** of your New B Shares you should mark an "X" in Box 1.
- You should then sign either Box 3(A) or Box 3(B), as applicable.

To retain all of your New B Shares:

- To retain **all** of your New B Shares (which will permit you subsequently to participate in respect of all or any of your retained New B Shares in the Company Offer or in either of the Future Purchase Offers, if made) you should mark an "X" in Box 2.
- You should then sign either Box 3(A) or Box 3(B), as applicable.

To split your New B Shares between the Brokers' Offer and the Retention of New B Shares:

- Enter (in figures) in Box 1 the number of New B Shares you wish to elect for the Brokers' Offer and enter (in figures) in Box 2 the number of New B Shares you wish to elect for the Retention of New B Shares (which will permit you subsequently to participate in respect of all or any of your retained New B Shares in the Company Offer or in either of the Future Purchase Offers, if made).
- You should then sign either Box 3(A) or Box 3(B), as applicable.

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

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

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

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

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

If you return the Yellow Form of Election with nothing marked in Box 1 or Box 2, or something other than a number, your New B Shares will be deemed elected in favour of the Brokers' Offer.

2. Existing B Share Form of Election (GREEN)

If you hold Existing B Shares in certificated form, a **GREEN** Form of Election in relation to participation in the Brokers' Offer in respect of your Existing B Shares is enclosed with this document. Existing B Shareholders who hold their shares in CREST should not complete a Green Form of Election but instead should refer to paragraph 5.2 of Part 5 (Details of the Proposals) of this document.

Certificated Existing B Shareholders who do not return a valid Green Form of Election and their B Share certificate (or letter of indemnity) by 4.30 pm on 13 July 2007 will retain all of their Existing B Shares and will not be entitled to participate in the Brokers' Offer. Therefore, if you do not wish to participate in the Brokers' Offer in respect of your Existing B Shares, you need take no further action.

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

The following instructions set out what you should do when completing the Green Form of Election. If you are in any doubt as to the action that you should take, you should seek the advice of any appropriate professional adviser.

You must attach a B Share certificate for your Existing B Shares. The election will be invalid if you do not submit a certificate with the Green Form of Election. If you have lost your share certificate, you must send a letter of indemnity instead. A form is available from the Registrars by contacting the Shareholder Helpline (see paragraph 3 of this Part 4 below).

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

Name(s) of Shareholder(s)

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

Number of shares held

The Green Form of Election shows in Box 1 the number of Existing B Shares held on 8 June 2007. If you do not buy, sell or transfer any Existing B Shares between this date and 6.00 pm on 20 July 2007, then this will be the number of Existing B Shares which you will hold at the expected Brokers' Offer Record Date and you may make an election to participate in the Brokers' Offer in relation to all or part of this number of Existing B Shares. If you do buy, sell or transfer any Existing B Shares you should take care to ensure that your election is in respect of no more than the number of Existing B Shares that will be registered in your name(s) on the Brokers' Offer Record Date.

To elect to participate in the Brokers' Offer in respect of all or some of your Existing B Shares:

- To choose the Brokers' Offer for **all or some** of your Existing B Shares, you should insert the number of Existing B Shares that you wish to sell in Box 2 and sign Box 3.

To retain all of your Existing B Shares:

- To retain **all** of your Existing B Shares (which will permit you subsequently to participate in respect of all or any of your retained Existing B Shares in the Company Offer or in either of the Future Purchase Offers, if made) you do not need to complete and return the Green Form of Election or take any other action.

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

If you fail to submit a certificate for sufficient Existing B Shares (or a duly signed letter of indemnity) with your Green Form of Election you will be deemed not to have elected in favour of the Brokers' Offer.

If you return your share certificate for your Existing B Shares and the Green Form of Election with a number in Box 2 which exceeds your holding of Existing B Shares on the Brokers' Offer Record Date, the Existing B Shares represented by the share certificate you returned will be deemed elected in favour of the Brokers' Offer.

If you return your share certificate for your Existing B Shares and the Green Form of Election with nothing marked in Box 2, or something other than a number, the Existing B Shares represented by the certificate you returned will be deemed elected in favour of the Brokers' Offer.

3. Further guidance on completing the Forms of Election

Once completed, signed and witnessed the relevant Form(s) of Election should be returned to the Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA, as soon as possible and, in any event, so as to be received not later than 4.30 pm on 13 July 2007.

If you need assistance in completing a Form of Election or have any queries relating to it or the B Share Offers, you should telephone the Shareholder Helpline on 0870 195 6310 (or +44 (0)1903 276 342 if calling from outside the UK) between 8.30 am and 5.30 pm on any Business Day. Please note that the Shareholder Helpline will not provide advice on the merits of the Proposals or give any financial or tax advice.

The Registrars, as the Company's agents, will determine all questions as to the form and validity (including time of receipt) of any Form of Election, in their discretion, which determination shall be final and binding. The Company also reserves the right, in its absolute discretion, to waive any defect or irregularity in relation to the completion of, or the receipt of, a Form of Election completed by or on behalf of any Shareholder, and such determination shall be final and binding on such Shareholder. Neither the Company nor the Registrars, as the Company's agents, shall be liable to any Shareholder for any loss arising from the determination of questions as to the form and validity (including time of receipt) of any Form of Election unless the loss is attributable to their default. Neither of them shall be under any duty to give notification of any defect or irregularity in any Form of Election or incur any liability in respect of such notification.

Part 5. Details of the Proposals

1. The Proposals

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

The Proposals (other than the Brokers' Offer insofar as it relates to the Existing B Shares) are conditional (among other things) upon:

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

If these conditions are not satisfied by 8.00 am on 16 July 2007 or such later time and/or date as the Directors may determine, no Consolidated Ordinary Shares or New B Shares will be created and/or issued and the Proposals (other than the Brokers' Offer insofar as it relates to Existing B Shares) will not take effect.

The general guidance on the UK tax treatment in the following paragraphs is only a summary and is based on current law and practice as at the date of this document. UK tax resident Shareholders should read Part 7 (United Kingdom taxation in relation to the Proposals) of this document carefully since the B Share Offers are expected to have different UK tax consequences. If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction other than the UK, you should consult an appropriate professional adviser without delay.

2. Issue of New B Shares

It is proposed to capitalise a sum not exceeding £6,513,700.20 standing to the credit of the Company's share premium account which will be applied in paying up in full the New B Shares of a nominal value of one penny each. New B Shares will be issued on the basis of:

11 New B Shares for 8 Existing Ordinary Shares

held at the Record Date and in the same proportion for other numbers of Existing Ordinary Shares held. If a holding of Existing Ordinary Shares is not exactly divisible by 8, your entitlement to New B Shares will be rounded down to the nearest whole number of New B Shares.

Based upon the number of Existing Ordinary Shares projected to be in issue on the Record Date, the issue of New B Shares and the B Share Offers should effect a return of £807 million to Ordinary Shareholders.

The New B Shares will form part of the same class as the Existing B Shares and will have exactly the same rights as those Existing B Shares which are already in issue. For the avoidance of doubt, the New B Shares shall carry (i) the right to a dividend in respect of the Calculation Period (as defined in Article 148(B)(iii) of the Company's Articles of Association) for 2008 as if such Calculation Period commenced on 15 July 2007 and ended on 14 July 2008 and shall otherwise carry the right to a cumulative preferential dividend in priority to that on the Consolidated Ordinary Shares; (ii) a capital entitlement on a winding up in priority to that of the Consolidated Ordinary Shares; and (iii) very limited voting rights, in each case as more fully set out in Part 6 (Rights and restrictions attached to the B Shares) of this document.

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

In order to facilitate the elections for the Brokers' Offer in CREST, the New B Shares will, for the purposes of settlement in CREST only, be temporarily designated as "interim B Shares" under the ISIN GBO0B1YW4847 for the period from Admission (16 July 2007) until the Brokers' Offer Record Date. From 23 July 2007, the B Shares (both Existing B Shares and the New B Shares) will, for the purposes of dealings and settlement in CREST, be designated as "B Shares" and will be quoted in the Official List under the ISIN GBO0B16PRC61.

An announcement will be made on 16 July 2007 in respect of the number of New B Shares that are to be issued.

3. Share Capital Consolidation

The Existing Ordinary Shares will be consolidated and sub-divided on 16 July 2007 so that Ordinary Shareholders will receive:

17 Consolidated Ordinary Shares for every 20 Existing Ordinary Shares

that they hold at the Record Date and in the same proportion for other numbers of Existing Ordinary Shares held.

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

Share certificates for Consolidated Ordinary Shares held by Certificated Shareholders are expected to be issued on or around 26 July 2007, after the Share Capital Consolidation.

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

To effect the Share Capital Consolidation, it may be necessary to issue, prior to the Record Date, an additional number of Existing Ordinary Shares (up to a maximum of 19) for cash so that the number of Consolidated Ordinary Shares is a whole number.

Ordinary Shareholders whose holdings of Existing Ordinary Shares are not exactly divisible by 20 on the Record Date will receive cash in respect of fractional entitlements to Consolidated Ordinary Shares following the Share Capital Consolidation. Ordinary Shareholders who only hold one Existing Ordinary Share will only receive cash. All fractional entitlements will be aggregated and are expected to be sold in the market on 16 July 2007. Cheques in respect of the net proceeds of sale of fractional entitlements attributable to holdings of certificated Existing Ordinary Shares are expected to be dispatched on or around 26 July 2007 and amounts in respect of the net proceeds of sale of fractional entitlements attributable to holdings of Existing Ordinary Shares of CREST Shareholders are expected to be credited to CREST accounts by the same date.

4. B Share Offers

The issue of the New B Shares is expected to be followed by opportunities for Shareholders to realise the value of their B Shares (both any Existing B Shares and/or New B Shares) by participating in certain offers which are expected to be made to purchase those B Shares.

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

The B Share Offers are not open to Excluded Overseas Shareholders. The return of a Form of Election (Yellow or Green) by a Certificated Shareholder will constitute a representation, warranty and undertaking that the Certificated Shareholder is not an Excluded Overseas Shareholder. Certificated Shareholders who are Excluded Overseas Shareholders should therefore not return a Form of Election.

If you participate in any of the B Share Offers, you will be treated by the relevant Broker as a "corporate finance contact" (as defined by the FSA in its Handbook of Rules and Guidance). The relevant Broker will not act on your behalf and you will not be a "client" (as defined by the FSA in its Handbook of Rules and Guidance) of the relevant Broker. Under no circumstances will the relevant Broker be responsible to you for providing any protections provided to "clients" nor will they advise you on the merits of the Proposals generally or specifically on the B Share Offers.

If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Brokers' Offer

Under the Brokers' Offer, Shareholders may elect to have all or some of their B Shares (both Existing B Shares and/or New B Shares) purchased by one of the Brokers, acting as principal, on 23 July 2007, at 127p per B Share, free of all dealing expenses and commissions.

