

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional 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.



**IP GROUP PLC**

(incorporated and registered in England and Wales under number 04204490)

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice of the Annual General Meeting of IP Group plc (the "Company") to be held at the offices of the Company at 24 Cornhill, London, EC3V 3ND at 2pm on 13 May 2014 is set out in Part II of this document.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received not less than 48 hours before the time of the holding of the Annual General Meeting.

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Part I**IP GROUP PLC**

(incorporated and registered in England and Wales under number 04204490)

**Registered Office:**

24 Cornhill  
London  
EC3V 3ND

8 April 2014

To the holders of the Company's shares

**Notice of Annual General Meeting**

Dear Shareholder,

I am pleased to be writing to you with details of our Annual General Meeting ("**AGM**") which we are holding at the Company's offices at 24 Cornhill, London, EC3V 3ND at 2pm on 13 May 2014. The formal Notice of AGM is set out at Part II on page 8 of this document. In addition to the ordinary business of the AGM, there are eight resolutions to be considered which constitute special business. This document describes each resolution to be proposed at the AGM.

**Ordinary business**

Resolutions 1 to 16 (inclusive) in the Notice of AGM will all be proposed as ordinary resolutions. This means that, for each of those resolutions to be passed, a simple majority of votes cast on a show of hands must be in favour of the resolution or, on a poll, members representing a simple majority of the total voting rights of the members voting (in person or by proxy) must vote in favour of the resolution. Resolutions 1 to 16 (inclusive) constitute the ordinary business of the AGM and are described below:

**Resolution 1 – Report and Accounts**

The Directors are required to present to the AGM the Directors' Report, the Audited Statement of Accounts and Auditors' Report of the Company for the financial year ended 31 December 2013 (the "**Annual Report and Accounts**").

A copy of the Annual Report and Accounts is available on the Company's website at [www.ipgroupplc.com/reports](http://www.ipgroupplc.com/reports).

**Resolution 2 – Approval of Remuneration Report**

The Directors are required to prepare an annual report detailing the remuneration of the Directors and a statement by the Chairman of the Remuneration Committee (together the "**Remuneration Report**"). The Company is required to seek shareholders' approval in respect of the contents of this report on an annual basis (excluding the part containing the Remuneration Policy, which is dealt with in Resolution 3). This vote is an advisory one and does not affect the actual remuneration paid to any individual Director.

The Remuneration Report is set out in full on pages 53 to 70 of the Annual Report and Accounts.

**Resolution 3 – Approval of Remuneration Policy**

The Company is separately required to seek shareholders' approval of its policy on remuneration of Directors (the "**Remuneration Policy**") set out in the Remuneration Report. This vote is a binding one.

The Remuneration Policy, if approved, will take effect from the date of approval by shareholders and will apply until replaced by a new or amended policy. Once the policy is effective, the Company will not be able to make remuneration payments to a Director or prospective Director, or loss of office payments to a current or past Director, unless the payment is consistent with the approved policy or has been otherwise approved by shareholders.

If the Remuneration Policy is not approved by the shareholders for any reason, the Company will, if and to the extent permitted to do so under the Companies Act 2006, continue to make payments to Directors in accordance with its existing contractual arrangements and will seek shareholder approval for a revised policy as soon as is practicable.

## Part I continued

The Remuneration Policy will be put to shareholders every three years unless during that time there is a need for it to be changed or the advisory vote on the Directors' Remuneration Report is not passed in any year subsequent to approval of the Remuneration Policy.

The Remuneration Policy is set out on pages 55 to 61 of the Remuneration Report.

### **Resolution 4 – Appointment of Auditor**

The Company's current auditor, BDO LLP, will retire at the AGM. As detailed in the Report of the Audit Committee set out on pages 71 to 73 of the Annual Report and Accounts (the "**Report of the Audit Committee**"), in order to remain at the forefront of good governance and in recognition of regulatory changes in Europe, the Audit Committee undertook a formal audit tender process in March 2014 during which it invited three firms to tender for the Group's 2014 audit and followed the detailed process more particularly described on page 73 of the Report of the Audit Committee. The conclusion of the Audit Committee at the end of this process was to recommend to the Board the appointment of KPMG LLP as auditor of the Company to replace BDO LLP. The Board has approved the recommendation of the Audit Committee and is now, by Resolution 4, recommending to shareholders the appointment of KPMG LLP as the Company's auditor for the 2014 financial year.

### **Resolution 5 – Remuneration of Auditor**

This Resolution seeks the usual authority for the Directors to fix the remuneration of the Company's auditor.

