

# Annual General Meeting



**8 July 2009**



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



**Baroness Hogg**  
Chairman





# The Board of Directors



**Willem Mesdag**





**Robert Swannell**





**Oliver Stocken**





**Michael Queen**







**Julia Wilson**





**Kevin Dunn**





## Lord Smith of Kelvin





**Christine Morin-Postel**





**Richard Meddings**





**John Allan**



**Alistair Cox**



# Share price and diluted NAV per share



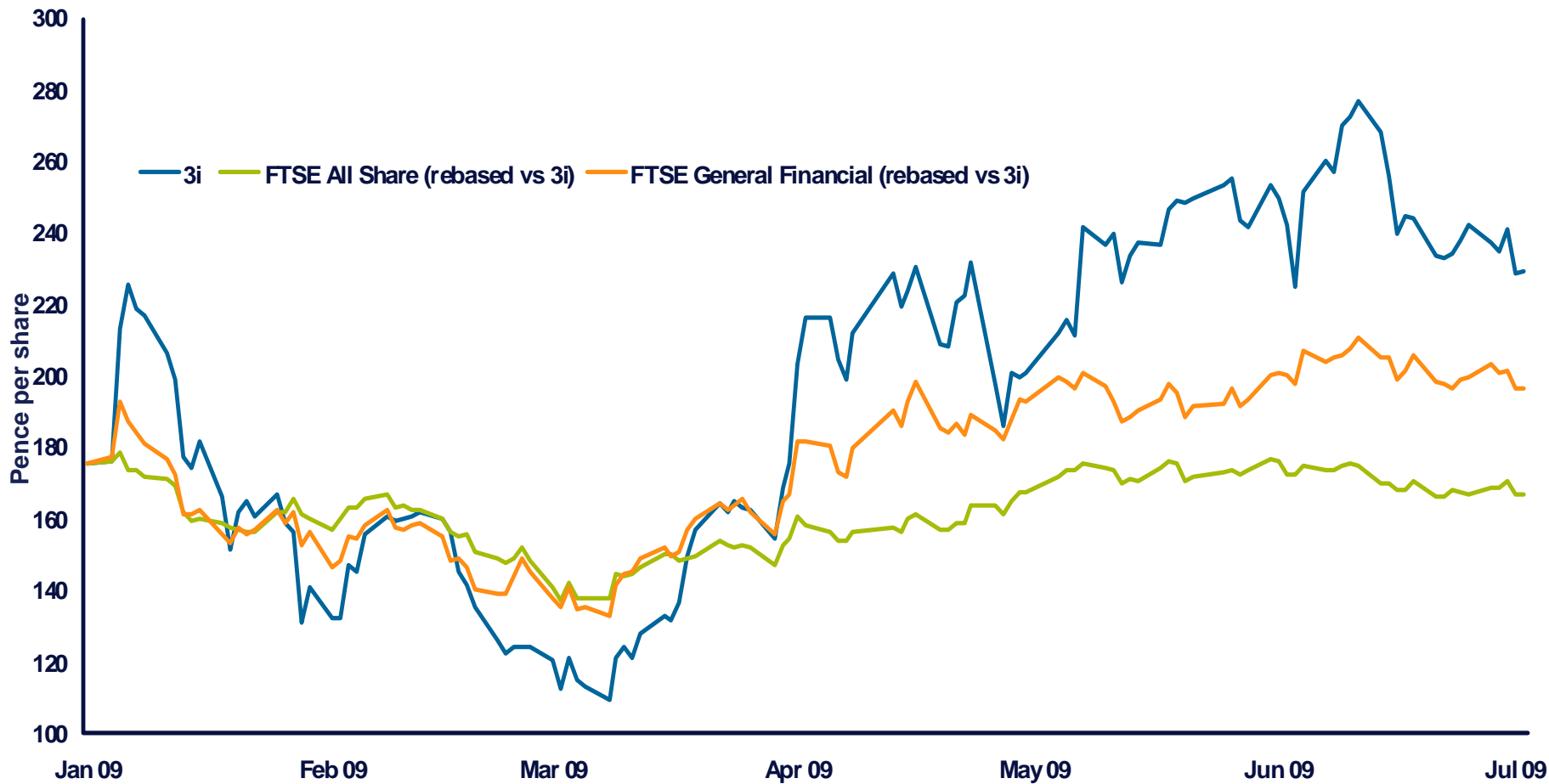
Note: the share price and diluted NAV per share were adjusted to take the rights issue and the acquisition of QPE into account.