Shareholders who elect to participate in the Brokers' Offer in respect of any B Shares will not receive any amount in respect of accrued dividend on those B Shares. However, holders of Existing B Shares on 6 July 2007 will have received a dividend payment on 16 July 2007 in respect of the preceding year's cumulative preferential dividend on the Existing B Shares.

No contract with Shareholders will exist in relation to the Brokers' Offer until the RIS announcement in respect of it is issued, which is expected to occur at 8.00 am on 23 July 2007.

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

Shareholders should read Part 7 (United Kingdom taxation in relation to the Proposals) of this document carefully before deciding whether to elect for the Brokers' Offer in respect of any Existing B Shares and/or New B Shares, as the case may be.

It is expected that Shareholders whose B Shares are purchased under the Brokers' Offer will be sent cheques, sales advices and, where applicable, balance certificates, or CREST accounts will be credited with the proceeds, in respect of such purchases on or around 26 July 2007. No share certificates will be issued in respect of New B Shares which are purchased under the Brokers' Offer.

The method of participating in the Brokers' Offer is different for New B Shares (to be received by Ordinary Shareholders) and Existing B Shares, as is the default for failing to make an election (either via a Form of Election or through CREST):

	To participate in the Brokers' Offer	If you fail to make an election
Recipients of Certificated New B Shares	Complete and return the YELLOW Form of Election, indicating your acceptance of the Brokers' Offer in relation to all or some of your New B Shares	If you do not return a valid Yellow Form of Election by 4.30 pm on 13 July 2007 the New B Shares to which you are entitled will be issued to a nominee appointed by the Directors on your behalf who will sell the New B Shares as soon as reasonably practicable (this is currently expected to be via participation in the Brokers' Offer, if made). A cheque for the proceeds of sale will be posted to you
Recipients of New B Shares in CREST	Issue an instruction in CREST for the Brokers' Offer for the relevant number of New B Shares in accordance with the procedure set out in paragraph 5.1 of this Part 5	If you do not issue a valid instruction in CREST in favour of Retention of New B Shares settled by 4.30 pm on 20 July 2007, you will participate in the Brokers' Offer (if made) in respect of your entire holding of New B Shares
Holders of Certificated Existing B Shares	Complete and return the GREEN Form of Election, indicating your acceptance of the Brokers' Offer in relation to all or some of your Existing B Shares You must attach a B Share certificate for the Existing B Shares you have elected to sell. If you have lost your share certificate, contact the Shareholder Helpline (details on page 3 of this document) who will send you a letter of indemnity to complete and return in place of the certificate	If you do not return a valid Green Form of Election with your B Share certificate (or letter of indemnity) by 4.30 pm on 13 July 2007 you will retain all of your Existing B Shares and you will not participate in the Brokers' Offer (if made)
Holders of Existing B Shares in CREST	Issue an instruction in CREST for the Brokers' Offer for the relevant number of New B Shares in accordance with the procedure set out in paragraph 5.2 of this Part 5 Note: to ensure you are paid this year's dividend on the Existing B Shares, you should not issue an instruction in CREST before 7 July 2007	If you do not issue a valid instruction in CREST in favour of the Brokers' Offer you will not participate in the Brokers' Offer (if made) and will retain your Existing B Shares

Excluded Overseas Shareholders should not complete a Form of Election or issue an instruction in CREST.

Company Offer

B Shareholders who do not participate in the Brokers' Offer in respect of all of their B Shares (both Existing B Shares and/or New B Shares) may elect to have all or some of their B Shares purchased under the Company Offer.

B Shareholders who elect to participate in the Company Offer in respect of any B Shares will not receive any amount in respect of accrued dividend on those B Shares. However, Existing B Shareholders will have received a dividend payment on 16 July 2007 in respect of the preceding year's cumulative preferential dividend on the Existing B Shares.

Under the Company Offer, Shareholders may elect to have all or some of their B Shares purchased by the Company, acting through the agency of Dresdner Kleinwort Securities Limited, on 20 August 2007, at 127p per B Share, free of all dealing expenses and commissions.

No contract with Shareholders will exist in relation to the Company Offer until the RIS announcement in respect of it is issued, which is expected to occur on 20 August 2007.

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

Shareholders should read Part 7 (United Kingdom taxation in relation to the Proposals) of this document carefully before deciding whether to elect to participate in the Company Offer in respect of any Existing B Shares and/or New B Shares, as the case may be.

It is expected that cheques for the proceeds will be sent to Shareholders participating in the Company Offer, or payment by BACS to mandated accounts will be made, on or around 29 August 2007.

If you want to participate in the Company Offer, you should ensure that your B Shares are not sold in the Brokers' Offer by taking the following action:

Recipients of Certificated New B Shares	<p>Complete and return the YELLOW Form of Election electing for Retention of New B Shares in respect of the number of New B Shares that you wish to retain for subsequent sale in the Company Offer (or otherwise)</p> <p>You will be sent a Company Offer Form of Election in respect of the Company Offer on or around 26 July 2007. This should be returned with your B Share certificate by 4.30 pm on 17 August 2007</p>
Recipients of New B Shares in CREST	<p>Issue a valid instruction in CREST in favour of Retention of New B Shares in respect of the number of New B Shares that you wish to retain for subsequent sale in the Company Offer (or otherwise). The instruction must be settled by 4.30 pm on 20 July 2007 in accordance with the instructions in paragraph 5.1 of this Part 5</p> <p>This should be followed by a valid instruction within CREST settled by 4.30 pm on 17 August 2007 in favour of the Company Offer in accordance with the instructions in paragraph 5.3 of this Part 5</p>
Holders of Certificated Existing B Shares	<p>Do nothing with your Green Form of Election, or only elect to sell that part of your holding of Existing B Shares that you wish to sell in the Brokers' Offer</p> <p>You will be sent a Company Offer Form of Election in respect of the Company Offer on or around 26 July 2007. This should be returned with your B Share certificate (or letter of indemnity) by 4.30 pm on 17 August 2007</p>
Holders of Existing B Shares in CREST	<p>Do nothing in relation to the Brokers' Offer, or only issue a valid instruction in CREST to sell that part of your holding of Existing B Shares that you wish to sell in the Brokers' Offer</p> <p>You should issue a valid instruction in CREST settled by 4.30 pm on 17 August 2007 in favour of the Company Offer in accordance with the instructions given in paragraph 5.3 of this Part 5</p>

Excluded Overseas Shareholders should not complete a Form of Election or issue an instruction in CREST.

Future Purchase Offers

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

It is expected that the Future Purchase Offers will be made by a counterparty acting as principal in both July 2008 and July 2009 at 127p per B Share, free of all dealing expenses and commissions, but there can be no guarantee that the Future Purchase Offers will be made.

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

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

Shareholders who retain their B Shares beyond the Brokers' Offer and the Company Offer will not be required to participate in either of the Future Purchase Offers, if made, but the Company will have the right to effect the compulsory sale of any B Shares on or after 14 July 2009. Shareholders should read carefully Part 6 (Rights and restrictions attached to the B Shares) of this document in relation to the circumstances when the Company has such a right.

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

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

If you want to retain any B Shares in order to participate in a Future Purchase Offer, if made, you should ensure that those B Shares are not sold in the Brokers' Offer by taking the following action:

Recipients of Certificated New B Shares	Complete and return the YELLOW Form of Election electing for Retention of New B Shares in respect of the number of New B Shares that you wish to retain
Recipients of New B Shares in CREST	Issue a valid instruction in CREST in favour of Retention of New B Shares in respect of the number of New B Shares that you wish to retain for subsequent sale in the Company Offer and/or the Future Purchase Offers (if made) or otherwise. The instruction must be settled by 4.30 pm on 20 July 2007 in accordance with the instructions in paragraph 5.1 of this Part 5
Holders of Certificated Existing B Shares	Do nothing with your Green Form of Election, or only elect to sell that part of your holding of Existing B Shares that you wish to sell in the Brokers' Offer
Holders of Existing B Shares in CREST	Do nothing in relation to the Brokers' Offer, or only elect to sell that part of your holding of Existing B Shares that you wish to sell in the Brokers' Offer

Excluded Overseas Shareholders should not complete a Form of Election or issue an instruction in CREST.

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

5. Electing in CREST

5.1 Brokers' Offer: New B Shares in CREST

If you are an Ordinary Shareholder who receives their New B Shares in CREST and you do not issue a valid instruction within CREST in favour of the Retention of New B Shares settled by 4.30 pm on Friday 20 July 2007, you will participate in respect of your entire holding of New B Shares in the Brokers' Offer by default.

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

In order to facilitate the elections for the Brokers' Offer in CREST, the New B Shares will, for the purposes of settlement in CREST only, be temporarily designated as "interim B Shares" under the ISIN GB00B1YW4847 for the period from Admission (16 July 2007) until the Brokers' Offer Record Date. From 23 July 2007, the B Shares (both Existing B Shares and the New B Shares) will, for the purposes of dealings and settlement in CREST, be designated as "B Shares" and will be quoted in the Official List under the ISIN GB00B16PRC61.

Electing in CREST to sell your New B Shares in the Brokers' Offer

Ordinary Shareholders (other than Excluded Overseas Shareholders) who receive New B Shares in CREST who wish to elect for the Brokers' Offer in respect of all or some of their New B Shares should use the following procedure after their CREST accounts have been credited on 16 July 2007. The prescribed form of election is a TTE instruction which, on its settlement, will have the effect of delivering to an escrow account of the Registrars under the participant ID and member account ID specified below, the number of interim B Shares to be purchased.

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

- (i) the number of interim B Shares to which the election relates;
- (ii) the participant ID of the holder of the interim B Shares;
- (iii) the member account ID of the holder of the interim B Shares from which interim B Shares are to be debited;
- (iv) the participant ID of the Registrars. This is 2RA57;
- (v) the member account ID of the Registrars. This is 3iGOFF01;
- (vi) the ISIN of the interim B Shares. This is GB00B1YW4847;
- (vii) the Intended Settlement Date. This must be by 4.30 pm on 20 July 2007;
- (viii) the corporate action number. This is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST;
and
- (ix) input with standard delivery instruction priority of 80.

In order for a CREST election to be valid, the TTE instruction must comply with the requirements as to authentication and contents set out above and must settle by 4.30 pm on 20 July 2007.

CREST members (other than Excluded Overseas Shareholders, who should not issue TTE instructions in relation to the New B Shares) and (where applicable) their CREST sponsors (other than Excluded Overseas Shareholders, who should not issue TTE instructions in relation to the New B Shares) should note that the last time at which a TTE instruction may settle for the Brokers' Offer is 4.30 pm on 20 July 2007.



