

THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or from another appropriately authorised independent financial adviser if you are resident in a territory outside the United Kingdom. The whole of this document should be read.

If you have sold or transferred all of your Ordinary Shares in Corero Network Security plc (the “**Company**”) please send this document and the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

Corero Network Security plc

(Incorporated in England and Wales under the Companies Act 1985 with registered no. 2662978)

Approval of waiver of obligations under Rule 9 of the Takeover Code and Notice of Annual General Meeting

Your attention is drawn to the letter from the Senior Non-Executive Director of the Company which is set out on pages 3 to 9 (inclusive) of this document and which recommends you to vote in favour of the Resolutions to be proposed at the Annual General Meeting referred to below.

Notice of the Annual General Meeting of the Company, to be held at 68 Lombard Street, London, EC3V 9LJ at 11.30 a.m. on 5 June 2018, is set out at the end of this document. The accompanying Form of Proxy for use in connection with the Annual General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company’s registrars, Link Asset Services, by not later than 11.30 a.m. on 1 June 2018. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the Annual General Meeting should they so wish.

Any person entitled to receive a copy of documents and information relating to the Rule 9 Waiver, including this document, is entitled to receive such documents in hard copy form. Such person may request that all future documents and information in relation to the Rule 9 Waiver are sent to them in hard copy form. You may request a hard copy of this document and/or any information incorporated into this document by reference to another source by contacting the Company at Corero Network Security plc, Regus House, Highbridge, Oxford Road, Uxbridge UB8 1HR, UK.

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Part I

Letter from the Senior Non-Executive Director of

Corero Network Security plc

(Incorporated in England and Wales under the Companies Act 1985 with registered no. 2662978)

Directors:

Jens Montanana (*Non-Executive Chairman*)
Ashley Stephenson (*Chief Executive Officer*)
Andrew Lloyd (*President and Executive Vice President Sales and Marketing Director*)
Andrew Miller (*Chief Financial Officer*)
Richard Last (*Senior Non-Executive Director*)

Registered office:

Regus House
Highbridge
Oxford Road
Uxbridge
UB8 1HR

10 May 2018

To the holders of Ordinary Shares and for information purposes to the holder of options over Ordinary Shares

Dear Shareholder

**Approval of waiver of obligations under Rule 9 of the Takeover Code for the
Cancellation and Grant of Options
and
Notice of Annual General Meeting**

1. Introduction

I am pleased to be writing to you with details of the 2018 Annual General Meeting of Corero Network Security plc (the "Company") which will be held at 68 Lombard Street, London, EC3V 9LJ at 11.30 a.m. on 5 June 2018. The formal notice of the Annual General Meeting is set out at the end of this document.

In addition, further to the Company's announcements on 9 June 2017 and 5 April 2018, the Company has today announced the Takeover Panel has agreed to waive the obligation on the Concert Party to make a general offer to shareholders under Rule 9 of the Code that could otherwise arise if they exercise the Regrant CP Share Options that the Company is intending to grant them, subject to the Whitewash Resolution being approved at the Annual General Meeting. Accordingly, the Company is seeking the approval at the Annual General Meeting of the Whitewash Resolution and the grant of the Regrant CP Share Options on the same terms as the cancellation and regrant of share options to other directors and employees of the Company which occurred on 8 June 2017.

The Concert Party consists of Jens Montanana and Andrew Miller. As at the date of this document Jens Montanana holds 154,382,609 Ordinary Shares, representing 40.10 per cent. of the Company's current issued share capital and Andrew Miller holds 1,091,437 Ordinary Shares, representing 0.28 per cent. of the Company's current issued share capital. The Concert Party therefore has an aggregate holding in the Company of 155,474,046 Ordinary Shares, representing 40.38 per cent. of the Company's current issued share capital. On 9 June 2017, the Company announced its intention to cancel 2,356,000 Existing CP Share Options granted to Andrew Miller and 425,000 Existing CP Share Options granted to Jens Montanana and to grant an equal number of Regrant CP Share Options to each of them. The Concert Party will hold an interest in the Company of a total of 2,781,000 Regrant CP Share Options. Should the Concert Party exercise its rights under the Regrant CP Share Options in full, and assuming no other Ordinary Shares are issued by the Company, then the Concert Party will hold 158,255,046 Ordinary Shares representing 40.81 per cent. of the Company's issued share capital as enlarged by the exercise of the 2,781,000 Regrant CP Share Options.

The purpose of this document is to explain the background to, and the reasons for, the Resolutions and to explain why the Board considers the Resolutions to be in the best interests of the Company and its

Shareholders as a whole, and why the Board recommends that you vote in favour of Resolutions 2 to 9 and the Independent Directors alone recommend that you vote in favour of the Whitewash Resolution.

2. Corero Network Security plc – Nature of Business

Corero is the leader in real-time, high-performance DDoS defence solutions. Service providers, hosting providers and digital enterprises rely on Corero's award winning technology to eliminate the DDoS threat to their environment through automatic attack detection and mitigation, coupled with complete network visibility, analytics and reporting. This industry leading technology provides cost effective, scalable protection capabilities against DDoS attacks in the most complex environments while enabling a more cost effective economic model than previously available.

3. Background to and reasons for the Rule 9 Waiver

On 9 June 2017, the Company announced its intention to cancel 2,356,000 Existing CP Share Options granted to Andrew Miller and 425,000 Existing CP Share Options granted to Jens Montanana and to grant an equal number of Regrant CP Share Options to each of them. The Existing CP Share Options were granted to Mr. Miller on 10 August 2010, 6 September 2012, 3 April 2013, 12 May 2014, 24 April 2015 and 7 January 2016, and to Mr. Montanana on 10 August 2010, 21 March 2012, 3 April 2013 and 7 January 2016, further details of which are set out in paragraph 3 of Part III of this document. Independent Shareholders approved the future exercise of the Existing CP Share Options by the Concert Party at a General Meeting on 24 April 2017. The Concert Party will hold 2,781,000 Regrant CP Share Options. The purpose of re-granting the Regrant CP Share Options is to put in place a new, lower exercise price and to ensure that Corero share options continue to act as an incentive and retention tool.

The Company has entered into deeds of cancellation and option agreements with Andrew Miller and Jens Montanana which will terminate and lapse if the Whitewash Resolution is not passed. The Regrant CP Share Options will carry an exercise price of 13.6 pence per Ordinary Share, being the weighted average price of the Company fundraises from 2010 up to 9 June 2017 (being the date in which certain share options of other directors and employees were cancelled and regranting), and they will vest in equal proportions on the first, second and third anniversaries of being granted. Any Ordinary Shares issued pursuant to the exercise of the Regrant CP Share Options may not be sold or otherwise transferred until the second anniversary of the date of being granted. There are no performance conditions associated to the vesting of the Regrant CP Share Options.

The number of Regrant CP Share Options to be granted will be the same as the number of Existing CP Share Options to be cancelled. However, since the grant of the Regrant CP Share Options will be on new terms, the increase in the percentage shareholding of the Concert Party as a result of the exercise of any of the CP Share Options without a waiver of the obligations under Rule 9 of the Takeover Code (commonly referred to as a "**Whitewash**"), would oblige the Concert Party to make a general offer to Shareholders under Rule 9 of the Takeover Code in either circumstance. The Panel has agreed to a waiver of this obligation, subject to the Whitewash Resolution being approved at the Annual General Meeting (on a poll) by Independent Shareholders who hold in excess of 50 per cent. of the Independent Shares. The Rule 9 Waiver and the re-grant of Regrant CP Share Options are therefore each conditional, *inter alia*, upon Shareholders approving the Whitewash Resolution. If the Whitewash Resolution is not approved by Independent Shareholders, no Existing CP Share Options of the Concert Party will be cancelled and no Regrant CP Share Options will be granted.