- A challenging year
- Change to leadership
- Strengthen balance sheet
- Maintain financial discipline

# Share price performance since January 2009







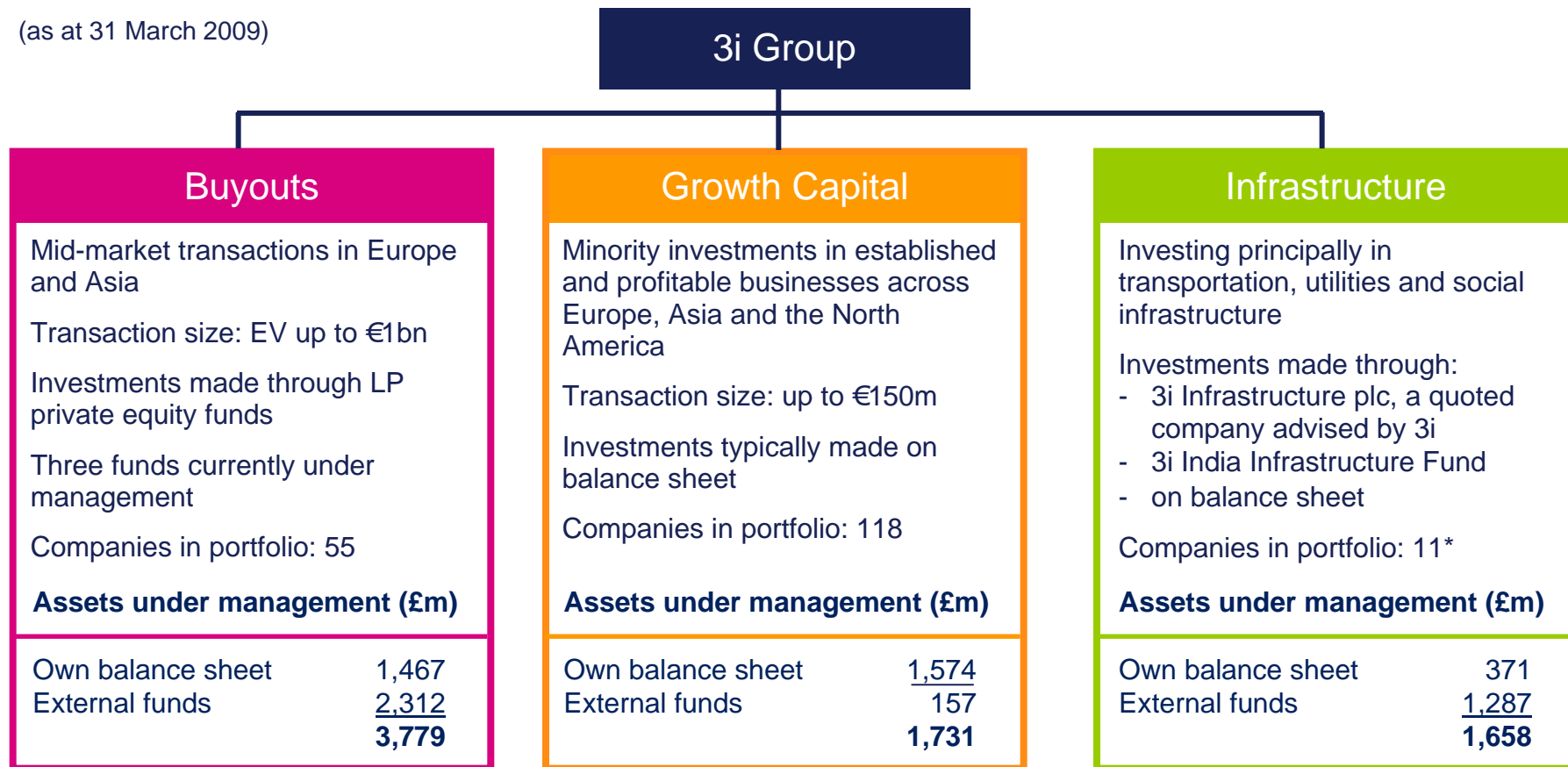
**Michael Queen**  
Chief Executive



# A focused private equity business



(as at 31 March 2009)

