

9th July, 1997 ✓



3i Group plc

*(Incorporated in England and Wales under the Companies Acts 1948 to 1967
with registered number 1142830)*

as Issuer and Guarantor

3i Holdings plc

✓
*(Incorporated in England and Wales under the Companies Act 1985
with registered number 2591431)* ✓

as Issuer

3i plc

*(Incorporated in England and Wales under the Companies Act 1929
with registered number 397156)*

as Issuer

3i International B.V.

(Incorporated under the laws of The Netherlands and having its statutory seat in Rotterdam)

as Issuer

£1,000,000,000

Note Issuance Programme

Arranger

SBC Warburg

A Division of Swiss Bank Corporation

Arranger for DM issues

**Schweizerischer Bankverein
(Deutschland) AG**

Arranger for FFr issues

**SBC Warburg (France)
Entreprise d'Investissement**

Dealers

**Deutsche Morgan Grenfell
HSBC Markets
Lehman Brothers
Salomon Brothers International Limited
SBC Warburg (France)
Entreprise d'Investissement**

**Goldman Sachs International
IBJ International plc
NatWest Markets
SBC Warburg
A Division of Swiss Bank Corporation
UBS Limited**



Each of 3i Group plc ("3i Group" or, in its capacity as guarantor of the other Issuers (as defined below), the "Guarantor"), 3i Holdings plc ("3i Holdings"), 3i plc and 3i International B.V. ("3i International") (each an "Issuer" and together, the "Issuers") accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuers and the Guarantor (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents incorporated by reference" on page 4). This Offering Circular shall be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular but not part of the Listing Particulars (as defined below).

The notes (the "Notes") issued under this £1,000,000,000 Note Issuance Programme (the "Programme") may be issued to one or more of the Dealers specified on page 5 (each a "Dealer" and together, the "Dealers", which expression shall include any additional Dealer appointed under the Programme from time to time which appointment may be for a specific issue or on a continuing basis). References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Application has been made to the London Stock Exchange Limited (the "London Stock Exchange") for the Notes to be admitted to the Official List of the London Stock Exchange (the "Official List") for a period of 12 months from the date hereof. Application will (in certain circumstances as described herein) also be made to list Notes denominated in French francs or denominated in another currency or currencies but linked, directly or indirectly, to French francs ("French Franc Notes") on the Paris Stock Exchange. For the sole purpose of listing Notes on the Paris Stock Exchange, this Offering Circular has been submitted to the clearance procedures of the Commission des Opérations de Bourse (the "COB") and has been registered by the COB under no. P97-237 on 8th July, 1997.

Notice of the aggregate nominal amount of, interest (if any) payable in respect of, the issue price of, and any other terms and conditions not contained herein which are applicable to each Tranche (as defined on page 12) of Notes will be set forth in a pricing supplement (the "applicable Pricing Supplement") which, with respect to Notes to be admitted to the Official List ("London Listed Notes"), will be delivered to the London Stock Exchange and, with respect to Notes to be listed on the Paris Stock Exchange ("Paris Listed Notes"), will be delivered to the COB, in each case on or before the date of issue of the Notes of such Tranche. Copies of this Offering Circular, which comprises listing particulars (the "Listing Particulars") in relation to Notes issued under the Programme during the period of 12 months from the date of this Offering Circular, approved by the London Stock Exchange as required by the Financial Services Act 1986, have been delivered for registration to the Registrar of Companies in England and Wales. Copies of each Pricing Supplement (in respect of London Listed Notes) will be available from Companies Fiche Service, operated by Extel Information Centre, operated by FT Information Limited at 15 Clare Street, London EC2A 4LJ, and from the specified office of each of the Paying Agents (as defined below).

The Programme provides that Notes may be listed on such other or further stock exchange as may be agreed between the relevant Issuer and the relevant Dealer in relation to each issue. Each Issuer may also issue unlisted Notes.

The Issuers and the Guarantor have given an undertaking to the Dealers to comply with sections 147 and 149 of the Financial Services Act 1986 and the listing rules made by the London Stock Exchange (the "Listing Rules") in that regard. In the event that supplementary listing particulars are produced pursuant to such undertaking, the Issuers and the Guarantor shall supply to each Dealer such number of copies of the supplementary listing particulars as such Dealer may reasonably request.

Neither the Dealers nor The Law Debenture Trust Corporation p.l.c. (the "Trustee") have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuers and/or the Guarantor in connection with the Notes. Neither the Dealers nor the Trustee accept any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuers and/or the Guarantor in connection with the Notes.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuers, the Guarantor, the Dealers or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Dealers or the Trustee that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and/or the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of any of the Issuers, the Guarantor, the Dealers or the Trustee to any person to subscribe for or to purchase any of the Notes.

The delivery of this Offering Circular does not at any time imply that the information contained herein concerning the Issuers and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantor or any of the Guarantor's subsidiaries during the life of the Programme. Investors should review, inter alia, the most recent financial statements of the relevant Issuer and the Guarantor when deciding whether or not to purchase any of the Notes.

The distribution of this Offering Circular and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Notes in the United States, the United Kingdom, Japan, Germany, the Republic of France and The Netherlands (see "Subscription and sale" on pages 42 to 45).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "Securities Act") and are subject to U.S. tax law requirements. Notes may not be offered, sold or delivered within the United States or to U.S. persons or to U.S. Residents (as defined herein) in connection with the offering of any Notes. As further provided herein, it is prohibited to use any means of United States interstate commerce (including mail, telecopy and telephone) to offer, sell or deliver any Notes after sale in connection with the offering of such Notes. A further description of certain restrictions on the offering and sale of Notes and on the distribution of this document is given under "Subscription and sale".

In this Offering Circular, references to "ECU" are to European Currency Units, references to "\$", "U.S.\$" and "U.S. dollars" are to United States dollars, references to "Yen" and "¥" are to Japanese yen, references to "FFr" are to French francs, references to "DM" are to Deutsche Marks and references to "sterling" and "£" are to Pounds sterling.

In connection with the issue of any Tranche of Notes, the Dealer (if any) specified as the stabilising Dealer in the applicable Pricing Supplement may, to the extent permitted by applicable laws and regulations, over-allot or effect transactions which stabilise or maintain the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular (provided, however, that such incorporated documents do not form part of the Listing Particulars):

- (a) the audited financial statements of each Issuer (other than the Guarantor) contained in the Issuer's most recently published annual report and accounts and in any semi-annual report and accounts or interim financial statement published by the Issuer (if published later than the most recently published annual report and accounts);
- (b) the audited financial statements of the Guarantor and its subsidiaries contained in the Guarantor's most recently published report and accounts and in any semi-annual report and accounts or interim financial statement published by the Guarantor (if published later than the most recently published annual report and accounts); and
- (c) all supplements to this Offering Circular circulated by any Issuer and/or the Guarantor from time to time in accordance with the undertaking given by the Issuers and the Guarantor in the Programme Agreement described in "Subscription and sale" on page 42 below,

save that any statement contained herein or in a document all or the relative portion of which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular (but not the Listing Particulars) to the extent that a statement contained in any such subsequent document all or the relative portion of which is or is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Guarantor will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the written request of such person, a copy of any or all of the documents which, or portions of which, are incorporated herein by reference. Written requests for such documents should be directed to the Guarantor at its registered office set out at the end of this Offering Circular. In addition, such documents will be available, free of charge, if and for so long as any Notes are listed on the Paris Stock Exchange, from the principal office in Paris of SBC Warburg (France) Entreprise d'Investissement in its capacity as listing agent (the "Paris Listing Agent") for Paris Listed Notes.

The documents incorporated herein by reference have not been submitted to the clearance procedures of the COB.

Each Issuer and the Guarantor (when relevant) has given an undertaking to the COB that, if and for so long as any of the Notes of such Issuer are listed on the Paris Stock Exchange, it shall notify the COB of any material adverse change in the business or financial condition of such Issuer or (if such Notes are guaranteed by the Guarantor) of the Guarantor and its subsidiaries taken as a whole and it will publish details thereof if so required in accordance with the rules of the COB.

TABLE OF CONTENTS

Summary of the Programme and of the terms and conditions of the Notes	5
Form of the Notes	9
Terms and Conditions of the Notes	12
Use of proceeds	29
Description of the Issuers	30
United Kingdom taxation	39
Netherlands taxation	41
Subscription and sale	42
General information	46
Personnes qui assument la responsabilité du "document de base"	50

SUMMARY OF THE PROGRAMME AND OF THE TERMS AND CONDITIONS OF THE NOTES

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, is to be read in conjunction with the applicable Pricing Supplement. Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this summary.

Issuers:	3i Group plc 3i Holdings plc 3i plc 3i International B.V.
Guarantor (of Issuers other than 3i Group plc):	3i Group plc
Description:	Note Issuance Programme
Arranger:	Swiss Bank Corporation
Arranger for DM issues:	Schweizerischer Bankverein (Deutschland) AG
Arranger for FFr issues:	SBC Warburg (France) Entreprise d'Investissement
Dealers:	Deutsche Bank AG London Goldman Sachs International IBJ International plc Lehman Brothers International (Europe) Midland Bank plc NatWest Capital Markets Limited (as agent for National Westminster Bank Plc) Salomon Brothers International Limited SBC Warburg (France) Entreprise d'Investissement (for FFr Notes only) Swiss Bank Corporation UBS Limited Under the Programme Agreement, other institutions may be appointed Dealers either in relation to the Programme as a whole or in relation to specific issues of Notes.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Agent:	Morgan Guaranty Trust Company of New York, London office.
Distribution:	Subject to applicable selling restrictions, Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. Placements of French Franc Notes are governed by the rules and regulations from time to time relating to the <i>Marché de l'Euro-Franc</i> of the <i>Comité des Emissions</i> (the "Euro French Franc Regulations"). Each Issuer may also sell Notes to persons who are not Dealers pursuant to a separate agreement with such persons.
Amount:	Up to £1,000,000,000 (or its equivalent in other currencies calculated as described herein) outstanding at any one time. The Issuers will have the option at any time to increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Currencies:	Notes may be denominated in any currency or currencies, including, without limitation, Pounds sterling, Deutsche Marks, French francs, Japanese yen, Swiss francs and United States dollars, subject in all cases to the prior approval of the Trustee and the Agent and to compliance with all applicable laws, regulations and directives.

Maturities:	Any maturity greater than one month as specified in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body, however called) or any laws or regulations applicable to the relevant currency or the relevant Issuer.
Issue price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is par or at a discount to, or premium over, par.
Fixed Rate Notes:	Interest on Fixed Rate Notes will be payable in arrear on a specified date or dates in each year (as indicated in the applicable Pricing Supplement) and on redemption. Interest will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed (or such other basis as may be specified in the applicable Pricing Supplement).
Floating Rate Notes:	Floating Rate Notes will bear interest calculated: (i) on the basis of the screen quotation or the arithmetic mean of the screen quotations for the Specified Currency appearing on the Relevant Screen Page, failing which the arithmetic mean of the rates quoted by named reference banks; or (ii) on the same basis as the floating rate under a notional interest rate swap transaction in the Specified Currency governed by an agreement incorporating the 1991 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.); or (iii) by reference to the arithmetic mean of the rates quoted by named reference banks; or (iv) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer, (as indicated in the applicable Pricing Supplement). The Margin (if any) relating to any Floating Rate Note will be specified in the applicable Pricing Supplement.
Indexed Notes:	Payments of principal in respect of Indexed Redemption Amount Notes or of interest in respect of Indexed Interest Notes will be calculated by reference to such Index and/or Formula as is specified in the applicable Pricing Supplement. Each issue of Indexed Notes denominated in Deutsche Marks will be made in compliance with the policy of the German Central Bank regarding the indexation of Deutsche Mark denominated debt obligations. Indexed Notes which are French Franc Notes will be issued in compliance with the <i>Principes Généraux</i> published from time to time by the COB and by the <i>Conseil des Bourses de Valeurs</i> (now renamed the <i>Conseil des Marchés Financiers</i> ("CMF")).
Other provisions in relation to Floating Rate Notes and Indexed Interest Notes:	Floating Rate Notes and Indexed Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Indexed Interest Notes in respect of each Interest Period, as selected prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates specified in, or determined pursuant to, the applicable Pricing Supplement and will be calculated on the basis of the actual number of days in the Interest Period concerned divided by 360 (or 365/366 in the case of Notes denominated in sterling) unless otherwise indicated in the applicable Pricing Supplement.

Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree and as are specified in the applicable Pricing Supplement.
Instalment Notes:	Notes may be issued which are repayable in instalments prior to maturity.
Redemption:	The Pricing Supplement applicable to each Tranche of Notes will indicate either that the Notes of that Series cannot be redeemed prior to their stated maturity except following an Event of Default or for taxation reasons, or that such Notes will be redeemable at the option of the relevant Issuer and/or at the option of the holders(s) of such Notes upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other period as may be specified in the applicable Pricing Supplement) to the relevant Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be indicated in the applicable Pricing Supplement. Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) issued by 3i Holdings plc or 3i International B.V. in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom must have a minimum redemption amount of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the third anniversary of their date of issue and are to be listed on the London Stock Exchange.
Denomination of Notes:	Such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement, in all cases subject to such minimum denominations as may be allowed or required from time to time by the relevant central bank (or equivalent body, however called) or any laws or regulations applicable to the relevant currency or the relevant Issuer. Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) issued by 3i Holdings plc or 3i International B.V. in respect of which the issue proceeds are received in the United Kingdom will have a minimum denomination of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the third anniversary of their date of issue and are to be listed on the London Stock Exchange.
Taxation:	All payments in respect of the Notes made by the relevant Issuer or the Guarantor shall be made without withholding of or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the United Kingdom or (where the Issuer is 3i International) The Netherlands or, in either case, any political sub-division thereof or by any authority therein or thereof having power to tax, unless otherwise required by applicable law, as more fully set out in Condition 11.
Negative pledge:	The Conditions will contain a negative pledge given by 3i Group plc, as more fully described in Condition 4.
Cross default:	The Notes will have the benefit of a cross default clause in respect of indebtedness for moneys borrowed of the relevant Issuer, the Guarantor or any Material Subsidiary, as more fully set out in Condition 12.