The Regrant CP Share Options to be granted to Andrew Miller will be granted under the terms of the Corero Executive Enterprise Management Incentive Plan. The current EU State Aid approval for Enterprise Management Incentive ("EMI") options schemes expired on 6 April 2018 due to UK government oversight in making the application for the renewal of EU State Aid. This means that EMI share options granted in the period after 6 April 2018 up until EU State Aid approval is received may not be eligible for the tax advantages afforded to EMI option holders, and accordingly share options granted in that period as EMI share options may therefore be treated as non-tax advantaged employment-related securities options.

The expectation is that this matter should be resolved within a relatively short time and that EU State Aid approval will be obtained. However, there is currently no certainty as to the manner in which, or indeed if, this matter will be resolved. If EMI options are granted in the period between 7 April 2018 and the date on which EU State Aid is obtained it is likely that either: (i) EU State Aid will be obtained with retrospective effect

in which case any EMI option grants would subsist as qualifying EMI options; or (ii) EU State Aid will be obtained but without retrospective effect in which case such EMI option grants would subsist as non-qualifying options which would need to be cancelled and new options granted in order to qualify as an EMI options. If EU State Aid is not obtained, any such option grant would either remain as a non-qualifying options or would need to be cancelled and a new option grant made under a more tax efficient scheme.

In the event that either EU State Aid is obtained without retrospective effect or is not obtained at all then, assuming that the Whitewash Resolution is passed, the Company may cancel the grant of the Regrant CP Share Options to Andrew Miller and instead grant new options to Andrew Miller on the same terms as the Regrant CP Share Options as regard to the number of share options granted, the exercise price and the vesting. Therefore, if Shareholders vote in favour of the Whitewash Resolution they will be approving both the Regrant CP Share Options and the possible future grant and exercise of 2,356,000 options over Ordinary Shares in the event that the Regrant CP Share Options to Andrew Miller are cancelled.

4. The Takeover Code

The Takeover Code is issued and administered by the Takeover Panel. The Takeover Code applies, *inter alia*, to all public companies which have their registered office in the United Kingdom and are considered by the Takeover Panel to have their place of operation in the United Kingdom. The Company is such a company and Shareholders are therefore entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as such term is defined in the Takeover Code) in shares which, taken together with the shares in which he and persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights in a company that is subject to the Takeover Code, is normally required to make a general offer to all of the remaining shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with him or her, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights but does not hold shares carrying more than 50 per cent. of the voting rights of such a company, a general offer will normally be required if any further interests in shares are acquired which increases the percentage of shares carrying voting rights by any such person. Such an offer would have to be made in cash at a price not less than the highest price paid by him, or by any member of the group of persons acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer. The Takeover Panel may agree to waive an obligation that would otherwise arise to make a mandatory offer under Rule 9 of the Takeover Code where that obligation arises as a result of an issue of new shares and the waiver is approved by independent shareholders.

Shareholders should be aware that if the Whitewash Resolution is passed, Jens Montana will hold an interest in Ordinary Shares carrying more than 30 per cent., but not more than 50 per cent., of the voting rights of the Company's voting share capital. As such, for the purposes of the provisions of Rule 9 of the Takeover Code, any further increase in Jens Montana's interest in Ordinary Shares will be subject to the provisions of Rule 9 of the Takeover Code.

Shareholders should also be aware that if the Whitewash Resolution is passed, the Concert Party will also hold an interest in Ordinary Shares carrying more than 30 per cent., but not more than 50 per cent., of the voting rights of the Company's voting share capital. As a result, for as long as they continue to be treated as acting in concert, any further increase in the Concert Party's interest in Ordinary Shares will also be subject to the provisions of Rule 9 of the Takeover Code.

The Concert Party

Under the Takeover Code, a concert party arises when persons, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of, or frustrate the successful outcome of an offer for, the Company. Control means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company irrespective of whether the interest or interests give *de facto* control.

The Company's largest Shareholder and Non-Executive Chairman, Jens Montana, together with Andrew Miller, Chief Financial Officer, have an aggregate holding in the Company of 155,474,046 Ordinary Shares at the date of this document. As set out in a circular issued by the Company dated 14 July 2010, a circular issued by the Company dated 25 February 2013 and a circular issued by the Company dated 6 April 2017,

Jens Montanana and Andrew Miller are considered by the Takeover Panel to be acting in concert for the purposes of the Takeover Code. Both members of the Concert Party are Directors and employees of the Company.

Should the Concert Party exercise their rights under their CP Share Options in full, and assuming no other Ordinary Shares are issued by the Company following the date of this document, then the Concert Party would have an interest in the Company of 158,255,046 Ordinary Shares representing 41.27 per cent. of the Company's issued share capital at that date. Full details of the Concert Parties interests on 9 May 2018 (being the last practicable date prior to publication of this document) and potential interest in Ordinary Shares if the members of the Concert Party exercise their rights under the CP Share Options are set out below:

	<i>Number of Ordinary Shares held on 9 May 2018 (being the last practicable date prior to publication of this document)</i>	<i>Existing holding as a percentage of the Existing Share Capital</i>	<i>Number of Existing CP Share Options held on 9 May 2018 (being the last practicable date prior to publication of this document)</i>	<i>Number of Existing CP Share Options to be cancelled</i>	<i>Number of Regrant CP Share Options to be granted on the passing of the Whitewash Resolution</i>	<i>Resulting holding as a percentage of the Enlarged Share Capital assuming the exercise of all of the CP Share Options and no further issue of Ordinary Shares</i>
<i>Director</i>						
Jens Montanana	154,382,609*	40.10%	1,419,000	425,000	425,000	39.87%
Andrew Miller	1,091,437	0.28%	4,415,000	2,356,000	2,356,000	1.41%
Total	155,474,046	40.38%	5,834,000	2,781,000	2,781,000	41.27%

* of which 33,674,846 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana, and 102,953,954 Ordinary Shares are held in the name of The New Millennium Technology Trust.

Further detail of the Concert Party's interests in the Company prior to and subsequent to the Rule 9 Waiver, both before and after any potential exercise of their rights over the Existing CP Share Options and the Regrant CP Share Options, is set out in paragraph 3 of Part III of this document.

Rule 9 Waiver

The Panel has agreed to waive the obligation on the Concert Party to make a general offer that would otherwise arise as a result of the exercise of Regrant CP Share Options, subject to the approval of the Independent Shareholders, (to be taken on a poll). Accordingly, the Whitewash Resolution is being proposed at the General Meeting to approve the Rule 9 Waiver in respect of the Concert Party for the future exercise of any of the Regrant CP Share Options. Members of the Concert Party will not be entitled to vote on the Whitewash Resolution.

