

# Notice of AGM

Notice is hereby given that the annual general meeting (the "AGM") of Corero Network Security plc (the "Company") will be held at the offices of finnCap Ltd, 60 New Broad Street, London, EC2M 1JJ, on 17 June 2015 at 9.30 a.m. for the following purposes:

## Ordinary Business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

### 1. Report and accounts

To receive the audited annual accounts of the Company for the year ended 31 December 2014, together with the directors' report and the auditor's report on those annual accounts.

### 2. Re-election of director

To re-elect Mr Andrew Miller, who retires by rotation in accordance with the Company's articles of association, as a director of the Company.

### 3. Re-election of director

To re-elect Mr Jens Montanana, who retires by rotation in accordance with the Company's articles of association, as a director of the Company.

### 4. Re-appointment of auditors

To re-appoint BDO LLP as auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next annual general meeting at which accounts are laid before the Company.

### 5. Auditors' remuneration

To authorise the directors to determine the remuneration of the auditors.

## Special Business

To consider and, if thought fit, pass the following resolutions of which resolutions 6 and 9 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions:

### 6. Directors' authority to allot shares

THAT, in substitution for all existing and unexercised authorities and powers granted to the Directors prior to the date of this resolution in accordance with section 551 of the Companies Act 2006 ("Act"), the Directors be generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any security into shares of the Company (such shares and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to a maximum nominal amount of £385,458.05 on such terms and conditions as the Directors may determine provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

### 7. Disapplication of pre-emption rights

THAT, in substitution for all existing and unexercised authorities and powers granted to the Directors prior to the date of this resolution in accordance with section 570(1) of the Act and subject to and conditional on the passing of resolution 6, the Directors be and are hereby empowered to allot equity securities (as defined in section 560(1) of the Act) of the Company for cash, pursuant to the authority of the Directors under section 551 of the Act conferred by resolution 6 above, and/or by way of a sale of treasury shares for cash (by virtue of section 573 of the Act), in each case as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer by way of a rights issue or an offer of equity securities open for acceptance for a period fixed by the Directors (i) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings and (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock

exchange; and

(b) the allotment and/or sale of treasury shares for cash (otherwise than pursuant to resolution 7(a) above) of equity securities up to a maximum nominal amount of £115,637.42,

and that, unless previously revoked, varied or extended, this power shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted (and treasury shares to be sold) after such expiry and the Directors may allot equity securities (and sell treasury shares) in pursuance of such an offer or agreement as if this power had not expired.

#### **8. Authority to purchase Company's own shares**

THAT the Company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) on a recognised investment exchange (as defined in section 693(5) of the Act) of ordinary shares of £0.01 each in the capital of the Company ("Ordinary Shares") and to hold such shares as treasury shares (as defined in section 724(3) of the Act) and/or on such terms and in such manner as the Directors may from time to time determine provided that:

- (a) this authority shall be limited to the purchase of Ordinary Shares up to a maximum aggregate nominal value equal to £115,637.42 representing approximately 10 per cent. of the nominal value of the current issued ordinary share capital of the Company;
- (b) the minimum price which may be paid for such Ordinary Shares is £0.01 (exclusive of expenses);
- (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than 5 per cent. above the average middle market quotations for an Ordinary Share on the relevant recognised investment exchange on which Ordinary Shares are traded for the five business days immediately preceding the date on which the Ordinary Share is purchased;
- (d) unless previously revoked, varied or extended, the authority hereby conferred shall expire at the earlier of the date which is 15 months from the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company; and
- (e) the Company may make a contract or contracts to purchase Ordinary 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 Ordinary Shares in pursuance of any such contract or contracts.

#### **9. Amendment to Articles of Association**

THAT, the articles of association of the Company be and they are hereby amended as follows:

(a) by the insertion of the following new definition into Article 2.1 after the definition of "default shares":

"Deferred Shares" means deferred shares of £2.99 each in the capital of the Company having the rights and restrictions set out in these Articles; and

(b) by the replacement of the definition of "Ordinary Shares" in Article 2.1 with the following:

"Ordinary Shares" means ordinary shares of £0.01 each in the capital of the Company; and

(c) by the insertion of the following new Article 7A:

"7A Deferred Shares

7A.1 A Deferred Share:

- (a) does not entitle its holder to receive any dividend or other distribution;
- (b) does not entitle its holder to receive a share certificate in respect of the relevant shareholding, save as required by law;
- (c) does not entitle its holder to receive notice of, nor to attend, speak or vote at, any general meeting of the Company;
- (d) entitles its holder on a return of capital on a winding-up (but not otherwise) only to the repayment of the amount paid up on that share after payment of the capital paid up on each Ordinary Share and the further payment of £10,000,000 on each Ordinary Share; and
- (e) does not entitle its holder to any further participation in the capital, profits or assets of the Company.

