Half-yearly results to 30 September 2008

6 November 2008

Chief Executive's review
Philip Yea

Agenda

- Results in detail
- Portfolio valuation
- Outlook for the full year

Economy and capital markets

First half

- Progressive but “predictable” deterioration in economic confidence
- M&A markets open for the right transaction
- Debt packages available for good deals at conservative multiples

Post Lehman’s failure

- Significant lurch down in credit markets, multiples and confidence
- Bank recapitalisations essential but not sufficient
- Real economy and confidence falling away rapidly

Key messages

- Private equity model well suited to managing difficult environments
  - active management
  - aligned compensation through carried interest
- Portfolio highly diversified
  - sector
  - geography
  - asset class
- Strength of financing structures
  - portfolio level
  - Group level
- Sustained strategic progress
  - including costs and fees

Financial performance headlines

	2008/09 First half	2007/08 First half
Investment	£668m	£1,234m
Realisation proceeds	£597m	£1,044m
Realised profits on disposal	£190m	£337m
Gross portfolio return	(1.3)%	14.3%
Total return	£(182)m	£512m
Return on opening equity	(4.5)%	12.0%
Cost efficiency	1.6%	2.5%
Gearing	47%	30%
Net asset value per ordinary share (diluted)	£10.19	£10.07
Interim dividend per ordinary share	6.3p	6.1p

Our vision and strategy

Vision

To be the private equity firm of choice

- Operating on a world-wide scale
- Producing consistent market-beating returns
- Acknowledged for our partnership style
- Winning through our unparalleled resources