### **Resolutions 6 to 8 (inclusive) – Election of Directors**

As was announced on 4 March 2014, Professor Lynn Gladden agreed to join the Board as an independent Non-executive Director with effect from 26 March 2014. Professor Gladden is currently Pro-Vice-Chancellor for Research for the University of Cambridge, the Shell Professor of Chemical Engineering and the former Head of the Department of Chemical Engineering and Biotechnology. She brings to the Board an impeccable track record in academia as well as extensive experience in industry and her knowledge of both science and business is highly relevant to the Group's model, making her appointment of particular value to the Group as it continues to expand and grow. Additional biographical details of Professor Gladden are set out on page 39 of the Annual Report and Accounts.

In addition and following completion of the recommended acquisition of Fusion IP plc ("**Fusion IP**"), David Baynes, Fusion IP's CEO, and Doug Liversidge, Fusion IP's Chairman, each joined the Board as an additional Executive Director and independent Non-executive Director respectively on 20 March 2014. Biographical details of each of David Baynes and Doug Liversidge are set out below:

*David Baynes, aged 50.* Mr Baynes was one of the founders of Fusion IP and was appointed as its CEO in November 2004. Accordingly his skill-set and experience are highly complementary to those of the existing Executive Directors and senior management team of the Group. Mr Baynes has previously worked at: Celsis International plc from its incorporation to its flotation on the full list of the London Stock Exchange in July 1993; Toad plc (now 21st Century Technology plc), which he co-founded and was responsible for taking from start-up to a full listing on the London Stock Exchange in 1995; Whereonearth Limited and Codemasters Limited.

*Doug Liversidge, aged 78.* Mr Liversidge has extensive experience in business and industry which will be highly valuable to the Group. He was employed for 21 years at British Steel, before moving to GW Thornton Limited as Managing Director and subsequently Chief Executive, guiding the company through its flotation on the full list of the London Stock Exchange in March 1987. In the 2000 New Year's Honours List, Mr Liversidge was awarded the CBE for services to industry. He was appointed chairman of the Fusion IP Board in December 2004 and stepped down from that role on completion of the acquisition of Fusion IP by the Company.

As Professor Gladden and Messrs Baynes and Liversidge have all been appointed since the last general meeting of the Company held on 12 February 2014, they are each standing for election at the AGM. Accordingly, they will each be proposed for election pursuant to separate resolutions which, if approved, will take effect from the conclusion of the meeting.

The Nomination Committee, which considers the balance of the Board and the mix of skills, knowledge and experience of its members, has considered and recommends the proposed election of Professor Gladden and Messrs Baynes and Liversidge.

Mr Liversidge brings fresh skills and experience to the Board's deliberations, as well as a deep knowledge of the Fusion IP business. He was considered to be independent at the time of his appointment as chairman of Fusion IP and, although that was more than nine years ago, the Board has concluded that he remains independent in discharging his duties as a Non-executive Director of the Company and will continue to act in the best interests of the enlarged group.

Accordingly, the Board considers that each of Professor Gladden and Mr Liversidge are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or which could appear to affect, their character or exercise of their judgment.

**Resolutions 9 to 16 (inclusive) – Re-election of Directors**

In line with the provisions of the Code, all of the other Directors are presenting themselves for annual re-election by shareholders at the AGM. The Directors will be proposed for re-election pursuant to separate resolutions which, if approved, will take effect from the conclusion of the meeting. Biographical details for each of these Directors appear on pages 38 and 39 of the Annual Report and Accounts.

The Nomination Committee has considered the effectiveness of those Directors who are offering themselves for re-election. All the proposed appointees have been subject to a formal evaluation in the last 12 months. Following that evaluation, the Chairman confirms each of the Directors offering themselves for re-election is and continues to be valuable and effective, that each of them has demonstrated his or her commitment to the role and that each of the Non-executive Directors continues to be fully independent in both character and judgement and there are no relationships or circumstances which are likely to affect, or which could appear to affect, their character or exercise of their judgment.

**Special business**

Resolutions 17, 19 and 22 to 24 (inclusive) in the Notice of AGM will be proposed as ordinary resolutions (the requirements for which have been explained above) and Resolutions 18, 20 and 21 in the Notice of AGM will be proposed as special resolutions. For each of these three special resolutions to be passed, not less than 75% of the votes cast on a show of hands must be in favour of the resolution, and, on a poll, members representing not less than 75% of the total voting rights of the members voting (in person or by proxy) must vote in favour of the resolution. Resolutions 17 to 24 (inclusive) all constitute the special business of the AGM and are described below:

**Resolution 17 – Authority to allot shares**

The Directors were authorised to allot shares or to grant rights in respect of shares in the Company at the Annual General Meeting in 2013, but their authorisation expires at the end at the 2014 Annual General Meeting. Accordingly, this Resolution seeks to renew the Directors' authority to allot shares and to grant such rights. This authority is limited to the amount set out in paragraph (a) of the Resolution, being approximately one third of the issued ordinary share capital as at 7 April 2014, the latest practicable date prior to the publication of the Notice of AGM.

