



Annual General Meeting



29 June 2012

Safety announcement



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



Annual General Meeting



29 June 2012



Sir Adrian Montague

Chairman





The Board of Directors and General Counsel





Martine Verluyten





Alistair Cox





Richard Meddings





Kevin Dunn





Simon Borrows





Julia Wilson





Jonathan Asquith





Willem Mesdag







- Core strategy
 - affirm diversification strategy into Infrastructure and Debt Management
- Resourcing
 - determine both scale and skill set of investment teams
- Costs
 - ensure that costs are aligned with the market opportunity
- Balance sheet
 - define its size and an appropriate distribution policy
- Disclosure
 - increasing disclosure to track progress

“We have consulted widely on key areas identified by the Board”

Appointment of new CEO



- Process to identify a successor launched at end of March
- Identified skills required to execute Board's strategic mandate
- Announced appointment of Simon Borrows at the time of the Annual results in May





Simon Borrows Chief Executive





The investment proposition

- An international investor with three strong investment platforms:
 - **focused** mid-market Private Equity business
 - **class-leading** Infrastructure investor
 - **growing** Debt Management business

Clear vision and strategy

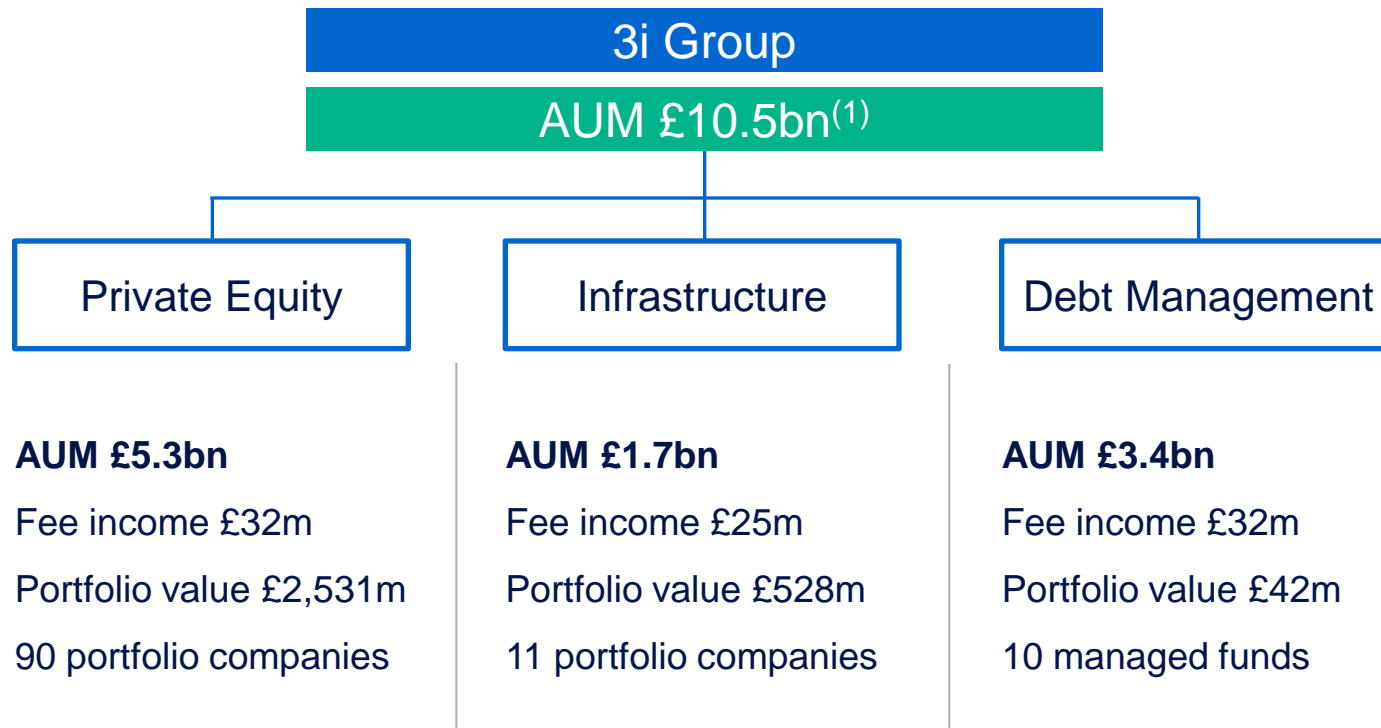
Key challenges



To achieve 3i's vision of being a leading international investor in private equity, infrastructure and debt management, it is critical for 3i to meet the following key challenges:

- get its 'house in order'
- re-build its reputation through delivering top quartile cash investment returns over the longer term
- in time, generate more third party income through the raising of further third party funds

3i – shape of the business as at 31 March 2012



(1) Includes AUM of £0.1bn for non-core assets.