Status of the Notes:	The Notes (subject to the negative pledge) will constitute direct unsecured obligations of the relevant Issuer ranking <i>pari passu</i> and rateably, without any preference among themselves, with all other existing and future unsecured and unsubordinated indebtedness of the relevant Issuer, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Status of the Guarantee:	The guarantee of the Notes by the Guarantor (subject to the negative pledge) will constitute an unsecured obligation of the Guarantor ranking <i>pari passu</i> and rateably with all its other unsecured and unsubordinated obligations present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Ratings:	Unless otherwise specified in the applicable Pricing Supplement, the Notes issued under the Programme have been rated: (i) A-1+ by Standard & Poor's Rating Services and P-1 by Moody's Investors Service in respect of Notes with an original maturity of one year or less; and (ii) AA- by Standard & Poor's Rating Services and A1 by Moody's Investors Service in respect of Notes with an original maturity of more than one year.
Listing:	The London Stock Exchange and/or any other stock exchange(s). In addition, the Euro French Franc Regulations recommend the listing of French Franc Notes on the Paris Stock Exchange where (i) such French Franc Notes are, or are intended to be, listed on any other stock exchange or (ii) such French Franc Notes are, or are intended to be, distributed as a public offer (within the meaning of the Euro French Franc Regulations). Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the Notes are to be listed.
Governing law:	The Notes will be governed by, and construed in accordance with, English law.
Selling restrictions:	United States, United Kingdom, Japan, Germany, the Republic of France, The Netherlands and such other restrictions as may be specified in the applicable Pricing Supplement. See "Subscription and sale" on pages 42 to 45 below.

This Offering Circular and any supplement will only be valid for listing Notes on the London Stock Exchange in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed £1,000,000,000 or its equivalent in other currencies. For the purpose of calculating the sterling equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the sterling equivalent of Notes denominated in another Specified Currency shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of such Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of sterling against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the relevant Issuer on the relevant day of calculation;
- (b) the sterling equivalent of Dual Currency Notes, Indexed Notes and Partly Paid Notes shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the sterling equivalent of Zero Coupon Notes and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

FORM OF THE NOTES

Each Tranche of Notes will initially be represented by a temporary global Note, without Receipts, Coupons or Talons, which will be delivered to a common depository for Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and Cedel Bank, société anonyme ("Cedel Bank"). Whilst any Note is represented by a temporary global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the temporary global Note only to the extent that certification of beneficial ownership as required by U.S. Treasury regulations (in the form set out in the Trust Deed) has been received by Euroclear and/or Cedel Bank and Euroclear and/or Cedel Bank as applicable has given a like certification (based on the certification it has received) to the Agent. On and after the date (the "Exchange Date") which is 40 days after the date on which any temporary global Note is issued, interests in such temporary global Note will be exchangeable (free of charge to the relevant Noteholders) in accordance with the terms of the temporary global Note, either for interests in a permanent global Note or, if so specified in the applicable Pricing Supplement, for definitive Notes with, where applicable, Receipts, Coupons and Talons attached as indicated in the applicable Pricing Supplement (and subject in the case of definitive Notes to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as required by U.S. Treasury regulations as specified in the temporary global Note unless certification has already been given pursuant to the second sentence of this paragraph. The holder of a temporary global Note will not be entitled to receive any payment of interest or principal due on or after the Exchange Date. Pursuant to the Agency Agreement (as defined on page 12) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a Common Code and an ISIN which are different from the Common Code and ISIN assigned to Notes of any other Tranche of the same Series until at least 40 days (as notified by the Agent to the relevant Dealer) after the completion of the distribution of the Notes of such Tranche.

Any reference herein to Euroclear and/or Cedel Bank shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system (including the *Sicovam S.A.* and the *Intermédiaires Financiers habilités* authorised to maintain accounts therein (together "Sicovam")) approved by the relevant Issuer, the Agent and the Trustee.

Payments of principal and interest (if any) on a permanent global Note will be made through Euroclear and/or Cedel Bank against presentation or surrender (as the case may be) of the permanent global Note without any requirement for certification. Unless otherwise specified in the Pricing Supplement, a permanent global Note will be exchangeable (free of charge to the relevant Noteholders), in whole but not in part, for definitive Notes with, where applicable, Receipts, Coupons and Talons attached only in certain limited circumstances.

Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

The following legend will appear on all global Notes, definitive Notes, Receipts, Coupons and Talons:

"Any United States person (as defined in the Internal Revenue Code of the United States) who holds this obligation will be subject to limitations under the United States income tax laws including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code".

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, Receipts or Coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition or payment of principal in respect of Notes, Receipts or Coupons.

In the case of any Notes to be listed on the Paris Stock Exchange, the applicable Pricing Supplement will state:

- (i) the names of the relevant Issuer and the relevant Dealer;
- (ii) the number of Notes to be issued in each Specified Denomination;
- (iii) the Sicovam number or, in the case of Partly Paid Notes, Sicovam numbers;
- (iv) the name and specified office of any Paying Agent in France;
- (v) the address in Paris where any relevant documents will be available for inspection and a list of such documents;
- (vi) the specialist broker;

- (vii) a statement in French, signed manually by a person duly authorised on behalf of the relevant Issuer, the Guarantor (if relevant) and the relevant Dealer or, in the case of a syndicated issue of Notes, the relevant lead manager or Paris listing agent, accepting responsibility for the information contained in the applicable Pricing Supplement, in the following form:

“Personnes qui assument la responsabilité de la présente Note d’Information composée de la présente Note d’Opération (Pricing Supplement)

[,de la Note d’Information ayant reçu de la COB le no. [] du [date]]

et du Document de Base (Offering Circular)

1. Au nom de l’émetteur

A la connaissance de l’émetteur, les données de la présente Note d’Information sont conformes à la réalité et ne comportent pas d’omission de nature à en altérer la portée.

Aucun élément nouveau (autres que ceux mentionnés dans la présente Note d’Opération) intervenu depuis:

- le 8 juillet 1997, date d’enregistrement no. P97-237 apposé par la Commission des Opérations de Bourse sur le Document de Base (Offering Circular),

[– le [], date du visa no. [] apposé par la Commission des Opérations de Bourse sur la Note d’Information,]

n’est susceptible d’affecter de manière significative la situation financière de l’émetteur dans le contexte de la présente émission.

[3i Group plc/3i Holdings plc/3i plc/3i International B.V.]

.....

[2. Au nom du garant

A la connaissance du garant, les données de la présente Note d’Information sont conformes à la réalité et ne comportent pas d’omission de nature à en altérer la portée.

Aucun élément nouveau (autres que ceux mentionnés dans la présente Note d’Opération) intervenu depuis:

- le 8 juillet 1997, date d’enregistrement no. P97-237 apposé par la Commission des Opérations de Bourse sur le Document de Base (Offering Circular),

[– le [], date du visa no. [] apposé par la Commission des Opérations de Bourse sur la Note d’Information,]

n’est susceptible d’affecter de manière significative la situation financière du garant dans le contexte de la présente émission.

3i Group plc

.....]

[2/3]. Au nom de la banque présentatrice

A la connaissance de la banque présentatrice, les données de la présente Note d’Information sont conformes à la réalité et ne comportent pas d’omission à en altérer la portée.

[Name of the relevant Dealer/Lead Manager/Paris Listing Agent]

.....”

(viii) a statement in French in respect of the applicable Pricing Supplement in the following form:

“La notice légale sera publiée au Bulletin des Annonces Légales Obligatoires (BALO) du [date]. La présente Note d'Information ne peut pas être distribuée en France avant la date effective de cotation de l'emprunt à la Bourse de Paris et la publicité légale au BALO”; and

(ix) the registration number allocated by the COB in respect of the Offering Circular and the visa number allocated by the COB in respect of the applicable Pricing Supplement in the following form:

“COMMISSION DES OPERATIONS DE BOURSE

En vue de la cotation à Paris des obligations éventuellement émises dans le cadre de ce programme, et par application des articles 6 et 7 de l'ordonnance no. 67-833 du 28 septembre 1967, la Commission des Opérations de Bourse a enregistré le Document de Base sous le no. d'enregistrement P97-237 du 8 juillet 1997 et a apposé sur la présente Note d'Information le visa no. [] du [date].”

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and each definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the relevant Issuer, the Guarantor (if relevant) and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each global Note and definitive Note.

This Note is one of a Series (as defined below) of notes (the notes of such Series being hereinafter called the "Notes", which expression shall mean (i) in relation to Notes represented by a Global Note, units equal to the lowest Specified Denomination in the Specified Currency, (ii) Definitive Notes issued in exchange for a Temporary or Permanent Global Note and (iii) any Global Note) constituted by a Trust Deed (as modified and/or supplemented from time to time, the "Trust Deed") dated 15th September, 1995 made between 3i Group plc ("3i Group"), 3i Holdings plc ("3i Holdings"), 3i plc, 3i International B.V. ("3i International") and The Law Debenture Trust Corporation p.l.c. (the "Trustee", which expression shall include any successor as trustee). References herein to the "Issuer" shall be references to the party specified as such in the applicable Pricing Supplement (as defined below). References herein to the Guarantor shall not apply where 3i Group is the Issuer. Notes issued by 3i Holdings, 3i plc and 3i International are guaranteed by 3i Group (in such capacity, the "Guarantor") pursuant to the terms of the Trust Deed and as described in Condition 3.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (as amended and/or supplemented from time to time, the "Agency Agreement") dated 15th September, 1995 made between 3i Group (as Issuer and Guarantor), 3i Holdings, 3i plc, 3i International, Morgan Guaranty Trust Company of New York, London office, as issuing agent, principal paying agent and agent bank (the "Agent", which expression shall include any successor as agent), the other paying agents named therein (together with the Agent, the "Paying Agents", which expression shall include any additional or successor paying agents) and the Trustee.

Interest-bearing Definitive Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons ("Coupons") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") attached on issue. Any reference in these Terms and Conditions to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes redeemable in instalments will have instalment receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue.

The Pricing Supplement in relation to this Note (or the relevant provisions thereof) is attached hereto or endorsed hereon and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the "applicable Pricing Supplement" are to the Pricing Supplement (or the relevant provisions thereof) attached hereto or endorsed hereon.

The Trustee acts for the benefit of the holders of the Notes (the "Noteholders", which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Receipts (the "Receiptholders") and the holders of the Coupons (the "Couponholders", which expression shall, unless the context otherwise requires, include the holders of the Talons), all in accordance with the provisions of the Trust Deed.

As used herein, "Tranche" means Notes which are identical in all respects (including as to listing) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed, the Agency Agreement and each Pricing Supplement are available for inspection during normal business hours at the registered office of the Trustee, being at 9th July, 1997 at Princes House, 95 Gresham Street, London EC2V 7LY and at the specified office of each Paying Agent save that, in the case of any Pricing Supplement where the Note or Notes to which such Pricing Supplement relates are not listed on a stock exchange, such Pricing Supplement shall be available for inspection only, upon proof satisfactory to the Trustee or the relevant Paying Agent as to identity, by the holder of any Note to

which such Pricing Supplement relates. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement, which are binding on them.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. Form, denomination and transfer

The Notes are in bearer form in the Specified Currency or Currencies and the Specified Denomination(s) and, in the case of Definitive Notes, are serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Interest Note, an Indexed Redemption Amount Note, a Dual Currency Note or a Partly Paid Note or any appropriate combination thereof depending upon the Interest/Payment Basis shown in the applicable Pricing Supplement.

If it is a Definitive Note, it is issued with Coupons and, if applicable, Receipts and/or Talons attached, unless it is a Zero Coupon Note in which case references to interest (other than interest due after the Maturity Date), Coupons and Couponholders in these Terms and Conditions are not applicable.

Without prejudice to the provisions relating to Global Notes set out below, title to the Notes, the Receipts and the Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Guarantor, the Trustee, the Agent and any other Paying Agent shall (subject as set out below) be entitled to deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not such Note, Receipt or Coupon shall be overdue and notwithstanding any notice to the contrary or any notation of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of making payment thereon and for all other purposes. For so long as any of the Notes is represented by a Global Note held on behalf of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and/or Cedel Bank, société anonyme ("Cedel Bank"), each person (other than Euroclear or Cedel Bank or, in the case of Notes listed on the Paris Stock Exchange, Sicovam (as defined below)) who is for the time being shown in the records of Euroclear or Cedel Bank as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Cedel Bank as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes (and the holder of the relevant Global Note shall be deemed not to be the holder) for all purposes other than with respect to the payment of principal and interest on such Notes, the right to which shall be vested, as against the Issuer and the Guarantor, solely in the bearer of the Global Note in accordance with and subject to its terms, or in the Trustee in accordance with the Trust Deed (and the expressions "Noteholder", "holder of Notes" and related expressions shall be construed accordingly). Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Cedel Bank, as the case may be.

Any references herein to Euroclear and/or Cedel Bank shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system (including, in the case of Notes listed on the Paris Stock Exchange, Sicovam S.A. and the *Intermédiaires Financiers habilités* authorised to maintain accounts therein (together "Sicovam")) approved by the Issuer, the Agent and the Trustee.

2. Status of the Notes

The Notes and the relative Receipts and Coupons (subject to the provisions of Condition 4) constitute direct unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves, with all other existing and future unsecured and unsubordinated indebtedness of the Issuer but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. Guarantee of Notes issued by 3i Holdings, 3i plc and 3i International

The Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due payment of the principal and interest on the Notes issued by 3i Holdings, 3i plc and 3i International and all other moneys payable by 3i Holdings, 3i plc and 3i International under the Trust Deed. The guarantee (subject to the provisions of Condition 4) constitutes an unsecured obligation of the Guarantor ranking *pari passu* and rateably with all its other unsecured and unsubordinated obligations present and future but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. Negative pledge

So long as any Note remains outstanding (as defined in the Trust Deed) 3i Group shall not and shall procure that no Subsidiary (as defined in the Trust Deed) shall create or permit to subsist any mortgage, lien, pledge or other charge ("Security") upon any part of their respective undertakings or assets, present or future, (including uncalled capital) as security for any Obligation (as defined below) and 3i Group shall not permit any Material Subsidiary (as defined in Condition 12) other than 3i Holdings and 3i plc to give any guarantee of or indemnity in respect of any Obligation without in each case at the same time according to the Noteholders a *pari passu* and rateable interest in the same security and/or guarantee and/or indemnity or such other security and/or guarantee and/or indemnity or other arrangement (whether or not including the granting of security and/or a guarantee and/or an indemnity) as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall have been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders provided that any Subsidiary acquired after 15th September, 1995 may have outstanding Security with respect to an Obligation of such Subsidiary (without the obligation to secure the Notes as aforesaid) so long as:

- (i) either such Security was outstanding on the date on which such Subsidiary became a Subsidiary and was not created in contemplation of such Subsidiary becoming a Subsidiary or such Security was created in substitution for or to replace either such outstanding Security or any such substituted or replacement Security; and
- (ii) the principal amount of the Obligation secured is not increased after the date such Subsidiary became a Subsidiary.