In addition to the above authority and in accordance with the guidance issued by the Association of British Insurers (ABI) on authority to allot, paragraph (b) of this Resolution seeks to authorise the Directors to allot equity securities of the Company in connection with a fully-pre-emptive rights issue only. This authority is limited to the amount set out in paragraph (b), being approximately a further one third of the total ordinary share capital in issue as at 7 April 2014 (the latest practicable date prior to the publication of the Notice of AGM). This authority will allow the Company to implement a rights issue of up to an amount equal to one third of share capital without needing a separate shareholders' meeting.

As at 7 April 2014, the Company did not hold any shares in the Company in treasury. The above authorities will remain in force until the conclusion of the Annual General Meeting in 2015 or 1 August 2015, whichever is the earlier.

The purpose of giving the Directors such authorities is to maintain the Company's flexibility to take advantage of any appropriate opportunities that may arise. The authorities are in line with guidelines issued by the ABI and the Directors confirm that they would all stand for re-election at the next Annual General Meeting if the authority in Resolution 17(b) was used.

**Resolution 18 – Disapplication of Pre-emption Rights**

Paragraph (a) of this Resolution, which will be proposed as a special resolution, seeks to renew the authority conferred on the Directors at the Annual General Meeting held in 2013 to issue equity securities of the Company for cash without first offering them to existing shareholders in proportion to their existing shareholdings. Other than in connection with a rights issue, the authority contained in this resolution will be limited to an aggregate nominal value of £479,524.40 which represents less than 5% of the Company's issued ordinary share capital as at 7 April 2014, being the latest practicable date prior to the publication of the Notice of AGM. Paragraph (b) of this Resolution seeks authority to issue equity securities for cash free from statutory pre-emption rights in connection with a rights issue pursuant to Resolution 17(b).

The renewed authority will remain in force until the conclusion of the Annual General Meeting in 2015 or 1 August 2015, whichever is the earlier.

**Resolution 19 – Political Expenditure**

Although it has been the Company's practice not to incur political expenditure or otherwise to make payments to political parties and it intends that this will remain the case, the Directors are proposing to renew the authority obtained at the 2013 AGM to incur political expenditure in the terms of Resolution 19 as a precautionary measure, in case any of its normal operating activities are caught by the broad definition of political expenditure contained in section 365 of the Companies Act 2006. This authority is to be capped at £50,000.

## Part I continued

### **Resolution 20 – Authorisation to Make Market Purchases**

The Company is seeking a limited authority to make purchases in the market of its own shares as permitted by the Companies Act 2006. The authority limits the number of shares which the Company may purchase pursuant to this authority to a maximum of 47,952,439 ordinary shares (being approximately 10% of the Company's issued ordinary share capital as at 7 April 2014, being the latest practicable date prior to the publication of the Notice of AGM) and sets maximum and minimum prices.

The Companies Act 2006 allows the Company to hold shares which have been repurchased as treasury shares and either re-sell them for cash, cancel them (either immediately or in the future) or use them for the purposes of its employee share schemes. This provides the Company with additional flexibility in the management of its share capital. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

In seeking this authority, the Directors are not indicating any commitment to buy back any of the Company's shares. The Directors will only exercise the authority if, in the light of market conditions prevailing at the time, they consider that the purchase of shares can be expected to result in an increase in earnings or net assets per share and is in the best interests of the Company's shareholders generally. The Directors do, however, consider it desirable for this authorisation to be available to provide flexibility in the management of the Company's capital reserves. This authority shall (unless previously renewed or revoked) expire on the earlier of the next Annual General Meeting of the Company or 1 August 2015.

### **Resolution 21 – Notice of General Meetings**

At the 2013 AGM and pursuant to the ability in the Companies Act 2006 to do so, a resolution was passed as a special resolution that the minimum period of notice for all general meetings (other than annual general meetings) be reduced from 21 clear days' notice to not less than 14 clear days' notice. The Directors wish to continue to preserve this ability and, accordingly, Resolution 21 proposes a renewal of that resolution. This reduced notice period will not be used as a matter of routine for general meetings but only where, taking into account all of the circumstances (including whether the business of the meeting is time sensitive), the Directors consider it appropriate. The approval of this Resolution will be effective until the conclusion of the Annual General Meeting in 2015 when it is intended that a similar resolution will be proposed. The provisions of the Companies Act 2006 require that, in order for the Company to use this ability to call a general meeting on less than 21 clear days' notice, it will also need to make a means of electronic voting available to shareholders for that meeting.