5. Intentions of the Concert Party

The Concert Party has confirmed that, if the Whitewash Resolution is passed by the Independent Shareholders on a poll, there is no agreement, arrangement or understanding for the transfer of their Ordinary Shares to any third party. Save as set out below, the Concert Party is not intending to seek any changes in respect of: (i) the composition of the Board, nor the Company's plans with respect to the continued employment of employees and management of the Company and its subsidiaries (including any material change in conditions of employment); (ii) the Company's future business and its strategic plans; (iii) the location of the Company's place of business; (iv) employer contributions into any of the Company's pension schemes, the accrual of benefits for existing members, nor the admission of new members; (v) redeployment of the Company's fixed assets; or (vi) the continuation of the Ordinary Shares being admitted to trading on AIM.

In the event that the Whitewash Resolution is passed by the Independent Shareholders at the AGM, the Concert Party will not be restricted from making an offer for the Company.

6. Current trading

On 5 April 2018, the Company released its annual audited results for the year ended ending 31 December 2017. A copy of the annual audited results for the year ended ending 31 December 2017 is available on the Company's website at: www.corero.com/investors.

7. Independent advice provided to the Board

The Takeover Code requires the Board to obtain competent independent advice regarding the merits of the Rule 9 Waiver which is the subject of the Whitewash Resolution, the increase of the Concert Party's controlling position on exercise of the CP Share Options and the effect it will have on the Shareholders generally. Accordingly, Cenkos, as the Company's financial adviser, has provided formal advice to the Board regarding the Rule 9 Waiver. Cenkos confirms that it is independent of Jens Montanana and Andrew Miller, being the Concert Party, and has no commercial relationship with them.

8. Annual General Meeting

You will find set out at the end of this document a notice convening the Annual General Meeting of the Company to be held at 11.30 a.m. on 5 June 2018 at 68 Lombard Street, London, EC3V 9LJ. Details of the Resolutions which will be proposed at the AGM are set out below:

Ordinary Resolutions

Resolution 1

Resolution 1 proposes the Whitewash Resolution. The reasons for this Resolution are described above.

Resolution 2

Resolution 2 proposes that Company's annual accounts for the year ended 31 December 2017 together with the Directors' Report and Auditor's Report on these accounts be received, considered and adopted.

Resolution 3

Resolution 3 proposes to re-elect Jens Montanana as a director who is retiring in accordance the Company's articles of association and, being eligible to re-appointment, is offering himself for re-election to the Board.

Resolution 4

Resolution 4 proposes to re-elect Andrew Miller as a director who is retiring in accordance with the Company's articles of association, being eligible to re-appointment, is offering himself for re-election to the Board.

Resolution 5

Resolution 5 proposes to re-appoint BDO LLP as auditors of the Company from the conclusion of the Annual General Meeting until the conclusion of the next annual general meeting at which accounts are laid before the Company.

Resolution 6

Resolution 6 proposes that the Directors be authorised to determine the remuneration of the auditors.

Resolution 7

Resolution 7 proposes that the directors be given general and unconditional authority to allot new Ordinary Shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to a maximum aggregate nominal value of £1,283,276.20 (being up to 128,327,620 Ordinary Shares).

This represents approximately one-third of the share capital of the Company in issue at the date of this document.

Special Resolutions

Resolution 8

Under section 561 of the Companies Act 2006, when new shares are allotted or treasury shares are sold for cash, they must first be offered to existing shareholders *pro rata* to their holdings. There may be occasions, however, when the Company's Directors will need flexibility to finance business opportunities by the issue of Ordinary Shares without a fully pre-emptive offer to the Company's existing Shareholders.

Resolution 8 proposes the disapplication of the statutory pre-emption rights in connection with the allotment of new ordinary shares up to maximum aggregate nominal value of £384,982.86 (being up to 38,498,286 Ordinary Shares). This amount represents approximately ten per cent. of the Company's issued share capital as at the date of this document (with the Company holding no shares in treasury as at the date of this document).

This part of the authority is designed to provide the Board with flexibility to raise further equity funding and to pursue acquisition opportunities as and when they may arise, or the directors will also have authority to issue shares on a non pre-emptive basis in respect of a rights issue, open offer or other offer that generally provides existing Shareholders with the opportunity to subscribe for new shares *pro rata* to their existing holdings. This part of the authority is designed to give the Company's Directors flexibility to exclude certain shareholders from such an offer where the Company's Directors consider it necessary or desirable to do so in order to avoid legal, regulatory or practical problems that would otherwise arise.

Resolution 9

Resolution 9 proposes that the Company be authorised to make market purchases of up to 38,498,286 of its own Ordinary Shares, representing ten per cent. of the nominal value of the share capital of the Company in issue as at the date of this document. The Resolution sets out the minimum and maximum prices that can be paid exclusive of expenses.

The Company's Directors have no present intention of exercising the authority to purchase Ordinary Shares but will keep the matter under review. The Company's Directors would only purchase Ordinary Shares if, in their opinion, the expected effect would be to result in an increase in earnings per Ordinary Share and would benefit Shareholders generally.

In accordance with the requirements of the Takeover Panel for granting the Rule 9 Waiver, the Whitewash Resolution will be taken on a poll of Independent Shareholders.

To be passed, Resolutions 2 to 7 inclusive (proposed to be passed as ordinary resolutions) will require a simple majority, and Resolutions 8 and 9 inclusive (proposed to be passed as special resolutions) will require a majority of not less than 75 per cent. of persons voting in person or on a poll by proxy in favour of the relevant Resolution.

The authorities to be granted pursuant to Resolutions 7, 8 and 9 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.

9. Action to be taken

A Form of Proxy is enclosed for use at the Annual General Meeting. Whether or not you intend to be present at the meeting you are requested to complete, sign and return the Form of Proxy to the Company's registrars, Link Asset Services, at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by no later than 11.30 a.m. on 1 June 2018. The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

10. Further Information

Your attention is drawn to the further information set out in Part III of this document, which provides additional information on the matters set out herein, and to the Company's consolidated financial statements for the two financial years ended 31 December 2016 and 31 December 2017, which are incorporated by reference into this document and are available at www.corero.com/investors. You are advised to read the whole document and not merely rely on key or summarised information in this letter.

11. Recommendations

11.1 The Independent Directors consider the Whitewash Resolution to be in the best interests of the Company and its Shareholders as a whole. The Independent Directors, who have been so advised by Cenkos, consider that the Rule 9 Waiver is fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing advice to the Independent Directors, Cenkos has taken into account the Independent Directors' commercial assessments.

11.2 The Independent Directors unanimously recommend that Shareholders vote in favour of the Whitewash Resolution, as they have undertaken to do in respect of their own beneficial holdings, representing approximately 0.63 per cent. in aggregate of the Existing Ordinary Shares. Jens Montanana and Andrew Miller, who are members of the Concert Party, are not deemed to be independent for the purpose of this recommendation.

11.3 The Directors believe that the Resolutions (excluding the Whitewash Resolution) to be considered at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole and unanimously recommend that you vote in favour of each of the Resolutions, as the Directors who are Shareholders intend to do in respect of their beneficial shareholders representing, in aggregate, over 41.02 per cent. of the current issued share capital of the Company.

Yours sincerely

Richard Last

Senior Non-Executive Director

Part II

Financial Information on Corero Network Security plc

The information listed below relating to the Company is hereby incorporated by reference into this document.