7A.2 The Deferred Shares shall not be capable of transfer at any time other than with the prior written consent of the directors of the Company.

7A.3 The Company may at its option and is irrevocably authorised at any time after the creation of the Deferred

Shares to:

(a) appoint any person to act on behalf of any holder of a Deferred Share, without obtaining the sanction of the holder, to transfer any or all of such shares held by such holder for nil consideration to any person appointed by the Directors to be the custodian of such shares;

(b) without obtaining the sanction of the holder, but subject to the Acts:

(i) purchase any or all of the Deferred Shares then in issue and to appoint any person to act on behalf of all holders of Deferred Shares to transfer and to execute a transfer of all the Deferred Shares to the Company for an aggregate consideration of one penny payable to one of the holders of Deferred Shares to be selected by lot (who shall not be required to account to the holders of the other Deferred Shares in respect of such consideration); and

(ii) cancel any Deferred Share without making any payment to the holder.

7A.4 Any offer by the Company to purchase the Deferred Shares may be made by the Directors depositing at the registered office of the Company a notice addressed to such person as the directors shall have nominated on behalf of the holders of the Deferred Shares.

7A.5 Rights attaching to the Deferred Shares shall not be, or be deemed to be varied, abrogated or altered by:

(a) the creation or issue of any shares ranking in priority to the Deferred Shares;

(b) the Company reducing its share capital;

(c) the cancellation of any Deferred Share without any payment to the holder thereof; or

(d) the redemption or purchase of any share, whether a Deferred Share or otherwise and accordingly no consent thereto or sanction thereof by the holders of the Deferred Shares, or any of them, shall be required."

#### **10. Purchase of deferred shares**

THAT, subject to and conditional upon the passing of resolution 9 as a special resolution, the terms of a contract proposed to be made between the Company and the Sellers (as such term is defined in the contract) for the purchase by the Company of 1,518,990 deferred shares of £2.99 each in the capital of the Company for a total consideration of £0.01 as set out in the contract produced to the meeting and signed by the chairperson of the meeting for the purposes of identification (the "Purchase Contract") be approved and the Company be authorised to enter into the Purchase Contract.

The authority conferred by this resolution shall expire thirteen months after the date upon which the resolution is passed or, if earlier, at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into the Purchase Contract which will or may be executed wholly or partly after the expiry of such authority.

By order of the Board

**Duncan Swallow**  
Company Secretary

25 March 2015

Registered Office:

Regus House  
Highbridge  
Oxford Road  
Uxbridge  
Middlesex  
UB8 1HR

The following notes explain your general rights as a shareholder and your rights to attend and vote at the AGM or to appoint someone else to vote on your behalf:

#### **Notes:**

1. Resolution 9 is to allow the Company to amend the Articles of Association. The deferred shares were created and approved by shareholders at an extraordinary general meeting on 29 June 2009. At the same meeting the Company's Articles of Association were amended to include the terms of the deferred shares. Due to an administrative error the terms of the deferred shares and details of the deferred shares were not incorporated in the revised Company's Articles of Association approved at the annual general meeting on 19 May 2010. The purpose of the resolution is to correct the administrative error.

2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of

members of the Company at 6.00 p.m. on 15 June 2015 (or if the AGM is adjourned, on the day which is two business days before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.

3. Information regarding the general meeting, including information required by section 311A of the Act, is available from [www.corero.com](http://www.corero.com).

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held at 9.30 a.m. on 17 June 2015 and any adjournment(s) thereof by using the procedures described in the CREST Manual (available from [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Asset Services (CREST Participant ID: RA10), no later than 9.30 a.m. on 15 June 2015. 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 Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. 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 takes) 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 sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

5. If you wish to attend the AGM in person, you should make sure that you arrive at the venue for the AGM in good time before the commencement of the meeting. You may be asked to prove your identity in order to gain admission.

6. A member who is entitled to attend, speak and vote at the AGM may appoint a proxy to attend, speak and vote instead of him. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the AGM in order to represent you. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the AGM (although voting in person at the AGM will terminate the proxy appointment). A proxy form is enclosed. The notes to the proxy form include instructions on how to appoint the Chairman of the AGM or another person as a proxy. You can only appoint a proxy using the procedures set out in these Notes and in the notes to the proxy form.

7. To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrar, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU, by no later than 9.30 a.m. on 15 June 2015.

8. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

9. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in Notes 2 and 4 to 6 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised representative of the corporation.

10. The following documents are available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM from 9.00 am on the day of the AGM until its conclusion:

- (a) copies of the executive directors' service contracts with the Company and any of its subsidiary undertakings; and
- (b) letters of appointment of the non-executive directors.