### **Resolution 22 – Sharesave Plan**

The Company currently operates the IP Group Long-Term Incentive Plan (the "**LTIP**") in which Executive Directors and the senior management team participate. To encourage share ownership throughout the Group, approval is sought for the IP Group Sharesave Plan (the "**Sharesave Plan**"), in which all employees (including Executive Directors) will be eligible to participate on the same basis.

Under the proposed Sharesave Plan, an eligible employee who enters into an approved savings contract for a period of three or five years will be granted an option to acquire ordinary shares in the Company ("**Shares**") at the end of that period using the proceeds of his savings contract (and, if applicable, any bonus or interest payable in relation to the savings contract). The exercise price of an option is fixed at the time the invitation to apply for an option is issued and will not be less than 80% of the market value of a Share at that time.

The Sharesave Plan is a UK tax advantaged all-employee plan; the Directors are keen to have the ability to grant tax efficient awards to employees at the levels permitted by relevant tax legislation. The Sharesave Plan will operate within the 10% dilution limit which applies to the LTIP and the Company will manage its remaining capacity within this limit carefully and may use new issue Shares, treasury Shares and Shares purchased in the market to satisfy options.

The main provisions of the Sharesave Plan are summarised in the Appendix to this Notice of Annual General Meeting (the "**Appendix**").

### **Resolution 23 – Deferred Bonus Share Plan**

In 2013, the Company's Remuneration Committee (the "**Committee**"), following consultation with the Company's major shareholders, determined that it would reduce the proportion of total reward potential arising from the LTIP and introduce a new annual (bonus) incentive scheme (the "**AIS**"), while broadly maintaining the overall incentive opportunity. Subject to a suitable minimum amount, set by the Committee at the start of each year, awards under the AIS (which may be made, at the Committee's discretion, to employees who have participated in the Company's bonus plan for the preceding financial year, by reference to their bonus plan outcome for the relevant year) will typically be payable 50% in cash and 50% in Shares ("**Deferred Share Awards**").

The IP Group Deferred Bonus Share Plan (the "**DBSP**"), which permits the making of Deferred Share Awards, in the form of deferred nil-cost option awards, was established by Committee approval in April 2014 on the basis, in accordance with the Listing Rules, that any Deferred Share Awards would be satisfied in due course, by the transfer from the IP Group Employee Share Ownership Trust (the "**Trust**") of existing Shares purchased by the Trust in the market. Shareholder approval is now sought for the DBSP which will be amended so that, going forwards, Deferred Share Awards (including any Deferred Share Awards already made) may be satisfied either by the transfer of existing Shares, the issue of new Shares (whether direct to participants or via the Trust) or the issue of treasury Shares. Following these amendments, the DBSP will operate within the 10% dilution limit which applies to the LTIP (and will apply to the Sharesave Plan, if approved) and the Company will manage its remaining capacity within this limit carefully.

The main provisions of the DBSP are summarised in the Appendix.

#### **Resolution 24 – Share Plans for Employees Resident or Working Outside of the United Kingdom**

Reflecting the growing international profile of the Group, shareholder authority is sought to enable the Directors to add schedules to each of the Sharesave Plan, the DBSP and the LTIP or to adopt share plans based on the Sharesave Plan, the DBSP and the LTIP to enable the grant of options and awards to employees outside of the UK, taking account of local tax, exchange and securities laws issues in the relevant jurisdiction.

#### **Action to be taken**

If you would like to vote on the Resolutions set forth in the Notice of AGM but cannot come to the AGM, please fill in the proxy form sent to you with this document and return it, together with the power of attorney or other authority (if any) under which it is signed, to our registrars Capita Asset Services by hand only to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or in accordance with the replied paid details, as soon as possible. They must receive it by no later than 2 p.m. on 11 May 2014.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST messages must be received by the issuer's agent (CREST ID No. RA10) by no later than 2 p.m. on 11 May 2014.

#### **Recommendation**

The Board considers that all the Resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them in respect of their own shareholdings and unanimously recommends that you do so as well.

Yours sincerely,

**Bruce Smith**

Chairman

#### *Inspection of documents*

The following documents will be available for inspection at the offices of IP Group plc, 24 Cornhill, London, EC3V 3ND during business hours on any weekday from the date of this document until the time of the AGM and at the location of the AGM from 15 minutes before the AGM until it ends:

- copies of the Executive Directors' service contracts;
- copies of the letters of appointment of the Non-executive Directors;
- a copy of the rules of the Sharesave Plan; and
- a copy of the rules of the DBSP.

 Part II

## IP GROUP PLC

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the **ANNUAL GENERAL MEETING** of IP Group plc (the "**Company**") will be held at the offices of the Company, 24 Cornhill, London, EC3V 3ND at 2 p.m. on 13 May 2014 for the purposes of considering and, if thought fit, passing the following resolutions of which Resolutions 1 to 17 (inclusive), 19 and 22 to 24 (inclusive) will be proposed as ordinary resolutions and Resolutions 18, 20 and 21 will be proposed as special resolutions.