No	Information	Source of Information
1.	Revenue, profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends and earnings and dividends per share for the Company for the year ended 31 December 2016 and the year ended 31 December 2017.	<p>Annual Report & Accounts 2016 and 2017, Consolidated Statement of Comprehensive Income on page 27 for 2016 and page 34 for 2017.</p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p>https://www.corero.com/annual-report/2016/index.html#page=1</p> <p>https://www.corero.com/investors/investor-relations-assets/Corero%20Network%20Security%20plc%20Annual%20Report%20and%20Accounts%20for%20the%20year%20ended%2031-Dec-17%20a.pdf</p>
2.	A statement of the assets and liabilities shown in the audited accounts for the Company for the year ended 31 December 2017.	<p>Annual Report & Accounts 2017, Consolidated Balance Sheet on page 35.</p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p>https://www.corero.com/investors/investor-relations-assets/Corero%20Network%20Security%20plc%20Annual%20Report%20and%20Accounts%20for%20the%20year%20ended%2031-Dec-17%20a.pdf</p>
3.	A cash flow statement as provided in the audited accounts for the Company for the year ended 31 December 2017.	<p>Annual Report & Accounts 2017, Consolidated Cash Flow Statement on page 37.</p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p>https://www.corero.com/investors/investor-relations-assets/Corero%20Network%20Security%20plc%20Annual%20Report%20and%20Accounts%20for%20the%20year%20ended%2031-Dec-17%20a.pdf</p>
4.	Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures.	<p>Annual Report 2016 and 2017 and the Notes to the Accounts on pages 33 to 38 for 2016; and pages 40 to 45 for 2017 respectively.</p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p>https://www.corero.com/annual-report/2016/index.html#page=1</p>

		https://www.corero.com/investors/investor-relations-assets/Corero%20Network%20Security%20plc%20Annual%20Report%20and%20Accounts%20for%20the%20year%20ended%2031-Dec-17%20a.pdf
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The results for the Company for the year ended 31 December 2016 and the year ended 31 December 2017 are available free of charge on the Company's website provided above.

Part III

Additional Information

1. Responsibility

- 1.1 The Directors, whose names appear below in paragraph 2, accept responsibility for the information contained in this document, save that:
- 1.1.1 Jens Montanana and Andrew Miller take no responsibility for paragraph 11.1 of Part I of this document, for which only the Independent Directors take responsibility; and
- 1.1.2 the only responsibility accepted by the Independent Directors in respect of the information in this document relating to the Concert Party has been to ensure that such information has been correctly and fairly reproduced or presented (and no steps have been taken by the Independent Directors to verify this information).
- 1.2 To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information for which they accept responsibility contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 Each member of the Concert Party accepts responsibility for the information contained in this document relating to him. To the best of the knowledge and belief of each member of the Concert Party, who has taken all reasonable care to ensure that such is the case, the information for which he is responsible contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

<i>Director</i>	<i>Function</i>
Jens Montanana	<i>(Non-Executive Chairman)</i>
Ashley Stephenson	<i>(Chief Executive Officer)</i>
Andrew Miller	<i>(Finance Director)</i>
Andrew Lloyd	<i>(President and Executive Vice President Sales and Marketing Director)</i>
Richard Last	<i>(Non-Executive Director)</i>

The registered address of the Company is Regus House, Highbridge, Oxford Road, Uxbridge UB8 1HR, UK.

3. Interests and Dealings

Directors and other interests

For the purposes of this paragraph 3, the following terms have the following meanings:

- (i) **“acting in concert”** with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the Takeover Code and/or the Rule 9 Waiver;
- (ii) **“connected adviser”** means an organisation advising the Company in relation to the proposals described in Part 1 of this document or a corporate broker to the Company;
- (iii) **“control”** means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the Takeover Code) of a company, irrespective of whether such interest or interests give *de facto* control;
- (iv) **“dealing”** or **“dealt”** includes the following:
- (a) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
- (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
- (c) subscribing or agreeing to subscribe for securities;

- (d) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
 - (e) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
 - (f) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
 - (g) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- (v) being “**interested**” in securities (or having an “**interest**”) in such securities includes where a person:
- (a) owns them;
 - (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire them or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (d) is a party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them; and
- (vi) “**relevant securities**” mean Ordinary Shares and securities convertible into, rights to subscribe for, derivatives referenced to and options (including traded options) in respect of, Ordinary Shares and “relevant security” shall be construed accordingly.

3.1 As at the close of business on 9 May 2018, (being the last practicable date prior to publication of this document), the interests, rights to subscribe and short positions of the Directors, their immediate families and persons connected with them (within the meaning of Part 22 of the Act) in Ordinary Shares (all of which are beneficial unless stated) which would be required to be notified pursuant to Part 22 of the Act and related regulations, or which would be required to be entered in the register maintained under Part 22 of the Act, were set out below:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Percentage of current voting rights in the Company</i>
Jens Montanana	154,382,609*	40.10%	40.1%
Ashley Stephenson	38,000	0.01%	0.01%
Andrew Lloyd	400,000	0.10%	0.10%
Andrew Miller	1,091,437	0.28%	0.28%
Richard Last	2,000,000	0.52%	0.52%

* of which 33,674,846 are held in the name of JPM International Limited, which is wholly owned by Jens Montanana and 102,953,954 are held in the name of The New Millennium Technology Trust of which Jens Montanana is a beneficiary.

3.2 As at the close of business on 9 May 2018 (being the last practicable date prior to publication of this document), details of share options granted to Directors (and any persons connected with them (within the meaning of section 252 of the Act)) were as set out below:

<i>Director</i>	<i>Interest in share options</i>	<i>Grant Date</i>	<i>Exercise Price (pence)</i>	<i>Expiry Date</i>
Jens Montanana	165,000	10 August 2010	25.0	10 August 2020
	30,000	21 March 2012	54.5	21 March 2022
	80,000	3 April 2013	25.0	3 April 2023
	150,000	7 January 2016	22.5	7 January 2026
	994,000	24 April 2017	8.0	24 April 2027
Ashley Stephenson	180,000	21 March 2012	54.5	21 March 2022
	400,000	3 April 2013	25.0	3 April 2023
	1,720,000	12 May 2014	25.0	12 May 2024
	200,000	24 April 2015	15.0	24 April 2025
	700,000	7 January 2016	20.0	7 January 2026
	2,319,000	24 April 2017	8.0	24 April 2027
	(3,200,000)	5 June 2017	Various	Various
3,200,000	8 June 2017	13.6	8 June 2027	
Andrew Lloyd	60,000	3 April 2013	54.5	3 April 2023
	40,000	12 May 2014	25.0	12 May 2024
	100,000	7 January 2016	20.0	7 January 2026
	3,995,000	24 April 2017	8.0	24 April 2027
	(200,000)	5 June 2017	Various	Various
	200,000	8 June 2017	13.6	8 June 2027
Andrew Miller	476,000	10 August 2010	25.0	10 August 2020
	140,000*	21 March 2011	40.0	21 March 2021
	80,000	6 September 2012	54.5	6 September 2022
	250,000	3 April 2013	25.0	3 April 2023
	750,000	12 May 2014	25.0	12 May 2024
	300,000	24 April 2015	15.0	24 April 2025
	500,000	7 January 2016	20.0	7 January 2026
	1,919,000	24 April 2017	8.0	24 April 2027
Richard Last	20,000	21 March 2012	54.5	21 March 2022
	60,000	3 April 2013	25.0	3 April 2023
	100,000	7 January 2016	20.0	7 January 2026
	450,000	24 April 2017	8.0	24 April 2027
	(180,000)	5 June 2017	Various	Various
	180,000	8 June 2017	13.6	8 June 2027

* these options consist of a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the employee share ownership trust at 40p per Ordinary Share pursuant to the grant made to him under the DPSP.