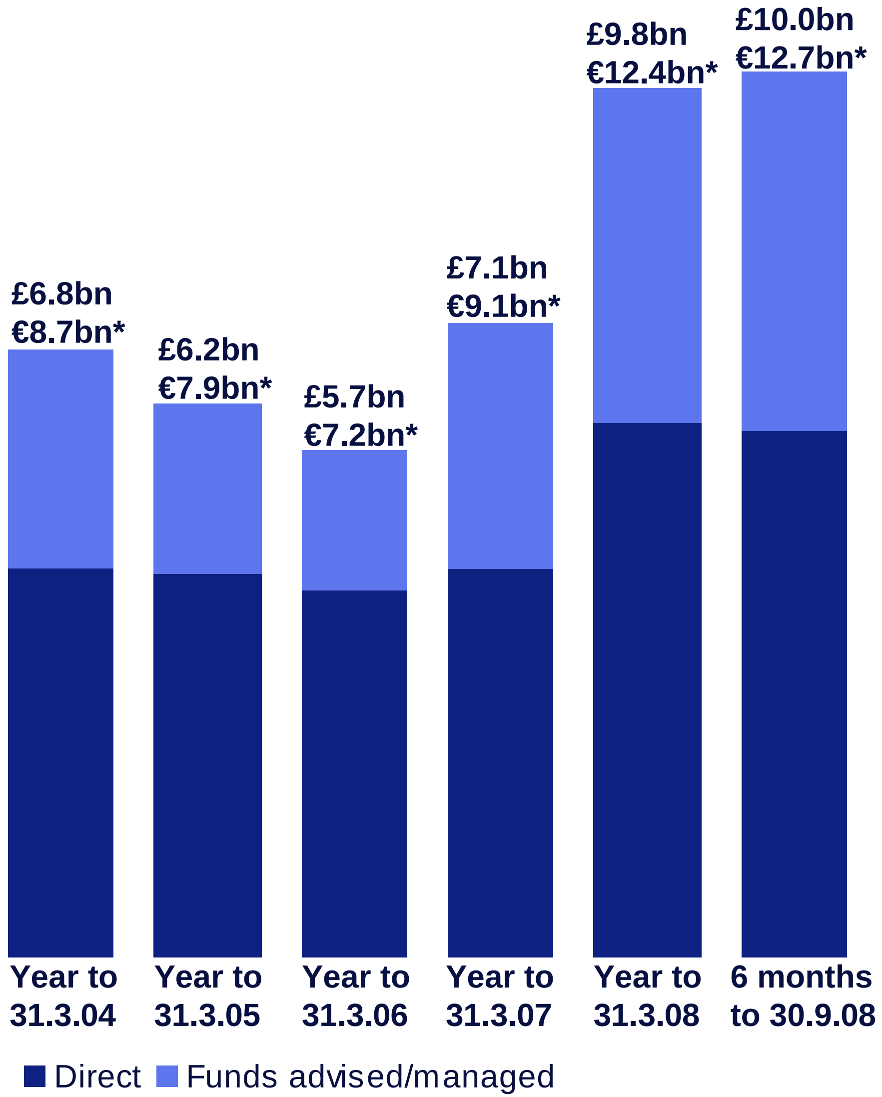
Strategy

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

Cost efficiency and gearing

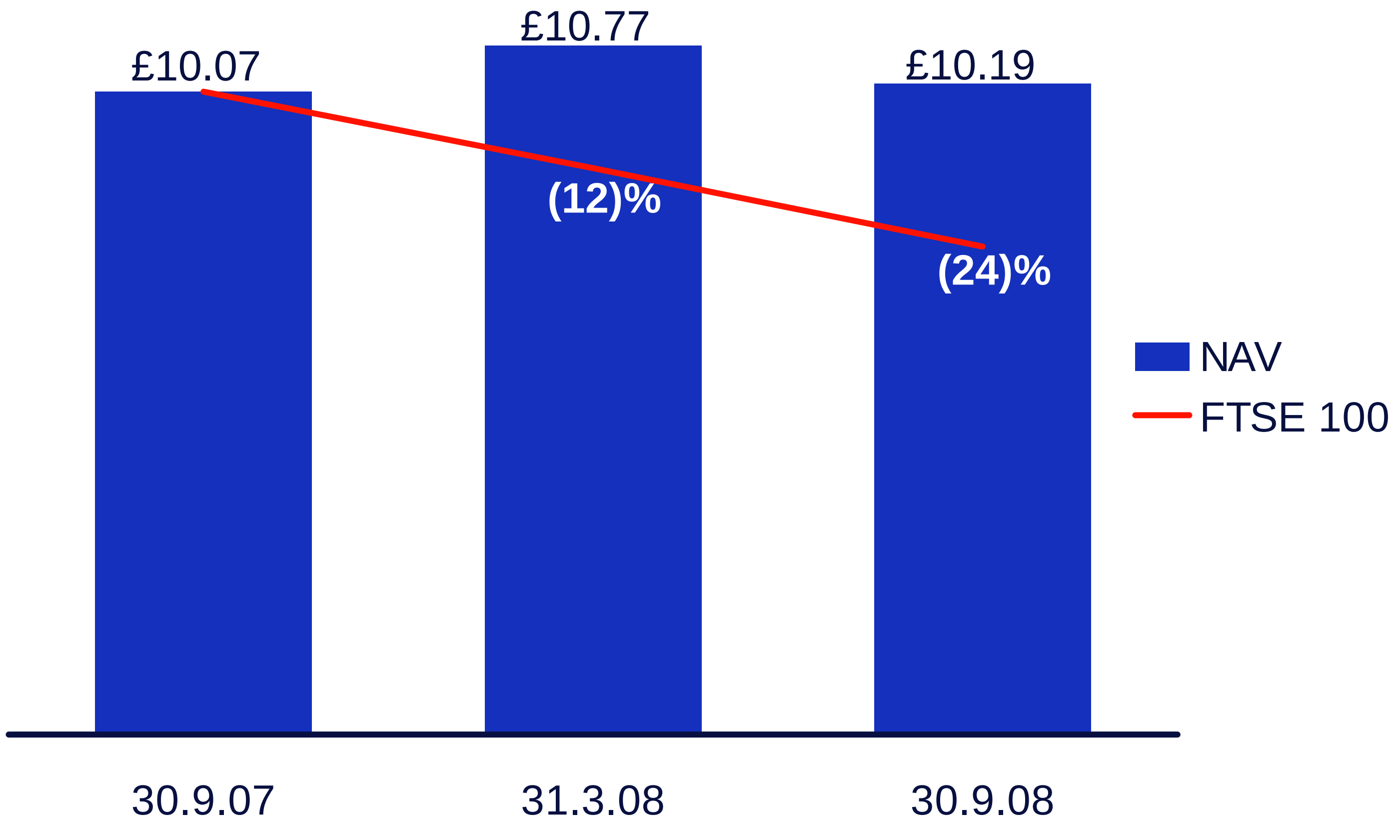
- Cost efficiency
  - net 3% per annum long term objective
  - 1.6% at half year
- Gearing
  - 30%-40% through cycle
  - 47% at half year

Assets under management



* Sterling/euro conversion at 30 September 2008 £1 = €1.27

NAV growth



Key issues for today's presentation

£5,934m

SMI & Venture Portfolio	Disposal progress
Infrastructure & QPE	Listed vehicles, market opportunity, strategic progress
Growth Capital	Multiples, leverage, valuation bases, portfolio/Active Partnership
Buyouts	Refinancing risk, multiples, leverage, Active Partnership

Financing in the portfolio

Buyouts - 35% of portfolio

- Financing structures typically based on 7-9 year term loans
- 5% of leverage in the portfolio repayable before December 2009
- 71% repayable post December 2013
- Weighted average debt/EBITDA multiple 5.4x

Growth Capital - 39% of portfolio

- Low leverage, circa 2x EBITDA - only six of over 40 assets in 2007, 2008 and 2009 vintages have leverage over 4x
- Majority of portfolio will not need refinancing before 2012

Infrastructure - 9% of portfolio

- Gearing 0% at 30 September 2008 for 3i Infrastructure plc and 3i India Infrastructure Fund
- 89% of existing committed debt needs refinancing after 2018, only 1% requirement before March 2010