1. To receive the Directors' Report, the Audited Statement of Accounts and Auditor's Report of the Company for the financial year ended 31 December 2013.
2. To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy referred to in Resolution 3) for the year ended 31 December 2013.
3. To approve the Directors' Remuneration Policy, the full text of which is contained at pages 55 to 61 of the Directors' Remuneration Report for the year ended 31 December 2013.
4. To appoint KPMG LLP as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid before the shareholders in accordance with the provisions of the Companies Act 2006 (the "**Act**").
5. That the Directors be authorised to fix the remuneration of KPMG LLP as auditor of the Company.
6. To elect Professor Lynn Gladden as a director of the Company.
7. To elect Mr David Baynes as a director of the Company.
8. To elect Mr Doug Liversidge as a director of the Company.
9. To re-elect Mr Alan Aubrey as a director of the Company.
10. To re-elect Dr Bruce Smith as a director of the Company.
11. To re-elect Mr Francis Carpenter as a director of the Company.
12. To re-elect Mr Michael Townend as a director of the Company.
13. To re-elect Mr Jonathan Brooks as a director of the Company.
14. To re-elect Mr Michael Humphrey as a director of the Company.
15. To re-elect Mr Greg Smith as a director of the Company.
16. To re-elect Mr Charles Winward as a director of the Company.
17. That the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all the powers of the Company to:
  - (a) allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares in the Company ("**Rights**") up to an aggregate nominal amount of £3,196,829.30 (being approximately one third of the Company's issued ordinary share capital as at 7 April 2014, being the latest practicable day prior to the publication of this notice of meeting) (such amount to be reduced by the nominal amount allotted or granted under paragraph (b) below); and
  - (b) allot equity securities of the Company (as defined in section 560 of the Act) up to a further aggregate nominal amount of £3,196,829.30 (being approximately one third of the Company's issued share capital as at 7 April 2014, being the latest practicable date prior to the publication of this notice of meeting) in connection with an offer by way of a rights issue,



provided that (i) such authorities shall expire on the earlier of the conclusion of the Company's 2015 annual general meeting and 1 August 2015, and (ii) before such expiry the Company may make any offer or agreement which would or might require shares or equity securities to be allotted or Rights to be granted after such expiry and the Directors may allot such shares or equity securities and grant such Rights pursuant to any such offer or agreement as if the authority conferred by this Resolution 17 had not expired. These authorities shall be in substitution for all other authorities granted to the Directors to allot shares or equity securities and grant Rights.

For the purposes of this Resolution 17 and Resolution 18 below, "rights issue" means an offer to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class) to subscribe further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractions of such securities, the issue, transfer and/or holding of any securities in certificated form or in uncertificated form, the use of one or more currencies for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares or any legal or practical problems arising under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory.

18. That, subject to and conditional on the passing of Resolution 17, the Directors be and are hereby generally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act), payment for which is to be wholly in cash as if section 561(1) did not apply to any such allotment provided that such power shall be limited:
- (a) pursuant to the authority conferred on the Directors by paragraph (a) of Resolution 17:
    - (i) to or in connection with any rights issue, open offer or other pre-emptive offer, open for acceptance for a period determined by the Directors, to the holders of ordinary shares on the register on any fixed record date in proportion (as nearly as may be practicable) to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractions of such securities, the issue, transfer and/or holding of any securities in certificated form or in uncertificated form, the use of one or more currencies for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares or any legal or practical problems arising under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory; and
    - (ii) to the allotment of equity securities (other than pursuant to paragraph (a)(i) of this Resolution 18) up to an aggregate nominal amount of £479,524.40, representing less than 5% of the nominal value of the issued ordinary share capital of the Company as at 7 April 2014, being the latest practicable date prior to the publication of this notice of meeting; and
  - (b) pursuant to the authority conferred on the Directors by paragraph (b) of Resolution 17, to the allotment of equity securities in connection with a rights issue.