- 3.3 Assuming the maximum possible number of Ordinary Shares are issued under existing options held by each Director over Ordinary Shares and the DPSP, and assuming no further issues of Ordinary Shares are made by the Company, no exercise of other options are made by other option holders and no disposals of Ordinary Shares are made by any Director, their maximum interest in the Ordinary Shares will be:

<i>Director</i>	<i>Maximum interest in Ordinary Shares</i>	<i>Maximum percentage of issued Ordinary Share Capital</i>
Jens Montanana*	155,801,609	38.84%
Ashley Stephenson	5,557,000	1.39%
Andrew Lloyd	4,595,000	1.15%
Andrew Miller**	5,506,437	1.37%
Richard Last	2,630,000	0.66%

* of which 33,674,846 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana, and 102,953,954 Ordinary Shares are held in the name of The New Millennium Technology Trust.

** includes a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the employee share ownership trust at 40p per Ordinary Share pursuant to the grant made to him under the DPSP.

Of the 24,640,666 share options in issue at 30 April 2018 (excluding the DPSP), 16,178,000 are held by the Directors as detailed in the table above and the remaining 8,462,666 are held by employees of the Group.

- 3.4 Save as disclosed in paragraphs 3.12 and 3.13 of this Part III, as at the close of business on 9 May 2018 (being the last practicable date prior to publication of this document), none of the Concert Party, their immediate family or persons connected to them (within the meaning of Part 22 of the Act and related regulations) nor any persons acting in concert with them, had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in money or otherwise), including any short position in a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in any relevant security of the Company.
- 3.5 There have been no dealings (including borrowing or lending) for value in relevant securities by the Company (or by any person acting in concert with the Company), the Directors, or the Concert Party (or their immediate families, related trusts or persons connected or acting in concert with them) during the period of 12 months preceding 9 May 2018 (being the last practicable date prior to publication of this document), save as set out below:

<i>Director</i>	<i>Date</i>	<i>Transaction</i>	<i>No. of Ordinary Shares</i>	<i>Price per Ordinary Share (p)</i>
Jens Montanana	5 April 2018	Subscription	16,382,609	5.75
Andrew Lloyd	5 April 2018	Subscription	100,000	5.75
Richard Last	5 April 2018	Subscription	683,333	5.75

- 3.6 As at the close of business on 9 May 2018 (being the last practicable date prior to publication of this document), neither the Company nor any persons acting in concert with the Company had borrowed or lent any relevant securities of the Company.
- 3.7 Save as disclosed in paragraphs 3.1 and 3.2 of this Part III, as at the close of business on 9 May 2018 (being the last practicable date prior to publication of this document), none of the Directors, their immediate families or person connected with them (within the meaning of Part 22 of the Act and related regulations) nor any persons acting in concert with them, had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in any relevant securities of the Company.

- 3.8 As at the close of business on 9 May 2018 (being the last practicable date prior to publication of this document), no person acting in concert with the Company had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in relevant securities of the Company.
- 3.9 As at the close of business on 9 May 2018 (being the last practicable date prior to publication of this document), neither Cenkos nor any other connected adviser of the Company (including any person controlling, controlled by or under the same control as it) had any interests, rights to subscribe or short positions in relevant securities of the Company.
- 3.10 Other than as set out in paragraph 3.1 of this Part III and paragraph 3.3 of this Part III and so far as the Directors are aware, the only persons who, as at the close of business on 9 May 2018 (being the last practicable date prior to publication of this document), are or will be directly or indirectly, interested (within in the meaning of Chapter 5 of the DTR) in 3 per cent. or more of the Ordinary Shares are as follows:

<i>Name of Shareholder</i>	<i>9 May 2018</i>	
	<i>Number of Ordinary Shares</i>	<i>% of Existing Issued Share Capital</i>
Miton	61,223,917	15.90%
Richard Koch	31,186,500	8.36%
Herald Investment Management Ltd	30,306,406	7.87%
Sabvest Capital Holdings	26,400,000	6.86%
Peter Gain*	21,278,246	5.53%

* of which 4,900,000 shares are held in the name of Draper Gain Investments Ltd

The Concert Party

- 3.11 The Concert Party comprises Jens Montanana and Andrew Miller. The Concert Party can be contacted at Regus House, Highbridge, Oxford Road Uxbridge UB8 1HR, UK.
- 3.11.1 Jens Peter Montanana is the founder and CEO of Datatec Limited, established in 1986. Between 1989 and 1993 Jens served as managing director and vice-president of US Robotics (UK) Limited, a wholly owned subsidiary of US Robotics Inc., which was acquired by 3Com. In 1993, he co-founded US start up Xedia Corporation in Boston, an early pioneer of network switching and one of the market leaders in IP bandwidth management, which was subsequently sold to Lucent Corporation in 1999 for \$246 million. In 1994, Jens became CEO of Datatec Limited. Datatec Limited listed on the Johannesburg Stock Exchange in 1994 and on AIM in 2006 and delisted from AIM in 2017. Jens has previously served on the boards and sub-committees of various public companies.
- 3.11.2 Andrew Douglas Miller (CFO and Executive Director responsible for finance) was with the Datatec Limited group in a number of roles between 2000 and 2009 including the Logicalis Group Limited (“Logicalis”) Operations Director and Corporate Finance and Strategy Director. Andrew led the Logicalis acquisition strategy, acquiring and integrating 12 companies in the US, UK, Europe and South America. Prior to this, Andrew gained considerable corporate finance experience in London with Standard Bank, West Deutsche Landesbank and Coopers & Lybrand. Andrew trained and qualified as a chartered accountant and has a bachelor’s degree in commerce from the University of Natal, South Africa.

3.12 At the close of business on 9 May 2018 (being the latest practicable date prior to the publication of this document) the interests of the Concert Party (and the interests of persons connected with it (within the meaning of section 252 of the Act)) in Ordinary Shares are as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of current issued Ordinary Shares</i>	<i>Percentage of current voting rights in the Company</i>
Jens Montanana	154,382,609*	40.1%	40.1%
Andrew Miller	1,091,437	0.28%	0.28%
Total Concert Party interest	155,474,046	40.38%	40.38%

* of which 33,674,846 are held in the name of JPM International Limited, which is wholly owned by Jens Montanana and 102,953,954 are held in the name of The New Millennium Technology Trust of which Jens Montanana is a beneficiary.

3.13 At the close of business on 9 May 2018 (being the latest practicable date prior to the publication of this document) the interests of the Concert Party (and the interests of persons connected with it (within the meaning of section 252 of the Act)) in Existing CP Share Options are as follows:

<i>Director</i>	<i>Interest in Existing CP Share Options</i>	<i>Grant Date</i>	<i>Exercise Price (pence)</i>	<i>Expiry Date</i>
Jens Montanana	165,000	10 August 2010	25.0	10 August 2020
	30,000	21 March 2012	54.5	21 March 2022
	80,000	3 April 2013	25.0	3 April 2023
	150,000	7 January 2016	22.5	7 January 2026
	994,000	24 April 2017	8.0	24 April 2027
Andrew Miller	476,000	10 August 2010	25.0	10 August 2020
	140,000*	21 March 2011	40.0	21 March 2021
	80,000	6 September 2012	54.5	6 September 2022
	250,000	3 April 2013	25.0	3 April 2023
	750,000	12 May 2014	25.0	12 May 2024
	300,000	24 April 2015	15.0	24 April 2025
	500,000	7 January 2016	20.0	7 January 2026
1,919,000	24 April 2017	8.0	24 April 2027	

* these options consist of a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the employee share ownership trust at 40p per Ordinary Share pursuant to the grant made to him under the DPSP.