QPE - 2% of portfolio

- No leverage and c.£240m cash

SMI and Venture - 4% and 11% of portfolio respectively

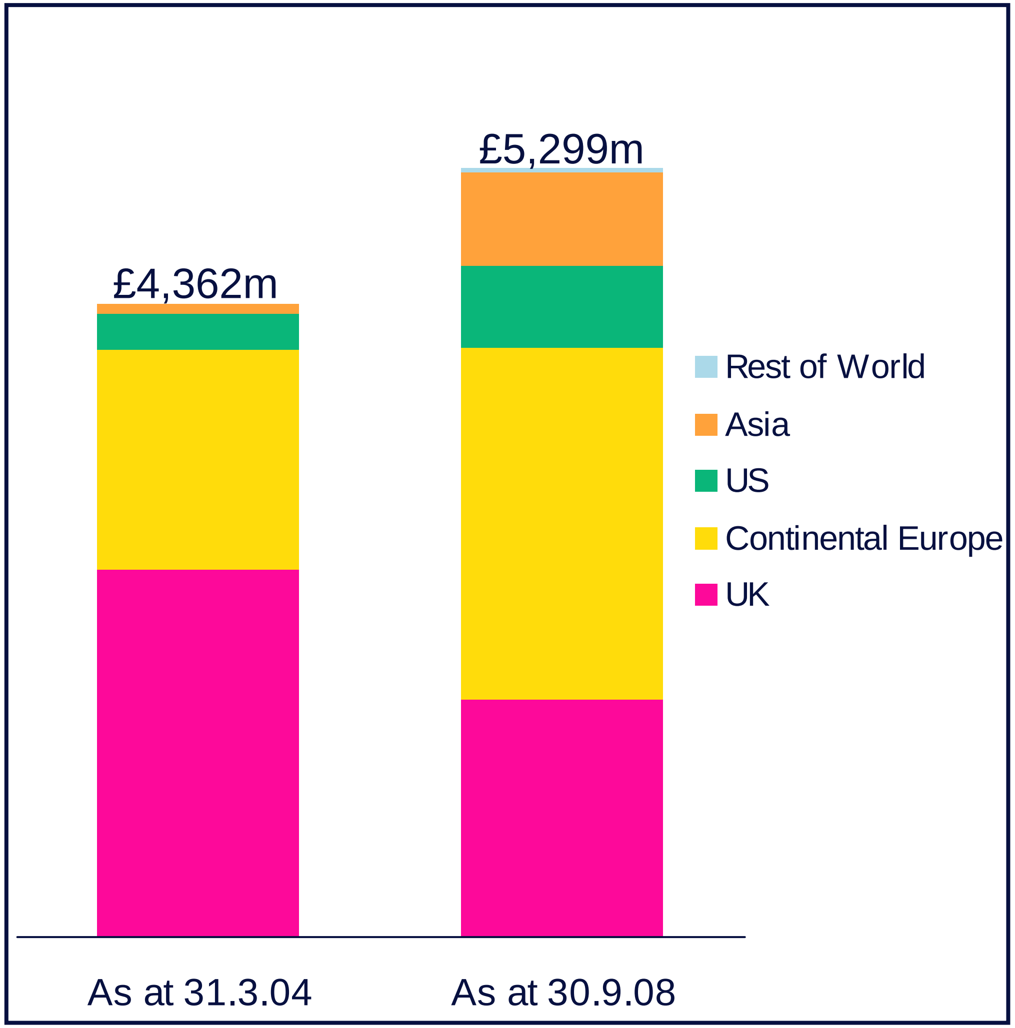
- Low to no leverage

A reshaped and diversified business

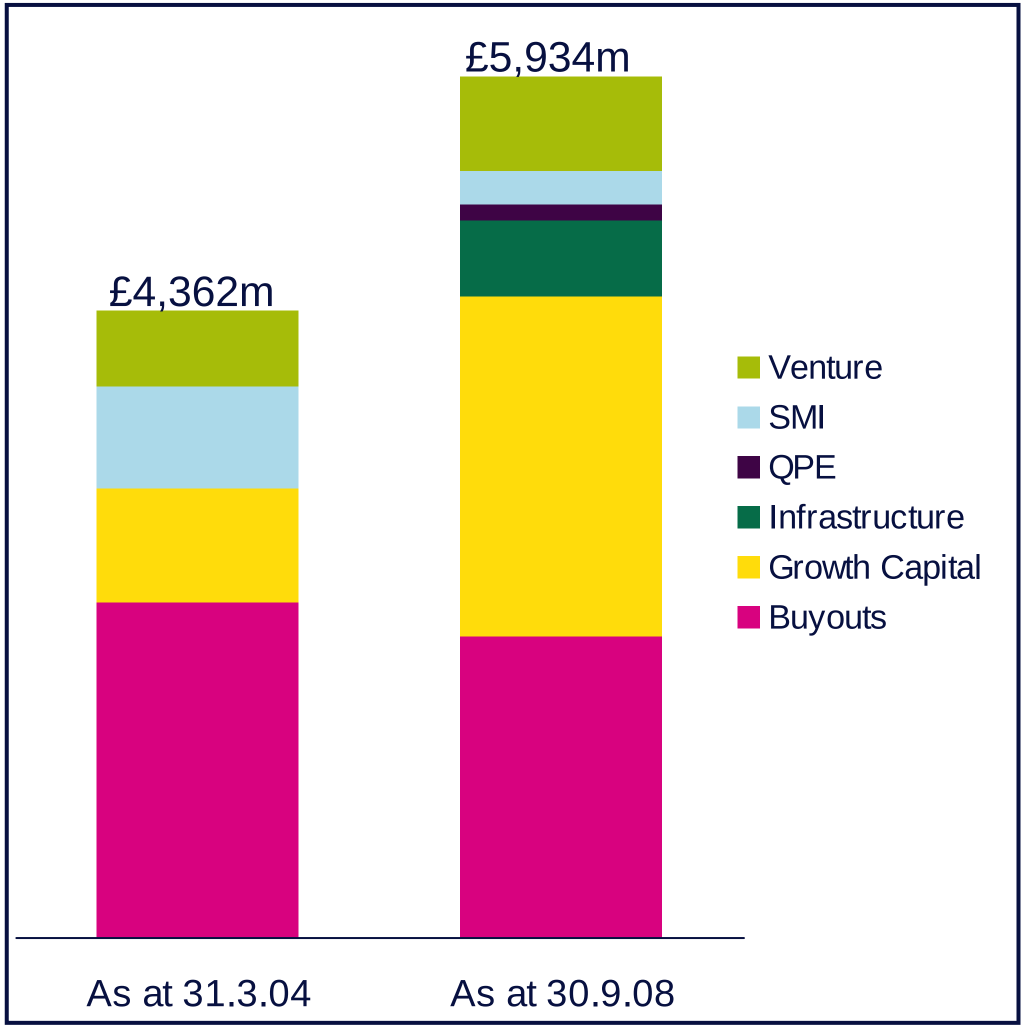
	31 March 2008	31 March 2004
• Number of portfolio companies	487	1,878
• Number of investments pa	47	85