Demonstrating 3i's capabilities – recent new investments



Investment	Size of investment made by 3i	Business description	Selected comments
GEKA GmbH	Value not disclosed Majority stake	<ul style="list-style-type: none"> German-based manufacturer of brushes, applicators and comprehensive packaging systems for the cosmetics industry 	<ul style="list-style-type: none"> Announced in February 2012 Sector: Industrials
Blue Interactive Group	\$55m Significant minority stake	<ul style="list-style-type: none"> Brazilian cable TV and broadband provider Currently present in 9 Brazilian states and 14 cities 	<ul style="list-style-type: none"> Announced in December 2011 Sector: Consumer
LNI Acquisition Oy	£28m by 3i (6% stake) and £195m by 3i Infrastructure (39% stake)	<ul style="list-style-type: none"> Second largest electricity distribution network in Finland Additionally, operates a broad-based local district heating in Finland 	<ul style="list-style-type: none"> Announced in December 2011 and completed in January 2012 Infrastructure
Indian road BOT projects	Value not disclosed Significant minority stake	<ul style="list-style-type: none"> Holds a number of key tolling concessions Highly complementary with previous investments in Soma and KMC 	<ul style="list-style-type: none"> Completion subject to final approvals Infrastructure

My assessment of 3i – reasons for underperformance



Decentralised and unfocused

- International network too thinly spread
- Examples of inconsistency in investment and asset management processes
- Lack of central control

Behaviour and culture did not change

- Portfolio not actively managed enough
- Over-investment at peak of private equity market
- No annual vintage limits on own balance sheet investments

Cost base lagged investment business changes

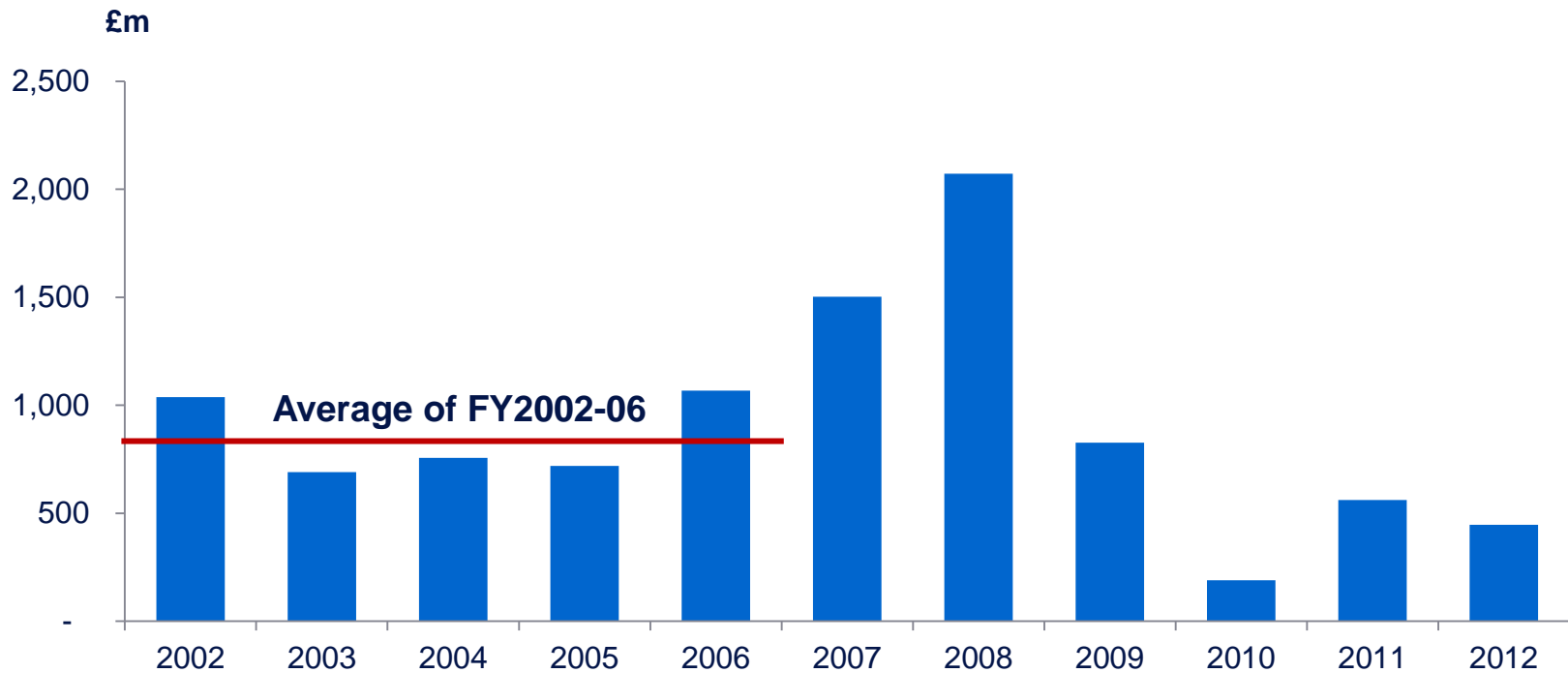
- Operating cost base is not aligned with income
- Group support / 'back office' costs not 'right-sized'
- Funding costs of maintaining high levels of liquidity too high

Not focused enough on delivering sustainable performance

No formal mechanism to prevent over-investment



3i own balance sheet cash investment by financial year ended 31 March



Operating costs not currently aligned with cash income



Illustrative analysis

31 March financial year-end Figures in £ millions	FY2009	FY2010	FY2011	FY2012	Aggregate FY09-12
Total cash fees and portfolio income⁽¹⁾	151	129	119	151⁽²⁾	550
Reported operating expenses ⁽¹⁾	(250)	(221)	(181)	(180)	(832)
Implied surplus / (shortfall)	(99)	(92)	(62)	(29)	(282)

(1) Fees and portfolio income entries above relate to the cash flow items whereas operating expenses relate to accounting charges as they appear on the income statement.

