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If you have sold or transferred all of your Ordinary Shares or CULS, please pass this document and the accompanying white Form of Proxy for the General Meeting or the blue Form of Proxy for the CULS Meeting but not the Form of Acceptance and authority to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

However, this document and the accompanying documents should not be forwarded or transmitted in or into or from the United States, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Application will be made for the New Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Shares will commence on AIM on 9 August 2010.

Corero plc

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 02662978)
(ISIN GB00B54X0432)*

**Disposal of the Financial Markets division
Reorganisation of £4,000,000 8% (Part Deferred) convertible
unsecured redeemable loan stock 2015
Subscription for 18,000,000 Ordinary Shares at 25p per share
Placing of up to 8,000,000 Ordinary Shares at 25p per share
Approval of a waiver of the obligations under Rule 9 of the
City Code on Takeovers and Mergers**

**Notice of General Meeting
and**

**Notice of meeting of the holders of £4,000,000 8% (Part Deferred)
convertible unsecured redeemable loan stock 2015**

Nominated Adviser and Broker



Merchant Securities Limited

Placing Agent

finnCap

finnCap Limited

Notices convening the General Meeting of the Company and a meeting of the holders of the Convertible Unsecured Loan Stock to be held at the offices of Merchant Securities Limited, 51-55 Gresham Street, London EC2V 7HQ on 6 August 2010 at 10.00 a.m. and 10.05 a.m. (or such later time as the GM convened on the same day shall have concluded or been adjourned) respectively, are set out on pages 45 to 48 of this document. The Forms of Proxy for use in connection with the GM and the CULS Meeting are enclosed with this document. **To be valid, the Forms of Proxy for use at the meetings must be completed and returned so as to be received at the offices of the Company's registrars, Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU or via CREST not later than 10.00 a.m., in the case of the Form of Proxy for the GM, and 10.05 a.m., in the case of the Form of Proxy for the CULS Meeting, on 4 August 2010.** The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the meetings should you wish to do so. Alternatively, CREST members who wish to appoint a proxy or proxies via CREST may do so in accordance with the procedures set out in the notices of GM and CULS meeting and Forms of Proxy for each meeting, which accompany this document.

The New Shares will rank *pari passu* in all respects with the issued Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

Merchant Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and no-one else in connection with the Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Merchant Securities Limited, or for providing advice in relation to the Proposals. Merchant Securities Limited is not making any representation or warranty, express or implied, as to the content of this document. No liability is accepted by Merchant Securities Limited for the accuracy of any information or opinions contained in or for the omission of any material information from this document, for which the Company and the Directors are solely responsible.

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Definitions

The following definitions apply throughout this document unless the context requires otherwise:

| | |
|---|---|
| “8% Rivington Stock” | the £2,000,000 nominal of 8% unsecured redeemable loan stock of Rivington, details of which are set out in Part I and Part IV of this document |
| “Act” | the Companies Act 2006, as amended |
| “Admission” | the admission of the New Shares to trading on AIM becoming effective in accordance with the AIM Rules |
| “AIM” | the AIM Market of the London Stock Exchange |
| “AIM Rules” | the rules published by the London Stock Exchange relating to AIM, as amended from time to time |
| “Brokerhorse” or “the Purchaser” | Brokerhorse Limited, a subsidiary of RSH |
| “Business Day” | a day on which dealings in securities may take place on the London Stock Exchange |
| “Business Transfer Agreement” | the conditional agreement dated 13 July 2010 between (1) Corero Systems, (2) the Purchaser, (3) Rivington and (4) RSH relating to the Disposal, further details of which are set out in paragraph 3.1.3 of Part V of this document |
| “Capita Registrars” | the trading name of Capita Registrars Limited |
| “certificated” or “in certificated form” | in relation to a share or other security, a share or other security which is not in uncertificated form |
| “Code” | the City Code on Takeovers and Mergers |
| “Company” or “Corero” | Corero plc |
| “Concert Party” | Jens Montanana, Andrew Miller, Andre Stewart, Stephen Turner and Ezio Simonelli |
| “Corero Systems” | Corero Systems Limited |
| “CREST” | the system for paperless settlement of trades and the holding of uncertificated shares administered through Euroclear |
| “CREST Manual” | the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms |
| “CREST Participant” | a person who is, in relation to CREST, a system participant (as defined in the CREST Manual issued by Euroclear) |
| “CREST Regulations” | the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended |
| “CREST sponsor” | a CREST participant admitted to CREST as a CREST sponsor, being a sponsoring system participant (as defined in the CREST Regulations) |

Definitions (continued)