• Average size of investment	£37m	£7m
• UK portfolio	38%	58%
• International coverage	10 EU offices	25 EU offices
	7 US/Asia	4 US/Asia
• Total assets under management	£9,792m	£6,837m
• Number of employees	739	777

Diversification

By geography (excluding Infrastructure and QPE)



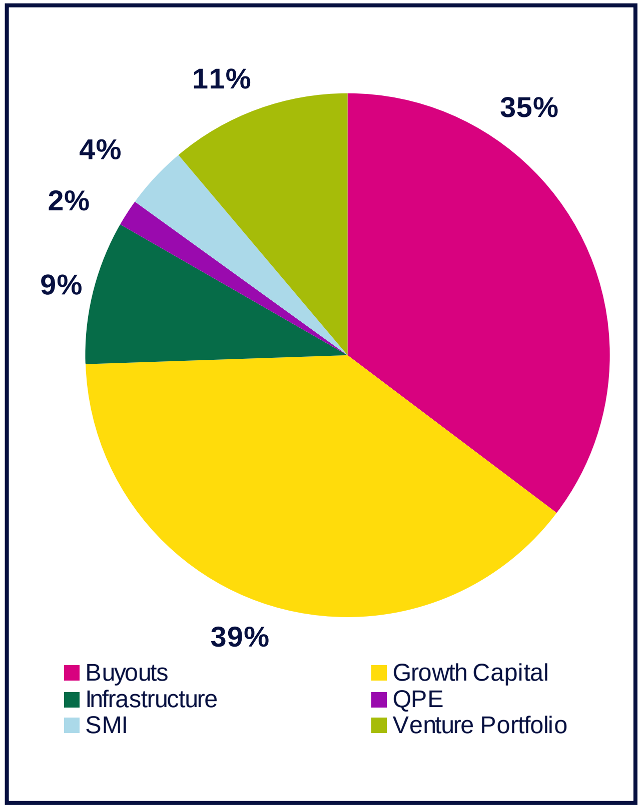
By asset class (including Infrastructure and QPE)