(2) Includes £32 million of fee income from Debt Management. 3i completed the acquisition of MIM and formation of Debt Management in February 2011.



Control
and focus

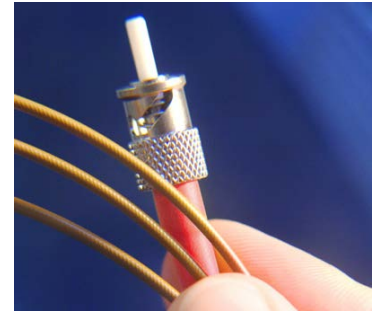
Consistency and
discipline

Fitter and
more efficient

New Chief Executive with strategic mandate to pursue clear and concrete set of measures to maximise shareholder value



My strategic mandate





Focus on our clear strengths

Re-balancing and enhancing the capabilities of our investment teams

Private Equity – portfolio by sector



Sector	% of Private Equity direct portfolio value ⁽¹⁾	Selected comments
Industrials	30%	<ul style="list-style-type: none">▪ June 2011 investment in Hilite (German-based automotive components), followed by sale of emissions control business in April 2012▪ Recent large realisations include: Ålö, Hyva, MWM and Norma
Business Services ⁽²⁾	29%	<ul style="list-style-type: none">▪ Strong capabilities and track record in the testing, inspection and certification sector▪ December 2010 investment in Element (Benelux-based materials testing business)
Consumer	21%	<ul style="list-style-type: none">▪ September 2011 investment in Action (Dutch-based, non-food discount retailer)
Healthcare	12%	<ul style="list-style-type: none">▪ Largest investment is in Quintiles (US-based clinical research solutions outsourcing)

(1) 3i direct Private Equity portfolio value of £2,531m as at 31 March 2012.

(2) Includes Financial Services.

A proven track record across these core sectors

Private Equity – FY2011-12 buyouts



Company ⁽¹⁾	Date invested	Value multiple ⁽²⁾	EBITDA 2011 vs. 2010
Action	Sep 2011	1.2x	↑
Hilite	June 2011	1.2x	↑
Element	Dec 2010	1.4x	↑
Etanco	Oct 2011	0.9x	↑
Amor	Dec 2010	1.2x	↑
OneMed	Mar 2011	0.5x	↓
Vedici	May 2010	1.0x	→
Trescal	Sep 2010	1.2x	↑

3i only residual cost:
£563m

3i only value
at 31 March 2012:
£599m

- (1) Ranking of companies by 3i only value at 31 March 2012. Buyouts completed in financial years ended 31 March 2011 and 2012.
 (2) 3i only value at 31 March 2012 divided by 3i only residual cost.

FY2011-12 vintages performing well
 24% of the Private Equity portfolio at 31 March 2012 (2011: 8%)

Private Equity – portfolio by geography



3i region	% of Private Equity direct portfolio value ⁽¹⁾	Selected comments	Portfolio status
UK	22%	Low near-term market growth outlook. Portfolio comprises a number of international assets	
Germany	17%	Exits of MWM (November 2011) and Norma (April 2011), investment in Hilite (June 2011)	
Asia	14%	Reduction in ACR valuation due to impact of natural disasters	
US	11%	Initial signs of improving economic conditions	
Benelux	11%	Exit of Hyva (April 2011), investment in Action (September 2011)	
France	9%	Investment in Etanco (October 2011)	
Nordic	8%	Exit of Ålö Intressenter (July 2011)	
Spain	7%	Challenging economic conditions; withdrawing from new investment	
Italy	<1%	Challenging economic conditions; closing of office	
Brazil	-(2)	First investment in Brazil (Blue Interactive, announced December 2011)	

(1) 3i direct Private Equity portfolio value of £2,531m as at 31 March 2012.

(2) First investment (Blue Interactive Group) to complete post 31 March 2012.



Single Private Equity business

- Combined Developed and Developing Private Equity
- Investing in buyouts and growth capital
- Continue to ensure delivery of existing fund mandates

Tighter focus on new investment

- New investment primarily focused on Northern Europe and Brazil
- Supported by strong footprint and capabilities in Asia and in the US
- Suspend new investment and focus on portfolio management in Spain and Asia

Retain core footprint and operational capabilities

- Close investment offices in Barcelona, Copenhagen, Hong Kong, Milan and Shanghai
- Retain offices in Beijing, Madrid, Mumbai, New York and Singapore for portfolio management with much leaner staffing



Infrastructure

- Class-leading business
- Long-term, stable and cash-generative investments
- Continued strong performance in Europe
- Focus on continuing to grow and develop the Infrastructure business

Debt Management

- Successful acquisition of MIM in February 2011
- Total AUM of c.£3.4bn as at 31 March 2012
- Significant contribution to Group operating cash flow
- Recent acquisition of seven European CLO funds set to increase AUM by c.50% to c.£5bn
- Continue to focus on growth through strategic and accretive acquisitions and offering new credit funds globally

Continuing to grow our Infrastructure and Debt Management businesses



Strengthen investment processes

- Ensure a consistent and disciplined approach to new investment
- New investments considered in the context of the most appropriate capital allocation across the Group
 - liquidity and working capital
 - debt reduction and refinancing
 - shareholder distributions
 - business lines
- Implementing a new vintage control policy for 3i own balance sheet investments