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|---|--|
| “CREST sponsored member” | a CREST member admitted to CREST as a sponsored member |
| “CULS Compromise” | the proposed compromise of the rights of CULS Holders and the release of the obligations and liabilities of the Company in respect of an aggregate principal amount of £2,000,000 CULS as described in this document |
| “CULS Compromise Shares” | the 4,444,444 Ordinary Shares to be issued pursuant to the CULS Compromise |
| “CULS” or “Convertible Unsecured Loan Stock” | the £4,000,000 nominal of 8% (Part Deferred) convertible unsecured redeemable loan stock 2015 |
| “CULS Form of Proxy” | the blue form of proxy enclosed with this document for use in connection with the CULS Meeting |
| “CULS Holders” | the persons whose names are for the time being entered as holders of the CULS in the register of CULS Holders |
| “CULS Instrument” | the instrument dated 8 September 2000 constituting the CULS (as amended) |
| “CULS Meeting” | the meeting of holders of CULS convened for 10.05 a.m. on 6 August 2010 (or such later time as the General Meeting convened for same day shall have concluded or been adjourned) notice of which is set out at the end of this document |
| “CULS Offer” | the offer to holders of the CULS offering to redeem £2 million nominal of CULS and to repay £127,781 of deferred interest in consideration of the issue to such holders of Rivington Stock, details of which are set out in Part I and Part III of this document |
| “CULS Offer Record Date” | 19 July 2010 |
| “CULS Resolution” | the resolution set out in the notice of meeting of the holders of CULS, set out on page 48 of this document |
| “Deferred Shares” | the 1,518,990 deferred shares of £2.99 each in the capital of the Company in issue at the date of this document |
| “Directors” or “Board” | the directors of the Company as set out on page 9 of this document |
| “Disposal” | the proposed disposal of the Financial Markets division of the Company pursuant to the Business Transfer Agreement |
| “Enlarged Issued Ordinary Share Capital” | the issued ordinary share capital of the Company immediately following Admission (assuming that none of the Placees default on their obligations pursuant to their placing letters) |
| “ESA” | as described in the CREST Manual issued by Euroclear |
| “Escrow Agent” | Capita Registrars in its capacity as Escrow agent (as described in the CREST Manual issued by Euroclear) |
| “Euroclear” | Euroclear UK & Ireland Limited, the operator of CREST |

Definitions (continued)

| | |
|-----------------------------------|--|
| “Existing Ordinary Shares” | the 1,518,990 Ordinary Shares in issue at the date of this document |
| “Form of Acceptance” | the form of acceptance for use by CULS Holders who hold their CULS in certificated form in connection with the CULS Offer |
| “Form(s) of Proxy” | the form(s) of proxy accompanying this document for use in connection with the GM and/or the CULS Meeting, as appropriate |
| “GM” or “General Meeting” | the general meeting of the Company convened for 10.00 a.m. on 6 August 2010, notice of which is set out at the end of this document |
| “GM Form of Proxy” | the white form of proxy enclosed with this document for use by Shareholders in connection with the GM |
| “GM Resolutions” | the resolutions set out in the notice of the General Meeting, set out on pages 45 to 47 of this document |
| “Group” | the Company together with its subsidiary undertakings |
| “Independent Directors” | Peter Waller, Bernard Snowe and Richard Last |
| “Independent Shareholders” | the Shareholders other than Mark Robertson |
| “London Stock Exchange” | London Stock Exchange plc |
| “Member Account ID” | the identification code or number attached to any member account in CREST |
| “MSL” | Merchant Securities Limited |
| “New Board” | Peter Waller, Bernard Snowe, Richard Last, Jens Montanana and Andrew Miller |
| “New Shares” | together, the CULS Compromise Shares, the Placing Shares and the Subscription Shares |
| “Ordinary Shares” | the ordinary shares of 1p each in the capital of the Company |
| “Panel” | the Panel on Takeovers and Mergers |
| “Placees” | the subscribers for Placing Shares pursuant to the Placing |
| “Placing” | the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement |
| “Placing Agreement” | the conditional agreement dated 13 July 2010 between the Company, Jens Montanana and finnCap Limited, further details of which are set out in paragraph 3.1.2 of Part V of this document |
| “Placing Price” | 25p per Placing Share |
| “Placing Shares” | up to 8,000,000 Ordinary Shares which have been conditionally placed by finnCap Limited pursuant to the Placing |
| “Proposals” | the Disposal, Subscription, Placing, the Rule 9 Waiver, the CULS Compromise and Admission |

Definitions (continued)

| | |
|---|---|
| “Proposed Directors” | Jens Montanana and Andrew Miller |
| “Receiving Agent” | Capita Registrars |
| “Rivington” | Rivington Street Ventures Limited, a subsidiary of RSH |
| “Rivington Group” | RSH and its subsidiaries |
| “Rivington Stock” | the 8% Rivington Stock and the Zero Coupon Rivington Stock |
| “RSH” | Rivington Street Holdings plc |
| “Rule 9 Waiver” | the agreement by the Panel to waive the obligation on the Concert Party to make a general offer to all Shareholders pursuant to Rule 9 of the Code subject to approval, by way of a poll vote, of the GM Resolution numbered 1 in the notice of General Meeting |
| “Shareholders” | holders of Existing Ordinary Shares |
| “Subscription” | the conditional subscription for the Subscription Shares pursuant to the Subscription Agreement |
| “Subscription Agreement” | the conditional agreement dated 13 July 2010 between (1) certain members of the Concert Party (and/or entities which are wholly owned by members of the Concert Party) and (2) the Company relating to the Subscription, further details of which are set out in paragraph 3.1.1 of Part V of this document |
| “Subscription Shares” | the 18,000,000 Ordinary Shares to be issued pursuant to the Subscription at the Placing Price |
| “TTE instruction” | transfer to escrow instruction (as defined in the CREST Manual) |
| “uncertificated” or “in uncertificated form” | in relation to a share or other security, a share or other security recorded on the register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST |
| “Zero Coupon Rivington Stock” | the £127,781 nominal of zero coupon unsecured redeemable loan stock of Rivington, details of which are set out in Part I and Part IV of this document |