For the purpose of this Condition, "Obligation" means:

- (A) any present or future indebtedness of 3i Group or a Subsidiary having a stated maturity of not less than one year and represented by bonds, notes, debentures, debenture stock, loan stock or other securities which for the time being are, or are intended to be, dealt in on a stock exchange or other securities market and which either (a) is denominated or contains a right or requirement for any payment in respect thereof to be made in any currency other than Pounds sterling, or (b) is initially offered or distributed, directly or indirectly, primarily to persons resident outside the United Kingdom; and
- (B) any guarantee of any such indebtedness as is referred to in (A) above.

5. Interest

(a) Interest on Fixed Rate Notes

- (i) Each Fixed Rate Note bears interest on its nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest payable in arrear on the Fixed Interest Date(s) in each year and on the Maturity Date if that does not fall on a Fixed Interest Date. The first payment of interest will be made on the Fixed Interest Date next following the Interest Commencement Date and, if the first anniversary of the Interest Commencement Date is not a Fixed Interest Date, will amount to the Initial Broken Amount. If the Maturity Date is not a Fixed Interest Date, interest from (and including) the preceding Fixed Interest Date (or the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount.
- (ii) If interest is required to be calculated for a period of other than a full year, such interest shall, unless otherwise specified in the applicable Pricing Supplement, be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

(b) *Interest on Floating Rate Notes and Indexed Interest Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note and Indexed Interest Note bears interest on its nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- (A) the Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (B) if no express Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a business day convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, "Business Day" means a day which is both:

- (I) a day on which commercial banks and foreign exchange markets settle payments in London and any other place as is specified in the applicable Pricing Supplement (each an "Additional Business Centre"); and
- (II) either (1) in relation to Notes denominated or payable in a Specified Currency other than ECU, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Wellington respectively or (2) in relation to Notes denominated or payable in ECU, an ECU Settlement Day (as defined in the 1991 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the "ISDA Definitions") but disregarding part (b) of such definition).

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Indexed Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

In particular, notwithstanding the provisions of sub-paragraphs (A), (B) and (C) below, the method for determining the Rate of Interest for Floating Rate Notes or Indexed Interest Notes which are denominated or payable in French francs, are set out in full in the applicable Pricing Supplement.

(A) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fourth decimal place, 0.00005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(B) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any).

For the purpose of this sub-paragraph (B), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Pricing Supplement under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is the period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purpose of this sub-paragraph (B), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

When this sub-paragraph (B) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 5(b)(iv) below in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (B).

(C) Reference Bank Determination for Floating Rate Notes

Where Reference Bank Determination for Floating Rate Notes is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Agent shall request the principal London office of each of the Specified Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for

deposits in the Specified Currency for the period specified in the Reference Rate to leading banks in the London inter-bank market as at 11.00 a.m. (London time) on the Interest Determination Date in question. If two or more of the Specified Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fourth decimal place, 0.00005 being rounded upwards) of such offered quotations plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date, where applicable, one only or none of the Specified Reference Banks provides the Agent with such an offered quotation, the Agent shall forthwith consult with the Issuer, the Guarantor (if relevant) and the Trustee for the purpose of agreeing two banks (or, where one only of the Specified Reference Banks provides such a quotation, a bank) (which bank or banks is or are in the opinion of the Trustee suitable for such purpose) to provide such a quotation or quotations to the Agent and the Rate of Interest for the relevant Interest Period shall be determined in accordance with the provisions set out above on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the Specified Reference Bank) (but without exclusion as aforesaid). If no such bank or banks is or are so agreed, or such bank or banks as is or are so agreed does not or do not provide such a quotation or quotations, then the applicable Rate of Interest for the relevant Interest Period shall be the Rate of Interest determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of the Floating Rate Notes is specified in the applicable Pricing Supplement as being other than the London inter-bank offered rate, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) *Minimum and/or Maximum Interest Rate*

If the applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate. If the applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent, in the case of Floating Rate Notes, or the Calculation Agent, in the case of Indexed Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Indexed Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest payable in respect of each Specified Denomination (each an "Interest Amount") for the relevant Interest Period. Each Interest Amount shall, unless otherwise specified in the applicable Pricing Supplement, be calculated by applying the Rate of Interest to the Specified Denomination, multiplying such amount by the actual number of days in the Interest Period concerned divided by 360 (or 365/366 if this Note is denominated in sterling) or such other denominator determined by the Agent to be customary for such calculation, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(v) *Notification of Rate of Interest and Interest Amounts*

The Issuer will cause the Rate of Interest and each Interest Amount for each Interest Period and the relative Interest Payment Date to be notified to the Trustee and to any stock exchange on which the relevant Floating Rate Notes or Indexed Interest Notes are for the time being listed

and to be published in accordance with Condition 19 as soon as practicable after their determination but in no event later than the fourth Business Day (as defined in Condition 5(b)(i) above) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Indexed Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 19.

(vi) *Determination or calculation by Trustee*

If for any reason at any time after the Issue Date the Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest in accordance with sub-paragraph (ii) or the Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraph (iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Interest Rate or Maximum Interest Rate specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent or the Calculation Agent, as applicable.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Agent or the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agent, the Calculation Agent, the Trustee, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions.

(c) *Dual Currency Notes*

In the case of Dual Currency Notes, where the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest shall be determined in the manner specified in the applicable Pricing Supplement.

(d) *Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(e) *Interest accrual*

Each Note (or, in the case of redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused in which event interest will continue to accrue as provided in the Trust Deed.

6. **Redemption and purchase**

(a) *Final redemption*

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

(b) *Redemption for taxation reasons*

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or (where the Issuer is 3i International) The Netherlands or any political sub-division of, or any authority in, or of, the United Kingdom or The Netherlands, as the case may be, having power to tax, or any change in the application or official or generally accepted interpretation of such laws or

regulations, which change or amendment becomes effective after the date on which agreement is reached to issue the first Tranche of the Notes, on the occasion of the next payment due in respect of the Notes either the Issuer would be required to pay additional amounts as provided or referred to in Condition 11 or (where applicable) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, the Issuer, with the consent of the Guarantor (if relevant), may at its option, having given not less than 30 nor more than 60 days' notice to the Trustee, the Agent and the Noteholders in accordance with Condition 19 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time (if this Note is neither a Floating Rate Note nor an Indexed Interest Note) or on the next Interest Payment Date (if this Note is a Floating Rate Note or an Indexed Interest Note) at their Early Redemption Amount referred to in paragraph (g) below together, if applicable, with interest accrued to (but excluding) the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer or (where applicable) the Guarantor would be required to pay the additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer and/or (where applicable) two Directors of the Guarantor stating that the requirement referred to above will apply on the occasion of the next payment due in respect of the Notes and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, Receiptholders and Couponholders.

(c) Redemption at the option of the Issuer

If so specified in the applicable Pricing Supplement, the Issuer may, with the consent of the Guarantor (if relevant), having given (unless otherwise specified in the applicable Pricing Supplement) not less than 30 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 19, the Noteholders (which notice shall be irrevocable), redeem all or some only (as specified in the applicable Pricing Supplement) of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) as specified in, or determined in the manner specified in, the applicable Pricing Supplement, together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date. Upon expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly. In the event of a redemption of some only of the Notes, such redemption must be for an amount being the Minimum Redemption Amount or a Higher Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by Definitive Notes, and in accordance with the rules of Euroclear and/or Cedel Bank, in the case of Redeemed Notes represented by a Global Note, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by Definitive Notes, a list of such Redeemed Notes will be published in accordance with Condition 19 not less than 30 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by Definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of Definitive Notes outstanding bears to the aggregate nominal amount of all Notes outstanding, in each case on the Selection Date, provided that any such nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the lowest Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 19 at least 30 days prior to the Selection Date.

(d) Redemption at the option of the Noteholders

If the Noteholders are specified in the applicable Pricing Supplement as having an option to redeem, upon the holder of this Note (unless otherwise specified in the applicable Pricing Supplement) giving to the Issuer, in accordance with Condition 19, not less than 30 nor more than 60 days' notice (which notice shall be irrevocable), the Issuer shall, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not in part), such Note on any Optional Redemption Date and at the relevant Optional Redemption Amount(s) as specified in, or determined in the manner specified in, the applicable Pricing

Supplement, together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver this Note, on any Business Day (as defined in Condition 5(b)(i)) falling within the notice period, to the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

(e) Purchases

The Issuer with the consent of the Guarantor (if relevant), the Guarantor or any Subsidiary may at any time purchase Notes (provided that, in the case of Definitive Notes, all unmatured Receipts and Coupons appertaining thereto are surrendered therewith) in any manner and at any price. If purchases are made by tender, tenders must be available to all Noteholders alike.

(f) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraphs (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 12 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (g)(iii) below as though the references therein to the date fixed for redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of the Zero Coupon Note have been paid; and
- (ii) the day after the date on which the full amount of moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders either in accordance with Condition 19 or individually.

(g) Early Redemption Amounts

For the purposes of paragraph (b) above and Condition 12, the Notes will be redeemed at an amount (the "Early Redemption Amount") determined or calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount set out in, or determined in the manner set out in, the applicable Pricing Supplement, or, if no such amount or manner is so set out, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the "Accrued Face Amount") equal to the sum of:
 - (A) the Reference Price; and
 - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable,

or such other amount as is provided in the applicable Pricing Supplement.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall, unless otherwise specified in the applicable Pricing Supplement, be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

(h) Instalments

Instalment Notes will be repaid in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (g) above. In the case of Definitive Notes, all instalments

(other than the final instalment) will be paid against surrender of the relevant Receipt (which must be presented with the Definitive Note to which it appertains) and in the case of the final instalment against surrender of the relevant Definitive Note, all as more fully described in Condition 7.

(i) *Cancellation*

All Notes which are redeemed in full will forthwith be cancelled (together with, in the case of Definitive Notes, all unmatured Receipts and Coupons presented therewith) and accordingly may not be re-issued or resold. Notes purchased by the Issuer, the Guarantor or any Subsidiary may be held, resold or cancelled.

7. **Payments**

(a) *Method of payment*

Subject as provided below:

- (i) payments in a currency other than ECU will be made by transfer to an account in the relevant Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the holder, by a cheque in such Specified Currency drawn on, a bank (which, in the case of a payment in Yen to a non-resident of Japan, shall be an authorised foreign exchange bank) in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Wellington respectively); and
- (ii) payments in ECU will be made by credit or transfer to an ECU account specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11.

(b) *Presentation of Notes, Receipts and Coupons*

Subject as provided below, payments in respect of principal and interest (if any) in respect of Definitive Notes (if issued) will be made against surrender (or, in the case of part payment only, endorsement) of the Definitive Notes or, as the case may be, Coupons, in each case, at any specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)). Payments of instalments (if any) of principal, other than the final instalment, will (subject as provided below) be made against presentation and surrender of the relevant Receipt. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Note to which it appertains. If any Definitive Note is redeemed or becomes repayable prior to the stated maturity thereof, principal will be payable only on surrender of such Note together with all unmatured Receipts appertaining thereto. Receipts presented without the Definitive Note to which they appertain and unmatured Receipts do not constitute valid obligations of the Issuer.

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made on such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by such Paying Agent and such records shall be *prima facie* evidence that the payment in question has been made.

The holder of the relevant Global Note (or, as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Cedel Bank as the holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Cedel Bank, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of the relevant Global Note (or the Trustee, as the case may be). No person other than the holder of the relevant Global Note (or, as provided in the Trust Deed, the Trustee) shall have any claim against the Issuer or, as the case may be, the Guarantor in respect of any payments due on that Global Note.

Notwithstanding the foregoing, payments of interest in U.S. dollars will be made at the specified office of any Paying Agent in the United States (1) if (a) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount of interest on the Notes in the manner provided above when due, (b) payment of the full amount of such interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (c) such payment is then permitted under United States law and/or (2) at the option of the relevant holder if the payment is then permitted under United States law without involving, in the opinion of the Issuer or the Guarantor, adverse tax consequences for the Issuer or the Guarantor.

Fixed Rate Notes in definitive form (other than Dual Currency Notes or Indexed Redemption Amount Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall include Coupons falling to be issued on exchange of matured Talons), failing which an amount equal to the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupons as the sum so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of ten years after the relevant date (as defined in Condition 11) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 13) or, if later, five years from the date on which such Coupon would otherwise have become due.

Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the due date for redemption of any Floating Rate Note, Dual Currency Note or Indexed Note in definitive form, all unmatured Coupons and Talons (if any) relating to such Note (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any interest-bearing Note in definitive form is not a due date for the payment of interest relating thereto, interest accrued in respect of such interest-bearing Note from (and including) the last preceding due date for the payment of interest (or from (and including) the Interest Commencement Date, as the case may be) will be paid only against surrender of such interest-bearing Note.

(c) Payment Day

If any date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day (as defined below), then the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay. In this Condition (unless otherwise specified in the applicable Pricing Supplement), "Payment Day" means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation;
- (ii) a Business Day (as defined in Condition 5(b)(i)); and
- (iii) in relation to Notes denominated or payable in ECU, a day on which payments in ECU can be settled by commercial banks and in foreign exchange markets in the place in which the relevant account for payment is located.