Recognise and respond earlier to potential portfolio issues



Intensive asset management

- Rigorous investment review processes, including:
 - governance; management and Board assessment
 - monitoring and performance tracking of investments
- Particular focus on intensively managing the Private Equity investments made in FY2007-09 to preserve and enhance value
 - continue to support and invest in those businesses
 - increase operational capabilities of investment teams
- Seek realisations where conditions are right to maximise value for the Group, its shareholders and its fund investors

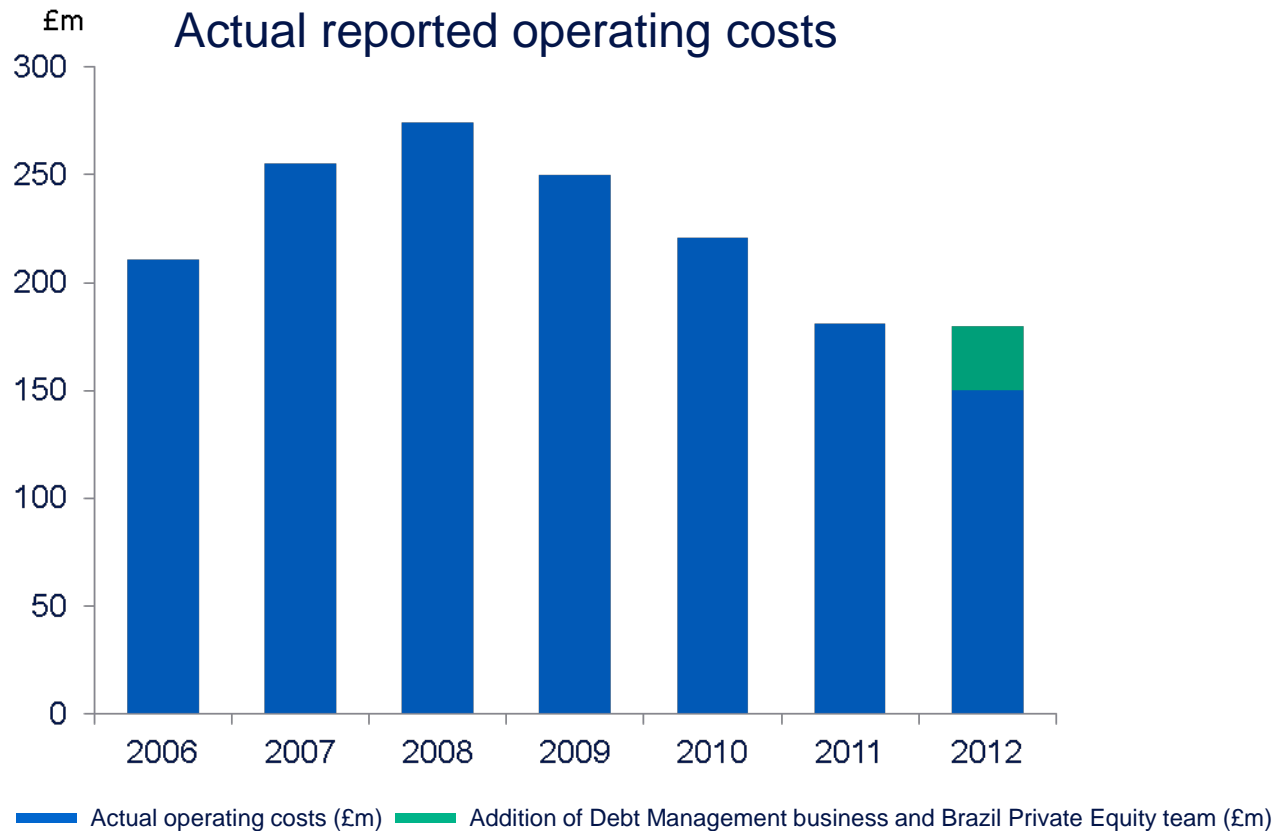
Focus on intensively managing the existing Private Equity portfolio and seeking realisations where the conditions are right



Six key improvement initiatives:

1. Investment review process
2. People: governance and resourcing
3. Operational capabilities, knowledge management & networks
4. Monitoring and performance tracking
5. Valuation process and exit strategy & planning
6. Systems upgrade and reporting

Operating costs – progress to 31 March 2012



The chart shows financial years ended 31 March.

Considerable progress has been made, but significantly more to do to bring costs in line with Group income



Operating costs – review process



Operating costs – actions being taken



Reduce staff

- **435** employees at 31 March 2012
- **Reduction of over 160 employees** by 31 March 2013
 - reduction comprising 1/3 investment professionals and 2/3 support staff

Consolidate office network

- **Office closures:** Barcelona, Birmingham, Copenhagen, Hong Kong, Milan and Shanghai, reducing total number of offices from 19 to 13
- **Sub-leasing** of other offices