Electing in CREST to retain some or all of your New B Shares

Ordinary Shareholders (other than Excluded Overseas Shareholders) who receive New B Shares in CREST who wish to elect for the Retention of New B Shares in respect of all or some of their New B Shares (which will permit them to participate in respect of those New B Shares in the Company Offer or either of the Future Purchase Offers, if made) should use the following procedure after their CREST accounts have been credited on 16 July 2007. The prescribed form of election is a TTE instruction which, on its settlement, will have the effect of delivering to an escrow account of the Registrars under the participant ID and member account ID specified below, the number of New B Shares to be retained.

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

- (i) the number of interim B Shares to which the election relates;
- (ii) the participant ID of the holder of the interim B Shares;
- (iii) the member account ID of the holder of the interim B Shares from which interim B Shares are to be debited;
- (iv) the participant ID of the Registrars. This is 2RA57;
- (v) the member account ID of the Registrars. This is 3iGOFF02;
- (vi) the ISIN of the interim B Shares. This is GBOOB1YW4847;
- (vii) the Intended Settlement Date. This must be by 4.30 pm on 20 July 2007;
- (viii) the corporate action number. This is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST; and
- (ix) input with standard delivery instruction priority of 80.

In order for a CREST election to be valid, the TTE instruction must comply with the requirements as to authentication and contents set out above and must settle by 4.30 pm on 20 July 2007.

CREST members (other than Excluded Overseas Shareholders, who should not issue TTE instructions in relation to the New B Shares) and (where applicable) CREST sponsors should note that the last time at which a TTE instruction may settle for the Retention of New B Shares is 4.30 pm on 20 July 2007.

Shareholders who hold Ordinary Shares in CREST and who do not issue a valid instruction in favour of the Retention of New B Shares by 4.30 pm on 20 July 2007 will participate in respect of their entire holding of New B Shares in the Brokers' Offer (if made) by default.

5.2 Brokers' Offer: Existing B Shares in CREST

Shareholders (other than Excluded Overseas Shareholders) who hold Existing B Shares in CREST who wish to elect for the Brokers' Offer in respect of all or some of their Existing B Shares should use the following procedure. The prescribed form of election is a USE instruction which, on its settlement, will have the effect of crediting a stock account of the Registrars under the participant ID and member account ID specified below, with the number of Existing B Shares to be purchased.

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

- (i) the number of Existing B Shares to which the election relates;
- (ii) the participant ID of the holder of the Existing B Shares;
- (iii) the member account ID of the holder of the Existing B Shares from which Existing B Shares are to be debited;
- (iv) the participant ID of the Registrars. This is 2RA58;
- (v) the member account ID of the Registrars. This is RA598201;
- (vi) the ISIN of the Existing B Shares. This is ISIN GB00B16PRC61;
- (vii) the Intended Settlement Date. This must be by 4.30 pm on 20 July 2007;
- (viii) the corporate action number. This is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST; and
- (ix) input with standard delivery instruction priority of 80.

In order for a CREST election to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle by 4.30 pm on 20 July 2007.

IMPORTANT: The record date for the cumulative preferential dividend on the Existing B Shares is 6 July 2007, with a payment date of 16 July 2007. To ensure that you are paid this dividend, you must not process any USE instruction to accept the Brokers' Offer until after 6 July 2007.

CREST members (other than Excluded Overseas Shareholders, who should not issue USE instructions in relation to the Existing B Shares) and (where applicable) their CREST sponsors (other than Excluded Overseas Shareholders, who should not issue USE instructions in relation to the Existing B Shares) should note that the last time at which a USE instruction may settle for the Brokers' Offer is 4.30 pm on 20 July 2007.

5.3 Company Offer: New B Shares and Existing B Shares in CREST

Shareholders (other than Excluded Overseas Shareholders) who hold B Shares in CREST who wish to elect for the Company Offer in respect of all or some of their B Shares should use the following procedure. Holders of New B Shares must have already elected for the Retention of New B Shares in accordance with the instructions set out above and had their CREST accounts credited on 23 July 2007 with "B Shares" (in succession to "interim B Shares") under ISIN GB00B16PRC61. The prescribed form of election is a USE instruction which, on its settlement, will have the effect of crediting a stock account of the Registrars under the participant ID and member account ID specified below, with the number of B Shares to be purchased.

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

- (i) the number of B Shares to which the election relates;
- (ii) the participant ID of the holder of the B Shares;
- (iii) the member account ID of the holder of the B Shares from which B Shares are to be debited;
- (iv) the participant ID of the Registrars. This is 2RA61;
- (v) the member account ID of the Registrars. This is RA687501;
- (vi) the ISIN of the B Shares. This is ISIN GB00B16PRC61;
- (vii) the Intended Settlement Date. This must be by 4.30 pm on 17 August 2007;
- (viii) the corporate action number. This is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST; and
- (ix) input with standard delivery instruction priority of 80.

In order for a CREST election to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle by 4.30 pm on 17 August 2007.

CREST members (other than Excluded Overseas Shareholders, who should not issue USE instructions in relation to B Shares) and (where applicable) their CREST sponsors (other than Excluded Overseas Shareholders, who should not issue USE instructions in relation to B Shares) should note that the last time at which a USE instruction in favour of the Company Offer may settle is 4.30 pm on 17 August 2007.

CREST Shareholders who do not issue a valid instruction in favour of the Company Offer in respect of their B Shares between 8.00 am on 26 July 2007 and 4.30 pm on 17 August 2007 will not be entitled to participate in the Company Offer.

5.4 Future Purchase Offers: New B Shares and Existing B Shares in CREST

Ordinary Shareholders (other than Excluded Overseas Shareholders) who receive New B Shares and wish to elect in CREST for the Future Purchase Offers (if made) should elect for the Retention of New B Shares (see paragraph 5.1 of this Part 5, above) and should not elect for the Company Offer thereafter. Shareholders electing in favour of the Retention of New B Shares and who do not elect to participate in the Company Offer will be informed as to how to elect in favour of either of the Future Purchase Offers, if made, in due course.

Existing B Shareholders wishing to elect in CREST for the Future Purchase Offers (if made) should not elect for the Brokers' Offer (see paragraph 5.1 of this Part 5, above) and should not elect for the Company Offer thereafter in respect of the desired number of Existing B Shares in respect of which they wish to elect to participate in the Future Purchase Offers. Existing B Shareholders who retain Existing B Shares following the Brokers' Offer and who do not elect to participate in the Company Offer will be informed as to how to elect in favour of either of the Future Purchase Offers, if made, in due course.

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

6. Terms and Conditions of the Brokers' Offer and the Company Offer

The following terms and conditions shall apply to the Brokers' Offer:

- (a) defined terms utilised in these terms and conditions shall bear the meanings given in Part 10 (Definitions) of this document;
- (b) no contract will arise for the sale and purchase of any B Shares pursuant to the Brokers' Offer unless and until the Brokers complete the purchase of B Shares pursuant to the Brokers' Offer as principals, by way of an announcement through an RIS constituting acceptance of an offer by Shareholders electing to participate in the Brokers' Offer in relation to their B Shares which is expected to be made on 23 July 2007;
- (c) the relevant Form of Election, the issuing of instructions within CREST in relation to the Brokers' Offer, and all contracts resulting from them will be governed by and construed in accordance with English law. Execution by or on behalf of a Shareholder of the relevant Form of Election or the issuing of instructions within CREST in relation to the Brokers' Offer by or on behalf of a Shareholder constitutes their submission, in relation to all matters arising out of or in connection therewith and the exercise of the powers of the agent appointed thereunder, to the exclusive jurisdiction of the English courts;
- (d) the execution by or on behalf of a Shareholder of a Form of Election or the issuing of instructions within CREST, including an election to participate in the Brokers' Offer, will constitute the irrevocable appointment of the Company and/or any director of the Company as attorney and/or agent for the Shareholder with authority to exercise all rights, powers and privileges attached to the B Shares and to do all acts and things and to execute all such documents as such attorney and/or agent shall consider necessary for giving effect to elections in respect of the Brokers' Offer;
- (e) upon execution of the relevant Form of Election or the issuing of any instruction within CREST, including an election to participate in the Brokers' Offer, the Shareholder represents, warrants and undertakes that he or she has full power and authority to tender, sell, assign and transfer the B Shares to which the Brokers' Offer and the relevant Form of Election or instructions within CREST relate and that the Brokers will acquire such B Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances. In addition, by execution of the relevant Form of Election or the issuing of instructions within CREST in relation to participation in the Brokers' Offer, the Shareholder agrees that he or she will do all other things and execute any additional documents which may be necessary or, in the opinion of the Brokers, desirable to effect the purchase of the B Shares by the Brokers and/or to perfect any of the authorities expressed to be given under the relevant Form of Election or CREST instructions and acknowledge that none of the Brokers, the Company or their respective agents shall have any liability whatsoever to such Shareholder in respect of acts done or omitted to be done by it on behalf of such Shareholder in connection with the instructions given to it by such Shareholder pursuant to the relevant Form of Election or otherwise in relation to the Brokers' Offer, other than in respect of their wilful default, fraud or negligence;
- (f) no authority conferred by or agreed to by execution of the relevant Form of Election or the issuing of instructions within CREST in relation to the Brokers' Offer shall be affected by, and all such authority shall survive, the death or incapacity of the Shareholder executing such form. All obligations of such Shareholder shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder;
- (g) the Registrars, as the Company's agents, will determine all questions as to the form and validity (including time of receipt) of a Form of Election (or a withdrawal thereof), in their discretion, which determination shall be final and binding. A Form of Election returned in an envelope postmarked from any of the Prohibited Territories or otherwise appearing to the Registrars to be sent from those jurisdictions will not be accepted as a valid election. Forms of Election which are incorrectly completed may be rejected and returned to Shareholders or their appointed agent;
- (h) the Company reserves the right, in its absolute discretion, to waive any defect or irregularity in relation to the completion of, or the receipt of, a Form of Election (or a withdrawal thereof) completed on behalf of any Shareholder, other than any purported election postmarked or otherwise dispatched from any of the Prohibited Territories, and such determination shall be final and binding on such Shareholder;
- (i) neither the Company nor any of its agents shall be liable to any Shareholder for any loss arising from the determination of questions as to the form and validity (including time of receipt) of any Form of Election (or the withdrawal thereof) unless attributable to their own wilful default, fraud or negligence and none of the Company nor any of its agents shall be under any duty to give notification of any defect or irregularity in any such Form of Election or withdrawal thereof or have any liability in respect of such notification;
- (j) upon execution of the relevant Form of Election, the Shareholder irrevocably undertakes, represents, warrants and agrees that he or she is not in or a resident in, or a citizen or national of, any of the Prohibited Territories or a trustee, custodian or nominee holding Ordinary and/or B Shares on behalf of such persons and also represents, warrants and undertakes that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any receipt or transfer of B Shares or election for the Brokers' Offer in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or the Brokers or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the Proposals or such Shareholders' receipt or transfer of B Shares or participation in the Brokers' Offer;

