

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 or an appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Date: 17 September 2009

Dear Shareholder

Half-yearly report 2009 and important information regarding communications with shareholders

I am writing to you:

- (a) to enclose your copy of the 2009 half-yearly report of IP Group plc (the "**Company**"); and
- (b) to seek your consent to the Company communicating with you electronically in future.

During January 2007, new provisions within the Companies Act 2006 came into force regarding the ways that a company is permitted to communicate with its shareholders. At the Annual General Meeting of the Company held on 29 April 2008, shareholders passed a resolution to adopt new articles of association which included provisions allowing the Company to use its website to publish statutory documents and information to shareholders as its default method of publication.

The Company now wishes to take advantage of these provisions. Therefore, in future, shareholder documents and information, including the AGM Notice of Meeting, the Annual Report & Accounts and half-yearly reports, will be published on the Company's website at www.ipgroupplc.com (the "**Website**"). Such documents will not be sent by post to shareholders who have consented or have been deemed to consent to website communications. Reducing the number of communications sent by post will not only result in cost savings to the Company and speed up the provision of information to shareholders, but also reduce the impact that the unnecessary printing and distribution of large reports has on the environment.

The Companies Act 2006 requires that shareholders are individually asked to consent to this method of publication; this is the purpose of this letter.

Please note that if you consent to website publication, you will continue to be notified each time that the Company places a statutory communication on the Website, such notification will set out where and how any documents may be accessed. This notification will be sent to you **by post**.

Notwithstanding your consent to website publication:

- (a) if the Company is required to restrict the sending of any documents or information to any shareholders within the European Economic Area (EEA), for example, due to the local laws of the EEA country in which the particular shareholders are resident or otherwise located, the Company will not be permitted to use electronic means to communicate with any shareholders holding shares of the same class as those shareholders within the EEA. In such case, we will send you hard copies of the relevant documents or information;

- (b) there may be particular circumstances in which the Company needs to send documents or information to you in hard copy form, in which case the Company reserves the right to do so.

Actions to be taken in response to this letter

If you wish to consent to website publication, you do not need to take any action in response to this letter.

If you do not wish to consent to website publication and wish to continue to receive hard copies of documents and information from the Company, you must complete the reply slip attached to the bottom of this letter and return it to Capita Registrars, Shareholder Administration Support, 34 Beckenham Road, Beckenham, Kent BR3 9ZA. If you do not return this slip within 28 days from the date of this letter, you will be deemed to have consented to publication of these documents on the Website and you will no longer receive hard copies in the post.

Yours sincerely,

**Bruce Smith
Chairman
IP Group plc**

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I wish to continue to receive all documents in paper form rather than via the website of:

IP Group plc

Name:

Investor Code*:

Address:

Signed/date:

(*available on your share certificate)

Return to:

FREEPOST RLYX-GZTU-KRRG
Capita Registrars
Shareholder Administration Support
34 Beckenham Road
Beckenham
Kent BR3 9ZA