Further cost efficiencies

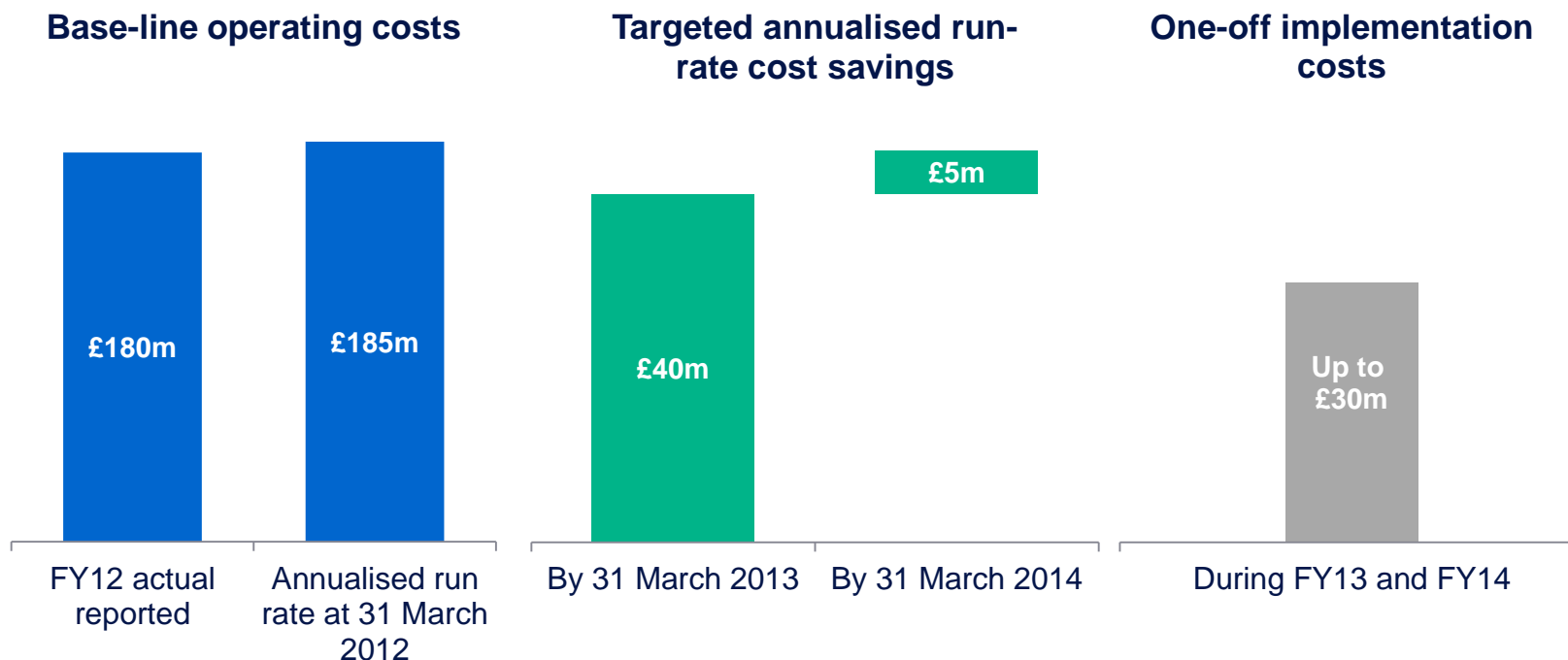
- **Reduce** indirect and other support costs
- **Restructure** and upgrade IT systems
- **Streamline** outsourcing and procurement arrangements

Note: Excludes the impact of the acquisition by 3i DM of the European CLO management contracts.

Operating costs – targets



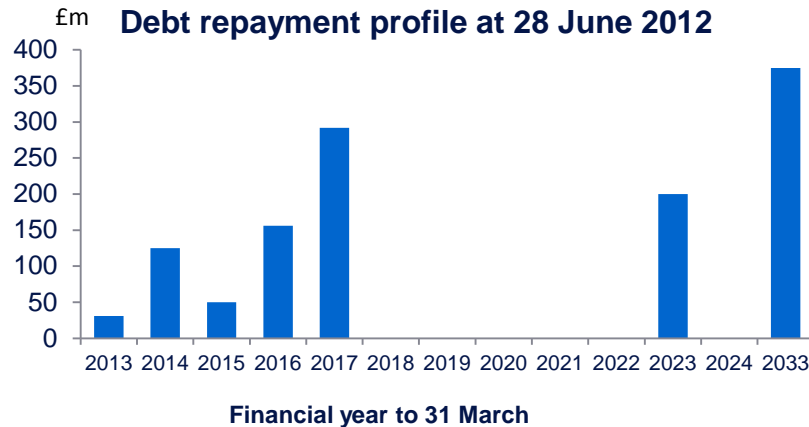
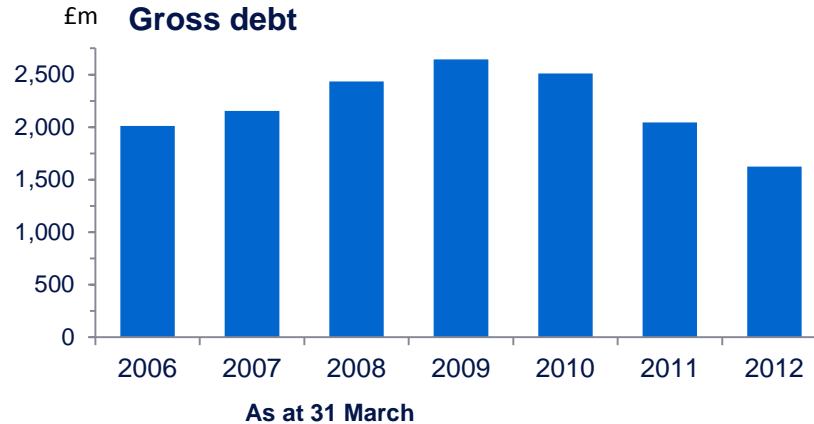
- **£45m** targeted annualised run-rate cost savings by 31 March 2014



References to FY12, FY13 and FY14 are to the financial years ended 31 March 2012, 2013 and 2014 respectively.