- (k) the New B Shares which would otherwise be issued to any Certificated Ordinary Shareholder who does not return a validly executed Yellow Form of Election by 4.30 pm on 13 July 2007 (or such later time and date as the Directors may determine), or in respect of whom the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or would or might be required to make filings or take any other action in any jurisdiction if it were to issue New B Shares to such Shareholder, shall instead be issued to a person appointed by the Directors to hold those New B Shares as nominee on behalf of that Shareholder on terms that the relevant New B Shares shall, as soon as reasonably practicable following the Record Date, be sold on behalf of that Shareholder and the proceeds of the sale will be paid to that Shareholder by sending a cheque to his or her registered address. None of the Company, any person appointed as nominee by the directors or any broker or agent of any of them shall have any liability save in the case of their wilful default, fraud or negligence for any loss arising as a result of the timing or terms of such sale;
- (l) the New B Shares to which any Uncertificated Shareholder who does not issue a valid instruction within CREST by 4.30 pm on 20 July 2007 (or such later time and date as the Directors may determine) would otherwise be entitled to retain will participate in the Brokers' Offer as if they had been elected to participate in it;
- (m) upon the issuing of any instruction within CREST in relation to participation in the Brokers' Offer, any CREST Shareholder is deemed to represent, warrant and undertake that he or she is not in or a resident in, a citizen or national of, any of the Prohibited Territories or a nominee, trustee or custodian holding Ordinary Shares and/or B Shares on behalf of such persons and is deemed to represent, warrant and undertake that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any receipt or transfer of B Shares or election for the Brokers' Offer in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or the Brokers or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the Proposals or such Shareholders' receipt or transfer of B Shares or participation in the Brokers' Offer; and
- (n) Certificated Shareholders will be paid the proceeds of the sale of their B Shares by cheque posted to their registered address. The Certificated Shareholder bears the risk that any cheque is lost or stolen.

The following terms shall apply to the Company Offer:

- (a) defined terms utilised in these terms and conditions shall bear the meaning given in Part 10 (Definitions) of this document;
- (b) no contract will arise for the sale and purchase of any B Shares pursuant to the Company Offer unless and until the Company completes the purchase of B Shares pursuant to the Company Offer by way of an announcement through an RIS, constituting acceptance of an offer by Shareholders electing to participate in the Company Offer in relation to their B Shares which is expected to be made on 20 August 2007;
- (c) the Company Offer Form of Election, the issuing of instructions within CREST in relation to the Company Offer, and all contracts resulting from them will be governed by and construed in accordance with English law. Execution by or on behalf of a Shareholder of the Company Offer Form of Election or the issuing of any instructions within CREST in relation to the Company Offer by or on behalf of a Shareholder constitutes their submission, in relation to all matters arising out of or in connection therewith and the exercise of the powers of the agent elected thereunder, to the exclusive jurisdiction of the English courts;
- (d) execution by or on behalf of a Shareholder of a Company Offer Form of Election or the issuing of instructions within CREST, including in either case an election to participate in the Company Offer, will constitute the irrevocable appointment of the Company and/or any director of the Company as attorney and/or agent for the Shareholder with authority to exercise all rights, powers and privileges attached to the B Shares and to do all acts and things and to execute all such deeds and other documents as such attorney and/or agent shall consider necessary for giving effect to elections in respect of the Company Offer;
- (e) upon execution of the Company Offer Form of Election, or the issuing of any instruction within CREST, including an election to participate in the Company Offer, the Shareholder represents, warrants and undertakes that he or she has full power and authority to tender, sell, assign and transfer the B Shares to which the Company Offer and the Company Offer Form of Election or instructions within CREST relate and that the Company will acquire such B Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances. In addition, by execution of the Company Offer Form of Election or the issuing of instructions within CREST in relation to participation in the Company Offer, the Shareholder agrees that he or she will do all other things and execute any additional documents which may be necessary or, in the opinion of the Company, desirable to effect the purchase of the B Shares by the Company and/or to perfect any of the authorities expressed to be given under the Company Offer Form of Election or CREST instructions and acknowledge that the Company shall not have any liability whatsoever to such Shareholder in respect of acts done or omitted to be done by it on behalf of such Shareholder in connection with the instructions given to it by such Shareholder pursuant to the Company Offer Form of Election or otherwise in relation to the Company Offer, other than in respect of its wilful default, fraud or negligence;

- (f) no authority conferred by or agreed to by execution of the Company Offer Form of Election or instruction within CREST in relation to the Company Offer shall be affected by, and all such authority shall survive, the death or incapacity of the Shareholder executing such form. All obligations of such Shareholder shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder;
- (g) the Registrars, as the Company's agents, will determine all questions as to the form and validity (including time of receipt) of any Company Offer Form of Election (or a withdrawal thereof), in their discretion, which determination shall be final and binding. A Company Offer Form of Election returned in an envelope postmarked from any of the Prohibited Territories or otherwise appearing to the Registrars to be sent from those jurisdictions will not be accepted as a valid election. Company Offer Forms of Election which are incorrectly completed may be rejected and returned to Shareholders or their appointed agent;
- (h) the Company reserves the right, in its absolute discretion, to waive any defect or irregularity in relation to the completion of, or the receipt of, a Company Offer Form of Election (or a withdrawal thereof) completed on behalf of any Shareholder, other than any purported election postmarked or otherwise dispatched from any of the Prohibited Territories and such determination shall be final and binding on such Shareholder;
- (i) none of the Company nor any of its agents shall be liable to any Shareholder for any loss arising from the determination of questions as to the form and validity (including time of receipt) of any Company Offer Form of Election (or the withdrawal thereof) unless attributable to their own wilful default, fraud or negligence and none of the Company nor any of its agents shall be under any duty to give notification of any defect or irregularity in any Company Offer Form of Election or withdrawal thereof or have any liability in respect of such notification;
- (j) upon execution of the Company Offer Form of Election the Shareholder irrevocably undertakes, represents, warrants and agrees that he or she is not in or a resident in, or a citizen or national of, any of the Prohibited Territories or a trustee, custodian or nominee holding B Shares on behalf of such persons and also represents, warrants and undertakes that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any election for the Company Offer in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the Proposals or such Shareholder's participation in the Company Offer;
- (k) upon the issuing of any instruction within CREST in relation to participation in the Company Offer, any CREST Shareholder is deemed to represent, warrant and undertake that he or she is not in or a resident in, or a citizen or national of, any of the Prohibited Territories or a trustee, custodian or nominee holding B Shares on behalf of such persons and is deemed to represent, warrant and undertake that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any election for the Company Offer in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or any other person acting in breach of legal or regulatory requirements of any territory in connection with the Proposals or such Shareholder's participation in the Company Offer; and
- (l) Certificated Shareholders will be paid the proceeds of the sale of their B Shares by cheque posted to their registered address. The Certificated Shareholder bears the risk that any cheque is lost or stolen.

7. Withdrawal Rights

Shareholders should note that any election made on a Yellow Form of Election or a Green Form of Election (as the case may be) duly executed and submitted by 4.30 pm on 13 July 2007 may be withdrawn by the relevant Shareholders at any time prior to the end of the Election Period at 4.30 pm on 20 July 2007.

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

Shareholders wishing to withdraw their election, whether their B Shares are held in CREST or otherwise, must first telephone the Shareholder Helpline on 0870 195 6310 (or +44 (0)1903 276 342 if calling from outside the UK) for further information between 8.30 am and 5.30 pm on any Business Day and, if wishing to re-elect, request a replacement Yellow Form of Election or a Green Form of Election (as the case may be) or receive instructions on how to re-elect through CREST.

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

- (i) be received by post or (during normal business hours only) by hand by the Registrars by 4.30 pm on 20 July 2007; and
- (ii) specify the name(s) of the person(s) who elected the B Shares to be withdrawn and the number of B Shares to be withdrawn.

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

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

8. Non-United Kingdom Shareholders

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

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

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

Excluded Overseas Shareholders, including US Shareholders, will only be entitled to receive the proceeds from the involuntary sale in the Brokers' Offer or otherwise of the New B Shares which they would otherwise be entitled to retain. In addition, for US Shareholders who have previously executed an undertaking in respect of any Ordinary Shares purchased or held by them, any New B Shares allocated to them will be treated as Ordinary Shares purchased by them for the purpose of such undertaking. Excluded Overseas Shareholders should not return a Form of Election or issue any instruction in CREST in respect of B Shares.

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

The New B Shares which would otherwise be issued to any Certificated Ordinary Shareholder who does not return or is ineligible to return a validly executed Yellow Form of Election by 4.30 pm on 13 July 2007 and any Certificated Ordinary Shareholder in respect of whom the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or would or might be required to make filings or take any other action in any jurisdiction if it were to issue New B Shares to the Shareholder, shall instead be issued to a nominee appointed by the Directors for such Ordinary Shareholder. That nominee will sell the New B Shares as soon as reasonably practicable (this is currently expected to be via participation in the Brokers' Offer, if made) and cheques for the proceeds of sale will be posted to the Ordinary Shareholders concerned.

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

9. Extraordinary General Meeting

An EGM will be held at 10.45 am on 11 July 2007 (or as soon thereafter as the AGM either concludes or is adjourned). The EGM Notice is set out at the end of this document.

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

Whether or not you intend to be present at the EGM, you are requested to complete and sign the Form of Proxy and return it, in accordance with the instructions printed on it, by post or (during normal business hours only) by hand to the Registrars, The Causeway, Worthing, West Sussex BN99 6DW, to arrive as soon as possible and, in any event, no later than 10.45 am on 9 July 2007. Completion and return of the Form of Proxy will not prevent you from attending and voting in person at the EGM should you wish to do so.

10. Share Schemes

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

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

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

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

11. Dealings and dispatch of documents

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

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

The Company expects to dispatch on 26 July 2007 definitive share certificates in respect of the Consolidated Ordinary Shares held in certificated form and in respect of any B Shares held in certificated form, if applicable. From Admission, certificates in respect of the Existing Ordinary Shares will no longer be valid. Certificates for Consolidated Ordinary Shares will only be issued following the Share Capital Consolidation. It is therefore important that, if you hold certificates in respect of your Existing Ordinary Shares, you should retain them for the time being until certificates for Consolidated Ordinary Shares are dispatched. Once received you should destroy your certificates for Existing Ordinary Shares. Share certificates will be dispatched to Shareholders at their own risk.

Shareholders who hold their Existing Ordinary Shares through the CREST system will, on Admission (which is expected to occur at 8.00 am on 16 July 2007), have their CREST accounts credited with Consolidated Ordinary Shares and New B Shares. Shareholders holding Consolidated Ordinary Shares through the CREST system will not receive any share certificates.

