

**IP Group plc
Long-Term Incentive Plan**

Adopted by Shareholders on 21 June 2011

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1. Definitions

1.1 In this plan unless the context otherwise requiring the following words and expressions shall have the following meanings:

“the Act”	The Income Tax (Earnings and Pensions) Act 2003;
“the Adoption Date”	The date on which the Plan is adopted by the Company;
“Announcement Date”	The date on which the Company makes the preliminary announcement to the London Stock Exchange of its final results, or the announcement to the London Stock Exchange of its interim results for any financial accounting period;
“Associated Company”	The meaning ascribed by Section 416 of the Taxes Act;
“Award”	Either: <ul style="list-style-type: none">(a) A Conditional Award; or(b) An award of Split Interest Shares to be acquired under the Plan;
“the Committee”	The Remuneration Committee of the Board of Directors of the Company or a duly authorised committee of non-executive directors;
“the Company”	IP Group plc;
“Conditional Award”	A conditional award of Shares under the Plan;
“Control”	The meaning ascribed by Section 840 of the Taxes Act;
“Date of Grant”	Either of the following dates, as applicable: <ul style="list-style-type: none">(a) In the case of a Conditional Award, the date of the resolution by which an Award is granted pursuant to Rule 2.1; or(b) In the case of an award of Split Interest Shares, the date on which the Company issued an invitation to apply for an Award pursuant to Rule 2.1.

“Eligible Employee”	Any person who is an employee or full-time director employed by any one or more companies within the Group (for the purposes of this definition, a director will be regarded as “full-time” if he is required to devote substantially the whole of his working time and not less than 25 hours per week exclusive of meal breaks to the duties of his office or employment);
“Grant Period”	The period of 42 days following the date on which this Plan is approved by shareholders and/or any period of 42 days commencing on the dealing day next following an Announcement Date or: <ul style="list-style-type: none"> (a) in the event that the Company is prevented by statute, order, regulation or Government directive from making Awards within any such periods, the period of 42 days after the lifting of such restrictions; (b) in circumstances, other than those in (a) above, considered by the Committee to be exceptional;
“the Group”	The Company and its subsidiaries or the Company’s holding company or any other subsidiary of the Company’s holding company;
“Participant”	A person who holds an Award, or (where the context admits) his personal representatives;
“this Plan”	The IP Group Long-Term Incentive Plan in its present form or with and subject to any amendment thereto for the time being in force;
“Redundancy”	Has the meaning given by the Employment Rights Act 1996;
“Share”	A fully paid ordinary share in the capital of the Company;
“Split Interest Shares”	The part ownership of Shares acquired by a Participant pursuant to a sale and purchase agreement together with a nil cost option exercisable by that Participant over the remaining interest in the Shares and subject to the terms of a call option deed to be entered into between the Company, the Participant and the trustees of the Company’s employee benefit trusts;

“the Taxes Act” The Income and Corporation Taxes Act 1988; and

“the Trustees” The trustee or trustees from time to time of the IP Group Employee Share Ownership Trust or other employee share ownership trusts established by the Company.

1.2 Any reference to any law or statute is a reference to that enactment as for the time being amended or re-enacted. Where the context so admits the singular shall include the plural and vice versa and the masculine shall include the feminine. This Plan shall be interpreted in accordance with English Law.

2. Grant of Awards

2.1 Following the Adoption Date and subject to the limitations and conditions hereinafter contained, the Committee may during a Grant Period make Awards by way of either Conditional Awards or by the issuance of invitations to apply for Split Interest Shares to such Eligible Employees as it shall in its absolute discretion select. Alternatively, if so requested by the Committee, the Trustees may make any such Awards to Eligible Employees.

2.2 Any Awards will be subject to such objective conditions as the Committee determines. The details of any such conditions, which must be fulfilled before the Award can vest or Split Interest Shares cease to be forfeitable, will be set out in writing and delivered to the Participant on, or as soon as reasonably practicable after, the Date of Grant. Any such conditions will ordinarily reference a performance period of at least three years from a date which commences no more than 6 months prior to the Date of Grant. Any subsequent amendment to the conditions will only be permitted where the Committee considers that events have occurred which would make the amended conditions a fairer measure of performance provided that such amendment is one which the Committee reasonably considers will result in the conditions being no more or less difficult to achieve than those specified at the time of grant.

2.3 A Conditional Award shall be personal to the Participant and shall not be transferable or assignable. If a Participant does or suffers any act or thing whereby he would or might be deprived of the legal or beneficial ownership of a Conditional Award, that Conditional Award shall forthwith lapse.