Note: Excludes the impact of the acquisition by 3i DM of the European CLO management contracts.

Balance sheet - priorities

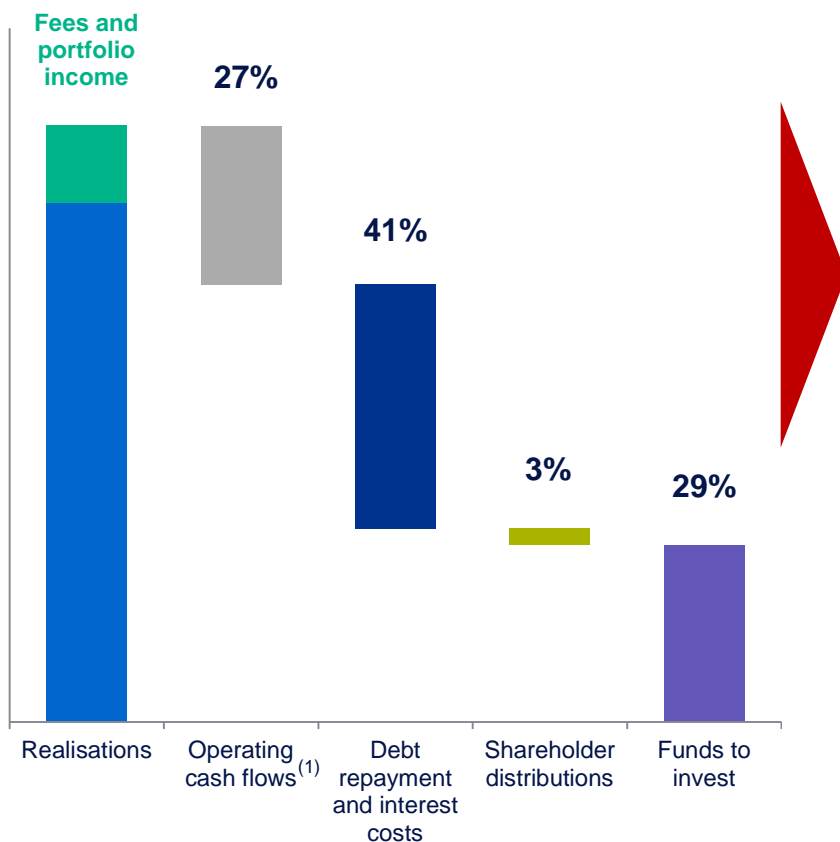


Seeking to significantly reduce our funding costs while maintaining appropriate levels of liquidity

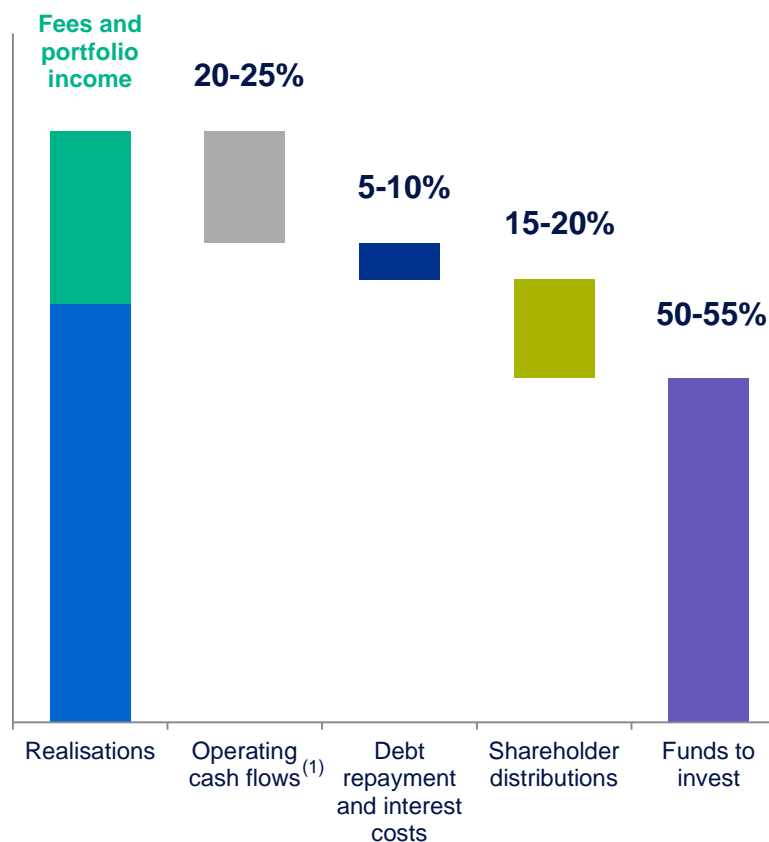
Capital allocation - strategy



Average over last three years



Target shape (illustrative)