In total, Mr. Montanana is interested in 1,419,000 Existing CP Share Options and Mr. Miller is interested in 4,415,000 Existing CP Share Options. The Concert Party is interested, in total, in 5,834,000 Existing CP Share Options.

The Company proposes to cancel 425,000 Existing CP Share Options held by Jens Montanana and 2,356,000 Existing CP Share Options held by Andrew Miller (comprising 2,781,000 Concert Party Existing CP Share Options) immediately following the General Meeting, conditional on the passing of the Whitewash Resolution. It is proposed that Jens Montanana and Andrew Miller will receive 425,000 Regrant CP Share Options and 2,356,000 Regrant CP Share Options, respectively. If the Whitewash Resolution is not approved at the Annual General Meeting, the cancellation of Existing Options held by the Concert Party and grant of Regrant CP Share Options to the members of the Concert Party will not proceed.

3.14 If the Whitewash Resolution is approved, the Concert Party Existing CP Share Options are cancelled and the Regrant CP Share Options are granted and the Concert Party exercise their rights under the CP Share Options in full, and assuming no other Ordinary Shares are issued by the Company, then the Concert Party would have a maximum interest in the Company of 161,308,046 Ordinary Shares representing 41.27 per cent. of the Company's issued share capital. The maximum interest in Ordinary

Shares of each of the Concert Party assuming the maximum possible number of Ordinary Shares are issued under the CP Share Options held (or to be held) by each member of the Concert Party, no further issues of Ordinary Shares are made by the Company, no exercise of other share options are made by other option holders and no disposals of Ordinary Shares are made by the Concert Party, will be:

<i>Director</i>	<i>Maximum interest in Ordinary Shares immediately following the CP Share Options being exercised in full</i>	<i>Maximum percentage of issued Ordinary Shares assuming the CP Share Options are exercised in full and no further Ordinary Shares are issued</i>
Jens Montanana*	155,801,609	39.87%
Andrew Miller**	5,506,437	1.41%
Total	161,308,046	41.27%

* of which 33,674,846 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana, and 102,953,954 Ordinary Shares are held in the name of The New Millennium Technology Trust.

** includes a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the employee share ownership trust at 40p per Ordinary Share pursuant to the grant made to him under the DPSP.

3.15 Save as set out in paragraph 3.1 and paragraph 3.2 of this Part III, as at the close of business on 9 May 2018 (being the latest practicable date prior to the publication of this document) no member of the Concert Party (and persons connected with it (within the meaning of section 252 of the Act)) held any relevant securities.

3.16 Save as set out in paragraph 3.5 of this Part III, during the period of 12 months preceding 9 May 2018 (being the last practicable date prior to publication of this document) there have been no dealings for value in relevant securities by any member of the Concert Party (and persons connected with any member of the Concert Party (within the meaning of section 252 of the Act)).

3.17 The Concert Party has not entered into any agreement, arrangement or understanding:

- (i) with the Independent Directors (or their close relatives and related trusts) which has any connection with or dependence upon the proposals set out in Part I of this document; or
- (ii) for the transfer of any Ordinary Shares acquired by the Concert Party.

3.18 In addition, the Independent Directors are not aware of any agreement, arrangement or understanding having any connection with or dependence upon the proposals set out in Part I of this document between the Concert Party and any person interested or recently interested in Ordinary Shares, any other recent director of the Company or Cenkos (or any person who is, or is presumed to be, acting in concert with Cenkos).

3.19 Save as disclosed in this paragraph 3:

- (i) no member of the Concert Party is interested in any relevant securities, has a right to subscribe for relevant securities, has borrowed or lent relevant securities or has dealt for value in relevant securities during the period of 12 months preceding 9 May 2018 (being the last practicable date prior to publication of this document);
- (ii) no Director has an interest in any relevant securities nor has a right to subscribe for relevant securities;
- (iii) no person referred to in paragraphs (i) or (ii) above has any short position in relation to relevant securities (whether conditional or absolute and whether in the money or otherwise and including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery);
- (iv) neither the Company nor any person acting in concert with the Company has borrowed or lent relevant securities;

- (v) neither the Company nor any person acting in concert with the Company has any interests, rights to subscribe or short positions in the Company;
- (vi) no member of the Concert Party or any person acting in concert with them has lent or borrowed any relevant securities;
- (vii) the Company has not redeemed or purchased any relevant securities during the period of 12 months preceding 9 May 2018 (being the last practicable date prior to publication of this document).

4. Directors' Service Contracts

4.1 Details of the employment agreements, service agreements and letter of appointment currently in place between the Company and the Directors are set out below:

4.1.1 An employment agreement dated 14 January 2013 and made between Corero Network Security Inc. (a wholly owned subsidiary of the Company) and Ashley Stephenson. The employment agreement is terminable by either party on not less than six months' written notice. The agreement contains provisions for early termination in certain circumstances. The basic salary payable to Mr. Stephenson is US\$270,000 per annum.

In addition, the Company has agreed to provide other benefits commensurate with his position including private medical insurance and life insurance. Mr. Stephenson may be entitled to a bonus of such amount as the Company shall at its entire discretion determine.

4.1.2 A service agreement dated 30 December 2016 and made between the Company and Andrew Lloyd. The service agreement is terminable by either party on not less than three months' written notice increasing by one month at the end of each complete 12 month period of continuous employment provided that the notice period shall not exceed six months in total. The agreement contains provisions for early termination in certain circumstances. The basic salary payable to Mr. Lloyd is £180,000 per annum.

In addition, the Company has agreed to provide other benefits commensurate with his position including private medical insurance, life insurance, car allowance and contributions of up to 5 per cent. of his basic salary to his personal pension scheme. Mr. Lloyd may be entitled to a bonus of such amount as the Company shall at its entire discretion determine.

4.1.3 A service agreement dated 13 July 2010 and made between the Company and Andrew Miller. The service agreement is terminable by either party on not less than three months' written notice increasing by one month at the end of each complete 12 month period of continuous employment provided that the notice period shall not exceed six months in total. The agreement contains provisions for early termination in certain circumstances. The basic salary payable to Mr. Miller is £150,000 per annum.

In addition, the Company has agreed to provide other benefits commensurate with his position including private medical insurance, life insurance, permanent health insurance, car allowance and contributions of up to 10 per cent. of his basic salary to his personal pension scheme. Mr. Miller may be entitled to a bonus of such amount as the Company shall at its entire discretion determine.

4.1.4 A letter of appointment dated 13 July 2010 and made between the Company and Jens Montanana. The letter of appointment is for a period of 12 months commencing 9 August 2010 and thereafter may be terminated by either party upon three months' notice or immediately by the Company in certain circumstances. Mr. Montanana's appointment has since been renewed for the 12 month period to 9 August 2018. The fee payable to Mr. Montanana is £26,000 per annum. Mr. Montanana will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties.