(d) Interpretation of principal and interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 11 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;

- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Accrued Face Amount;
- (vii) any premium and any other amounts which may be payable under or in respect of the Notes;
and
- (viii) in relation to Dual Currency Notes, the principal payable in any relevant Specified Currency.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 11 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

8. Exchange of Talons

On and after the Interest Payment Date or the Fixed Interest Date (as appropriate) on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 13. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date or the Fixed Interest Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

9. Agent and Paying Agents

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below. In the event of the appointed office of the Agent being unable or unwilling to continue to act as the Agent, or failing duly to determine the Rate of Interest (if applicable) or to calculate the Interest Amounts for any Interest Period, the Issuer and the Guarantor shall appoint the London office of such other bank as may be approved by the Trustee to act as such in its place as Agent. The Agent may not resign its duties or be removed from office without a successor having been appointed as aforesaid. The Issuer and the Guarantor may, with the prior approval of the Trustee, vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts provided that the Issuer will, so long as any of the Notes is outstanding, maintain a Paying Agent (which may be the Agent) having a specified office in a city approved by the Trustee in continental Europe and, so long as any of the Notes are listed on any stock exchange, a Paying Agent (which may be the Agent) having a specified office in each location required by the rules and regulations of the relevant stock exchange.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the fourth paragraph of Condition 7(b). Notice of any such variation, termination, appointment or change will be given by the Issuer to the Noteholders in accordance with Condition 19.

10. European Currency Units

(a) *Value and composition of the ECU*

Subject to the provisions of paragraph (b) of this Condition, the value and composition of the ECU in which any Notes are denominated or, in the case of Dual Currency Notes payable in ECU, in which any such Notes are payable, as the case may be, is the same as the ECU that is from time to time used as the unit of account of the European Communities (the "EC"). Certain changes as to ECU may be made by the EC in which case the ECU will change accordingly.

(b) *Payment in a component currency*

If any payment of principal or interest in respect of a Note, Receipt or Coupon is to be made in ECU and, on the relevant due date, the ECU is used neither as the unit of account of the EC nor as the currency of the European Union, the Trustee shall, without liability on its part and without having regard to the interests of individual Noteholders, Receiptholders or Couponholders and after consultation with the Issuer and the Guarantor if, in the opinion of the Trustee, such consultation is practicable, choose a currency which was a component of the ECU when the ECU was most

recently used as the unit of account of the EC (the "chosen currency") in which all payments due on that due date with respect to such Note, Receipt and Coupon shall be made. Notice of the chosen currency selected by the Trustee shall, where practicable, be published in accordance with Condition 19. The amount of each payment in such chosen currency shall be computed on the basis of the equivalent of the ECU in that currency, determined as set out in this paragraph (b) as of the fourth London Business Day prior to the date on which such payment is due. For the purpose of this Condition, the expression "London Business Day" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets settle payments in London.

Without prejudice to the preceding paragraph, on the first London Business Day on which the ECU is used neither as the unit of account of the EC nor as the currency of the European Union, the Trustee shall, without liability on its part and without having regard to the interests of individual Noteholders, Receiptholders or Couponholders and after consultation with the Issuer and the Guarantor if, in the opinion of the Trustee, such consultation is practicable, choose a component currency of the ECU when the ECU was most recently used as the unit of account of the EC (also the "chosen currency") in which all payments with respect to Notes, Receipts and Coupons having a due date prior thereto but not yet presented for payment are to be made. The amount of each payment in such chosen currency shall be computed on the basis of the equivalent of the ECU in that currency, determined as set out in this paragraph (b), as of such first London Business Day.

The equivalent of the ECU in the relevant chosen currency as of any date (the "Day of Valuation") shall be determined on the following basis by the Agent. The component currencies of the ECU for this purpose (the "Components") shall be the currency amounts which were components of the ECU as of the last date on which the ECU was used as the unit of account of the EC.

The equivalent of the ECU in the chosen currency shall be calculated by first aggregating the U.S. dollar equivalents of the Components, and then, using the rate used for determining the U.S. dollar equivalent of the Component in the chosen currency as set forth below, calculating the equivalent in the chosen currency of such aggregate amount in U.S. dollars.

The U.S. dollar equivalent of each of the Components shall be determined by the Agent on the basis of the middle spot delivery quotations prevailing at 11.00 a.m. (London time) on the Day of Valuation, as obtained by the Agent from one or more leading banks as selected by the Agent in the country of issue of the Component in question.

If the official unit of any Component is altered by way of combination or subdivision, the number of units of that Component shall be divided or multiplied in the same proportion. If two or more Components are consolidated into a single currency, the amounts of those Components shall be replaced by an amount in such currency equal to the sum of the amounts of the consolidated Components expressed in such single currency. If any Component is divided into two or more currencies, the amount of that Component shall be replaced by amounts of such two or more currencies each of which shall be equal to the amount of the former Component divided by the number of currencies into which that Component was divided.

If no direct quotations are available for a Component as of a Day of Valuation from any of the banks selected by the Agent for this purpose because foreign exchange markets are closed in the country of issue of that Component or for any other reason, the most recent direct quotations for that Component obtainable by the Agent shall be used in computing the U.S. dollar equivalent of the ECU on such Day of Valuation, provided, however, that such most recent quotations may be used only if they were prevailing in the country of issue of such Component not more than two London Business Days before such Day of Valuation. If the most recent quotations obtained by the Agent are those which were so prevailing more than two London Business Days before such Day of Valuation, the Agent shall determine the U.S. dollar equivalent of such Component on the basis of cross rates derived from the middle spot delivery quotations for such Component and for the U.S. dollar prevailing at 11.00 a.m. (London time) on such Day of Valuation, as obtained by the Agent from one or more leading banks, as selected by the Agent, after consultation with the Issuer and the Guarantor, and approved by the Trustee, in a country other than the country of issue of such Component. If such most recent quotations obtained by the Agent are those which were so prevailing not more than two London Business Days before such Day of Valuation, the Agent shall determine the U.S. dollar equivalent of such Component on the basis of such cross rates if the Trustee judges that the equivalent so calculated is more representative than the U.S. dollar equivalent calculated on the basis of such most recent direct quotations. Unless otherwise specified by the Trustee, if there is more than one market for dealing in any Component by reasons of foreign exchange regulations or for any

other reason, the market to be referred to in respect of such Component shall be that upon which a non-resident issuer of securities denominated in such Component would ordinarily purchase such Component in order to make payments in respect of such securities.

All choices and determinations made by the Trustee or the Agent for the purposes of this paragraph (b) shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Issuer and the Guarantor and all Noteholders, Receiptholders and Couponholders.

Whenever a payment is to be made in a chosen currency as provided in this paragraph (b), such chosen currency shall be deemed to be the Specified Currency for the purposes of Condition 7.

From the start of the third stage of the European Monetary Union, all payments in respect of Notes denominated or payable in ECU will be payable in Euro at the exchange rate then established in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union. This paragraph (b) will not result in a payment in a chosen currency in such circumstances.

11. Taxation

All payments of principal and interest (if any) in respect of the Notes, Receipts and Coupons will be made without withholding of or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the United Kingdom or (where the Issuer is 3i International) The Netherlands or, in either case, any political sub-division thereof or by any authority therein or thereof having power to tax, unless the Issuer or, as the case may be, the Guarantor is compelled by law to withhold or deduct any such taxes, duties, assessments or governmental charges. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts receivable by the Noteholders, Receiptholders and Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes and/or Receipts and/or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amount shall be payable with respect to any Note, Receipt or Coupon presented for payment:

- (i) by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom or The Netherlands (as the case may be) otherwise than by reason only of his holding such Note, Receipt or Coupon; or
- (ii) by or on behalf of a holder who would not be liable or subject to such withholding or deduction if he were to make a declaration of non-residence or other similar claim for exemption but fails to do so; or
- (iii) more than 30 days after the relevant date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the last day of such period of 30 days assuming that day to have been a Payment Day.

For this purpose, the "relevant date" means whichever is the later of the date on which the moneys in respect of the Note, Receipt or Coupon (as the case may be) first become due and payable and, if the full amount of the moneys payable on such date has not been received by the Agent or the Trustee on or prior to such date, the date on which such moneys shall have been so received and notice to that effect shall have been given to the Noteholders in accordance with Condition 19.

12. Events of Default and enforcement

- (a) The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction), (but, in the case of the happening of any of the events mentioned in sub-paragraphs (ii) to (vii) inclusive below (other than the winding up or the appointment of an administrative or other receiver of the whole or any material part of the undertaking or assets of the Issuer or the Guarantor) only if the Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer that the Notes are, and they shall accordingly thereby immediately become, due and repayable at their Early Redemption Amount (together with interest

accrued to the date upon which, the Early Redemption Amount of the Notes having been received by the Agent or the Trustee, notice is duly given to the Noteholders in accordance with Condition 19) if any of the following events shall occur and be continuing:

- (i) default is made for a period of seven days or more in the payment of any principal due on the Notes or any of them or 21 days or more in the payment of any interest due on the Notes or any of them; or
- (ii) an order is made or an effective resolution passed for winding up the Issuer, the Guarantor or any Material Subsidiary (except, in the case of a Material Subsidiary, a winding up for the purpose of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or a voluntary solvent winding up in connection with the transfer of all or the major part of the business, undertaking and assets of such Material Subsidiary to 3i Group or another Subsidiary) or an administration order is made in relation to the Issuer, the Guarantor or any Material Subsidiary; or
- (iii) if 3i Group or any Material Subsidiary ceases to carry on the whole of its business or (in the case of 3i Group) a substantial part of its business or (in the case of a Material Subsidiary) substantially the whole of its business (except (1) (in each case) where such cessation is for the purpose of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or (2) (in the case of 3i Group) where such cessation is in connection with the transfer of all or a substantial part of the business of 3i Group to a Material Subsidiary or a sale of assets of 3i Group at fair market value where the proceeds of such sale are reinvested in the business of 3i Group or (3) (in the case of a Material Subsidiary) where such cessation is in connection with a solvent winding up of such Material Subsidiary (provided such Material Subsidiary is not the Issuer) or the transfer of the whole or substantially the whole of the business of such Material Subsidiary to 3i Group or to any company which is at the time thereof or will immediately thereafter be a wholly-owned Subsidiary or a sale of assets of such Material Subsidiary at fair market value where the proceeds of such sale are reinvested in the business of 3i Group or any wholly-owned Subsidiary);
- (iv) an encumbrancer takes possession or an administrative or other receiver is appointed of the whole or any material part of the undertaking or assets of the Issuer, the Guarantor or any Material Subsidiary or a distress or execution is levied or enforced upon or sued out against all or any material part of the assets of the Issuer, the Guarantor or any Material Subsidiary and is not removed, discharged or paid out within 30 days; or
- (v) the Issuer, the Guarantor or any Material Subsidiary stops or threatens to stop making payments of its debts generally or is deemed to be unable to pay its debts within the meaning of Section 123(1)(e) and Section 123(2) of the Insolvency Act 1986 of Great Britain; or
- (vi) any indebtedness for moneys borrowed (as defined in the Trust Deed) of the Issuer, the Guarantor or any Material Subsidiary is not paid on its due date where there is no applicable grace period or, if there is an originally applicable grace period, by the expiry of such period or becomes due and payable prior to the stated maturity by reason of a default or any guarantee of any indebtedness for moneys borrowed of any third party given by the Issuer, the Guarantor or any Material Subsidiary is not honoured when due and called upon or any security created by any debenture, mortgage or charge created by the Issuer, the Guarantor or any Material Subsidiary becomes enforceable and steps are taken to enforce the same provided that no such event shall constitute an event of default unless the indebtedness for moneys borrowed or the amount so secured and in respect of which such enforcement steps are taken either alone or when aggregated with other such indebtedness for moneys borrowed and amounts so secured shall be equal to or exceed the Specified Amount; or
- (vii) default is made by the Issuer or the Guarantor in the performance or observance of any obligation, condition or provision binding on it under the Notes or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Notes) and, except where such default is incapable of remedy, such default continues for 30 days after written notice thereof by the Trustee to the Issuer or the Guarantor, as the case may be, requiring the same to be remedied has been given; or

- (viii) (save where 3i Group is the Issuer) the guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect.

For the purpose of this Condition:

- (1) "Material Subsidiary" means any Subsidiary in relation to which the proportion attributable to 3i Group of the net assets of such Subsidiary as shown by its most recent audited accounts is equal to at least 10 per cent. of the sum of the amount of the consolidated net assets of 3i Group and the Subsidiaries attributable to the members of 3i Group as shown by the most recent published audited consolidated accounts of 3i Group and the Subsidiaries (the "Relevant Accounts") and the amount of such proportion to the extent that the same is not actually consolidated in the Relevant Accounts and so that any necessary translation of currencies shall be effected on the same basis and as at the same date as are applied in drawing up the Relevant Accounts.
- (2) "Specified Amount" shall mean the greater of (a) £20,000,000 (or its equivalent in any other currency or currencies) and (b) such amount in Pounds sterling (or its equivalent in any other currency or currencies) as is equal to one per cent. of the aggregate of (i) the nominal amount of the share capital of 3i Group for the time being issued and paid up or credited as paid up, (ii) the amounts standing to the credit of the reserves (including any share premium account and profit and loss account) of 3i Group and the Subsidiaries and (iii) any amounts attributable to minority interests in such Subsidiaries, all as shown in the latest audited consolidated balance sheet of 3i Group and the Subsidiaries prepared in accordance with generally accepted accounting principles in the United Kingdom less (iv) any amounts, determined in accordance with generally accepted accounting principles in the United Kingdom, representing distribution of cash or tangible assets declared, recommended or made by 3i Group or any of the Subsidiaries (other than any distribution attributable to 3i Group or another Subsidiary) out of profits accrued prior to the date of, and not provided for in, the latest audited consolidated balance sheet of 3i Group and the Subsidiaries and less (v) any amounts shown in such latest audited consolidated balance sheet (y) attributable to intangible assets and (z) in respect of any debit on profit and loss account.

A certificate of the Auditors (as defined in the Trust Deed) as to the Specified Amount shall, in the absence of manifest error, be conclusive and binding on all parties.

- (3) "substantial part" means 10 per cent. or more of the consolidated gross assets of 3i Group and the Subsidiaries taken as a whole.
- (b) The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

13. Prescription

The Notes, Receipts and Coupons (which for this purpose shall not include the Talons) will become void unless presented for redemption or payment within a period of ten years (in the case of Notes and Receipts) and five years (in the case of Coupons), in each case from the relevant date (as defined in Condition 11) in respect thereof, subject to the provisions of Condition 7. There shall not be included in any Coupon sheet issued on exchange of a Talon, any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7 or any Talon which would be void pursuant to Condition 7.