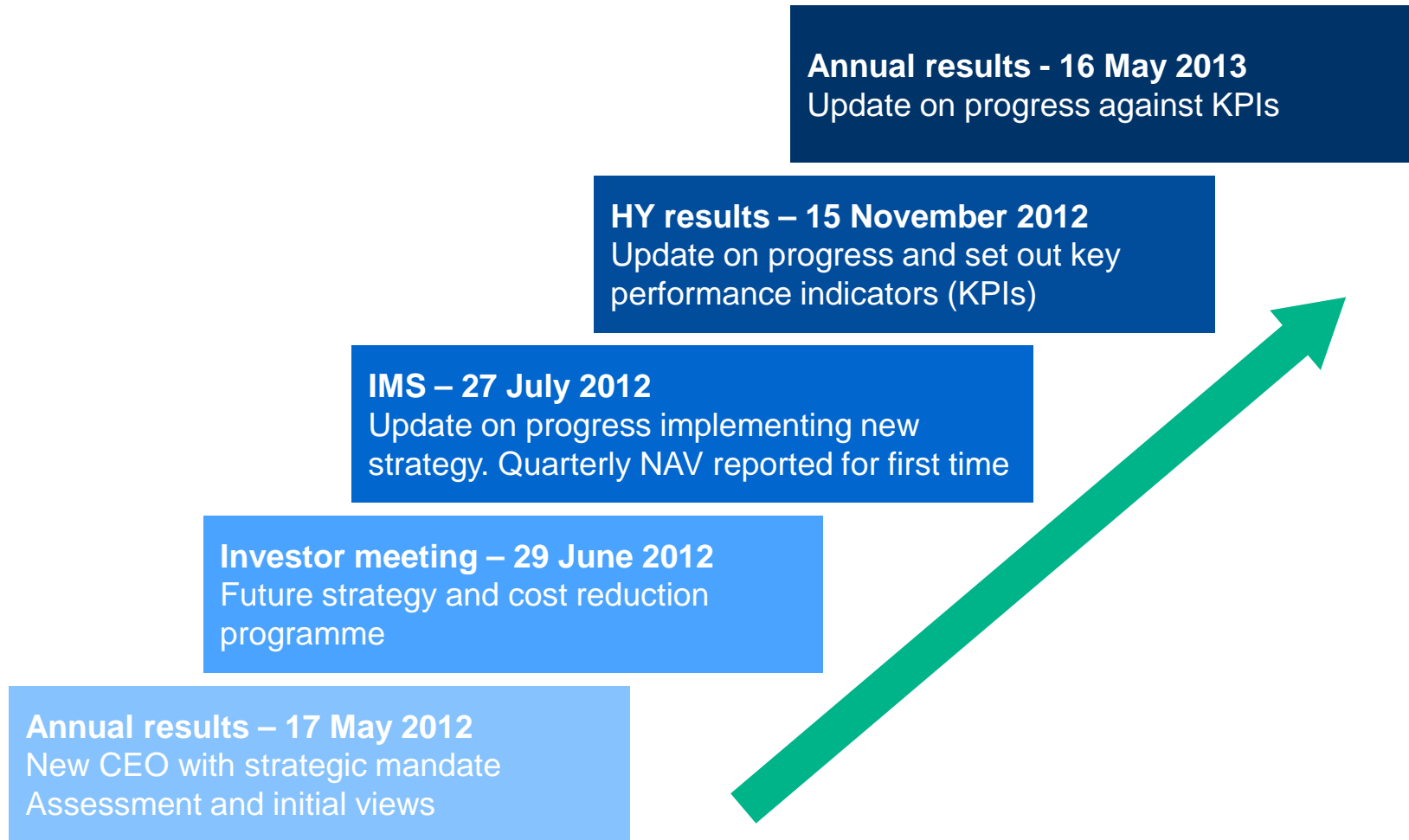
(1) Operating cash flows include operating costs, net carried interest and tax.



- Rebased dividend in November 2011 to 8.1p (3.6p last year)
- Defined basis of aggregate shareholder distributions as 15-20% of gross cash proceeds from realisations, provided that:
 - gearing < 20%
 - gross debt is on target to be < £1bn by June 2013
- Flexible mechanism for distributions:
 - special dividend
 - standing buyback authority
 - other capital distribution methods

Maintain prudent levels of gearing while giving shareholders a direct participation in the Group's realisations

Delivering the strategic mandate



Clear milestones over next year to track progress and performance





The Resolutions



Resolutions commentary



- 22 resolutions
- Normal annual business
- Purchase of ordinary and B shares
- Directors submitting themselves for reappointment
- Laxey resolutions



Questions



Poll card



The Board recommends you vote **FOR** resolutions 1 to 20

Resolutions	For	Against	Abstain
1 To receive and consider the Company's Accounts for the year to 31 March 2012 and the Directors' and Auditors' reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To approve the Directors' remuneration report for the year to 31 March 2012.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To declare a dividend.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To reappoint Mr J P Asquith as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To reappoint Mr S A Borrows as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To reappoint Mr A R Cox as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 To reappoint Mr R H Meddings as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 To reappoint Mr W Mesdag as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 To reappoint Sir Adrian Montague as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 To reappoint Ms M G Verluoyten as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 To reappoint Mrs J S Wilson as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 To reappoint Ernst & Young LLP as Auditors of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 To authorise the Board to fix the Auditors' remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolutions	For	Against	Abstain
14 To renew the authority to incur political expenditure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 To renew the authority to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 To authorise amendments to the Company's Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17 To renew the section 561 authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 To renew the authority to purchase own ordinary shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 To renew the authority to purchase own B shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20 To resolve that General Meetings (other than AGMs) may be called on not less than 14 clear days' notice.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Board recommends you vote **AGAINST** resolutions 21 and 22