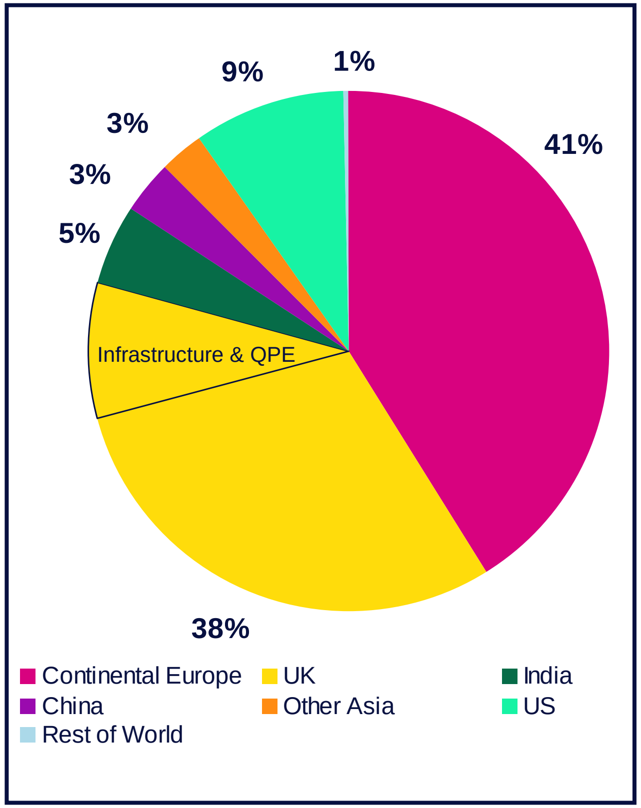
A diverse portfolio

Portfolio value £5,934m, 451 companies

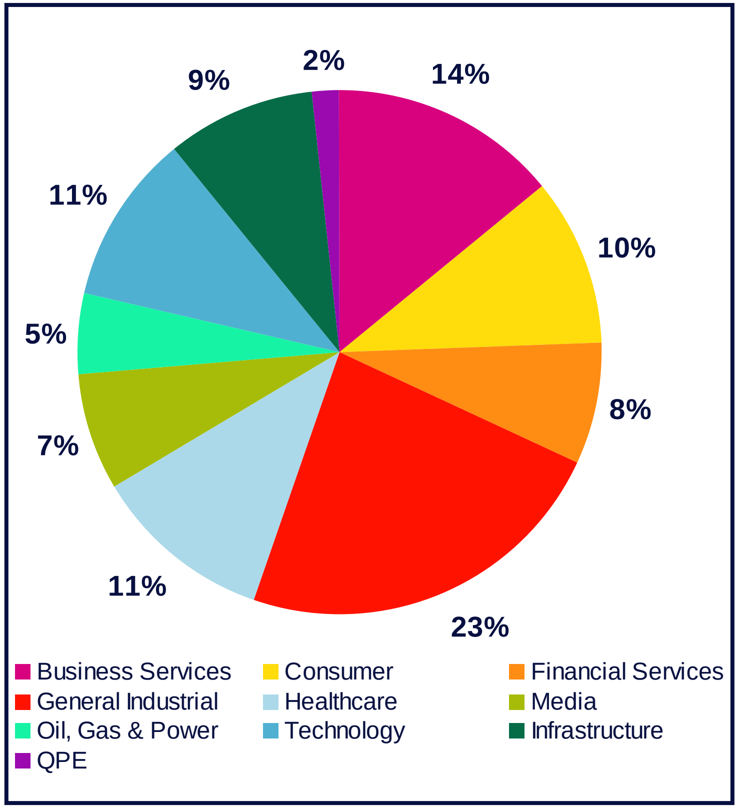
By business line



By geography



By sector



Financial review

Julia Wilson
Finance Director Designate

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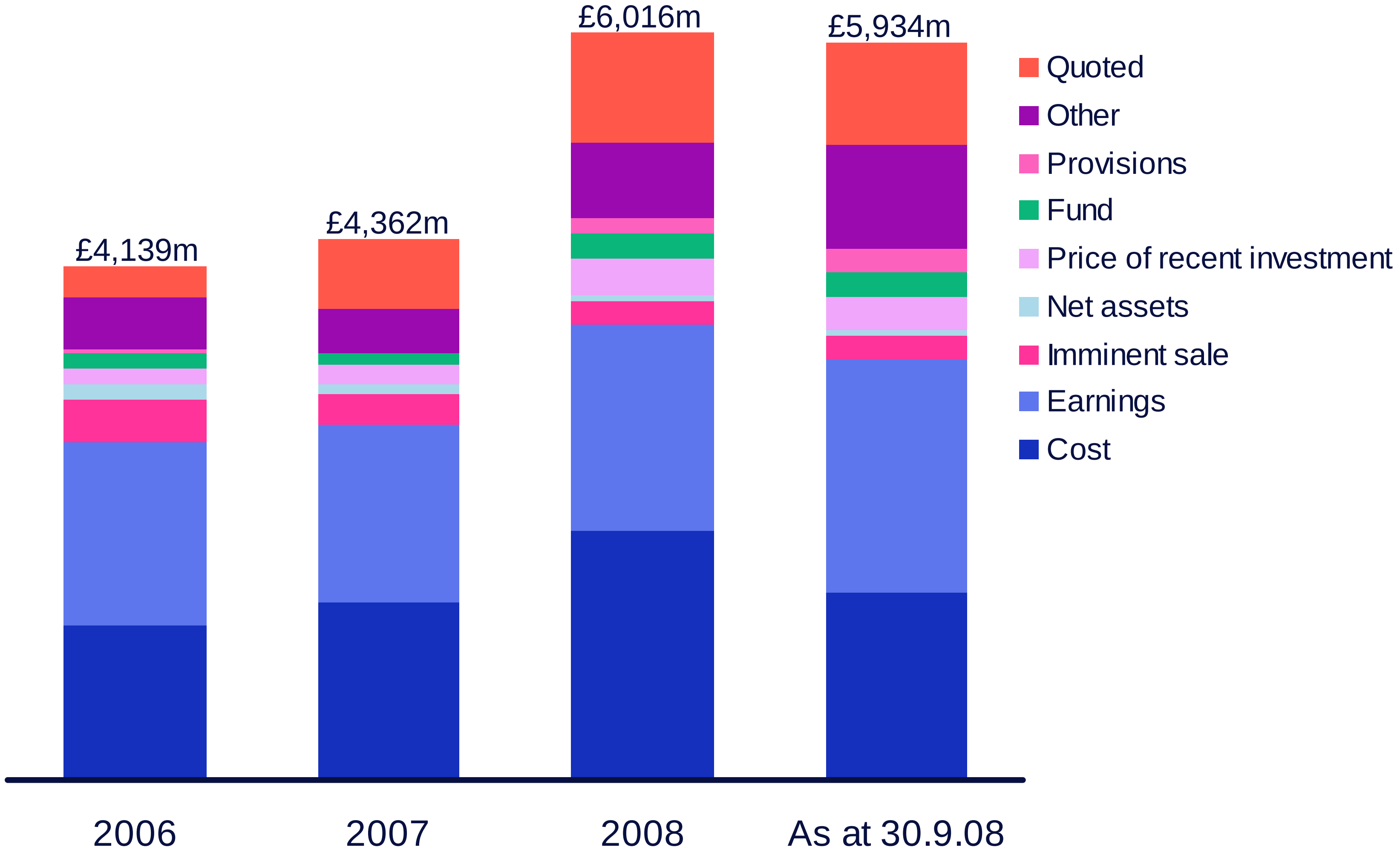
Total return analysis