4.1.5 A letter of appointment dated 13 July 2010 and made between the Company and Richard Last. The letter of appointment is for a period of 12 months commencing 9 August 2010 and thereafter may be terminated by either party upon three months' notice or immediately by the Company in certain circumstances. Mr. Last's appointment has since been renewed for the 12 month period to 9 August 2018. The fee payable to Mr. Last is £20,000 per annum. Mr. Last will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties.

- 4.2 Save as set out above, no service contracts have been entered into or amended in the last six months. The aggregate emoluments, excluding pensions, of the Directors for the year ended 31 December 2017, being the last financial year for which audited financial information has been published, are set out below:

<i>Director</i>	<i>Salary and fees paid or received</i> <i>US\$'000</i>	<i>Bonus paid or receivable</i> <i>US\$'000</i>	<i>Pension Contributions</i> <i>US\$'000</i>	<i>Other benefits</i> <i>US\$'000</i>	<i>Total 2017</i> <i>US\$'000</i>
Jens Montanana	34	–	–	2	36
Ashley Stephenson	270	54	–	20	344
Andrew Lloyd	243	31	12	21	307
Andrew Miller	205	39	21	11	276
Richard Last	26	–	–	1	27

Post the 31 December 2017 year end, Jens Montanana notified the Company that he wished to waive his non-executive fees for the year ended 31 December 2017 of £26,000 (US\$34,000).

5. No Significant Change

There has been no significant change in the financial or trading position of the Company since the publication of the annual audited accounts of the Company for the twelve months ended 31 December 2017.

6. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this document and are or may be material:

6.1 2018 Placing Agreement

On 5 April 2018, the Company entered into a placing agreement with Cenkos whereby Cenkos agreed to use reasonable endeavours to procure (and did procure) subscribers for 52,399,275 Ordinary Shares at 5.75 pence per share. The Company paid Cenkos a commission of 5 per cent. of the amount equal to the aggregate value of the placing shares subscribed for by placees procured by Cenkos under the placing. The Company bore its own costs and expenses, and paid the reasonable and properly incurred costs and expenses of Cenkos in relation to and incidental to the transaction. The placing agreement contained warranties and indemnities given by the Company in favour of Cenkos in relation to the transaction.

6.2 2018 Subscription Agreements

On 5 April 2018, the Company entered into subscription agreements with each of Jens Montanana, Andrew Lloyd and Richard Last for, in aggregate, 17,165,942 Ordinary Shares at a price of 5.75 pence per share.

6.3 2017 Placing Agreement

On 6 April 2017, the Company entered into a placing agreement with Cenkos whereby Cenkos agreed to use reasonable endeavours to procure (and did procure) subscribers for 112,000,000 new Ordinary Shares at a placing price of 5 pence per share. The Company paid Cenkos a corporate finance fee of £50,000 and commission of 5 per cent. of the amount equal to the aggregate value of the placing shares subscribed for by placees procured by Cenkos under the placing. The Company bore its own costs and expenses, and paid the reasonable and properly incurred costs and expenses of Cenkos in relation to and incidental to the transaction. The placing agreement contained warranties and indemnities given by the Company in favour of Cenkos in relation to the transaction.

6.4 2017 Subscription Agreements

On 6 April 2017, the Company entered into subscription agreements with each of Jens Montanana, Andrew Miller and Andrew Lloyd for, in aggregate, 69,196,010 Ordinary Shares at a price of 5 pence per share.

7. Agreements relating to the Existing CP Share Options and the Regrant CP Share Options

The following agreements have been entered into by members of the Concert Party in relation to the cancellation of the Existing CP Share Options and the grant of the Regrant CP Share Options:

7.1 2018 Andrew Miller Option Agreement

On 9 May 2018, the Company entered into an option agreement with Andrew Miller whereby the Company granted Mr. Miller options to acquire 2,356,000 Ordinary Shares, pursuant to the Corero 2010 Executive Enterprise Management Incentive Plan, at an exercise price of £0.136 per Ordinary Share. This option agreement will lapse if the Whitewash Resolution is not passed at the AGM.

7.2 2018 Jens Montana Option Agreement

On 9 May 2018, the Company entered into an option agreement with Jens Montana whereby the Company granted Mr. Montana options to acquire 425,000 Ordinary Shares, pursuant to the Corero 2010 Non-Employee Plan being an independent sub-plan of the Corero 2010 Unapproved Share Option Plan, at an exercise price of £0.136 per Ordinary Share. This option agreement will lapse if the Whitewash Resolution is not passed at the AGM.

7.3 2018 Andrew Miller Deed of Cancellation of Option Agreement

On 8 May 2018, the Company entered into a deed for the cancellation of the option agreement with Andrew Miller whereby the option agreements entered into between the Company and Mr. Miller dated 10 August 2010, 6 September 2012, 3 April 2013, 12 May 2014, 24 April 2015 and 7 January 2016 granting Mr. Miller a total of 2,356,000 options will be terminated, conditional on the Whitewash Resolution being passed at the AGM.

7.4 2018 Jens Montana Deed of Cancellation of Option Agreement

On 8 May 2018, the Company entered into a deed for the cancellation of the option agreement with Jens Montana whereby the option agreements entered into between the Company and Mr. Montana dated 10 August 2010, 21 March 2012, 3 April 2013 and 7 January 2016 granting Mr. Montana a total of 425,000 options will be terminated conditional on the Whitewash Resolution being passed at the AGM.

8. Middle market quotations

The table below sets out the middle market quotations for an Ordinary Share, as derived from the AIM Appendix of the London Stock Exchange Daily Official List, on the first business day of each of the six months preceding the date of this document and on 9 May 2018 (being the last practicable date prior to publication of this document):

<i>Date</i>	<i>Price per Ordinary Share (pence)</i>
9 May 2018	8.25
1 May 2018	8.12
3 April 2018	6.19
1 March 2018	5.75
1 February 2018	5.875
2 January 2018	6.475
1 December 2017	7.88

9. Financial statements

The Company's consolidated audited financial statements for the two financial years ending 31 December 2016 and 31 December 2017, are incorporated by reference into this document and are available at <http://www.corero.com>.

10. Additional Information

10.1 The total cost and expenses payable by the Company in connection with the Resolutions (including professional fees, commissions, the cost of printing and the fees payable to the registrars and the Panel) are estimated to amount to approximately £36,000 (excluding VAT).

- 10.2 No inducement fee is payable in respect of the proposals set out in this document.
- 10.3 Cenkos has given and has not withdrawn its written consent to the issue of this document with the references to it in the form and context in which they appear.
- 10.4 No agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party or any person acting in concert with it and any of the Directors (excluding the Concert Party), recent directors of the Company, Shareholders or recent shareholders or any person interested or recently interested in shares of the Company having any connection with or dependence upon the proposals set out in this document.
- 10.5 No agreement, arrangement or understanding exists whereby the Ordinary Shares held by any member of the Concert Party will be transferred to any other party.
- 10.6 As at the close of business on 9 May 2018 (being the latest practicable date prior to the publication of this document), Cenkos did not hold any Ordinary Shares.
- 10.7 During the 12 months preceding 9 May 2018 (being the last practicable date prior to publication of this document), Cenkos has not been dealing for value in relevant securities, acting as market maker and trading as principal.

11. Obtaining hard copies of information incorporated by reference

You may request a hard copy of any information incorporated into this document by reference by contacting Corero Network Security plc, Regus House, Highbridge, Oxford Road, Uxbridge UB8 1HR, UK, or between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 01895 876 579 from within the UK or +44 1895 876 579 if calling from outside the UK. It is important that you note that unless you make such a request, a hard copy incorporated into this document by reference will not be sent to you.