References herein to the allotment of equity securities shall include the sale of treasury shares (within the meaning of section 724 of the Act). The authority given by this Resolution 18 shall expire at such time as the authorities conferred on the Directors by Resolution 17 expire save that, before the expiry of this authority, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

19. That, in accordance with section 366 of the Act, the Company and all companies that are subsidiaries of the Company at any time during the period for which this Resolution 19 has effect be and are hereby authorised to incur political expenditure (as defined in section 365 of the Act) not exceeding £50,000 in total during the period beginning with the date of the passing of this resolution and ending at the conclusion of the Company's 2015 annual general meeting.
20. That the Company generally be authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of the Company's ordinary shares on such terms and in such manner as the Directors may from time to time determine, provided that:
- (a) the maximum number of ordinary shares hereby authorised to be purchased is 47,952,439 shares, being approximately 10% of the Company's issued ordinary share capital as at 7 April 2014, being the latest practicable date prior to the publication of this notice of meeting;
  - (b) the minimum price (exclusive of expenses) that may be paid is 2 pence for each ordinary share being the nominal value thereof;

## Part II continued

- (c) the maximum price (exclusive of expenses) which may be paid for such shares for so long as the Company's ordinary shares are listed on the Official List shall be the higher of (i) 5% above the average of the middle market quotations taken from the London Stock Exchange Daily Official List for the 5 business days before the purchase made; and (ii) the amount stipulated by Article 5 (i) of the EU Buy-back and Stabilisation Regulation (being the higher of the price of the last independent trade and the highest current independent bid for an ordinary share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by this Resolution 20 will be carried out);
  - (d) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the next annual general meeting of the Company in 2015 and 1 August 2015; and
  - (e) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority; and may make a purchase of its ordinary shares in pursuance of any such contract.
21. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.
22. That the Directors be and are hereby authorised to establish the IP Group Sharesave Plan (the "**Sharesave Plan**"), a copy of the draft rules of which has been produced to the meeting and initialled by the Chairman (for the purpose of identification only) and a summary of the main provisions of which is set out in the Appendix to this Notice of Annual General Meeting (the "**Appendix**"), and to do all such acts and things as may be necessary or expedient to give effect to the Sharesave Plan, including amending the rules of the Sharesave Plan in such manner as may be necessary to ensure that the Sharesave Plan meets the requirements for such tax advantaged plans as set out in Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003.
23. That the Directors be and are hereby authorised to establish the IP Group Deferred Bonus Share Plan (the "**DBSP**"), a copy of the draft rules of which has been produced to the meeting and initialled by the Chairman (for the purpose of identification only) and a summary of the main provisions of which is set out in the Appendix, and to do all such acts and things as may be necessary or expedient to give effect to the DBSP.
24. That the Directors be and are hereby authorised to establish schedules to, or other share plans based on each of the Sharesave Plan, the DBSP and the IP Group Long-Term Incentive Plan (the "**LTIP**"), but modified to take account of local tax, exchange control or securities laws in overseas territories provided that any shares made available under any such schedules or further plans are treated as counting against the limits on individual and overall participation in the Sharesave Plan, the DBSP and the LTIP, as appropriate.

**Registered Office**

24 Cornhill  
London  
EC3V 3ND

8 April 2014

Registered in England and Wales No. 04204490

**By Order of the Board**

Angela Leach  
Company Secretary

## Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company but must attend the Annual General Meeting to represent you. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open Monday to Friday 8.30 a.m. to 5.30 p.m.) or if you are calling from overseas on +44 208 639 3399.
2. To be valid, the proxy form must be completed and lodged, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power or authority, with the Company's registrars, Capita Asset Services, by hand only to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU or in accordance with the replied paid details, not less than 48 hours before the time appointed for holding the Annual General Meeting.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Such persons should direct any communications and enquiries to the registered holder of the shares by whom they were nominated and not to the Company or its registrars.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6 p.m. on 11 May 2014 (or, if the Annual General Meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
7. As at 7 April 2014 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 479,524,397 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 7 April 2014 are 479,524,397.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (CREST ID No. RA10) by 2 p.m. on 11 May 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

## Notes continued

10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided they do not do so in relation to the same shares.
13. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act to publish on a website.
14. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting for the question to be answered.
15. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at [www.ipgroupplc.com/reports](http://www.ipgroupplc.com/reports).
16. You may not use any electronic address provided either in the notice of Annual General Meeting or any related documents (including the Chairman's letter and proxy form) to communicate for any purposes other than those expressly stated.
17. Mobile telephones may not be used in the meeting room, and cameras, tapes and video recorders are not allowed in the meeting room.

## Appendix

Summary of the principal terms of the IP Group Sharesave Plan (the "**Sharesave Plan**") and the IP Group Deferred Bonus Share Plan (the "**DBSP**")

### 1. **The Sharesave Plan**

#### 1.1 **Tax Treatment**

The Sharesave Plan is a tax advantaged plan under Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003. ("**Schedule 3**").

#### 1.2 **Eligibility**

Any UK based employee (including any full-time director) of IP Group plc (the "**Company**") or other participating subsidiary who has been employed at a relevant grant date for a qualifying period of such length as the Remuneration Committee of the Company (the "**Committee**") may determine from time to time (but not exceeding five years) and any other employee or director who is nominated by the Committee is eligible to participate in the Sharesave Plan.