	2008/09 First half £m		2007/08 First half £m	
Gross portfolio return	**(78)**	**(1.3)%**	**622**	**14.3%**
Net carried interest	43		(62)	
Operating expenses less fees from external funds	(93)		(107)	
Net portfolio return	**(128)**	**(2.1)%**	**453**	**10.4%**
Net interest payable	(42)		(1)	
Movement in the fair value of derivatives	(2)		81	
Exchange movements	32		(16)	
Other	(3)		(2)	
(Loss)/profit after tax	**(143)**		**515**	
Reserve movements	(39)		(3)	
Total return on opening equity	**(182)**	**(4.5)%**	**512**	**12.0%**

Group – gross portfolio return

	2008/09 First half £m	2007/08 First half £m
Realised profits	190	337
Unrealised (losses)/profits	(411)	183
Portfolio income	143	102
Gross portfolio return	(78)	622
Realised uplift on opening book value	47%	48%

Valuation basis



Unrealised value movement

	2008/09 First half £m	2007/08 Full year £m	2007/08 First half £m
Earnings multiples	(194)	(162)	25
Earnings	78	307	60
First time movements	(30)	154	70
Provisions and impairments	(248)	(188)	(65)
Up/down rounds	(2)	7	13
Uplifts to sale	148	83	33
Other movements on unquoted investments	(76)	26	3
Quoted portfolio	(87)	64	44
Total	(411)	291	183

Earnings multiples

	September 2008	March 2008	% change
Weighted average PE multiples*	9.9	10.8	(9.1)
Weighted average EBITDA			
- Buyouts	5.8	6.3	(7.9)
- Growth Capital	6.2	7.2	(13.9)