2.4 Where an Award takes the form of Split Interest Shares, such Split Interest Shares are personal to the Participant and shall not be transferable or assignable until they vest and cease to be forfeitable pursuant to Rules 4 and 5. If a Participant does or suffers any act or thing whereby he would or might be deprived of the legal or beneficial ownership of a Split Interest Share before it vests and ceases to be forfeitable, those Split Interest Shares shall forthwith be forfeited.

- 2.5 Awards will be granted by resolution of the Committee or the Trustees. An award certificate and such other documentation as the Committee considers necessary, in such form as the Committee may from time to time prescribe, will be issued to Participants following the grant of Awards confirming the Date of Grant and the number of Shares subject to the Award. No payment will be required in respect of the grant of Awards.
- 2.6 Split Interest Shares will be acquired by Eligible Employees executing various documents as the Company may from time to time prescribe, including but not limited to a share sale and purchase agreement and call option deed. The number of Split Interest Shares will be set out in the documents or documents and payment will be required in respect of the Split Interest Shares.
- 2.7 An Eligible Employee may, within thirty days of the relevant Date of Grant, renounce his Award in writing to the Company in which case the Award shall be deemed never to have been granted.

3. Limits on the Size of the Plan

- 3.1 In any ten year period ending on the relevant Date of Grant, the maximum number of the Shares which may be issued or made issuable under this Plan and any other employee share scheme operated by the Company shall not exceed 10% of the issued ordinary share capital of the Company from time to time.
- 3.2 For the purposes of this Rule 4, Shares taken into account when placed under Awards shall not be taken into account again following the vesting of Awards and any Awards that have lapsed unvested shall fall out of account.
- 3.3 The aggregate market value of Shares (as at the relevant Dates of Grant) over which Awards may be granted to an Eligible Employee in any financial year of the Company shall not exceed four times his rate of basic salary at the relevant Date of Grant. The aforementioned limit will also apply in respect of Awards made in exceptional circumstances, such as to facilitate the recruitment or retention of a director.

4. Vesting and forfeiture of Awards

- 4.1 To the extent that the performance conditions imposed under Rule 2.2 have been met, an Award shall vest at the end of the relevant performance period prescribed for under Rule 2.2.
- 4.2 An Award may vest early to the extent determined by the Committee (taking into account the extent that the performance conditions imposed under Rule 2.2 have been met) in the circumstances set out below and, to the extent that an Award does not vest, it shall lapse.
- 4.3 An Award shall vest on the date of the Participant's death or in the event of the Participant

ceasing to be an employee of the Group by reason of injury, disability, Redundancy or the company or business by which he is employed ceasing to be a member of the Group (or for any other reason provided the Committee consents to the vesting in writing prior to termination of employment).

4.4 Save as provided above and in Rule 5, Awards will lapse forthwith on the Participant ceasing to be employed by the Group except that no Participant shall be treated as ceasing to be employed by the Group until he ceases to hold an office or employment with any Group company.

4.5 For the avoidance of doubt, where an Award takes the form of Split Interest Shares, the lapse or forfeiture of an Award shall entail the transfer of Split Interest Shares to the relevant Trustee or to the Company.

5. Changes in Control, Reconstruction etc.

5.1 If another company (such expression to include any person or persons acting in concert) shall acquire Control of the Company, all outstanding Awards shall vest to the extent determined by the Committee, on the date on which the other company acquires Control of the Company where the Committee determines that the performance conditions imposed under Rule 2.2 have or an alternative that the Committee considers to be appropriate and proportionate has been met. To the extent that Awards do not vest, they shall lapse or be forfeited immediately after the Change of Control.

5.2 If, under Section 425 of the Companies Act 1985, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, the Committee shall determine whether and to what extent Awards shall vest where the performance conditions imposed under Rule 2.2 have or an alternative that the Committee considers to be appropriate and proportionate has been met, or whether Awards shall be exchanged for Awards of similar value over shares in the company which exists after the compromise or arrangement takes effect. To the extent that Awards do not vest and are not exchanged, they shall lapse or be forfeited immediately after the Change of Control.

5.3 If the Company passes a resolution for its voluntary winding-up, Awards shall vest to the extent that the performance conditions imposed under Rule 2.2 have or an alternative that the Committee considers to be appropriate and proportionate has been met.

6. Variation of Capital

6.1 If a variation in the share capital of the Company (whether by way of a capitalisation or rights issue, or a reduction, sub-division, consolidation or other variation) shall take place then the number of Shares subject to an Award may, subject to the other provisions of this Plan, be

adjusted in such manner as the Committee may determine to be appropriate (not excluding retrospective adjustments where such variation occurs after the date of vesting of an Award but the record date relating to such variation precedes such date of vesting).