Temporary documents of title will not be issued and, pending dispatch of definitive share certificates, transfers of Consolidated Ordinary Shares held in certificated form and of any New B Shares held in certificated form which have not been elected for purchase under the Brokers' Offer will be certified against the register held by the Registrars. It is expected that cheques in respect of B Shares purchased under the Brokers' Offer and any fractional entitlements under the Share Capital Consolidation will be dispatched to relevant Shareholders or relevant Shareholders will have their CREST accounts credited with the proceeds, as appropriate, on 26 July 2007.

12. Miscellaneous

As at 13 June 2007, the latest practicable date prior to publication of this document, the Company did not hold any shares in treasury.

Part 6. Rights and restrictions attached to the B Shares

- The following sets out the text of Article 148 in respect of the rights and restrictions attached to the B Shares (including the New B Shares).

B Shares

148. Rights and Restrictions Attached to B Shares

(A) Form of Election

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

(B) Income

- Out of the profits available for distribution in respect of each financial year or other accounting period of the company, the holders of the B Shares shall be entitled, in priority to any payment of dividend or other distribution to the holders of the ordinary shares and before profits are carried to reserves, to be paid a cumulative preferential dividend per B Share (the "**B Share Dividend**") calculated on 127p (the "**Return Amount**") per B Share in accordance with Articles 148(B)(ii)–(iv) below rounded down to the nearest whole penny.
- The first B Share Dividend shall be in respect of the period commencing on the date of issue of the B Shares and ending on 14 July 2007 and is to be paid in arrears on 14 July 2007 (or such later Business Day in 2007 as the Directors may determine) and thereafter such dividend shall be paid (without having to be declared) in arrears on 14 July (or such later Business Day as the Directors may determine) in each year or, if any such date would otherwise fall on a date which is not a Business Day it shall be postponed to the immediately following Business Day, without any consequent amendment to the amount being paid (each, a "**Payment Date**").
- The first period beginning on the date of issue of the B Shares and ending on 14 July 2007 and each 12 month period ending on 14 July thereafter is called a "**Calculation Period**". The annual rate applicable to each Calculation Period shall be 3.75%, calculated on the basis of a 365 day year such that the B Share Dividend shall accrue pro rata in respect of the number of days in the first Calculation Period (which shall include the date of issue of the B Shares).
- In this Article, the expression "**Business Day**" means a day upon which pound sterling deposits may be dealt in on the London inter-bank market and commercial banks are generally open in London.
- The holders of the B Shares shall not be entitled to any further right of participation in the profits of the company¹.

(C) Capital

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

(D) Attendance and voting at general meetings

- The holders of the B Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the company nor to attend, speak or vote at such general meeting, unless:
 - the business of the meeting includes the consideration of a resolution for the winding-up (excluding any intra-group reorganisation on a solvent basis) of the company, in which case the holders of the B Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on such resolution; or

¹ It should be noted that the New B Shares shall carry the right to a dividend in respect of the Calculation Period (as defined in Article 148(B)(iii)) for 2007/2008 on the basis that such Calculation Period commences on 15 July 2007 and ends on 14 July 2008.

- (b) at the date of the notice convening the meeting, the B Share Dividend has remained unpaid for six months or more from a Payment Date, in which case the holders of the B Shares shall have the right to attend the general meeting and shall be entitled to speak and vote on all resolutions.
- (ii) Whenever the holders of the B Shares are entitled to vote at a general meeting of the company, on a show of hands every holder thereof who (being an individual) is present in person or (being a corporation) by a representative shall have one vote, and on a poll every such holder shall have one vote per B Share.

(E) Company's right to procure sale

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

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

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

(F) Class rights

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

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

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

2. There will be no restrictions on the free transferability of the B Shares.

Part 7. United Kingdom taxation in relation to the Proposals

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

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

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

1. Bonus Issue of New B Shares

The bonus issue of New B Shares to holders of Ordinary Shares should be a reorganisation of the share capital of the Company for the purposes of United Kingdom taxation of chargeable gains ("**CGT**"). Accordingly, the receipt of the New B Shares should not itself give rise to any liability to CGT in a Shareholder's hands. Instead, the Shareholder's resultant holding of Ordinary Shares and New B Shares should together be treated as the same asset as the Shareholder's existing holding of Ordinary Shares and as having been acquired at the same time, and for the same consideration (adjusted, where appropriate, to take account of, amongst other things, the issue of the Existing B Shares and the share capital consolidation effected in connection with 3i's 2006 return of cash), as that holding of Ordinary Shares was acquired.

Upon a subsequent disposal of all or part of the Shareholder's holding of Ordinary Shares or (as the case may be) New B Shares, the Shareholder's aggregate CGT base cost in its existing holding of Ordinary Shares (adjusted, where appropriate, to take account of, amongst other things, the issue of the Existing B Shares and the share capital consolidation effected in connection with 3i's 2006 return of cash) will have to be apportioned between the Ordinary Shares and the New B Shares, so as to ascertain that part of the base cost which is attributable to the Ordinary Shares and that part of the base cost which is attributable to the New B Shares. That apportionment will be made by reference to the respective market values of the Ordinary Shares and the New B Shares on the first day after the date of issue of the New B Shares on which market values or prices are quoted or published for the Ordinary Shares and the New B Shares. Further information regarding this apportionment is expected to be placed on 3i's investor relations website, www.3igroup.com, in September 2007.

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

Shareholders who dispose of any New B Shares at a time when they own any Existing B Shares (or vice versa) should refer to paragraph 7 of this Part 7 below.

2. Dividends Payable on the New B Shares

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

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

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

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

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

3. Brokers' Offer

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

- (a) a Shareholder who sells all or part of the Shareholder's holding of New B Shares pursuant to the Brokers' Offer should thereby crystallise a disposal of those New B Shares for CGT purposes. This may, depending on individual circumstances, give rise to a liability to CGT. Any gain or loss will be calculated by reference to the difference between the purchase price and the Shareholder's base cost, for CGT purposes, in the New B Shares disposed of. Shareholders are referred to paragraph 1 of this Part 7 above for an outline of the principles that will apply in determining the base cost that is attributable to their New B Shares for CGT purposes and that will, as such, be taken into account in the computation of any gain or loss arising on any disposal of their New B Shares;
- (b) no part of the proceeds received by a Shareholder pursuant to the Brokers' Offer should be an income distribution in the Shareholder's hands;
- (c) the amount of CGT, if any, payable by an individual Shareholder as a consequence of accepting the Brokers' Offer will depend on his or her personal tax position. No tax will be payable on any gain realised on a disposal of New B Shares if the amount of the chargeable gain, when aggregated with other chargeable gains realised by the Shareholder in the year of assessment in question (and after taking account of indexation and taper relief and such other exemptions and allowable losses as may be available in each case), does not exceed the annual allowance of tax free capital gains (£9,200 for the tax year 2007/2008). Broadly, any gains in excess of this amount will be taxed at a rate of 10% for a taxpayer paying income tax at the starting rate, 20% for a taxpayer paying income tax at the basic rate and 40% for higher rate taxpayers. Indexation allowance will be available in respect of periods of ownership of Ordinary Shares up to 5 April 1998 and taper relief may be available thereafter; and
- (d) a corporate Shareholder is taxable on all of its chargeable gains, subject to the availability of any exemptions or reliefs. Taper relief is not available to a corporate Shareholder. However, corporate Shareholders are entitled to indexation allowance up to the date the chargeable gain is realised.

Shareholders who dispose of any New B Shares at a time when they own any Existing B Shares (or vice versa) should refer to paragraph 7 of this Part 7 below.

4. Future Purchase Offers

It is expected that the sale of New B Shares by a Shareholder pursuant to either of the Future Purchase Offers should be treated as a normal third-party disposal for United Kingdom tax purposes with the same tax consequences as those described in paragraph 3 of this Part 7 above.

5. Chapter 1 of Part 13 Income Tax Act 2007 ("ITA")

Chapter 1 of Part 13 ITA permits HM Revenue and Customs in certain circumstances to issue an individual or trustee Shareholder who is resident (for tax purposes) in the United Kingdom with a notice stating that it will tax what would otherwise be a capital receipt as a receipt of income. No application has been made to HM Revenue and Customs for clearance in respect of the application of Chapter 1 of Part 13 ITA to the receipt of the proceeds of the Brokers' Offer or either of the Future Purchase Offers by a Shareholder. However, having consulted leading Tax Counsel, the Company does not expect that Chapter 1 of Part 13 ITA would apply to Shareholders who elect to participate in the Brokers' Offer or either of the Future Purchase Offers, in the absence of particular circumstances affecting a Shareholder's position.

6. Company Offer

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

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

Individual Shareholders resident in the United Kingdom

A Shareholder who is an individual resident and ordinarily resident (for tax purposes) in the United Kingdom will, in respect of each New B Share sold to the Company pursuant to the Company Offer, be subject to income tax on an amount equal to the amount received from the Company in excess of the nominal value of each New B Share (such nominal value being one penny per share and the excess amount so received being referred to in this Part 7 as the "Income Element").

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

An amount equal to the nominal value of each New B Share sold to the Company pursuant to the Company Offer will be treated as the Shareholder's disposal proceeds for CGT purposes. The disposal may result in the Shareholder realising a capital loss. Shareholders are referred to paragraph 1 of this Part 7 for an outline of the principles that will apply in determining the base cost that is attributable to their New B Shares for CGT purpose and that will, as such, be taken into account in the computation of any gain or loss arising on any disposal of their New B Shares.

Shareholders who dispose of any New B Shares at a time when they own any Existing B Shares (or vice versa) should refer to paragraph 7 of this Part 7 below.

Corporate Shareholders resident in the United Kingdom

A Shareholder that is a company resident (for tax purposes) in the United Kingdom will be treated as receiving a distribution of an amount equal to the amount received from the Company in excess of the nominal value of each New B Share. Such a Shareholder will not generally be taxable on that distribution. However, such a Shareholder will be treated, for CGT purposes, as disposing of their New B Shares for an amount equal to the amount received from the Company. Shareholders are referred to paragraph 1 of this Part 7 for an outline of the principles that will apply in determining the base cost that is attributable to their New B Shares for CGT purposes and that will, as such, be taken into account in the computation of any gain or loss arising on any disposal of their New B Shares.

Shareholders who dispose of any New B Shares at a time when they own any Existing B Shares (or vice versa) should refer to paragraph 7 of this Part 7 below.

7. Disposals of B Shares at a time when Existing B Shares and New B Shares are owned by a Shareholder

Where a Shareholder who is resident (for tax purposes) in the United Kingdom disposes of any New B Shares at a time when he owns Existing B Shares (or vice versa), special share pooling and/or share identification rules may apply, including rules which determine which of the B Shares are deemed to be disposed of first for tax purposes. These rules are relevant where some but not all of a Shareholder's B Shares are disposed of. Further details regarding these special rules are available on the Company's investor relations website (www.3igroup.com). Shareholders who are in any doubt about their tax position should consult an appropriate professional adviser.