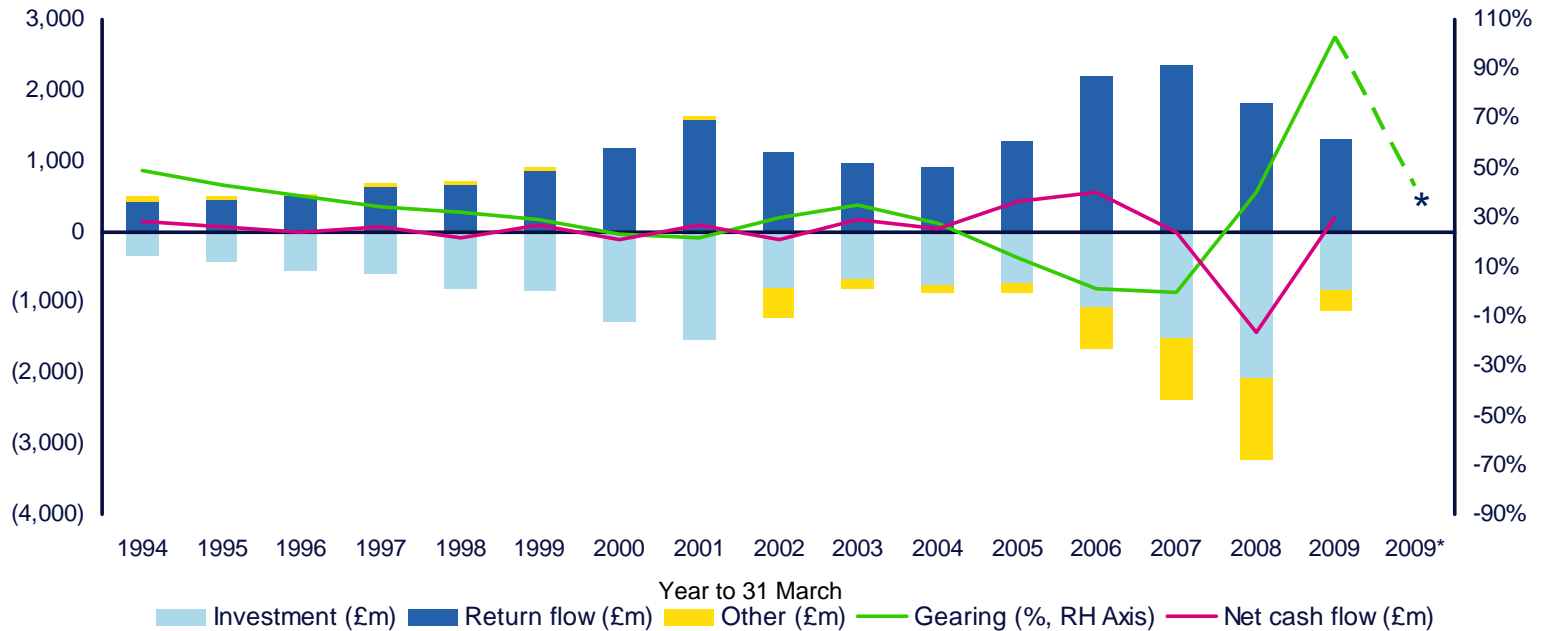


\* Includes 4 investments directly held by 3i

Note: 3i's non-core portfolio includes: Venture Capital (£314m), SMI (£153m), holding in 3i Quoted Private Equity plc (£171 million).



# Strong cash flow generation



Demonstrated capacity to generate cash through economic cycles and periods of market volatility.

\* On the basis of the rights issue of £732m (pre expenses) and post QPE transaction



## Management actions in year to 31 March 2009



- £1.3 billion realisations
- Acquisition of 3i QPE plc
- Sale of 9.5% of 3i Infrastructure (£61m)
- Action to reduce expenses by c.15%
- CIO role created



- Rights issue of £732m
  - reduced pro forma gearing from 103% to 42%
  - strengthened the balance sheet to protect against further falls in value
  - enables the Group to manage existing portfolio over time to maximise returns
  - provides capital for new investment assets at a valuation low point
- Significant new investment by employees alongside shareholders
- Received £110m from QPE transaction
- Realisations of £163m
- Net debt reduced to £961m





# Pro forma balance sheet



	March 2009 pro forma* £m	March 2009 £m	March 2008 £m
Investment assets	4,022	4,050	6,016
Other net liabilities	(276)	(276)	(321)
	<u><b>3,746</b></u>	<u><b>3,774</b></u>	<u>5,695</u>
Net borrowings	1,103	1,912	1,638
Equity	<u>2,643</u>	<u>1,862</u>	<u>4,057</u>
	<u><b>3,746</b></u>	<u><b>3,774</b></u>	<u>5,695</u>
Gearing	42%	103%	40%

\* On the basis of the fundraising of £732m (pre expenses) and post QPE transaction