7. Issue of Shares and Listing

7.1 The Committee may satisfy the vesting of Awards by the issue of new Shares to the Trustees or the re-issue of treasury shares or it may make such arrangements as it thinks fit for such Awards to be satisfied by the transfer of existing Shares by the Trustees.

7.2 On or as soon as practicable after the vesting of an Award, the Committee shall issue or procure the transfer of sufficient Shares to satisfy the vested Award.

7.3 The vesting of Awards and the sale of Shares by a Participant is subject to such restrictions as are contained in the London Stock Exchange Model Code for securities transactions by directors, certain employees and persons connected with them.

7.4 The Committee shall only issue Shares or procure the transfer of Shares to satisfy vested Awards if they have received satisfactory evidence that such arrangements have been made as the Committee may reasonably from time to time require to ensure that any liabilities in respect of:

- (a) income tax payable by deduction under PAYE;
- (b) primary Class 1 National Insurance Contributions ("NIC");
- (c) all or such part (as may from time to time be agreed in writing between the Company and the Participant) of any secondary Class 1 NIC payable in respect of any gain which is treated as remuneration derived from the Participant's employment for NIC purposes by virtue of Section 4(4)(a) of the Social Security Contributions and Benefits Act 1992; or
- (d) any other similar taxes or duties,

are accounted for to the satisfaction of the company or person who is otherwise liable, or reimbursed to such company or person, as the case may be.

7.5 Subject to the terms and condition of the acquisition of Split Interest Shares set out in the relevant documents pursuant to Rule 2.7, if the Trustee shall transfer its interest in Split Interest Shares to a Participant the Company, shall be entitled to require that any liabilities in respect of:

- (a) income tax payable by deduction under PAYE;

- (b) primary Class 1 National Insurance Contributions (“NIC”); or
- (c) any other similar taxes or duties,

are accounted for to the satisfaction of the company or person who is otherwise liable, or reimbursed to such company or person, as the case may be.

7.6 Forthwith upon the vesting of an Award, the Company shall, where such Award is to be satisfied by the issue of new Shares, make application to the UK Listing Authority for admission of the relevant Shares to the Official List. Shares shall be allotted and issued by the Company, or the Company will procure that Shares are transferred to the Participant (or to his nominee but subject to the beneficial ownership vesting in the Participant) not more than thirty days after the date on which the Award vests. All allotments, issues and transfers of Shares hereunder will be subject to the obtaining of any necessary consents under any relevant enactments or regulations for the time being in force and it shall be the responsibility of the Participant to comply with any requirements to be fulfilled in order to obtain or obviate the need for any such consents.

7.7 Shares allotted and issued or transferred following the vesting of an Award shall rank in full for all dividends declared or paid on the ordinary share capital of the Company on or after the date of allotment or transfer as the case may be (other than a dividend payable to the holders of Shares on the register on a record date before the date on which the allottee or transferee is entered on the register of members) and shall in all other respects rank *pari passu* with other Shares in issue on the date of allotment or transfer, as the case may be.

8. Administration and Amendment of the Plan

8.1 The Committee shall have the power from time to time to make and vary such regulations (not being inconsistent with this Plan) for the implementation and administration of this Plan as they think fit.

8.2 Any decisions of the Committee made pursuant to any provisions of this Plan (including a matter to be certified by the auditors of the Company for the time being) shall be final and binding on all persons applying to participate in this Plan and on Participants therein.

8.3 Participants shall not be automatically entitled to receive copies of notices, reports and accounts of the Company sent to ordinary shareholders.

8.4 Any notices or documents required to be given to a Participant shall:

- (a) either be delivered to him by hand or sent to him at his home address according to the records of the employing company; and
- (b) if sent by post, be deemed to have been given 48 hours after the date of posting.

- 8.5 This Plan may be altered in any respect by resolution of the Committee except that:
- (a) the basis for determining a Participant's entitlements under the Plan, and any adjustments thereto in the event of a variation in capital shall not be altered to the advantage of Participants without the prior agreement of the Company in general meeting (except for minor amendments to benefit the administration of the Plan, to take account of changes in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or for the Company or for members of the Group);
 - (b) no alteration shall alter adversely the rights attaching to any Awards granted prior to such alteration except with the consent in writing of Participants holding Awards over not less than three-quarters of all the Shares which are at that time the subject of Awards.
- 8.6 The terms of employment of a Participant shall not be affected by his participation in this Plan which shall not form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.
- 9. Termination**
- 9.1 The Committee may at any time resolve not to make further Awards under this Plan but the subsisting rights of Participants shall remain in force.
- 9.2 Subject to Rule 9.1, no Award shall be granted later than the tenth anniversary of the Adoption Date.