8. Stamp Duty and Stamp Duty Reserve Tax

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

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

9. Share Capital Consolidation

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

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

10. Existing B Shares

Paragraphs 2 to 8 (inclusive) of this Part 7 (other than cross-references to paragraph 1 of this Part 7) should generally apply in relation to a Shareholder holding or disposing of Existing B Shares in the same way as they apply in relation to a Shareholder holding or disposing of New B Shares.

Part 8. Additional information

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

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

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

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

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

2. Form

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

3. CREST

For the purposes of dealings and settlement in CREST, the New B Shares will be designated as "interim B Shares" under the ISIN GBOOB1YW4847 for the period from Admission until the Brokers' Offer Record Date. During this period CREST Shareholders will have their accounts credited with "interim B Shares" to allow them to elect electronically through the CREST system. From 23 July 2007, the New B Shares will, for the purposes of dealings and settlement in CREST, be designated as "B Shares" and will be quoted in the Official List under the ISIN GBOOB16PRC61.

Accordingly, on 23 July 2007 those CREST Shareholders who have elected to retain New B Shares will have their CREST accounts credited with the New B Shares under the ISIN GBOOB16PRC61.

If the Existing Ordinary Shares to which any election made on the enclosed Yellow Form of Election relates are currently held in certificated form and are subsequently dematerialised into CREST before 4.30 pm on 13 July 2007 (or such later time and/or date as the Directors may determine) any instruction given by the submission of a Yellow Form of Election will become ineffective. Shareholders who consequently hold their New B Shares in CREST will need to submit a valid instruction within CREST in accordance with the instructions set out in paragraph 5.1 of Part 5 (Details of the Proposals) of this document in place of the previously submitted Yellow Form of Election by 4.30 pm on 20 July 2007.

If the Existing Ordinary Shares to which any instruction within CREST relates are currently held in CREST and are subsequently rematerialised into certificated form before 4.30 pm on 13 July 2007 (or such later time and/or date as the Directors may determine), any such instruction issued will become ineffective. Shareholders who consequently hold their New B Shares in certificated form will need to submit a valid Yellow Form of Election by 4.30 pm on 13 July 2007. Yellow Forms of Election can be obtained by telephoning the Registrars on 0870 195 6310 (or +44 (0)1903 276 342 if calling from outside the UK) between 8.30 am and 5.30 pm on any Business Day.

If the Existing B Shares to which any election made on the enclosed Green Form of Election relates are currently held in certificated form and are subsequently dematerialised into CREST before 4.30 pm on 13 July 2007 (or such later time and/or date as the Directors may determine) any instruction given by the submission of a Green Form of Election will become ineffective. Shareholders who consequently hold their Existing B Shares in CREST will need to submit a valid instruction within CREST in accordance with the instructions set out in paragraph 5.2 of part 5 (Details of the Proposals) of this document in place of the previously submitted Green Form of Election by 4.30 pm on 20 July 2007.

If the Existing B Shares to which any instruction within CREST relates are currently held in CREST and are subsequently rematerialised into certificated form before 4.30 pm on 13 July 2007 (or such later time and/or date as the Directors may determine), any such instruction issued will become ineffective. Shareholders who consequently hold their Existing B Shares in certificated form will need to submit a valid Green Form of Election by 4.30 pm on 13 July 2007. Green Forms of Election can be obtained by telephoning the Registrars on 0870 195 6310 (or +44 (0)1903 276 342 if calling from outside the UK) between 8.30 am and 5.30 pm on any Business Day.

4. Consent

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

5. Documents available for inspection

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

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the consent letters referred to in paragraph 4 of this Part 8; and
- (iii) this document.

Date: 14 June 2007

Part 9. Questions and answers

The following questions and answers are aimed principally at the Company's individual Shareholders resident in the UK. They set out some particular questions that those Shareholders might ask in relation to the Proposals and provide brief answers. They are intended as a further explanation of the content of this document and of the Form(s) of Election and Form of Proxy that accompany this document. They are qualified in their entirety by the more detailed descriptions of the Proposals in Part 5 (Details of the Proposals) of this document. **Please read carefully the questions and answers, the rest of this document and the other documents accompanying it.**

In general, guidance on the UK tax treatment in the following paragraphs is only a summary and is based on current law and practice as at the date of this document. UK tax resident Shareholders should read Part 7 (United Kingdom taxation in relation to the Proposals) carefully since the B Share Offers are expected to have different UK tax consequences.

If you still have any questions, you may call the Shareholder Helpline on 0870 195 6310 (from within the UK) or +44 (0)1903 276 342 (if calling from outside the UK).

Please note that the Shareholder Helpline will not provide advice on the merits of the Proposals or give any financial or tax advice.

The Proposals

1. What is being proposed?

We propose to return 174.625p in cash to Ordinary Shareholders for each Ordinary Share they hold at 6.00 pm on 13 July 2007. This amounts to approximately £800 million in aggregate. This is being effected (subject to Ordinary Shareholder approval) by a bonus issue of 11 New B Shares for every 8 Existing Ordinary Shares held and in the same proportion for other numbers of Existing Ordinary Shares held (rounded down to the nearest whole number of New B Shares), which it is intended will be followed by the Brokers' Offer and the Company Offer to purchase the B Shares for cash.

2. Why are you returning cash to Shareholders?

One of our objectives is to manage capital efficiently, so as to optimise the return for Ordinary Shareholders whilst maintaining prudent financial ratios. At 31 March 2007 the Group's gearing ratio was 0%, down from 1% a year earlier, primarily as a result of the exceptional levels of cash generated through the realisation of investments in portfolio companies. We believe that this low level of gearing does not represent the most efficient use of Ordinary Shareholders' capital at this time. We are therefore proposing to make a further return of cash of approximately £800 million.

3. How are you doing it?

We have chosen to return cash by means of a bonus issue of New B Shares, followed by a number of expected offers to purchase those shares for cash. The Proposals also have the objective of giving UK tax resident individual Shareholders, where possible, the flexibility to receive their cash as capital or income for UK tax purposes, or a combination of the two. This method is similar to that used in 2006. Full details are set out in the rest of this document.

For every 8 Existing Ordinary Shares that you own at 6.00 pm on 13 July 2007, you will receive 11 New B Shares. Subject to you participating in one of the B Share Offers that are expected to be made in relation to your New B Shares, each New B Share entitles you to receive 127p in cash.

4. Why have you decided to issue further B Shares, rather than a new class of shares?

By issuing New B Shares, which are shares of the same class as the Existing B Shares issued in July 2006, 3i aims to reduce both cost and complexity. A new class of shares would need to be separately listed on the stock exchange, giving rise to the requirement for a prospectus, which would entail additional cost for the Company. In addition, the creation of a further class of shares would make 3i's capital structure more complex.

5. Why can't you issue the bonus shares on a one-for-one basis like last year?

Because we are using B Shares, that is shares of the same class as the B Shares issued last year, which have a fixed return amount of 127p per share. In order to return approximately £800 million in aggregate to Ordinary Shareholders, we have to issue 1.375 New B Shares for each ordinary share in issue, hence the ratio of 11 for 8.

6. My holding of Existing Ordinary Shares isn't exactly divisible by 8. How many New B Shares will I receive?

Your entitlement to New B Shares will be rounded down to the nearest whole number of New B Shares. This rounding will not amount to more than 7/8ths of the value of a New B Share (i.e. less than 112p per shareholding).

7. How do I get my cash?

You should participate in one of the B Share Offers that are expected to be made for your B Shares.

8. Who are "Excluded Overseas Shareholders"?

These are Shareholders who are in or resident in, or citizens or nationals of, Australia, Canada, Japan and the United States of America or Shareholders who are a nominee, trustee or a custodian for a person in, or a resident, citizen or national of one of those countries. Excluded Overseas Shareholders will only be entitled to receive the proceeds from the involuntary sale of any New B Shares allocated to them in the Brokers' Offer (if made) or otherwise. Excluded Overseas Shareholders should not return a Form of Election or issue any instruction in CREST in respect of B Shares.

9. Will the Proposals affect the dividend on my 3i Ordinary Shares?

No, the final dividend of 10.3p per Ordinary Share in respect of the year to 31 March 2007 will be paid, subject to approval at the AGM, on 20 July 2007 and your entitlement to this dividend is determined by reference to the number of Existing Ordinary Shares held by you on 22 June 2007.

The B Share Offers**10. What offers are expected to be made for my B Shares?**

If you are not an Excluded Overseas Shareholder, you can choose to have some or all of your B Shares (both Existing B Shares and/or New B Shares) purchased by one of the Brokers in the Brokers' Offer (the proceeds of which should generally be treated as a capital receipt for UK tax resident individuals) or to have some or all of your B Shares purchased by the Company in the Company Offer (the proceeds of which should generally be treated as an income receipt for UK tax resident individuals save for amounts equal to the one penny nominal value of each B Share sold in the Company offer). In addition, you may wish to participate in one of the Future Purchase Offers that are expected to be made in July 2008 and July 2009 (the proceeds of which, if such offers are made, should generally be treated as a capital receipt for UK tax resident individuals).

If you are a UK tax resident individual, your choice is likely to depend on your tax circumstances. You should refer to Part 7 (United Kingdom taxation in relation to the Proposals) of this document. If you are in any doubt as to your tax position you should obtain independent professional advice without delay.

11. How much cash will I receive and how many ordinary shares will I hold?

Under the terms of the B Share Offers, there will not be any difference in the price paid per B Share between the Brokers' Offer, the Company Offer and either of the Future Purchase Offers (if made). The example below illustrates the B Share Offers for holders of Existing Ordinary Shares:

Number of Existing Ordinary Shares held at 6.00 pm on 13 July 2007	Number of New B Shares you will receive	Number of Consolidated Ordinary Shares you will receive	Cash proceeds of sale of all of your New B Shares
100	137	85	£173.99
300	412	255	£523.24
500	687	425	£872.49
1,000	1,375	850	£1,746.25

In addition, you may also receive the proceeds of sale of a fraction of a Consolidated Ordinary Share to which you may be entitled following the Share Capital Consolidation.

12. I wish to participate in the Brokers' Offer – what should I do?

For Ordinary Shareholders who are receiving New B Shares, you need to complete and sign the Yellow Form of Election sent to you with this document in accordance with the instructions set out in this document and on the Yellow Form of Election. You must send it to Lloyds TSB Registrars at The Causeway, Worthing, West Sussex BN99 6DA so as to be received not later than 4.30 pm on 13 July 2007.

See Question 17 regarding Existing B Shares.

13. What if I do nothing, or don't send my Form of Election back in time?

If you do not complete your Yellow Form of Election correctly, do not sign it or do not send it back to Lloyds TSB Registrars at The Causeway, Worthing, West Sussex BN99 6DA so as to be received not later than 4.30 pm on 13 July 2007, your New B Shares will be issued to a person appointed by the Directors to hold the New B Shares as your nominee. That person will sell the New B Shares as soon as reasonably practicable (this is currently expected to be via participation in the Brokers' Offer, if made) and a cheque for the proceeds of sale will be posted to you.