*Weighted average PE multiples exclude those valued on an EBITDA basis

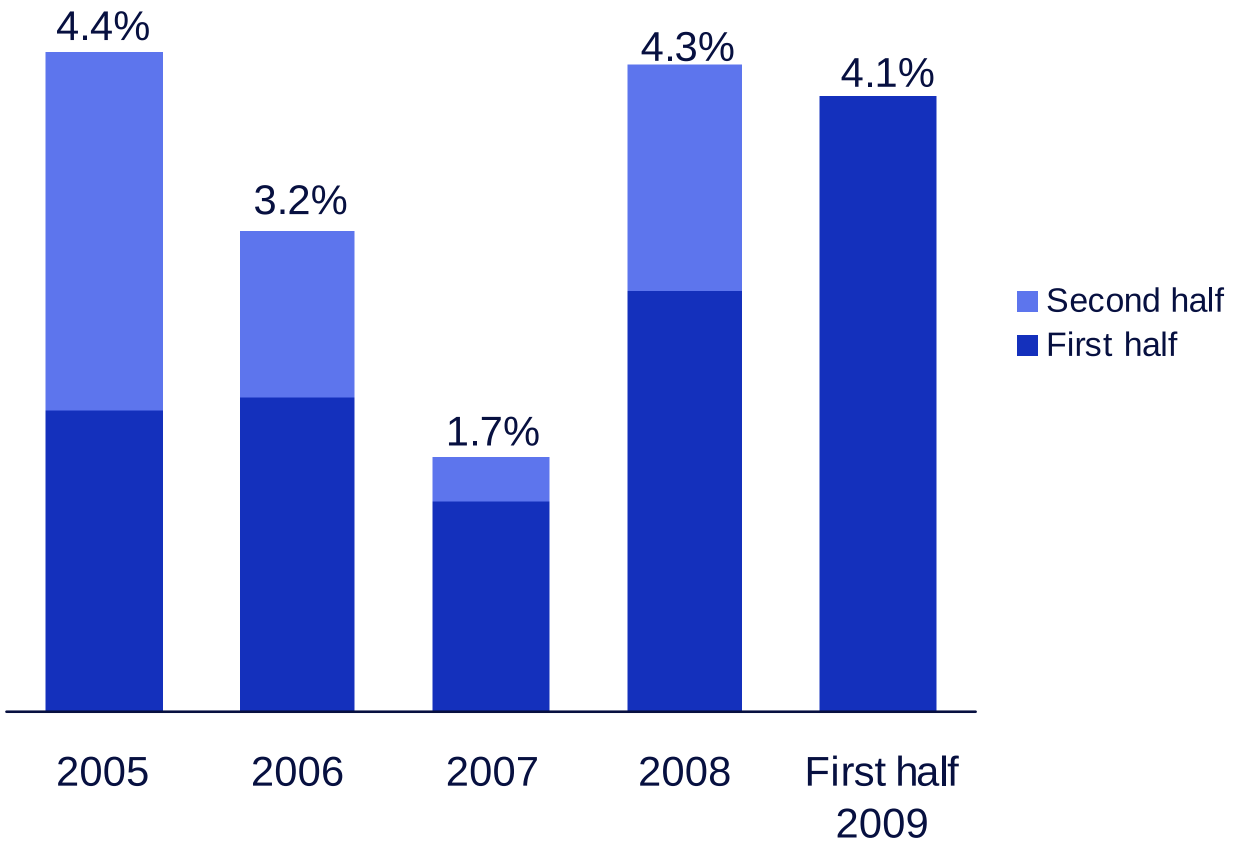
Earnings growth

- 37% of unquoted portfolio by value on an earnings basis
- £78m contribution in the period (September 2007: £60m)
- Objective to use maintainable earnings
- Full disclosure and worked example in 3i Group Annual report 2008
- Accounts used:

	Sept 2008	March 2008
– audited	48%	58%
– management	21%	34%
– forecast December 2008	31%	8%

Provisions

Provisions and impairments as a percentage of opening portfolio value



Gross portfolio return – by business line

First half 2008/09

	Realised £m	Unrealised £m	Portfolio income £m	Gross portfolio return £m	
Buyouts	115	(51)	67	131	7%
Growth Capital	40	(237)	39	(158)	(7)%
Infrastructure	6	7	23	36	7%
QPE	-	(37)	-	(37)	(26)%
SMI	4	2	8	14	6%
Venture Portfolio	25	(95)	6	(64)	(9)%
	190	(411)	143	(78)	

Net portfolio return and total return

	2008/09 First half £m		2007/08 First half £m	
Gross portfolio return	**(78)**	**(1.3)%**	**622**	**14.3%**
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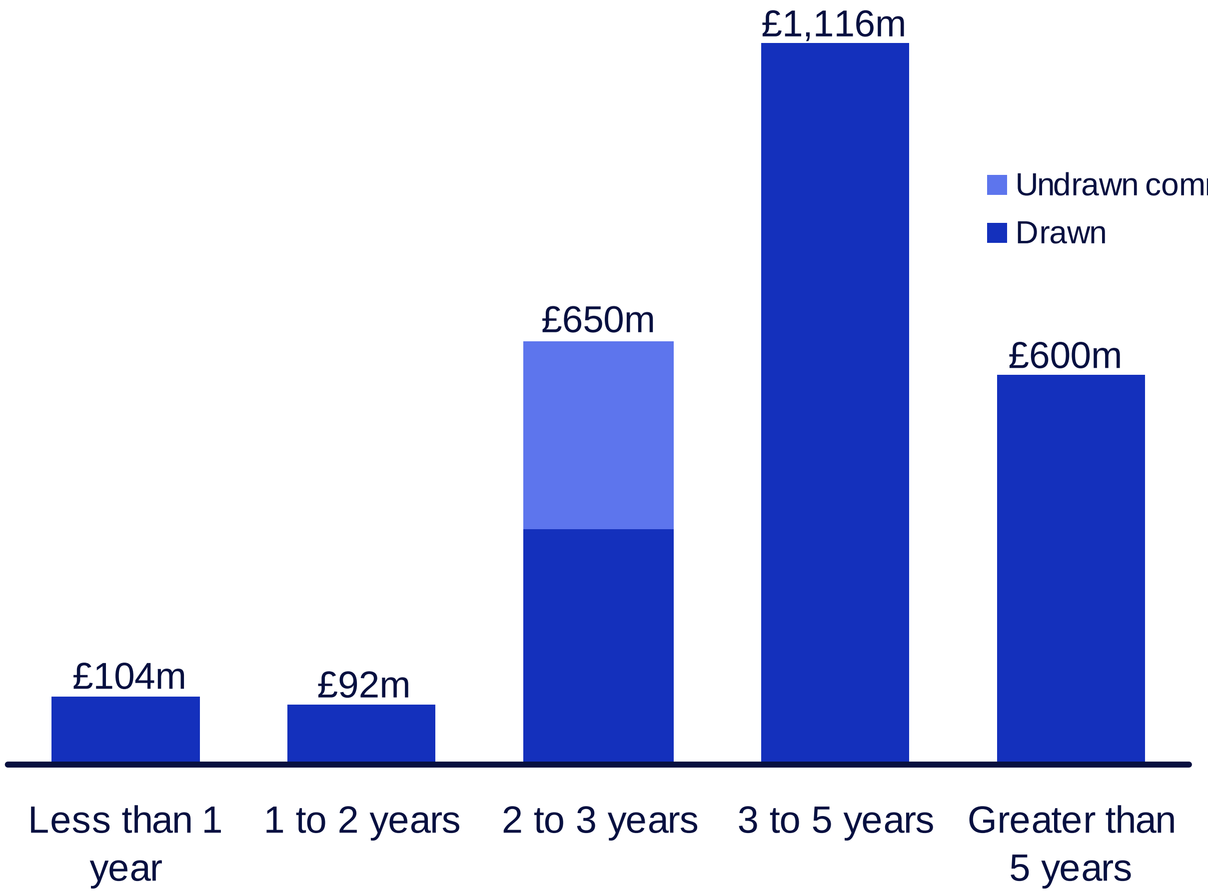
Balance sheet