14. Meetings of Noteholders, modification and waiver

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Terms and Conditions as modified and completed by the applicable Pricing Supplement or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding

or representing a clear majority of the nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Terms and Conditions as modified and completed by the applicable Pricing Supplement and of the provisions of the Trust Deed the quorum will be one or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than one-half, of the nominal amount of the Notes for the time being outstanding.

An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trustee may (subject to certain exceptions) agree, without the consent of the Noteholders, Receiptholder or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Trust Deed or these Terms and Conditions as modified and completed by the applicable Pricing Supplement which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or which is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation shall be binding on the Noteholders, Receiptholders and Couponholders and, unless the Trustee agrees otherwise, shall be notified to the Noteholders as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers or discretions (including, without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the interests of the Noteholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Noteholders, Receiptholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer or the Guarantor or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 11 and/or any undertaking given in addition to, or in substitution for, Condition 11 pursuant to the Trust Deed.

15. Substitution

The Trustee may also agree without the consent of the Noteholders, Receiptholders or Couponholders to the substitution of (i) any Subsidiary, whether or not incorporated in the United Kingdom or The Netherlands, in place of the Issuer (or of any previous substitute under this Condition) or (ii) 3i Group in place of 3i Holdings, 3i plc or 3i International, in each case as the principal debtor under the Trust Deed, the Notes, the Receipts and the Coupons. In the case of the substitution of any Subsidiary as a new principal debtor, the Trust Deed provides that an irrevocable and unconditional guarantee is given by the Guarantor to the Trustee in a form and manner satisfactory to the Trustee of the payment of all moneys payable by such substituted company as such principal debtor, all subject to and in accordance with the provisions of the Trust Deed. The Trustee may also agree without the consent of the Noteholders, the Receiptholders or the Couponholders to the addition of another company as an issuer of Notes under the Programme and the Trust Deed. Any such addition shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof and such other conditions as the Trustee may require. Any such substitution and addition shall be binding on the Noteholders, the Receiptholders and the Couponholders and shall be notified to the Noteholders in accordance with Condition 19 as soon as practicable thereafter.

The Trust Deed does not contain any provisions for the substitution of the Guarantor.

16. Further issues

The Issuer is at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes ranking *pari passu* in all respects (or in all respects save in relation to the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of holders of Notes of more than one Series in certain circumstances where the Trustee so decides.

17. Replacement of Notes, Receipts, Coupons and Talons

If a Note (including any Global Note), Receipt, Coupon or Talon is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Agent on payment of such costs as may be incurred

in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before new ones will be issued.

18. Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from taking proceedings to enforce payment unless indemnified to its satisfaction.

19. Notices

All notices regarding the Notes will be valid if published in one leading daily newspaper in London (which is expected to be the *Financial Times*) or, if this is not possible, in one other leading English language daily newspaper with general circulation in Europe and, if and so long as the Notes are listed on the Paris Stock Exchange and the Paris Stock Exchange so requires, in a French language daily newspaper of general circulation in Paris, which is expected to be *Les Echos*. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication or, if required to be published in more than one newspaper, on the date of the first such publication in all the required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

Except in the case of Notes listed on the Paris Stock Exchange, until such time as any Definitive Notes are issued, there may (provided that, in the case of Notes listed on a stock exchange, the stock exchange agrees), so long as any Global Note is held in its entirety on behalf of Euroclear and/or Cedel Bank, be substituted for such publication as aforesaid the delivery of the relevant notice to Euroclear and/or Cedel Bank for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear and/or Cedel Bank, as appropriate.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Agent via Euroclear and/or Cedel Bank, as the case may be, in such manner as the Agent and Euroclear and/or Cedel Bank, as the case may be, may approve for this purpose.

20. Governing law and jurisdiction

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons are governed by, and will be construed in accordance with, English law. 3i International has submitted to the jurisdiction of the English courts for all purposes in connection with the Trust Deed, the Notes, the Receipts and the Coupons.

USE OF PROCEEDS

The net proceeds from each issue of Notes will (in the case of 3i International) be on-lent to other companies within the 3i group of companies and (in the case of 3i Group, 3i Holdings and 3i plc) will be used for the general corporate purposes of the relevant Issuer.

DESCRIPTION OF THE ISSUERS

3i GROUP plc

INTRODUCTION

3i Group plc was incorporated in England in 1973 as a public company under the name of Finance for Industry Limited and adopted the name Investors in Industry Group plc in 1983. It adopted its present name, 3i Group plc, in 1988. In 1973 3i Group plc was formed to acquire the whole of the issued share capital of Finance Corporation for Industry Limited ("FCI") and of Industrial and Commercial Finance Corporation Limited ("ICFC"). Both ICFC and FCI were formed in 1945 at the request of the United Kingdom Government to supply long term and medium term capital respectively to British industry and commerce. ICFC was established to satisfy the need for a specialised financing vehicle to provide share and loan capital for small and medium-sized businesses and FCI was formed as a means of supporting the post-war reconstruction of British industry by providing medium term loans to large companies. Today the principal activity of 3i Group plc and its subsidiaries (the "Group") is the provision of investment capital to businesses of all types. The Group also carries on certain fund management and advisory activities.

3i Group plc's indirect subsidiary, 3i plc, formerly carried on the Group's investment activities in the United Kingdom. An internal reorganisation in February 1991 involved the transfer of 3i plc's longer term assets and investment business to 3i Group plc. In the same exercise, 3i Group plc's interest in the shares of substantially all its subsidiaries was transferred to a new wholly owned subsidiary, 3i Holdings plc. 3i plc acts as investment manager and adviser to 3i Group plc and provides secretarial and administration services to the Group. 3i plc also undertakes the provision of short and medium term finance. 3i Group plc, 3i Holdings plc, and 3i International B.V. are the principal borrowing vehicles for the Group.

Both 3i Group plc and 3i plc are authorised institutions under the terms of the Banking Act 1987. As such, they are regulated by the Bank of England. 3i Group plc, 3i plc, 3i Corporate Finance Limited and 3i Asset Management Limited carry on investment business as defined by the Financial Services Act 1986 and, in the conduct of their investment business, are regulated by the Securities and Investments Board.

On 18th July, 1994 the shares of 50 pence each in the capital of 3i Group plc were admitted to the Official List of the London Stock Exchange.

3i Group plc is an investment company as defined by Section 266 of the Companies Act 1985. It has been managing its affairs in a manner to enable it to satisfy the conditions for approval by the Inland Revenue as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988. The first accounting period for which 3i Group plc could qualify as an investment trust was the period from 1st October, 1994 to 31st March, 1995. The Inland Revenue has approved 3i Group plc as an investment trust for that accounting period and for the period 1st April, 1995 to 31st March, 1996. Since that date, 3i Group plc has directed its affairs so as to enable it to continue to be so approved and will be seeking approval for the financial year ended 31st March, 1997. 3i Group plc intends that its income will be derived wholly or mainly from shares or other securities. Approval as an investment trust is granted retrospectively for each accounting period. As is the case with all applications for approval as an investment trust, there can be no guarantee in advance of any accounting period that retrospective approval for that period will be given.

CAPITALISATION

The following table sets out the audited consolidated capital and reserves and borrowings of 3i Group plc as at 31st March, 1997 and has been extracted from the Report and Accounts of the Group for the year ended 31st March, 1997.

	As at 31st March, 1997
	(millions of pounds)
Capital and reserves	
Authorised share capital 700,000,000 shares of 50p each	
Issued shares of 50p each, fully paid	296.4
Share premium	250.4
Capital Redemption Reserve	1.3
Capital Reserve	2,277.7
Revenue reserve	71.6
	<u>2,897.4</u>
Borrowings – unsecured	
3i Group plc	
Sterling guaranteed bonds	100.0
Variable rate notes	5.5
Notes issued under the £500m Note Issuance Programme	201.9
3i plc	
Variable rate notes	3.9
Index linked notes	0.5
3i Holdings plc	
Notes issued under the £500m Note Issuance Programme	136.3
3i International B.V.	
Sterling guaranteed bonds	150.0
Foreign currency guaranteed bonds and notes	64.9
Guaranteed floating rate notes	150.0
3i Investments plc	
Variable rate notes	0.1
Other borrowings	
Bank loans and overdrafts	146.1
Other loans	312.7
Deposits	79.0
Total borrowings at 31st March, 1997	<u>1,350.9</u>

Notes:

- (1) 3i Group plc had an outstanding amount of £39,750,877 in contingent liabilities relating to the guarantee of recourse agreements and loans at 31st March, 1997.
- (2) Since 31st March, 1997, the issued share capital of 3i Group plc has been increased by £1,933,313 following the issue since that date of 745,033 shares of 50p each on the exercise of existing share options in favour of the directors and employees of 3i Group plc and an appropriation to Waterloo Trustee Company Limited in respect of The 3i Profit Sharing Plan.
- (3) Save as disclosed above and apart from intra-Group indebtedness and guarantees, 3i Group plc did not have at 31st March, 1997 any loan capital outstanding or created but unissued, term loans, borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.
- (4) Since 31st March, 1997 Notes issued under the £500m Note Issuance Programme with a sterling equivalent face value of approximately £28.8m have matured and been repaid and notes with a sterling equivalent face value of approximately £22.3m have been issued. An issue under the Programme of a £100m FRN 2007 by 3i Holdings plc will take place on 11th July, 1997.
- (5) The amount referred to in "Other borrowings" (Bank loans and overdrafts) has been reduced by £10m following repayment of all amounts outstanding under the Group's then current syndicated revolving credit facilities. These facilities have been replaced by the £625m syndicated revolving credit facility referred to on page 33. As at 7th July, 1997 3i Group plc had drawn £253m under that facility and 3i Holdings plc had drawn £62m.
- (6) Save as noted above there has been no material change in the consolidated capital and reserves or borrowings of 3i Group plc since 31st March, 1997.

SHAREHOLDERS

3i Group plc has been notified of the following holdings of 3 per cent. or more of the share capital of 3i Group plc as at 7th July, 1997:

	Shareholding percentage
Mercury Asset Management plc	12.98%
Prudential Corporation plc and related companies	10.96%
Scottish Widows Fund and Life Assurance Society	3.10%

BUSINESS

3i Group plc and its subsidiaries carry on investment activities by providing medium and long term investment capital to businesses of all types that do not have ready access to the capital markets.

3i Group plc owns substantially all the investments of the Group and carries on the Group's investment activities in the United Kingdom and the Channel Islands through a network of 18 offices.

Internationally the Group invests in France, Germany, Spain and Italy and through joint ventures in Japan and India. In 1989 the Group commenced a restructuring programme in order to concentrate on its core business activities in the United Kingdom and continental Europe and as part of this programme decided to withdraw from the USA where it had previously invested.

The Group manages externally raised funds which invest in conjunction with the Group in continental Europe and in larger management buy-outs and buy-ins led or co-led by 3i Group in the UK.

3i Asset Management Ltd is involved in the management of the Group's portfolio of quoted investments and manages 3i Smaller Quoted Companies Trust plc and The Investment Trust of Guernsey Limited. It also manages the 3i Group Pension Plan.

3i Corporate Finance Ltd specialises in advising on mergers and acquisitions of medium-sized companies and provides an in-house advisory service to the Group.

The Group's property investment is made up of properties for its own use, development properties and investment properties. The Group considers there to be little synergy between property development and investment and its core business of equity and loan investment. As market conditions permit, development properties will be completed and sold and the investment property portfolio will be sold.

The principal objective of the Group is to invest in equity and loan capital of small and medium-sized companies which do not have ready access to capital markets. The Group has a long term investment approach and attaches great importance to the quality of operating management of the investee company. The Group normally expects the management to have a financial and personal commitment to the venture concerned and to constitute a complete and experienced team. In the United Kingdom, the Group rarely seeks to appoint its own staff to the boards of the companies in which it invests. Sometimes it takes rights in its investment agreements to nominate independent non-executive directors.

SOURCES OF FINANCE

The funding of the Group is derived from cash flow provided by revenue and capital profits as well as a wide range of funding sources. The Group depends on its own creditworthiness in raising funds. The long term borrowings of 3i Group plc have long term credit ratings of AA- by Standard & Poor's Rating Services and A1 by Moody's Investors Service.

Funds are raised through the issue of eurobonds and notes, at fixed and floating rates, in various currencies.

The Group has available the following credit line provided by a syndicate of prime banks:

Facility	Amount	Expiry	Amount drawn as at 7th July, 1997
			(millions of pounds)
Revolving credit facility	£625,000,000	18th April, 2004	315

The Group is also active in the short term London money markets and 3i Group plc and 3i plc, as authorised institutions, accept deposits.

MANAGEMENT

Board of Directors

The Directors of 3i Group plc, their functions within the Group and their activities outside the Group, where these are significant, are as follows:

Sir George Russell CBE

Chairman since September 1993. Non-executive Director since November 1992 and currently Chairman of the Treasury Committee, the Valuations Committee and the Nominations Committee and a member of the Remuneration Committee.

Chairman of the Northern Development Company and Camelot Group plc. A director of Northern Rock Building Society, Taylor Woodrow plc and Alcan Aluminium Limited.

John Melbourn CBE

Deputy Chairman since October 1996 and non-executive Director since 1990. Chairman of the Remuneration Committee and a member of the Audit and Compliance Committee and the Nominations Committee.

Chairman of Lombard North Central PLC and a director of National Westminster Bank Plc, Saudi International Bank and Tesco plc.

Brian Larcombe

Chief Executive having been an Executive Director since 1992, a member of the Treasury Committee, the Investment Committee, the Valuations Committee and the Nominations Committee.

Past Chairman of the British Venture Capital Association.

Dr. Richard Summers

Executive Director since 1991, responsible for Continental European Investment and a member of the Treasury Committee and the Investment Committee.

Michael Queen

Executive Director since July 1997, responsible for Finance and a member of the Treasury Committee, the Investment Committee and the Valuations Committee.

Martin Gagen

Executive Director since April 1997 jointly responsible for UK Investment and a member of the Investment Committee and the Treasury Committee.

A member of the British Venture Capital Association Council

Peter Williams

Executive Director since April 1997, jointly responsible for UK Investment and a member of the Investment Committee and the Treasury Committee.