You must not send a Yellow Form of Election back if you are an Ordinary Shareholder in, or a resident, citizen or national of, Australia, Canada, Japan or the United States of America.

If you hold Existing B Shares and you do not complete your Green Form of Election correctly, do not sign it or do not send it back to Lloyds TSB Registrars at The Causeway, Worthing, West Sussex BN99 6DA so as to be received not later than 4.30 pm on 13 July 2007, you will not be able to sell any of those Existing B Shares in the Brokers' Offer.

14. Can I choose to keep my New B Shares?

Yes, as long as you are not an Excluded Overseas Shareholder. To do so, you must elect in favour of the Retention of New B Shares on the Yellow Form of Election. You are not required to participate in any of the B Share Offers but you should note that the Company will have the power to effect the compulsory transfer of any B Shares outstanding on or after 14 July 2009 at a price at least equal to 127p per B Share, free of all dealing expenses and commissions.

Holders of Existing B Shares

15. I hold some Existing B Shares from last year's bonus issue – what happens to them?

As long as you are not an Excluded Overseas Shareholder, you can choose to keep them or to sell them in the Brokers' Offer or the Company Offer. If you do nothing, you will continue to hold your Existing B Shares and can participate in the anticipated Future Purchase Offers in subsequent years (if made). Excluded Overseas Shareholders should not return a Form of Election or issue any instruction in CREST in respect of B Shares.

16. Are the New B Shares the same as the Existing B Shares?

Yes, the New B Shares and the Existing B Shares are shares of the same class and are entitled to receive the same dividend.

17. How do I sell my Existing B Shares in the B Share Offers?

If you hold a share certificate for your Existing B Shares, you will receive a Green Form of Election in relation to the Brokers' Offer. If you do not sell all your B Shares in the Brokers' Offer, you will subsequently receive a Company Offer Form of Election in relation to the Company Offer. If you want to sell some or all of your Existing B Shares, you must complete either the Green Form of Election or the Company Offer Form of Election (depending on how you wish to participate, if at all, in either offer). With either Form of Election, **you must attach a B Share certificate for the B Shares you have elected to sell.** If you have lost your share certificate, contact the Shareholder Helpline (details at the start of this Part 9) who will send you a letter of indemnity to complete and return in place of the certificate.

18. I hold some Existing B Shares from last year's bonus issue but have not received a dividend – when is it payable and will I still receive it even if I accept the Brokers' Offer?

The dividend payment date is 16 July 2007. Provided that you hold Existing B Shares on 6 July 2007 (the dividend record date), you will still receive your dividend even if you accept the Brokers' Offer.

Share Capital Consolidation

19. What is the Share Capital Consolidation and why are you doing it?

A consolidation of a company's share capital is common where there has been an event such as a special dividend or a bonus issue of B shares. If we did not include the Share Capital Consolidation as part of the Proposals, 3i's Ordinary Share price would fall (other things being equal) because the Company would no longer have the cash which is being returned to Ordinary Shareholders.

The intention of the Share Capital Consolidation is to help the market price of the Ordinary Shares to stay approximately the same immediately before and after the issue of the New B Shares. This helps comparisons of share price performance, both over time and with other companies and market indices, and of company data (such as earnings per share and dividends per share). The Share Capital Consolidation is also intended to maintain a neutral position for holders of options and awards under 3i's Share Schemes.

20. What does the Share Capital Consolidation mean for me?

Although you will hold fewer Ordinary Shares after the Share Capital Consolidation, you will continue to own the same proportion of 3i as you did before, subject to fractional entitlements (as to which see question 21 below).

The effect of the Share Capital Consolidation should be that the total value of your Consolidated Ordinary Shares in 3i immediately after the Share Capital Consolidation, plus the value of any fractional entitlements, plus the 127p for every New B Share that you hold, is equal to the value of your Existing Ordinary Shares immediately before the Share Capital Consolidation. This is subject to normal movements in the price of 3i's Ordinary Shares and the effect of rounding down entitlements to New B Shares (although the rounding will not amount to more than 112p per shareholding).

21. The consolidation ratio indicates that I will receive 17 Consolidated Ordinary Shares for every 20 Existing Ordinary Shares, but the number of Existing Ordinary Shares that I hold is not exactly divisible by 20. What happens to the difference?

If you held 200 Existing Ordinary Shares, you would receive 170 Consolidated Ordinary Shares. However, if you held 199 Existing Ordinary Shares, you would receive 169 Consolidated Ordinary Shares. The balance to which you would be entitled ($\frac{3}{20}$ ths or 0.15 of a Consolidated Ordinary Share) will be paid to you in cash. We will obtain this money by pooling all the fractions of Consolidated Ordinary Shares to which Ordinary Shareholders are entitled and selling the resulting whole Consolidated Ordinary Shares in the market. The amount you will then receive depends on the net proceeds received from the sale of the whole Consolidated Ordinary Shares.



Extraordinary General Meeting

22. Do I need to vote?

The Proposals need the approval of Ordinary Shareholders before they can take place. Your Directors recommend that you should vote in favour of the special resolution proposed at the EGM.

You can vote at the EGM by completing and signing your Form of Proxy and returning it to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DW as soon as possible, but in any event so as to be received not later than 10.45 am on 9 July 2007. You may still attend the EGM in person if you wish.

If you do not vote but Ordinary Shareholders still approve the Proposals, you may still participate in the B Share Offers.

23. When and where is the EGM?

The EGM will be held immediately after the Company's AGM (which has been convened for 10.30 am on 11 July 2007) at the same venue, The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE.

24. What happens to my Existing Ordinary Share certificate?

Your certificate in respect of your Existing Ordinary Shares will no longer be valid once the Consolidated Ordinary Shares have been issued.

25. When do I get my Consolidated Ordinary Share certificate?

Consolidated Ordinary Share certificates will be dispatched on or around 26 July 2007.

26. Will I get a New B Share certificate?

You will only receive a New B Share certificate if you elect not to have all of your New B Shares participate in the Brokers' Offer. New B Share certificates will be dispatched on or around 26 July 2007.

Tax position with New B Shares

27. What is my tax position?

We have set out a general guide to UK taxation in Part 7 (United Kingdom taxation in relation to the Proposals) of this document and you should read it carefully. Further information is also on 3i's investor relations website, www.3igroup.com. If you have a complicated tax position, or are otherwise in any doubt as to your tax circumstances, or if you are subject to tax in a jurisdiction other than the UK, you should consult your independent professional adviser.

Part 10. Definitions

“3i” or “the Company”	3i Group plc;
“3i Group” or “the Group”	the Company and its subsidiaries;
“Admission”	the admission of the Consolidated Ordinary Shares and the New B Shares to the Official List and to trading on the London Stock Exchange’s market for listed securities becoming effective;
“AGM”	the Annual General Meeting of the Company convened for 10.30 am on 11 July 2007;
“B Shareholder”	a holder of Existing B Shares and/or New B Shares, as the context may require;
“B Shares”	the Existing B Shares and the New B Shares;
“B Share Offers”	the Brokers’ Offer, the Company Offer and the Future Purchase Offers;
“BACS”	the Bankers Automated Clearing System;
“Board” or “Directors”	the Board of Directors of the Company;
“Brokers”	Dresdner Kleinwort Securities Limited and Lehman Brothers International (Europe);
“Brokers’ Offer”	the offer by which the Brokers, acting as principals, are expected to purchase B Shares on 23 July 2007;
“Brokers’ Offer Record Date”	6.00 pm on 20 July 2007 (or such other time and date as the Directors may determine);
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business in London;
“Certificated”	in relation to any class or category of Shares or Shareholder, where the Ordinary Shares or B Shares concerned are held in certificated form;
“Company Offer”	the offer by which the Company, acting through its agent Dresdner Kleinwort Securities Limited, is expected to purchase B Shares on 20 August 2007;
“Company Offer Form of Election”	the form of election to be posted to Certificated Shareholders who hold B Shares after the Brokers’ Offer;
“Consolidated Ordinary Shares”	the new ordinary shares of 73 ¹⁹ / ₂₂ p each in the capital of the Company to be created by the approval of the Resolution at the EGM;
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which CRESTCo is the Operator (as defined in those regulations);
“CRESTCo”	CRESTCO Limited, the operator of CREST;
“CREST Proxy Instruction”	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of the Shareholder at the EGM containing the information required to be contained therein by the CREST Manual;
“CREST Shareholders”	Shareholders other than Certificated Shareholders;
“EGM”	the Extraordinary General Meeting of the Company convened in connection with the Proposals for 10.45 am on 11 July 2007 (or as soon as possible thereafter after the closing or adjournment of the AGM);
“Election Period”	the period from the date of this document to 4.30 pm on 20 July 2007, during which Shareholders (other than Excluded Overseas Shareholders) may make elections in favour of the Brokers’ Offer or to retain New B Shares to be issued to them (provided, in respect of Certificated Shareholders, they have submitted relevant Forms of Election by 4.30 pm on 13 July 2007);
“Excluded Overseas Shareholders”	Shareholders who are in or resident in, or citizens or nationals of, the Prohibited Territories or are a nominee, trustee or custodian for a person in or a resident, citizen or national of the Prohibited Territories;
“Existing B Shares”	the cumulative preference shares of one penny each in the capital of the Company in issue at the date of this document;
“Existing B Shareholder”	a holder of Existing B Shares;
“Existing Ordinary Shares”	the existing ordinary shares of 62 ⁶⁹ / ₆₈ p each in the capital of the Company;
“Forms of Election”	the Green Form of Election, the Yellow Form of Election and the Company Offer Form of Election and “Form of Election” shall mean any of them;
“Form of Proxy”	the form of proxy attached to the Yellow Form of Election for use by Ordinary Shareholders in connection with the EGM;
“FSA”	the Financial Services Authority;