#### 1.3 **Issue of invitations**

Invitations to apply for options under the Sharesave Plan ("**Options**") will normally be issued within a period of 42 days beginning with the fourth dealing day following the announcement of the Company's results for any period. Options may be granted at other times in circumstances considered by the Committee to be exceptional. No Options may be granted after 13 May 2024.

#### 1.4 **Exercise price**

The price per share at which ordinary shares in the Company ("**Shares**") may be acquired upon exercise of an Option is determined by the Committee before Options are granted on any occasion. It must not be less than the higher of:

- 80 per cent of the market value of a Share when invitations are issued to eligible employees; and
- in the case of Options to subscribe for new Shares, the nominal value of an Ordinary Share.

#### 1.5 **Monthly savings**

Any employee who applies for an Option must enter into an HMRC approved "save as you earn" contract (the "**Savings Contract**"). The employee agrees to enter a Savings Contract for a period of three or five years and to make monthly savings contributions of a fixed amount, currently of not less than £5 nor more than £500, over three or five years. Upon expiry of the Savings Contract, the participant may be entitled to receive a tax-free bonus in addition to repayment of the savings contributions. The participant may elect to apply the proceeds of the Savings Contract to exercise the Option and acquire Shares. Alternatively, the participant may choose to withdraw the proceeds of the Savings Contract.

#### 1.6 **Exercise of Options**

Options will normally be exercisable only during the period of six months following the maturity of the related Savings Contract.

#### 1.7 **Leaving employment**

Early exercise is permitted following death or cessation of employment by reason of injury, disability, redundancy, retirement or where the participant's employer or business in which the participant is employed is sold outside of the Company's group (the "**Group**") or where a participant who has held an option for more than three years ceases employment other than in circumstances which would entitle the Company or any other member of the Group or associated company to summarily dismiss him.

In such cases, Options may be exercised within six months of leaving, to the extent that the funds then available in the participant's Savings Contract permit. In the case of death, personal representatives may exercise the deceased participant's Option within twelve months of the date of death.

In other circumstances, Options will lapse on cessation of employment.

#### 1.8 **Corporate events**

Early exercise of Options is permitted in the event of a takeover, reconstruction or voluntary winding-up of the Company.

Alternatively, by agreement with the acquiring company, participants may, as specified in the rules of the Sharesave Plan, release their Options in consideration of the grant of options over shares in the acquiring company.

## Appendix continued

### 2. The DBSP

#### 2.1 Tax treatment

The DBSP is a non-tax advantaged plan under which income tax and national insurance contributions (“**NICs**”) arise on the exercise of Deferred Share Awards granted, in the form of nil cost options, under the DBSP. A participant is required to indemnify the Company (and, if different, his employer company) in respect of income tax and employee NICs arising in connection with Deferred Share Awards and, in respect of employer NICs, by reference to any increase in the price of Shares between the date of award of a Deferred Share Award (the “**Award Date**”) and the date of any exercise of the Deferred Share Award.

#### 2.2 Eligibility

Any employee, including any executive director, who has participated in the Company’s bonus plan for the preceding financial year (the “**Relevant Year**”) is eligible to participate in the DBSP, at the discretion of the Committee. The Committee may determine that Deferred Share Awards may only be made to employees whose gross (pre-tax) bonus plan outcome for the Relevant Year, calculated in accordance with the applicable performance targets under the bonus plan (“**Bonus Plan Outcome**”), is at or above a specified monetary value.

#### 2.3 Exercise price

Unless the Company determines otherwise, no amount shall be payable by participants for the acquisition of Shares pursuant to a Deferred Share Award.

#### 2.4 Award values

Deferred Share Awards will typically be granted over such number of Shares as have an aggregate market value at the Award Date equivalent to 50% of the Bonus Plan Outcome, rounded up to the nearest whole Share. The Committee may specify alternative percentages of the Bonus Plan Outcome (than 50%) for the making of Deferred Share Awards.

#### 2.5 Exercise of Deferred Share Awards

Deferred Share Awards are normally exercisable over some or all of the Shares over which the Award was made (“**Award Shares**”) on or after one or more vesting dates, each as determined by the Committee in its discretion. For the purposes of the first Deferred Share Awards (made in 2014), fifty percent of the Award Shares will normally vest and become exercisable on the first anniversary of the Award Date and fifty percent of the Award Shares will normally vest and become exercisable on the second anniversary of the Award Date. Deferred Share Awards may not be exercised after the third anniversary of the Award Date or such other period as determined by the Committee but no later than the fifth anniversary of the Award Date.

#### 2.6 Leaving employment

If a participant leaves the Group or any associated company other than in certain “good leaver” circumstances (as specified below) before, or is under notice of termination of employment by any member of the Group or any associated company on, any vesting date, the Deferred Share Award will lapse in respect of all of the Award Shares on the leaving date.