21 Requisitionists' resolution: To change the Company's investment policy while the Company's shares are trading at a discount to net asset value.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22 Requisitionists' resolution: To resolve that the Company brings forward proposals for management incentivisation and reduction of total expense ratio.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Resolutions 1-3



1. “That the Company’s Accounts for the year to 31 March 2012 and the Directors’ report, the Auditors’ report and the auditable part of the Directors’ remuneration report be and they are hereby received and considered”

Proxy votes lodged for this Resolution

97.57% For, 0.09% Discretionary, 2.35% Against and 0.12% Abstain

2. “That the Directors’ remuneration report for the year to 31 March 2012 be and it is hereby approved”

Proxy votes lodged for this Resolution

87.08% For, 0.16% Discretionary, 12.76% Against and 4.89% Abstain

3. “That a final dividend of 5.4p per ordinary share be and it is hereby declared, payable to those shareholders whose names appeared on the Register of Members at close of business on 22 June 2012”

Proxy votes lodged for this Resolution

99.87% For, 0.08% Discretionary, 0.04% Against and 0.00% Abstain

Resolutions 4-6



4. “That Mr J P Asquith be and he is hereby reappointed as a Director of the Company”

Proxy votes lodged for this Resolution

98.76% For, 0.17% Discretionary, 1.07% Against and 2.41% Abstain

5. “That Mr S A Borrows be and he is hereby reappointed as a Director of the Company”

Proxy votes lodged for this Resolution

96.90% For, 0.17% Discretionary, 2.92% Against and 1.89% Abstain

6. “That Mr A R Cox be and he is hereby reappointed as a Director of the Company”

Proxy votes lodged for this Resolution

98.91% For, 0.18% Discretionary, 0.91% Against and 4.27% Abstain

Resolutions 7-9



7. “That Mr R H Meddings be and he is hereby reappointed as a Director of the Company”

Proxy votes lodged for this Resolution

99.33% For, 0.17% Discretionary, 0.50% Against and 2.41% Abstain

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

Proxy votes lodged for this Resolution

99.01% For, 0.17% Discretionary, 0.82% Against and 2.41% Abstain

9. “That Sir Adrian Montague be and he is hereby reappointed as a Director of the Company”

Proxy votes lodged for this Resolution

98.94% For, 0.17% Discretionary, 0.89% Against and 4.55% Abstain

Resolutions 10-12



10. “That Ms M G Verluyten be and she is hereby reappointed as a Director of the Company”

Proxy votes lodged for this Resolution

99.34% For, 0.17% Discretionary, 0.49% Against and 0.04% Abstain

11. “That Mrs J S Wilson be and she is hereby reappointed as a Director of the Company”

Proxy votes lodged for this Resolution

99.34% For, 0.17% Discretionary, 0.49% Against and 0.03% Abstain

12. “That Ernst & Young LLP be and they are hereby reappointed as Auditors of the Company to hold office until the conclusion of the next General meeting at which Accounts are laid before the members”

Proxy votes lodged for this Resolution

98.55% For, 0.10% Discretionary, 1.35% Against and 5.72% Abstain

Resolutions 13-15



13. “That the Board be and it is hereby authorised to fix the Auditors’ remuneration”

Proxy votes lodged for this Resolution

98.68% For, 0.22% Discretionary, 1.10% Against and 3.87% Abstain

14. To renew the authority to incur political expenditure

Proxy votes lodged for this Resolution

97.11% For, 0.16% Discretionary, 2.73% Against and 0.15% Abstain

15. To renew the Directors’ authority to allot shares

Proxy votes lodged for this Resolution

97.91% For, 0.10% Discretionary, 1.98% Against and 0.54% Abstain



Special Resolutions

16. To authorise amendments to the Company's Articles of Association

Proxy votes lodged for this Resolution

99.46% For, 0.17% Discretionary, 0.37% Against and 0.03% Abstain

17. To renew the section 561 authority

Proxy votes lodged for this Resolution

99.45% For, 0.17% Discretionary, 0.38% Against and 0.04% Abstain

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

Proxy votes lodged for this Resolution

99.79% For, 0.09% Discretionary, 0.12% Against and 0.01% Abstain

Resolutions 19-20



19. To renew the Company's authority to purchase its own B shares

Proxy votes lodged for this Resolution

99.55% For, 0.09% Discretionary, 0.36% Against and 0.02% Abstain

20. That a General Meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice

Proxy votes lodged for this Resolution

94.60% For, 0.10% Discretionary, 5.30% Against and 0.01% Abstain



Requisitioned Resolutions

21. To change the Company's investment policy while the Company's shares are trading at a discount to net asset value

[Proxy votes lodged for this Resolution](#)

1.49% For, 0.09% Discretionary, 98.42% Against and 6.03% Abstain

22. To resolve that the Company brings forward proposals for management incentivisation and reduction of total expense ratio

[Proxy votes lodged for this Resolution](#)

1.59% For, 0.09% Discretionary, 98.32% Against and 5.95% Abstain

(The full text of Resolutions 14-22 are set out in the Notice of AGM)