12. Documents on display

- 12.1 Copies of the following documents will be available at the Company's website, <http://www.corero.com>, and for inspection at the offices of the Company during normal business hours of any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to including the date of the General Meeting:
- 12.1.1 this document;
 - 12.1.2 the Company's Memorandum and Articles of Association;
 - 12.1.3 the published audited accounts of the Company for the two years ended 31 December 2016 and 31 December 2017;
 - 12.1.4 the written consent of Cenkos referred to in paragraph 10.3 of this Part III above;
 - 12.1.5 the Director's service agreements referred to in paragraph 4 of this Part III;
 - 12.1.6 the material contracts referred to in paragraph 6 of this Part III; and
 - 12.1.7 the agreements referred to in paragraph 7 of this Part III.

Date: 10 May 2018

DEFINITIONS

The following words and expressions shall have the following meanings in this document unless the context otherwise requires:

Act	Companies Act 2006 as amended
acting in concert	shall have the meaning ascribed thereto in the Takeover Code
AIM	the AIM market operated by London Stock Exchange
AIM Rules for Companies	the AIM Rules for Companies and guidance notes as published by London Stock Exchange from time to time
Annual General Meeting or AGM	the annual general meeting of the Company, notice of which is set out at the end of this document
Board or Directors	the directors of the Company
Business Day	a day (other than a Saturday or Sunday) on which banks are open for general business in London
Link	Link Asset Services
Cenkos	Cenkos Securities plc, with registered number 05210733 and with its registered office at 6.7.8 Tokenhouse Yard, London EC2R 7AS
Company or Corero	Corero Network Security Plc, incorporated in England and Wales under registered number 2662978
Concert Party	Jens Montanana and Andrew Miller
CP Share Options	together, the Existing CP Share Options (as reduced following the cancellation of 2,781,000 Existing CP Share Options of the Concert Party) and the Regrant CP Share Options
DPSP	the Company's deferred payment share plan
DTR	the Disclosure, Transparency and Guidance Rules being the rules and regulations made by the Financial Conduct Authority in its capacity as the UKLA under Part VI of FSMA, as amended and contained in the UKLA publication of the same name
Enlarged Share Capital	the entire issued share capital of the Company immediately following the exercise of the CP Share Options
Existing CP Share Options	the 5,834,000 existing options of the Concert Party over Ordinary Shares as at the date of this document, including a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the Company's employee share trust pursuant to the DPSP
Existing Ordinary Shares	the Ordinary Shares in issue as at the date of this document
Form of Proxy	the form of proxy for use at the Annual General Meeting which accompanies this document
Group	the Company and its subsidiaries
Independent Directors	the Directors other than Jens Montanana and Andrew Miller

Independent Shareholders	Shareholders excluding members of the Concert Party
Independent Shares	the Ordinary Shares held by Independent Shareholders
Notice of Annual General Meeting	the notice of the Annual General Meeting which is set out at the end of this document
Ordinary Shares	ordinary shares of 1 pence each in the capital of the Company
Regrant CP Share Options	the 2,781,000 new options that will be granted to members of the Concert Party immediately following the Annual General Meeting, conditional on the passing of the Whitewash Resolution
Relevant Company Securities	shares in the Company (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof, including, for the avoidance of doubt, the Ordinary Shares
Resolutions	the resolutions set out in the Notice of Annual General Meeting
Rule 9 Waiver	the waiver by the Panel of the obligation of Jens Montanana and Andrew Miller to make a general offer under Rule 9 of the Takeover Code which would otherwise arise as a consequence of the cancellation of the Existing CP Share Options and the re-grant and exercise of any of the Regrant CP Share Options (or, if the Regrant CP Share Options granted to Andrew Miller are subsequently cancelled, any future grant and exercise of 2,356,000 options over Ordinary Shares), with such waiver being conditional upon the approval of the Independent Shareholders by the passing of the Whitewash Resolution on a poll
Shareholder(s)	holder(s) of Ordinary Shares
Takeover Code or Code	The City Code on Takeovers and Mergers
Takeover Panel or Panel	the Panel on Takeovers and Mergers
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
voting rights	means all voting rights attributable to the share capital of the Company which are currently exercisable at a general meeting
Whitewash Resolution	the resolution numbered 1 set out in the Notice of Annual General Meeting

CORERO NETWORK SECURITY PLC

(THE "COMPANY")

(Incorporated in England and Wales with registered no. 2662978)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at 11.30 a.m. on 5 June 2018 at 68 Lombard Street, London, EC3V 9LJ to consider and, if thought fit, pass the following resolutions: resolution 1 as an ordinary resolution, which will be taken on a poll on which only shareholders who are considered independent for the purposes of Rule 9 of The City Code on Takeovers and Merger are entitled to vote; and resolutions 2 to 7 (inclusive) will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions:

ORDINARY RESOLUTIONS

1. **THAT** the waiver granted by the Panel on Takeovers and Mergers of any requirement under Rule 9 of The City Code on Takeovers and Mergers for Jens Montanana and Andrew Miller to make a general offer to shareholders of the Company as a result of (i) any future exercise of Regrant CP Share Options by any member of the Concert Party or (ii) in the event that the 2,356,000 Regrant CP Share Options granted to Andrew Miller are subsequently cancelled, any future grant and exercise of 2,356,000 options over Ordinary Shares by Andrew Miller, each as is more fully described in the circular dated 10 May 2018 ("Circular") of which this notice of Annual General Meeting forms part, be and is hereby approved by Independent Shareholders on a poll. For the purposes of this resolution, capitalised terms shall have the meaning ascribed to them in the Circular.
2. To receive the audited accounts of the Company for the year ended 31 December 2017, together with the Directors' report and the auditor's report on those annual accounts.
3. 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. 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.
5. 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.
6. To authorise the Directors to determine the remuneration of the auditors.
7. **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 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 £1,283,276.20 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.

SPECIAL RESOLUTIONS

8. **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 7, 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 7 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 8(a) above) of equity securities up to a maximum nominal amount of £384,982.86

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.

9. **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:

- (c) this authority shall be limited to the purchase of Ordinary Shares up to a maximum aggregate nominal value equal to £384,982.86 representing approximately 10 per cent. of the nominal value of the current issued ordinary share capital of the Company;
- (d) the minimum price which may be paid for such Ordinary Shares is £0.01 (exclusive of expenses);
- (e) 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;
- (f) 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
- (g) 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.

BY ORDER OF THE BOARD

Duncan Swallow

Company Secretary

Date: 10 May 2018

Registered Office: Regus House, Highbridge, Oxford Road, Uxbridge, UB8 1HR

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

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company as at Close of Business on 1 June 2018 (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.
2. Information regarding the annual general meeting, including information required by section 311A of the Act, is available from www.corero.com.
3. 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 11.30 a.m. on 5 June 2018 and any adjournment(s) thereof 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 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, Link Asset Services (CREST Participant ID: RA10), no later than 11.30 a.m. on 1 June 2018. 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.

4. 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.
5. 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.
6. 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, Link Asset Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU, by no later than 11.30 a.m. on 1 June 2018.
7. 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.
8. 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 1 and 3 to 5 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 Act.
9. 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 Annual General Meeting from 9.00 a.m. on the day of the Annual General Meeting 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.