If a participant leaves the Group or any associated company before, or is under notice of termination of employment by any member of the Group or any associated company on, any vesting date by reason of death, ill-health or disability (subject to the Directors being provided with sufficient written evidence from an independent general practitioner or other appropriately qualified specialist that the participant is no longer capable of exercising the duties of his employment), redundancy or the sale of the participant’s employing business or company out of the Group or the participant is otherwise designated by the Committee (in its absolute discretion) to be a good leaver for the purposes of the DBSP, the participant may exercise his Deferred Share Award following any vesting date in the normal way, otherwise than in the case of death where the Committee has discretion to determine an earlier vesting date.

#### 2.7 Corporate events

On a takeover of the Company and other specified corporate events, Deferred Share Awards vest and can be exercised by the participant within specified periods as set out in the rules of the DBSP.

## 2.8 Clawback

If, within three years of an Award Date, there has been an act or omission by a participant which is determined by the Committee to be intended fraud or misconduct by the participant which contributes to a significant error in financial information, the Committee, in its absolute discretion, may determine that either a Deferred Share Award should lapse or that Shares should not be transferred by reference to a Deferred Share Award in respect of which a participant has served a notice of exercise, in each case in respect of such number of Award Shares (whether vested or not, as appropriate) as the Committee, in its discretion, acting fairly and reasonably, considers appropriate.

## 3. Provisions Common to the Sharesave Plan and the DBSP

### 3.1 General

Options and Deferred Share Awards are not transferable (except on death) and are not pensionable benefits.

Options and, following the approval of the DBSP by shareholders at the 2014 Annual General Meeting ("**Shareholder Approval**"), Deferred Share Awards, will be capable of being satisfied by newly issued Shares, Shares purchased in the market or subscribed by the IP Group Employee Share Ownership Trust (the "**Trust**") or by the transfer of treasury Shares.

Operation of each of the Sharesave Plan and the DBSP is overseen by the Committee.

### 3.2 Dilution limit

In any ten year period ending on the relevant date of grant of an Option or (following Shareholder Approval and the amendment of the DBSP to allow the satisfaction of Deferred Share Awards by the issue of new Shares or the transfer of treasury Shares) a Deferred Share Award, as the case may be, the maximum number of new Shares which may be issued or made issuable pursuant to Options, Deferred Share Awards and other options or awards granted under any other employee share scheme operated by the Company (including, without limitation, the Company's existing Long-Term Incentive Plan ("**LTIP**")) shall not exceed 10 per cent of the issued ordinary share capital of the Company from time to time.

Insofar as it is necessary to ensure compliance with the guidance included in the remuneration principles issued from time to time by the Association of British Insurers, the percentage limit will apply to Options and Deferred Share Awards, awards under the LTIP and/or other options and awards satisfied or to be satisfied by the issue of treasury Shares.

### 3.3 Rights attaching to Shares

Shares allotted or transferred under the Sharesave Plan and the DBSP will rank equally in all respects with all other Shares then in issue (except for any rights attaching to Shares by reference to a record date preceding the allotment or transfer of such Shares). The Company will apply to the Financial Conduct Authority for the listing of any newly issued Shares.

### 3.4 Variation of share capital

If there is a variation in the ordinary share capital of the Company, the Committee may make such adjustments pursuant to the rules of the Sharesave Plan or the DBSP, respectively, as it considers appropriate to the total number of Shares subject to any Option or Deferred Share Award and, in the case of Options, the exercise price payable upon the exercise of any Option.

### 3.5 Alteration of the Sharesave Plan and the DBSP

The Committee may amend the Sharesave Plan and the DBSP, respectively, in any respect. However (in the case of the DBSP, following the Shareholder Approval), they may not make any alteration to the advantage of participants without the prior approval of shareholders in general meeting to the provisions relating to eligibility, any overall and individual limitations on the number/monetary value of Shares in respect of which Options or, as the case may be, Deferred Share Awards, may be granted or the basis for determining a participant's right to acquire Shares and the adjustment of such rights in the event of a variation of share capital unless the alteration is necessary to comply with any change in legislation, to maintain the Sharesave Plan's tax advantaged status, to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Sharesave Plan or the DBSP, as appropriate or any member of the Group, or the alteration is a minor amendment to benefit the administration of the Sharesave Plan or the DBSP.

**This summary does not form part of the rules of either of the Sharesave Plan or the DBSP and should not be taken as affecting the interpretation of their detailed terms and conditions. The Directors reserve the right up to the time of the Annual General Meeting to make such amendments and additions to the rules of the Sharesave Plan and the DBSP as they consider appropriate provided that such amendments do not conflict in any material respect with this summary.**