	Sept 2008 £m	March 2008 £m	Sept 2007 £m
Investment assets	5,934	6,016	5,130
Other net liabilities	(280)	(321)	(143)
	5,654	5,695	4,987
Net borrowings	1,802	1,638	1,143
Equity	3,852	4,057	3,844
	5,654	5,695	4,987
Gearing	47%	40%	30%

Funding facility structure and maturity profile



Cash, cash deposits and undrawn committed facilities of £954m as at 30 September 2008

Refers to financial years ending 31 March

Currency hedging

- Hedging effected by core currency debt, commercial paper and FX swaps
- Current market conditions create greater cash volatility in shorter term durations
- Changing policy to reduce use of swaps – close out NAV neutral
- Will therefore be hedged on c.10% of the US$ portfolio and c.40% of the € and Nordic portfolio until financing and currency markets settle

Financial summary

- Resilient financial performance in challenging markets
- No significant change to liquidity in the first half
- Well diversified portfolio

Closing remarks
Philip Yea
Chief Executive

Buyouts – performance

Vintage IRR performance

Vintage year	Cost remaining	As at 30 Sept 2008	As at 31 March 2008
2008	100%	6%	n/a
2007	83%	38%	35%
2006	33%	50%	57%
2005	25%	64%	62%
2004	21%	36%	37%

35% of direct portfolio value

£4.7bn assets under management

Vintage year is the financial year ended 31 March

Growth Capital – performance

Vintage IRR performance

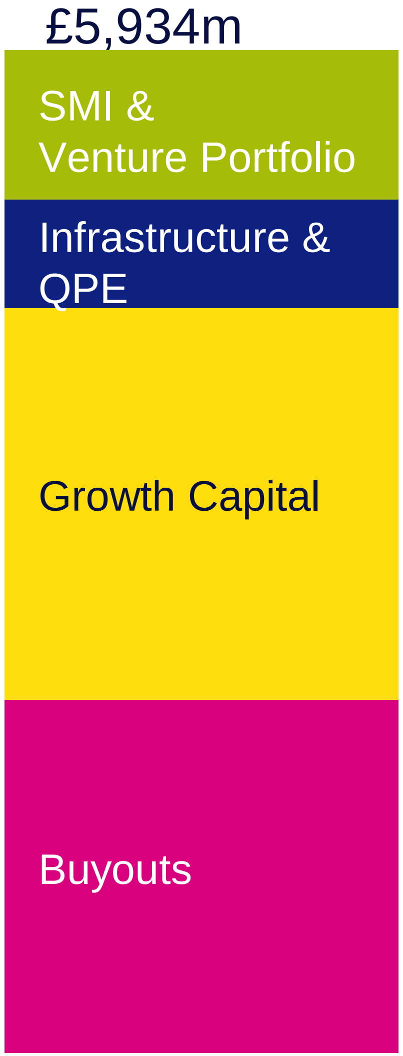
Vintage year	Cost remaining	As at 30 Sept 2008	As at 31 March 2008
2008	100%	5%	n/a
2007	92%	6%	17%
2006	62%	34%	43%
2005	38%	28%	31%
2004	10%	26%	26%

39% of direct portfolio value

£2.5bn assets under management

Vintage year is the financial year ended 31 March

Outlook by business line



Disposal progress

Listed valuations, market opportunity, strategic progress

Multiples, earnings, first time movements

Multiples, earnings, financing

Focus on the portfolio

- Active partnership approach
- Value creation plans driving earnings
- Tightly managing leverage where relevant

Outlook

Short-term

- Earnings and multiples likely to be constrained
- Risk to first time uplifts from cost
- Continued low level of investments and realisations

Mid-term

- Multiple recovery ahead of earnings recovery
- Investment opportunities
- Maturity of portfolio (ripe for harvest)

Focus

- Driving value from the c.£10bn of existing AUM
- Investing on a highly selective basis

Final comments

A more challenging second half

- Squeeze in credit markets
- Economic slowdown
- Subdued M&A markets

Our focus

- Managing the portfolio
- Maintaining liquidity
- Highly selective investment
- Cost control