The Lord Camoys DL

Non-executive Director since 1991 and currently a member of the Treasury Committee and the Audit and Compliance Committee.

Deputy Chairman of Barclays de Zoete Wedd Holdings Limited, of National Provident Institution and of Sotheby's Holdings, Inc. A director of Perpetual PLC and of British Grolux Limited.

William Govett

Non-executive Director since 1984 and currently a member of the Valuations Committee.

Chairman of Hungarian Investment Company Limited (Hungary) and Govett American Smaller Companies Trust PLC. A director of 3i Smaller Quoted Companies Trust plc, Govett Oriental Investment Trust PLC, Govett Strategic Investment Trust PLC and Scottish Eastern Investment Trust PLC.

Baronness Hogg

Non-executive Director since July 1997 and currently a member of the Remuneration Committee and the Valuations Committee.

Chairman of London Economics and a director of GKN plc, the Energy Group and NPI. A member of the House of Lords Select Committee on Science and Technology. Chairman elect of Foreign and Colonial Smaller Companies Trust.

Dr John Forrest

Non-executive Director since July 1997 and currently a member of the Audit and Compliance Committee and the Remuneration Committee.

Chairman of Brewton Group Limited and a non-executive director of Drake Automation Limited, Loughborough Sound Images plc, Tricorder Technology plc, Screen plc and Maxat Communications Corporation.

The business address of each of the above in respect of 3i Group plc is 91 Waterloo Road, London SE1 8XP.

Details of the Directors and their directorships are stated as at the close of business at 9th July, 1997.

EMPLOYEES

The average monthly number of employees of 3i Group plc and its subsidiaries during the year ended 31st March, 1997 was 652.

3i HOLDINGS plc

BUSINESS AND INCORPORATION

3i Holdings plc was incorporated in England on 8th March, 1991.

The authorised share capital of 3i Holdings plc is £50 million divided into 50 million shares of £1 each, all of which have been issued and are fully paid.

3i Holdings plc is a wholly owned direct subsidiary of 3i Group plc and acts as the holding company for most of 3i Group plc's subsidiaries.

MANAGEMENT

The directors of 3i Holdings plc are Dr. R.D.M.J. Summers and Mr. B.P. Larcombe. The activities of the Directors outside the Group, where these are significant, are disclosed on page 33. The business address of each of them is 91 Waterloo Road, London SE1 8XP.

CAPITALISATION

The following table sets out the audited share capital and reserves and borrowings of 3i Holdings plc as at 31st March, 1997:

	As at 31st March, 1997
	(thousands of pounds)
Share capital and reserves	
Issued shares of £1 each, fully paid	50,000
Revenue reserves	77,137
	127,137
Borrowings – unsecured	
Notes issued under the £500m Note Issuance Programme	136,425
Bank loans and overdrafts	nil
	136,425

Notes:

- (1) Save as disclosed above, apart from intra-Group indebtedness and guarantees, 3i Holdings plc did not have at 31st March, 1997 any loan capital outstanding or created but unissued, term loans, borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.
- (2) Since 31st March, 1997, £62m has been drawn down by 3i Holdings plc from the £625m revolving credit facility described on page 33.
- (3) On 11th July, 1997 3i Holdings plc is due to issue a £100,000,000 FRN 2007 under the Programme.
- (4) Save as noted above, there has been no material change in the capital and reserves or the borrowings of 3i Holdings plc since 31st March, 1997.

3i plc

BUSINESS AND INCORPORATION

3i plc was incorporated in England on 20th July, 1945.

3i plc is a wholly-owned direct subsidiary of 3i Holdings plc and a wholly-owned indirect subsidiary of 3i Group plc. It undertakes the provision of short and medium term finance by way of loans and acts as an investment manager and adviser. It also provides secretarial and administration services to the group of companies of which 3i Group plc is the ultimate holding company. 3i plc continues to hold certain investment assets which it retained following the reorganisation of February 1991 when most of its investment assets were transferred to 3i Group plc.

MANAGEMENT

Chairman

Sir George Russell, CBE*

Directors

E A Barton	J F Moore, FCA ATII
P A Bradbury	W E A Morrison
R D Colwill	M R J Pacitti, CA
J L D Crawford	R W Perry, C Eng MIEE*
P E R Dunne	R P Pett FCA
M M Gagen, ACA*	M G Piper
M L Gloak	M J Queen FCA
J P Gunn, MIPM	H F Richards
N R A Guy, FCA	C R Richardson
T P Harrison, ACA	S J Ross
D Herbert	J B C Russell
E A Hewitt, FCA	Dr R D M J Summers*
D E Hunter, FCA	T Sweet-Escott
J F A Kirkpatrick	A J M Taylor
B P Larcombe* (<i>Chief Executive</i>)	P F Traynor, ACIS
R H Lawson, FCA	A J Walker, AIA ACIB
I M Loble	P Waller
A B MacKay	W G Watt
G MacLean, FCA	D K Wilkinson, FCA
A K Mair, CA	D J Williams
J Martin, CA	P B G Williams, FCA*
J W Melbourn, CBE* (<i>Deputy Chairman</i>)	D H Wilson
	*Member of Executive Board Committee

The activities of the Directors outside the Group, where these are significant, are disclosed on page 33.

The business address of each of the above is 91 Waterloo Road, London SE1 8XP.

Details of the Directors and their directorships are stated as at the close of business at 9th July, 1997.

CAPITALISATION

The following table sets out the audited capital and reserves and borrowings of 3i plc as at 31st March, 1997:

	As at 31st March, 1997
	(thousands of pounds)
Capital and reserves	
Authorised, issued and fully paid shares of £1 each	10,000
Reserves	106,214
	116,214
Borrowings – unsecured	
Unsecured loan notes	4,366
Bank loans and overdrafts	8,485
Other loans	2,364
Deposits repayable within one year	58,657
	73,872

Notes:

- (1) 3i plc had outstanding an amount of £7,537,772 in contingent liabilities relating to the guarantee of recourse agreements and loans at 31st March, 1997.
- (2) All borrowings, other than index linked unsecured loan notes included at £458,004 at 31st March, 1997, are repayable at par.
- (3) Save as disclosed above and apart from intra-Group indebtedness and guarantees, 3i plc did not have at 31st March, 1997 any loan capital outstanding or created but unissued, term loans, borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.
- (4) There has been no material change in the capital and reserves or borrowings of 3i plc since 31st March, 1997.

3i INTERNATIONAL B.V.

BUSINESS AND INCORPORATION

3i International B.V. is a Netherlands company with its statutory seat at Schiekade 73, 3033 BD Rotterdam and was incorporated on 4th February, 1980. The principal activity of 3i International B.V. is the raising of funds on the international capital markets which are on-lent for use within the 3i group of companies.

The authorised share capital of 3i International B.V. is NLG 175,000 divided into 175 shares of NLG 1,000 each, of which 40 shares have been issued and are fully paid.

3i International B.V. is a wholly-owned direct subsidiary of 3i International Holdings incorporated in England, the ultimate holding company of which is 3i Group plc.

MANAGEMENT BOARD

G.A.L.R. Diepenhorst, G. van Lier, A.J. Walker and E.F. Switters are the four Managing Directors of the Issuer. The business address of G.A.L.R. Diepenhorst and E.F. Switters is Prinses Irenestraat 61, 1077 WV, Amsterdam. The business address of G. van Lier is Baljuwslaan 22, 1943 BH Beverwijk, The Netherlands and of A.J. Walker is 91 Waterloo Road, London SE1 8XP.

CAPITALISATION

The following table sets out the shareholders' funds of 3i International B.V. as at 31st March, 1997 and the borrowings of 3i International B.V. as at 31st March, 1997:

	As at 31st March, 1997									
	(thousands of Dutch guilders)									
Shareholders' funds										
Issued share capital	..	..	..	..	..	..	..	..	..	40
Legal reserves	..	..	..	..	..	..	..	..	..	0
										40
Borrowings										
Sterling eurobonds and notes	..	..	..	..	..	..	..	..	..	925,050
Other currency bonds and notes	..	..	..	..	..	..	..	..	..	199,968
										1,125,018

Notes:

- (1) The principal amounts of these notes have been translated into Dutch Guilders at an exchange rate of £1 = Nlg 3.0835.
- (2) Save as disclosed above, apart from intra-Group indebtedness, 3i International B.V. did not have at 31st March, 1997 any loan capital outstanding or created but unissued, term loans, borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills), or acceptance credits, mortgages, charges, purchase or finance lease commitments, guarantees or other material contingent liabilities.
- (3) £150,000,000 guaranteed fixed rate note was repaid on 30th May, 1997 by 3i International BV.
- (4) Save as disclosed above, there has been no material change in the shareholders' funds or the borrowings of 3i International B.V. since 31st March, 1997.

UNITED KINGDOM TAXATION

Under current law and Inland Revenue practice in the United Kingdom:

1. Listed interest-bearing Notes issued by 3i Group plc, 3i Holdings or 3i plc ("U.K. Notes") will constitute "quoted Eurobonds" within the meaning of section 124 of the Income and Corporation Taxes Act 1988 ("ICTA") provided they remain in bearer form and continue to be listed on a recognised stock exchange within the meaning of section 841 of ICTA. Payments of interest on such U.K. Notes, and on Notes issued by 3i International B.V. ("B.V. Notes", the U.K. Notes and the B.V. Notes being referred to together as the "Notes") may be made without withholding or deduction for or on account of United Kingdom income tax where:

- (a) the payment is made by or through an overseas paying agent; or
- (b) the payment is made by or through a United Kingdom paying agent; and
 - (i) the person who is the beneficial owner of the Note is beneficially entitled to the interest and is not resident in the United Kingdom; or
 - (ii) the Notes are held in Euroclear or Cedel Bank or any other recognised clearing system within the meaning of section 841A of ICTA; or
 - (iii) in the case of the B.V. Notes only, the beneficial owner of such Notes and related Coupons and, in some cases, the recipient of the interest in these Notes, if not that beneficial owner, falls into certain other specified categories.

Payments of interest on U.K. Notes which are not yearly interest can be made without withholding or deduction on account of United Kingdom income tax.

In all other cases, subject to any available relief under an applicable double taxation treaty, interest on U.K. Notes will be paid under deduction of lower rate United Kingdom income tax (currently 20 per cent.).

2. In relation to the Notes, if any person in the United Kingdom, in the course of a trade or profession:

- (a) acts as a custodian of the Notes and receives interest on the Notes or has such interest paid at his direction or with his consent to another person; or
- (b) collects or secures payment of or receives interest on the Notes for another person (other than merely by clearing a cheque or arranging to clear a cheque),

that person (a "collecting agent") may be required to withhold United Kingdom income tax at the lower rate from such interest unless:

- (c) the Notes are held in a recognised clearing system (as described above) and the collecting agent either pays or accounts for the interest directly or indirectly to the recognised clearing system or the collecting agent is acting as a depositary for the recognised clearing system; or
- (d) the person beneficially entitled to the interest is not resident in the United Kingdom and beneficially owns the Notes; or
- (e) the interest arises to trustees not resident in the United Kingdom of certain discretionary or accumulation trusts (where, *inter alia*, none of the beneficiaries of the trust is resident in the United Kingdom); or
- (f) the person beneficially entitled to the interest is eligible for certain reliefs from tax in respect of the interest; or
- (g) the interest falls to be treated as the income of, or of the government of, a sovereign power or of an international organisation.

3. In the case of each of the exceptions in 1(b) and 2(c), (d), (e), (f) and (g) above, conditions imposed by further regulations may have to be satisfied in order for the relevant exemption to be available.

4. The interest on the U.K. Notes has a United Kingdom source and accordingly remains subject to United Kingdom tax by direct assessment even if the interest is paid without withholding or deduction. However, interest paid on the U.K. Notes will generally not be chargeable to United Kingdom tax by direct assessment in the hands of a Noteholder who is not resident in the United Kingdom throughout the relevant

tax year unless that person has a "U.K. representative" within the meaning of section 126 and Schedule 23 of the Finance Act 1995 in relation to the interest.

5. Where the Notes are issued at an issue price of less than 100 per cent. of their principal amount any payments in respect of the accrued discount will not be made subject to any withholding or deduction on account of United Kingdom income tax as long as they do not constitute payments in respect of interest. Such Notes may constitute "relevant discounted securities" for the purposes of Schedule 13 of the Finance Act 1996. Where the Notes constitute "relevant discounted securities" Noteholders who are within the scope of United Kingdom income tax may be liable to United Kingdom income tax on any profit made on the sale or other disposal (including redemption) of the Notes.

6. Where the Notes are issued with a redemption premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest, and if so, any such payment of interest may (subject to paragraphs 1 and 2 above) be subject to United Kingdom withholding tax at the lower rate.

7. Individual Noteholders may be subject to United Kingdom taxation on chargeable gains on a disposal or redemption of Notes if they are resident or ordinarily resident in the United Kingdom or if they carry on a trade in the United Kingdom through a branch or agency to which the Notes are attributable. The exemption from United Kingdom taxation on capital gains for "qualifying corporate bonds" under section 115 of the Taxation of Chargeable Gains Act 1992 does not generally apply to the Notes unless they are, *inter alia*, denominated in sterling, except that any Notes constituting "relevant discounted securities" will be treated as "qualifying corporate bonds". Where Notes are "qualifying corporate bonds" no chargeable gain or (normally) allowable loss will arise on a disposal of such Notes.

8. The provisions of the accrued income scheme (the "Scheme") may apply to individuals transferring Notes which bear interest or to individuals to whom such Notes are transferred. Generally, individuals who are neither resident nor ordinarily resident in the United Kingdom will not be subject to the provisions of the Scheme. On a transfer of securities with accrued interest the Scheme usually applies to deem the transferor to receive an amount of income equal to the accrued interest and to deem the transferee to obtain an equivalent credit to set against the deemed or actual interest he subsequently receives. These provisions will be modified in the case of Notes bearing a variable Coupon. On transfer of such a Note the amount of accrued income deemed to be received by a transferor of a Note with accrued interest will be such amount as the Inland Revenue decides is just and reasonable. The transferee of such a Note will not be entitled to any equivalent credit under the Scheme to set against any deemed or actual interest in respect of Notes which bear interest. In addition, the Scheme does not apply to sums received in respect of the "discount" realised on "relevant discounted securities".