- Target is a conservative capital structure:
  - want to significantly reduce net debt to approximately £1bn
  - target an investment grade rating in order to enable access to debt capital markets
  - lower net debt reduces financial risk and returns volatility
- Our gross debt has:
  - no material maturities within the next 12 months
  - no covenants
  - is attractively priced
- Pro forma\* liquidity post rights issue and QPE is £1.8bn

\* On the basis of the fundraising of £732m (pre expenses) and post QPE transaction



- Growth Capital
  - companies short of capital
  - limited competition
- Infrastructure
  - economic stimulus in developed world
  - new build in developing world
- Buyouts
  - M&A activity
  - corporates selling non-core assets





- Net debt reduced to £961m at 30 June 2009
- Realisations for the first quarter of £163m at a modest uplift to opening valuation
- Investment of £76m for the three months

“Given our view of the general economic outlook, we will continue to take a cautious approach to new investment, maintain our focus on the portfolio and ensure that we build upon our strong positions in the mid-market buyout, growth capital and infrastructure markets.”

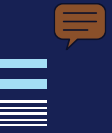




# The Resolutions



- AGM
  - 15 resolutions
  - normal annual business
  - re-purchase of ordinary and B shares
  - 14 days' notice for calling a General Meeting (other than an AGM)



# Questions



## Annual General Meeting Poll Card

Resolutions	For	Against	Abstain
1 To receive and consider the Company's Accounts for the year to 31 March 2009 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 2009.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To reappoint Mr M J Queen as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To reappoint Mr R H Meddings as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To reappoint Mme C J M Morin-Postel as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To reappoint Mr O H J Stocken as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 To reappoint Mrs J S Wilson as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 To reappoint Ernst & Young LLP as Auditors of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 To authorise the Board to fix the Auditors' remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 To renew the authority to incur political expenditure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 To renew the authority to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 To renew the section 89 authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 To renew the authority to purchase own ordinary shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 To renew the authority to purchase own B shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 To 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"/>

Signature \_\_\_\_\_



Proxy votes lodged for this Resolution:

97.80% For, 0.07% Discretionary, 0.21% Against and 1.92% Abstain

“THAT the Company’s Accounts for the year to 31 March 2009 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:

90.56% For, 0.07% Discretionary, 2.33% Against and 7.04% Abstain

**“THAT the Directors’ remuneration report for the year to 31 March 2009 be and it is hereby approved”**



Proxy votes lodged for this Resolution:

96.34% For, 0.07% Discretionary, 1.67% Against and 1.92% Abstain

**“THAT Mr M J Queen be and he is hereby reappointed as a Director of the Company”**



Proxy votes lodged for this Resolution:

99.45% For, 0.07% Discretionary, 0.44% Against and 0.04% Abstain

**“THAT Mr R H Meddings be and he is hereby reappointed as a Director of the Company”**



Proxy votes lodged for this Resolution:

97.57% For, 0.07% Discretionary, 0.44% Against and 1.92% Abstain

**“THAT Mme C J M Morin-Postel be and she is hereby reappointed as a Director of the Company”**



Proxy votes lodged for this Resolution:

97.14% For, 0.07% Discretionary, 0.87% Against and 1.92% Abstain

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



Proxy votes lodged for this Resolution:

99.63% For, 0.07% Discretionary, 0.26% Against and 0.04% Abstain

**“THAT Mrs J S Wilson be and she is hereby reappointed as a Director of the Company”**





Proxy votes lodged for this Resolution:

96.99% For, 0.07% Discretionary, 0.20% Against and 2.74% Abstain

“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:

99.03% For, 0.07% Discretionary, 0.03% Against and 0.87% Abstain

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



Proxy votes lodged for this Resolution:

98.59% For, 0.07% Discretionary, 1.28% Against and 0.06% Abstain

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

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



Proxy votes lodged for this Resolution:

99.81% For, 0.07% Discretionary, 0.10% Against and 0.03% Abstain

## To renew the Directors' authority to allot shares

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



Proxy votes lodged for this Resolution:

99.71% For, 0.07% Discretionary, 0.17% Against and 0.04% Abstain

## Special Resolution

To renew the Directors' authority to allot shares for cash

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



Proxy votes lodged for this Resolution:

99.87% For, 0.07% Discretionary, 0.04% Against and 0.02% Abstain

## Special Resolution

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

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



Proxy votes lodged for this Resolution:

98.97% For, 0.07% Discretionary, 0.94% Against and 0.03% Abstain

## Special Resolution

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

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



Proxy votes lodged for this Resolution:

98.88% For, 0.07% Discretionary, 0.96% Against and 0.09% Abstain

## Special Resolution

“THAT a General Meeting other than an Annual General Meeting may be called on not less than 14 clear days’ notice”