"Future Purchase Offers"	the offers by which a counterparty acting as principal is expected to purchase B Shares in both July 2008 and July 2009;
"Green Form of Election "	the form of election for holders of Existing B Shares enclosed with this document, if applicable;
"interim B Shares"	New B Shares temporarily allocated the ISIN GB00B1YW4847 for the period from Admission until the Brokers' Offer Record Date;
"ISIN"	International Securities Identification Number;
"Listing Rules"	the listing rules made by the FSA for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended from time to time;
"New B Shareholder"	a holder of New B Shares;
"New B Shares"	the cumulative preference shares of one penny each in the capital of the Company to be created by the approval of the Resolution of the EGM forming part of the same class as, and ranking pari passu with, the Existing B Shares;
"Official List"	the official list maintained by the FSA for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended from time to time;
"Ordinary Shareholder"	a holder of Ordinary Shares;
"Ordinary Shares"	Existing Ordinary Shares or Consolidated Ordinary Shares, as the context may require;
"Prohibited Territories"	Australia, Canada, Japan and the United States of America;
"Proposals"	the issue of the New B Shares, the Share Capital Consolidation and the B Share Offers;
"Record Date"	6.00 pm on 13 July 2007 (or such other time or date as the Directors may determine);
"Registrars"	Lloyds TSB Registrars, the Company's registrars and receiving agents in respect of the Proposals;
"Resolution"	the special resolution contained in the notice of EGM at the end of this document;
"Retention of New B Shares"	the option on the Yellow Form of Election or the issue of an instruction in CREST, as the case may be, to retain New B Shares;
"RIS"	a Regulatory Information Service which is approved by the FSA as meeting the Primary Information Provider criteria and which is on the list of Regulatory Information Services approved by the FSA;
"Share Capital Consolidation"	the consolidation of the Existing Ordinary Shares into the Consolidated Ordinary Shares;
"Share Schemes"	The 3i Group 1994 Executive Share Option Plan, The 3i Group Discretionary Share Plan, The 3i Group Management Equity Investment Plan, The 3i Group Sharesave Scheme, The 3i Group Share Incentive Plan and The 3i Group Deferred Bonus Plan;
"Shareholders"	Ordinary Shareholders and/or B Shareholders, as the context may require;
"TTE instruction"	Transfer to Escrow instruction;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"USE instruction"	Unmatched Stock Event instruction;
"US Shareholders"	Shareholders who are in or resident in, or citizens or nationals of, the United States of America or Shareholders who are a nominee, trustee or custodian for a person in or a resident, citizen or national of the United States of America; and
"Yellow Form of Election"	the form of election relating to the New B Shares enclosed with this document, if applicable.

Notice of Extraordinary General Meeting

3i Group plc

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of 3i Group plc (the "**Company**") will be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on Wednesday 11 July 2007 at 10.45 am (or as soon as possible thereafter upon the conclusion or adjournment of the Company's Annual General Meeting on that date) to transact the business set out below:

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

THAT, conditional upon the admission of the Consolidated Ordinary Shares (as defined below) and the New B Shares (as defined below) to the Official List of the UK Listing Authority and their admission to trading on the London Stock Exchange's main market for listed securities becoming effective at 8.00 am on 16 July 2007 (or such other time and date as the Directors of the Company may determine):

- (a) the authorised share capital of the Company be and is hereby increased from £416,199,863 to £416,699,863 by the creation of a further 50,000,000 cumulative preference shares of one penny each (the "**New B Shares**"), such New B Shares to form one class with the existing cumulative preference shares of one penny each in the capital of the Company (the "**Existing B Shares**") (the New B Shares and the Existing B Shares together being hereinafter referred to as the "**B Shares**");
- (b) pursuant to Article 133 of the Articles of Association of the Company, the Directors be and are hereby authorised to capitalise a maximum sum not exceeding £6,513,700.20 standing to the credit of the Company's share premium account and to apply such sum in paying up in full the number of New B Shares whose aggregate nominal value is equal to such sum and, without prejudice and in addition to any other authority granted pursuant to section 80 of the Companies Act 1985 and in force on the date on which this resolution is passed, are hereby authorised pursuant to section 80 of the Companies Act 1985 (as amended) (the "**Companies Act**") to allot and issue such New B Shares credited as fully paid up, up to an aggregate nominal amount of £6,513,700.20, to the holders of ordinary shares of 62⁶⁹/₈₈ pence each in the capital of the Company (the "**Existing Ordinary Shares**") on the register of members of the Company at 6.00 pm on 13 July 2007 (or such other time and date as the Directors of the Company may determine) on the basis of 11 New B Shares for every 8 Existing Ordinary Shares of such holders and in the same proportion for other numbers of Existing Ordinary Shares held (and, where the number of such Existing Ordinary Shares of each such holder is not exactly divisible by 8, the number of New B Shares so allotted and issued to such holder shall be rounded down to the nearest whole number) and so that the New B Shares shall rank *pari passu* in all respects with the Existing B Shares and, for the avoidance of doubt, shall carry the right to a dividend in respect of the Calculation Period (as defined in Article 148(B)(iii) of the Company's Articles of Association) for 2007/2008 as if such Calculation Period commenced on 15 July 2007 and ended on 14 July 2008, provided that the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2008;
- (c) the New B Shares which would otherwise be issued to any Shareholder who holds Existing Ordinary Shares in certificated form and who does not return a validly executed form of election relating to the New B Shares by 4.30 pm on 13 July 2007 (or such later time and date as the Directors may determine), or in respect of whom the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or would or might be required to make filings or take any other action in any jurisdiction if it were to issue New B Shares to such Shareholder, shall instead be issued to a person appointed by the Directors to hold those New B Shares as nominee on behalf of such Shareholder on terms that the relevant New B Shares shall, as soon as reasonably practicable following 16 July 2007, be sold on behalf of such Shareholder at the best price which can reasonably be obtained (as determined by the Company, in its discretion) and the proceeds of such sale shall be paid to such Shareholder by sending a cheque to his or her registered address;
- (d) the share capital represented by all of the Existing Ordinary Shares which at 6.00 pm on 13 July 2007 (or such other time and date as the Directors of the Company may determine) (the "**Consolidation Record Time**") are shown in the books of the Company as authorised but unissued be consolidated into share capital of the Company with a nominal value equal to the product of 62⁶⁹/₈₈ pence and such number of Existing Ordinary Shares and the share capital represented by that consolidation be sub-divided into new ordinary shares of 73¹⁹/₂₂ pence each (the "**Unissued Consolidated Ordinary Shares**"), provided that where such sub-division results in a fraction of an Unissued Consolidated Ordinary Share, such fraction shall, together with the minimum number of Unissued Consolidated Ordinary Shares as are required (after this Resolution has become wholly unconditional and effective) to be cancelled in order that the nominal value in pounds sterling of the Company's authorised share capital is a whole number, be cancelled pursuant to section 121(2)(e) of the Companies Act;
- (e) the share capital represented by each holding of Existing Ordinary Shares as shown in the register of members of the Company at the Consolidation Record Time be consolidated into share capital of the Company with a nominal value equal to the product of 62⁶⁹/₈₈ pence and the number of Existing Ordinary Shares comprised in such holding and the share capital represented by such consolidation be sub-divided into new ordinary shares of 73¹⁹/₂₂ pence each (the "**Consolidated Ordinary Shares**"), provided that:
 - (i) where such consolidation and sub-division results in any member being entitled to a fraction of a Consolidated Ordinary Share, such fraction shall be aggregated with the fractions of Consolidated Ordinary Shares to which other members of the Company may be entitled into Consolidated Ordinary Shares representing such fractions (the "**Fractional Entitlement Shares**"); and

- (ii) the Directors of the Company be and are hereby authorised to sell (or appoint another person to sell) to any person, on behalf of all the relevant members, all the Fractional Entitlement Shares at the best price reasonably obtainable, and to distribute the proceeds of such sale (net of expenses) in due proportion among the relevant members entitled thereto (save that any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company) and that any Director of the Company (or any person authorised by the Directors of the Company) be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of all relevant members and to do all such acts and things as the Directors may consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such Fractional Entitlement Shares; and
- (f) without prejudice and in addition to any other such authority granted and in force on the date on which this resolution is passed, the Company be and is generally and unconditionally authorised, in accordance with Article 7 of the Company's Articles of Association, to make market purchases (as defined in section 163(3) of the Companies Act) of B Shares, provided that:
- (i) the Company does not purchase under this authority more than 651,370,020 B Shares;
- (ii) the Company does not pay for each such B Share less than one penny; and
- (iii) the Company does not pay for each such B Share more than 127 pence.

This authority shall continue for the period ending on the date of the Annual General Meeting of the Company to be held in 2008 or, if earlier, 10 October 2008, save that if the Company has agreed, before this authority expires, to purchase B Shares where the purchase will or may be executed after this authority expires (either wholly or in part), the Company may complete such purchases as if this authority had not expired.

By order of the Board

A W W Brierley

Secretary

14 June 2007

Registered Office:

16 Palace Street
London SW1E 5JD

Notes:

1. A member entitled to attend and vote at the Extraordinary General Meeting may appoint one or more proxies to attend and, on a poll, to vote instead of the member. A proxy need not be a member. The appointment of a proxy will not preclude a member from attending and voting in person at the Extraordinary General Meeting, if desired.
2. A Form of Proxy is enclosed for the use of members who are unable to attend the Extraordinary General Meeting. To be effective this should be lodged (together, where applicable, with any power of attorney or other authority under which it is executed) with the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DW at least 48 hours before the appointed time of the Extraordinary General Meeting (that is to say, no later than 10.45 am on 9 July 2007, or before the time fixed for any adjournment of the meeting). Proxy appointments and voting directions may also be registered electronically by contacting the www.sharevote.co.uk website, where full details of the procedure are given. To be valid, such a registration must equally be received at least 48 hours before the appointed time of the Extraordinary General Meeting or before the time fixed for any adjournment of the meeting. Members appointing proxies through www.sharevote.co.uk should read the terms and conditions of use carefully. The facility to appoint proxies through the www.sharevote.co.uk system is available to shareholders and those who use this facility will not be disadvantaged. Alternatively, proxies may be lodged using the CREST proxy voting service. CREST members who wish to appoint a proxy or proxies may do so by utilising the CREST electronic proxy appointment service in accordance with the procedures described in the CREST manual. For such a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications, must contain the information required for such instructions, as described in the CREST Manual, and, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Company's agent (ID 7RA01) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) at which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. Normal system timings and limitations will apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. Where members return more than one proxy appointment, either in paper form or by electronic communication, the proxy received last by the Company's registrars before the latest time for receipt of proxies will take precedence, regardless of the dates on which the member made the relevant appointment. If the Company's registrars are unable to determine which was last delivered, none of them shall be treated as valid.
3. In order to attend or vote at the Extraordinary General Meeting, a member must be entered on the Company's Register of Members at 6.00 pm on 9 July 2007, or in the event that the meeting is adjourned, as at such time falling 48 hours before the time of any adjourned meeting. A member will only be entitled to attend and vote in respect of those shares registered in the name of the member at that time. This time has been specified pursuant to regulation 41 of the Uncertificated Securities Regulations 2001. Changes to entries on the Company's Register of Members after that time will be disregarded in determining the right of any person to attend or vote at the Extraordinary General Meeting or at any adjournment of the meeting, as the case may be.
4. A copy of the Articles of Association of the Company is available for inspection at the registered office of the Company at 16 Palace Street, London SW1E 5JD during normal business hours on weekdays (Saturdays, Sundays and public holidays excepted) from today until the close of the Extraordinary General Meeting and will be available for inspection at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE from 15 minutes prior to the Company's Annual General Meeting on 11 July 2007 until the conclusion of the Extraordinary General Meeting on that date.