9. In general Noteholders who are subject to United Kingdom corporation tax are obliged to bring all profits and gains on the Notes whether of an income or capital nature (including those attributable to fluctuations in exchange rates) into charge for United Kingdom corporation tax purposes on an accruals or mark-to-market basis of accounting.

The above is only a non-exhaustive summary of certain United Kingdom tax implications of investing in Notes and may not apply to certain classes of person (such as dealers in securities) and is based on current legislation and Inland Revenue practice. The above summary relates to the position of persons who are absolute beneficial owners of the Notes and does not deal with situations where the interest on any Notes is deemed to be the income of a person other than the Noteholder for United Kingdom tax purposes. Persons who are unsure of their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly advised to consult their own professional advisers.

NETHERLANDS TAXATION

The Issuers have been advised that under the tax laws of The Netherlands as currently in effect that:

- (A) All payments under the Notes issued by 3i International B.V. can be made free of withholding or deduction of, for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, provided that none of the Notes will carry interest or any other payments dependent on the profits of 3i International B.V. or on the distribution of profits of 3i International B.V.
- (B) A holder of a Note will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain realised on the disposal or deemed disposal of the Notes, provided that:
 - (i) such holder is not a resident or a deemed resident of The Netherlands; and
 - (ii) such holder does not have an enterprise, or an interest in an enterprise, which in its entirety or in part is carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or to which part of an enterprise the Notes are attributable; and
 - (iii) such holder does not carry out and has not carried out employment activities with which the holding of the Notes is connected; and
 - (iv) neither such holder nor his spouse, other persons sharing his household or certain of their relatives by blood or marriage in the direct line (including foster children) have a substantial or deemed substantial interest (a term defined by statute) in 3i International B.V. or, if such holder or one or more of the other persons referred to does have such an interest, both the Notes and such interest(s) form part of the assets of an enterprise.

Subject to paragraph B (iv) above, a holder of a Note will not be subject to taxation in The Netherlands by reason only of the execution, delivery and/or enforcement of the documents relating to the Programme (hereinafter the "Documents") or the performance by the relevant Issuer of its obligations thereunder or under the Notes.

- (C) A holder of a Note will not be subject to Netherlands net wealth tax in respect of such Note, provided that such holder is not an individual or, if he is an individual, provided that the conditions mentioned under B(i) and B(ii) above are met.
- (D) No gift, estate or inheritance taxes will arise in The Netherlands on the transfer of a Note by way of a gift by, or on the death of, a holder of a Note, who is neither a resident nor a deemed resident of The Netherlands, provided that:
 - (i) in the case of a gift of such Note by an individual who at the date of the gift was neither a resident nor deemed to be a resident in The Netherlands, such individual does not die within 180 days after the date of the gift, while being resident or deemed to be resident in The Netherlands; and
 - (ii) such Note was not attributable to an enterprise or part of an enterprise which in its entirety or in part is or was carried on through a permanent establishment or permanent representative in The Netherlands and which enterprise the donor or the deceased owns or owned or in which enterprise the donor or the deceased owns or owned an interest.
- (E) No Netherlands registration tax, customs duty, stamp duty, capital tax or any other similar tax or duty, other than court fees, is payable in The Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including the enforcement of any foreign judgment in the Courts of The Netherlands) of the Documents or the performance by the relevant Issuer of its obligations thereunder or under the Notes.
- (F) No Netherlands turnover tax arises in respect of payments in consideration for the issue of a Note or with respect to the payments by the relevant Issuer of principal, interest or premium on the Note.

The above is not a complete summary of applicable Netherlands tax law. Prospective Noteholders who are in any doubt as to the position should consult their professional advisers.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (the "Principal Programme Agreement") dated 15th September, 1995 as amended by a First Supplemental Programme Agreement dated 12th September, 1996 and amended and restated on 9th July, 1997 (together with the Principal Programme Agreement the "Programme Agreement"), agreed with each Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes" above. In the Programme Agreement, the Issuers (failing which the Guarantor) have agreed to reimburse the Arranger for certain of its expenses in connection with the establishment of the Programme.

UNITED STATES

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Whether or not otherwise permitted by Regulation S or U.S. tax laws, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer, sell or deliver any Notes, as part of their distribution at any time or otherwise at any time that it is acting as an agent or intermediary of the relevant Issuer or any of its affiliates and, in any event until 40 days after the completion of the distribution, as determined by the Agent, of all notes of the Tranche of which the Notes are a part within the United States or to, or for the account or benefit of, U.S. persons or U.S. Residents (as defined below), and it will have sent to each dealer to which it sells Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons or U.S. Residents.

As used herein, "U.S. Resident" includes any U.S. person, as well as (i) any natural person who is only temporarily residing outside the United States, (ii) any account of a U.S. person over which a non-U.S. fiduciary has investment discretion or any entity, which, in either case, is being used to circumvent the registration requirements of the U.S. Investment Company Act of 1940, and (iii) any employee benefit or pension plan that does not have as its participants or beneficiaries persons substantially all of whom are not U.S. persons. In addition, for these purposes, if an entity either has been formed for the purpose of investing in the Notes or in other securities of the Issuers, or facilitates individual investment decisions, such as a self-directed employee benefit or pension plan, the Notes will be deemed to be held for the account of the beneficiaries or other interest holders of such entity, and not for the account of the entity. Terms used in this paragraph have the meanings given to them in Regulation S under the Securities Act.

As used herein, "United States" and "U.S." mean the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not and will not make use of the United States mails or any means or instrumentality of United States interstate commerce, directly or indirectly, to offer for sale, sell or deliver after sale, in connection with the offering, any Notes, and it will have sent to each dealer to which it sells Notes during the restricted period a confirmation or other notice setting forth such prohibitions on use of means of U.S. interstate commerce.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Each issue of Indexed Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

UNITED KINGDOM

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to Notes which have a maturity of one year or more and which are to be listed on the London Stock Exchange, it has not offered or sold and will not offer or sell any such Notes to persons in the United Kingdom prior to admission of such Notes to listing in accordance with Part IV of the Financial Services Act 1986 (the "FSA") except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the FSA;
- (b) in relation to Notes which have a maturity of one year or more and which are not to be listed on the London Stock Exchange, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (c) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of any Notes, other than, in relation to any Notes to be listed on the London Stock Exchange, any document which consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the FSA, to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on; and
- (d) it has complied and will comply with all applicable provisions of the FSA with respect to anything done by it in relation to any Note in, from or otherwise involving the United Kingdom.

JAPAN

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that the Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law") and each Dealer agrees and each further Dealer appointed under the Programme will be required to agree that it will not offer, sell or deliver any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except under circumstances which will result in compliance with the Securities and Exchange Law and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities as in effect at the relevant time.

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that issues of Notes denominated or payable in Yen ("Yen Notes") are subject to the prior approval of the Minister of Finance of Japan. The types of Yen Notes to be issued under the Programme are limited to those which have been approved by the Japanese authorities. In connection with the issue of Yen Notes, each Issuer and the Guarantor is required to comply with all applicable laws, regulations and guidelines, as amended from time to time, of the Japanese governmental and regulatory authorities.

GERMANY

In connection with the initial placement of any Notes in Germany, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will offer and sell Notes (i) unless otherwise provided in the relevant Subscription Agreement or applicable Pricing Supplement in the case of an issue made on a syndicated basis, only for an aggregate purchase price per purchaser of at least DM 80,000 (or the foreign currency equivalent) or such other amount as may be stipulated from time to time by applicable German law or (ii) as may otherwise be permitted in accordance with applicable German law.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer any Notes in Germany in circumstances which would require the publication of a prospectus under the German Securities Prospectus Act ("*Wertpapier-Verkaufsprospektgesetz*").

THE REPUBLIC OF FRANCE

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that French Franc Notes will be issued outside France. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France, and that it has not distributed and will not distribute or cause to be distributed to the public in France this Offering Circular or any other offering material relating to any Notes.

The Issuers and the Guarantor have undertaken that they will not (either singly or together) offer any Notes (regardless of the Issuer), directly or indirectly, to the public in France.

THE NETHERLANDS

- (a) Each Dealer has represented and agreed and each further Dealer under the Programme will be required to represent and agree that any Notes issued under the Programme by 3i International shall, in order to comply with the Netherlands Supervision of the Securities Trade Act ("*Wet Toezicht Effectenverkeer*", hereinafter the "Dutch Securities Act 1995"):
- (i) only be issued and offered in the event that such Notes have been or will most likely shortly be admitted to the official listing on a recognised stock exchange in The Netherlands; or
 - (ii) only be issued and offered in the event that the Offering Circular has been approved by, and the relevant Pricing Supplement in respect of such Notes has been submitted to or approved by, the competent authority of another EC Member State as referred to in Article 20 or Article 21 of EC Directive 89/298/EEC in connection with a public offering of such Notes and the Securities Board of The Netherlands ("*Stichting Toezicht Effectenverkeer*", hereinafter the "STE") has confirmed the availability of mutual recognition in respect of these documents, in which case 3i International and the relevant Dealer shall procure that any advertisement or document in which a forthcoming offering of Notes is publicly announced, will be submitted to the STE prior to publication thereof and will mention the fact that the Offering Circular (including the relevant Pricing Supplement) has been published and is available for inspection at the registered office of 3i International and at the office of the Agent, provided that the first issue of such Notes takes place no later than six months from the date of the approval by the competent authority; or
 - (iii) only be issued and offered in a denomination of at least NLG 100,000 or the equivalent thereof in any other currency; or
 - (iv) not be offered, transferred or sold, whether directly or indirectly, to any individual or legal entity, other than to individuals or legal entities, whether situated in or outside The Netherlands, who or which trade or invest in securities in the conduct of their profession or trade (which includes banks, brokers, dealers, insurance companies, pension funds, other institutional investors and commercial enterprises which regularly, as an ancillary activity, invest in securities), in which case:
 - (a) it must be made clear upon making the offer and from any documents or advertisements in which the offer is announced that it is exclusively made to said individuals or legal entities; and
 - (b) a copy of any offering material or offering circular (including the relevant Pricing Supplement) must be submitted to the STE before the relevant Issue Date; or
 - (v) only be issued and offered if they qualify as Euro-Securities ("*Euro-effecten*") as defined in the Exemption Regulation based on the Dutch Securities Act 1995 ("*Vrijstellingsregeling Wet Toezicht Effectenverkeer*") provided that each relevant Dealer has represented and agreed that it has not publicly promoted and shall not publicly promote the offer or sale of such Notes by conducting a general advertising or soliciting campaign in respect of such Notes; or

- (vi) only be issued and offered if any other exception to or exemption from the prohibition contained in article 3 paragraph 1 of the Dutch Securities Act 1995 applies and the requirements to which such exception or exemption is subject are fully complied with; or
 - (vii) only be issued if the STE has, upon request, granted an (individual) dispensation from the above prohibition and the conditions attached to such dispensation are fully complied with.
- (b) Notes issued by any of 3i Group, 3i Holdings or 3i plc with a denomination of less than NLG 100,000 (or its equivalent in any other currency) may not be offered or sold, directly or indirectly, in The Netherlands unless one of the relevant exemptions under the Dutch Securities Act 1995 applies.
- (c) In addition to the above, bearer Zero Coupon Notes and other Notes in bearer form on which no interest is paid during their term issued by any Issuer may only be transferred and accepted through the mediation of the relevant Issuer or a member of the Amsterdam Stock Exchange in accordance with the Netherlands Savings Certificates Act ("*Wet inzake Spaarbewijzen*") of 21st May, 1985, and, in addition thereto, if such Notes do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2nd February, 1987 attached to the Royal Decree of 11th March, 1987 (State Gazette 129), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. These restrictions do not apply to (i) a transfer and acceptance by individuals who do not act in the conduct of a business or profession or (ii) the transfer and acceptance of such Notes in definitive form within The Netherlands if all such Notes (whether in definitive form or in global form) are issued outside The Netherlands and are not distributed within The Netherlands as part of their initial distribution or immediately thereafter.

GENERAL

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will, in the case of the jurisdictions referred to above (and to the best of its knowledge and belief in respect of other jurisdictions), comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuers, the Guarantor and any other Dealer shall have any responsibility therefor.

None of the Issuers, the Guarantor and the Dealers has represented and any further Dealer appointed under the Programme will not be required to represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

GENERAL INFORMATION

1. LISTING

London

The listing of the London Listed Notes will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List of the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a temporary global Note initially representing the Notes of that Tranche. The listing of the Programme in respect of London Listed Notes is expected to be granted on 11th July, 1997.

Paris

The Euro French Franc Regulations recommended that French Franc Notes be listed on the Paris Stock Exchange where either (a) such French Franc Notes are, or are intended to be, listed on any other stock exchange or (b) such French Franc Notes are, or are intended to be, distributed as a public offer (within the meaning of the Euro French Franc Regulations). The following procedures will apply, *inter alia*, to Notes which are to be so listed:

(i) *Commission des Opérations de Bourse (COB)*

Prior to the listing of any Notes on the Paris Stock Exchange, the Pricing Supplement applicable to each issue of Notes to be listed on the Paris Stock Exchange is currently required to be approved at the time of the relevant issue. The *visa* number applicable to the relevant issue of Notes will be disclosed in the applicable Pricing Supplement.

(ii) *Bulletin des Annonces Légales Obligatoires (BALO)*

Notes to be listed on the Paris Stock Exchange may not be offered in France and the publication of the applicable Pricing Supplement must not be made before such listing becomes effective and details of the Programme and the relevant Notes (in the form of a *notice légale*) have been published in the BALO.

(iii) *SBF – Bourse de Paris (SBF)*

The listing of Notes on the Paris Stock Exchange is subject to approval by the SBF. Such approval will be evidenced by publication in the *Bulletin Officiel de la Côte*.

(iv) *Filing of constitutional documents*

Prior to the listing on the Paris Stock Exchange of any Notes, a French translation of the relevant Issuer's constitutional documents will be filed with the *Grefe du Tribunal de Commerce de Paris*.

(v) *Documents available for inspection*

In the case of Notes listed on the Paris Stock Exchange, the applicable Pricing Supplement will specify the additional places in Paris at which documents incorporated herein by reference (or otherwise required to be made available for inspection) may be inspected during normal business hours. The Issuers have undertaken to make such documents available as so required.

2. AUTHORISATION

The establishment of the Programme (including the giving of the guarantee by 3i Group plc) has been authorised by the resolutions of the Board of the Directors of 3i Group plc passed on 29th March, 1995 and by the resolutions of a duly authorised committee of such Board passed on 4th September, 1995. The establishment of the Programme has been authorised by the resolutions of the Board of Directors of 3i Holdings plc passed on 4th September, 1995 and by the resolutions of the Board of Directors of 3i plc passed on 7th June, 1995 and by the resolutions of a duly authorised committee of such Board passed on 4th September, 1995 and by the resolutions of the Management Board of 3i International B.V. passed on 31st August, 1995.

3. EUROCLEAR AND CEDEL BANK

The Notes have been accepted for clearance through the Euroclear and Cedel Bank systems. The appropriate Common Code and ISIN for each Tranche will be specified in the applicable Pricing Supplement. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

If the Notes are to clear through an additional or alternative clearance system (including Sicovam) the appropriate information will be specified in the applicable Pricing Supplement.

4. SIGNIFICANT OR MATERIAL ADVERSE CHANGE

There has been no significant change in the financial or trading position of any Issuer and, where relevant, its subsidiaries and no material adverse change in the financial position or prospects of any Issuer and, where relevant, its subsidiaries since 31st March, 1997. There has been no significant change in the financial or trading position of the Guarantor and its subsidiaries taken as a whole and no material adverse change in the financial position or prospects of the Guarantor and its subsidiaries taken as a whole since 31st March, 1997.

5. LITIGATION

None of the Issuers, the Guarantor or any of their subsidiaries is involved in any litigation or arbitration proceedings which may have, or have had during the previous 12 months, a significant effect upon the financial position of any Issuer or of the Guarantor and their subsidiaries taken as a whole nor, so far as any of the Issuers or the Guarantor is aware, are any such litigation or arbitration proceedings pending or threatened.

6. AUDITORS

The accounts of 3i Group plc have been audited in accordance with United Kingdom accounting standards by Ernst & Young, chartered accountants, and in each case have been reported upon without qualification in respect of the financial periods ended 30th September, 1994 and 31st March, 1995 and the financial years ended 31st March, 1996 and 31st March, 1997.

The accounts of each of 3i Holdings plc and 3i plc have been audited in accordance with United Kingdom accounting standards by Ernst & Young, chartered accountants, and in each case have been reported upon without qualification in respect of the financial years ended 31st March, 1995, 1996 and 1997.

The accounts of 3i International B.V. have been audited in accordance with Netherlands accounting standards by Moret Ernst & Young, registered accountants, and in each case have been reported upon without qualification in respect of the financial years ended 31st March, 1995, 1996 and 1997.

7. DOCUMENTS AVAILABLE FOR INSPECTION AND COLLECTION

From the date of this document, for so long as any of the Notes remains outstanding and throughout the life of the Programme, copies of the following documents will, when published, be available in English (if necessary) for collection from the registered office of the relevant Issuer and for inspection at the specified office of the Paying Agent in London and, if any Notes are listed on the Paris Stock Exchange, the principal office of the Paris Listing Agent in Paris:

- (i) the constitutional documents of each Issuer and the Guarantor;
- (ii) the report and accounts of the Guarantor and its subsidiaries in respect of the financial periods ended 30th September, 1994 and 31st March, 1995, and the financial years ended 31st March, 1996 and 31st March, 1997 respectively;
- (iii) the annual report and accounts of each Issuer (other than the Guarantor) in respect of the financial years ended 31st March, 1995, 1996 and 1997, respectively;
- (iv) any published semi-annual report and accounts or interim financial statements of the Guarantor and its subsidiaries and each other Issuer (if published later than the most recently published annual report and accounts) and each published annual report and accounts of the Guarantor and its subsidiaries and each other Issuer from time to time subsequent to those referred to in (ii) and (iii) above respectively;
- (v) the Programme Agreement, the Agency Agreement, the Trust Deed (which includes the forms of the temporary and permanent global Notes, the definitive Notes, the Receipts, the Coupons and the Talons);
- (vi) this Offering Circular;
- (vii) any future prospectuses, offering circulars, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Paying Agent as to the identity of such holder) to this Offering Circular and any other documents incorporated herein and therein by reference; and

- (viii) in the case of listed Notes subscribed pursuant to a subscription agreement (or equivalent document) any subscription agreement (or equivalent document).

8. RELEVANT REQUIREMENTS

As at the date of this Offering Circular, the following requirements are applicable to issues of Notes in the following currencies:

Sterling

Notes (including Notes denominated in sterling) issued by 3i International B.V. or 3i Holdings plc in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom and which are to be issued pursuant to an exempt transaction under regulation 13(1) or (3) of the Banking Act 1987 (Exempt Transactions) Regulations 1997 (the "Regulations") will constitute commercial paper, shorter term debt securities or longer term debt securities (in each case, as defined in the Regulations), as specified in the applicable Pricing Supplement, in each case issued in accordance with regulations made under section 4 of the Banking Act 1987. Neither 3i International B.V. nor 3i Holdings plc is an authorised institution or a European authorised institution (as such terms are defined in the Regulations). Repayment of the principal and payment of any interest or premium in connection with such Notes will be guaranteed by 3i Group plc.

In relation to any Notes issued by 3i International B.V. or 3i Holdings plc pursuant to an exempt transaction under regulation 13(3) of the Regulations where such Notes would fall within regulation 13(4)(a) or (b) of the Regulations:

- (a) the relevant Issuer confirms that, as at the date hereof, it has complied with its obligations under the relevant rules (as defined in the Regulations) in relation to the admission to and continuing listing of the Programme and of any previous issues made under it and listed on the same exchange as the Programme;
- (b) the relevant Issuer confirms that it will have complied with its obligations under the relevant rules in relation to the admission to listing of such Notes by the time when such Notes are so admitted; and
- (c) the Issuer confirms that, as at the date hereof, it has not, since the last publication, if any, in compliance with the relevant rules of information about the Programme, any previous issues made under it and listed on the same exchange as the Programme, or any Notes falling within regulation 13(4)(a) or (b) of the Regulations, having made all reasonable enquiries, become aware of any change in circumstances which could reasonably be regarded as significantly and adversely affecting its ability to meet its obligations as issuer in respect of such Notes as they fall due.

Both 3i Group and 3i plc are authorised institutions. Accordingly Notes issued by either 3i Group plc or 3i plc are not subject to the Banking Act 1987 (Exempt Transactions) Regulations 1997.

French francs

There is a minimum maturity of one year. In addition, French Franc Notes may not be redeemed (other than for taxation reasons or following an Event of Default) or be purchased and cancelled by the relevant Issuer, the Guarantor or any of their respective subsidiaries within one year of their issue date.

A credit establishment or investment institution established in a member state of the European Union which is authorised to lead-manage eurobond issues by the competent authority of its home state may (i) act as a Dealer in respect of issues of French Franc Notes and (ii) act as lead manager of issues of French Franc Notes on a syndicated basis. The arranger for issues of French Franc Notes, the Dealer in respect of French Franc Notes, the relevant Issuer and the Guarantor have undertaken to comply with the Euro French Franc Regulations. In the case of a public issue of such French Franc Notes the minimum aggregate principal amount for that issue shall be FFr300,000,000. In addition, Notes which are listed on the Paris Stock Exchange will be subject to the requirements of the Paris Stock Exchange. Under current regulations, private placements are construed as issues of Notes placed on a firm basis with a small number of pre-determined non-resident investors. Indexed Notes which are French Franc Notes will be issued in compliance with the *Principes Généraux* published from time to time by the COB and by the CMF. Each Issuer will cause the Agent to comply with the reporting procedures and requirements from time to time of the *Direction du Trésor* in relation to the issue of French Franc Notes by it.

Swiss francs

Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8th November, 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2nd December, 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the "Swiss Dealer"), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission pursuant to the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the Issue Date of the relevant Notes.

Deutsche Marks

There is a minimum maturity of two years from the date of issue. Each issue of Notes denominated in, or in respect of which payments of principal or interest may be made in, Deutsche Marks will take place only in compliance with the guidelines applicable for the time being of the German Central Bank regarding the issue of Deutsche Mark denominated debt securities. Only credit institutions domiciled in Germany or German branches of foreign credit institutions will be eligible to act as Dealers in relation to such Notes. The requirement set forth in the preceding sentence will not apply where more than one Dealer has agreed with the relevant Issuer to purchase a particular Tranche issued on a syndicated basis. In such a case, only the Lead Manager need be a credit institution domiciled in Germany or a German branch of a credit institution domiciled in Germany or a German branch of a foreign credit institution provided the Lead Manager shall, in relation to such Tranche, perform the functions customarily performed by the lead manager of a syndicated issue of eurobonds. Indexed Notes denominated in Deutsche Marks will be made in compliance with the policy of the German Central Bank regarding the indexation of Deutsche Mark denominated debt obligations. The relevant Issuer (failing which the Guarantor) will cause the Agent to notify the German Central Bank at the end of each month during which any Deutsche Mark denominated Notes are issued by such Issuer as to the amounts, issue dates and other terms of each Tranche issued.

9. ECU

Under Article 109G of the Treaty establishing the European Communities, as amended by the Treaty on European Union (the "Treaty"), the currency composition of the ECU may not be changed. The Treaty contemplates that European monetary union will occur in the three stages, the second of which began on 1st January, 1994 with the entry into force of the Treaty on European Union. The Treaty provides that, at the start of the third stage of European monetary union, the value of the ECU as against the currencies of the member states participating in the third stage will be irrevocably fixed, and the ECU will become a currency in its own right. In contemplation of that third stage, the European Council meeting in Madrid on 16th December, 1995 decided that the name of that currency will be the Euro and that, in accordance with the Treaty, substitution of the Euro for the ECU will be at the rate of one Euro for one ECU. From the start of the third stage of European monetary union, all payments in respect of Notes denominated or payable in ECU will be payable in Euro at the rate then established in accordance with the Treaty.

**PERSONNES QUI ASSUMENT LA RESPONSABILITE DU
"DOCUMENT DE BASE" EN CE QUI CONCERNE LES TITRES QUI SERONT
ADMIS A LA NEGOCIATION DE LA BOURSE DE PARIS, COMPARTIMENT
INTERNATIONAL DU PREMIER MARCHE**

1. Au nom de l'émetteur

A la connaissance de l'émetteur, les données du présent "Document de Base" sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

3i Group plc
Nom et qualité

3i Holdings plc
Nom et qualité

B. P. Larcombe
Director

B. P. Larcombe
Director

3i plc
Nom et qualité

3i International B.V.
Nom et qualité

B. P. Larcombe
Director

A. J. Walker
Director

2. Au nom du garant

A la connaissance du garant, les données du présent "Document de Base" sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

3i Group plc
Nom et qualité

B. P. Larcombe
Director

3. Au nom de la banque présentatrice

A la connaissance de la banque présentatrice, les données du présent "Document de Base" sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

SBC Warburg (France) Entreprise d'Investissement
Nom et qualité

Emmanuel Bucaille
Director

Richard Dawes
Director

VISA DE LA COMMISSION DES OPERATIONS DE BOURSE

En vue de la cotation à Paris des obligations éventuellement émises dans le cadre de ce programme, et par application des articles 6 et 7 de l'ordonnance no. 67-833 du 28 septembre 1967, la Commission des Opérations de Bourse a enregistré le présent Document de Base sous le no. P97-237 d'enregistrement 1997.

REGISTERED AND HEAD OFFICE OF
3i GROUP plc, 3i HOLDINGS plc and 3i plc

91 Waterloo Road
London SE1 8XP

CORPORATE SEAT OF
3i INTERNATIONAL B.V.

Schiekade 73
3033 BD Rotterdam

THE ARRANGER AND LONDON LISTING AGENT

Swiss Bank Corporation
1 High Timber Street
London EC4V 3SB

ARRANGER FOR DM ISSUES

Schweizerischer Bankverein (Deutschland) AG
Ulmenstrasse 30
60325 Frankfurt am Main

ARRANGER FOR FFR ISSUES
AND PARIS LISTING AGENT

SBC Warburg (France) Entreprise d'Investissement
65 rue de Courcelles
75008 Paris

DEALERS

Deutsche Bank AG London
6 Bishopsgate
London EC2P 2AT

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB

IBJ International plc
Bracken House
One Friday Street
London EC4M 9JA

Lehman Brothers International (Europe)
One Broadgate
London EC2M 7HA

Midland Bank plc
c/o HSBC Markets Limited
Thames Exchange
10 Queen Street Place
London EC4R 1BQ

NatWest Capital Markets Limited
(as agent for National Westminster Bank Plc)
135 Bishopsgate
London EC2M 3UR

Salomon Brothers International Limited
Victoria Plaza
111 Buckingham Palace Road
London SW1W 0SB

SBC Warburg (France) Entreprise d'Investissement
65 rue de Courcelles
75008 Paris

Swiss Bank Corporation
1 High Timber Street
London EC4V 3SB

UBS Limited
100 Liverpool Street
London EC2M 2RH

TRUSTEE

The Law Debenture Trust Corporation p.l.c.

Princes House
95 Gresham Street
London EC2V 7LY

ISSUING AND PRINCIPAL PAYING AGENT AND AGENT BANK

Morgan Guaranty Trust Company of New York

60 Victoria Embankment
London EC4Y 0JP

PAYING AGENTS

Morgan Guaranty Trust Company of New York

Avenue des Arts 35
Brussels B-1040

Banque Paribas Luxembourg

10A Boulevard Royal
Luxembourg L-2093

LEGAL ADVISERS

*To the Issuers and the Guarantor
as to English law*

Slaughter and May
35 Basinghall Street
London EC2V 5DB

To the Dealers and Trustee

Allen & Overy
One New Change
London EC4M 9QQ

*To 3i International
as to Dutch law*

Nauta Dutilh
Weena 750
3014 DA Rotterdam

AUDITORS

For each Issuer other than 3i International

Ernst & Young
Chartered Accountants
Becket House
1 Lambeth Palace Road
London SE1 7EU

For 3i International

Moret Ernst & Young
Registered Accountants
Drentestraat 20
1083 HK Amsterdam