Expected timetable of events

| | 2010 |
|---|------------------------|
| Despatch of this document | 14 July |
| Record date for the CULS Offer | 19 July |
| Latest time for receipt of GM Forms of Proxy | 10.00 a.m. on 4 August |
| Latest time for receipt of CULS Forms of Proxy | 10.05 a.m. on 4 August |
| Latest time and date for receipt of Forms of Acceptance and TTE instructions in respect of the CULS Offer | 1.00 p.m. on 5 August |
| Expected time and date of announcement of results of CULS Offer | 7.00 a.m. on 6 August |
| General Meeting | 10.00 a.m. on 6 August |
| CULS Meeting | 10.05 a.m. on 6 August |
| Completion of the Disposal | 6 August |
| Admission effective and dealings expected to commence in the New Shares | 9 August |
| CREST accounts credited with New Shares | 9 August |
| Share certificates in respect of the New Shares expected to be despatched by no later than | 16 August |

Share capital statistics

| | |
|---|-----------------|
| Placing Price | 25 pence |
| Number of Placing Shares being issued by the Company* | 8,000,000 |
| Number of Subscription Shares being issued by the Company | 18,000,000 |
| Number of CULS Compromise Shares being issued by the Company | 4,444,444 |
| Number of Ordinary Shares in issue immediately following Admission* | 31,963,434 |
| Percentage of Enlarged Issued Ordinary Share Capital represented by the Placing Shares and the Subscription Shares* | 81.34 per cent. |
| Amount, after expenses, being raised under the Placing and Subscription* | £6,158,000 |
| Market capitalisation of the Company at the Placing Price immediately following Admission* | £7,990,858 |

*Assuming none of the Placees default on their obligations pursuant to their placing letters

Part I

Letter from the chairman

Corero plc

(Incorporated in England and Wales with registered number 02662978)

Directors

Peter Charles Waller *(Executive Chairman)*
Mark Robertson *(Director of Financial Markets Division)*
Bernard Patrick Snowe *(Director of Business Systems Division)*
Richard Last *(Non-executive Director)*

Registered Office

Corero plc
3rd Floor
3 London Wall Buildings
London Wall
London EC2M 5SY

14 July 2010

To Shareholders and CULS Holders

Dear Shareholder and/or CULS Holder,

**Disposal of the Financial Markets division, reorganisation of £4,000,000
8% convertible unsecured redeemable loan stock 2015, subscription for
18,000,000 Ordinary Shares at 25p per share, placing of 8,000,000 Ordinary
Shares at 25p per share, approval of a waiver of the obligations under Rule 9
of the City Code on Takeovers and Mergers and notices of general meetings**

Introduction

Earlier today, the Company announced that it had entered into a conditional sale and purchase agreement to dispose of the business and assets of the Financial Markets division of its trading subsidiary to Brokerhorse Limited, a wholly-owned subsidiary of Rivington Street Holdings plc. The Disposal is conditional upon, amongst other things, Rivington Street Ventures Limited assuming the liability of the Company for £2 million nominal of the CULS, as described below. In addition, the Company announced that, conditional upon Admission, it intends to raise £6.5 million (before expenses) by means of the Subscription and the Placing and that it is proposed that, subject to Admission and the CULS Resolution being passed by CULS Holders at the CULS Meeting, the rights of the CULS Holders be compromised and the liabilities and obligations of the Company be released in respect of the remaining £2 million nominal of CULS (which will not have been redeemed by the Company as part of the Disposal) in consideration for the issue to such CULS Holders of an aggregate of 4,444,444 Ordinary Shares.

The Concert Party has conditionally agreed to subscribe for the Subscription Shares. The Concert Party comprises a group of five individuals, certain of whom have extensive experience in the computer software industry. More information on the Concert Party is set out below. If Shareholders approve the GM Resolution numbered 1 at the GM and the Subscription Agreement becomes unconditional in all respects, the Concert Party will together hold 56.31 per cent. of the Enlarged Issued Ordinary Share Capital (assuming that none of the Placees default on their obligations pursuant to their placing letters) and will have a maximum potential interest in shares of 58.14 per cent., further details of which are set out below. Since this would exceed 30 per cent. of the Enlarged Issued Ordinary Share Capital, the Concert Party would, in the absence of a waiver from the provisions of Rule 9 of the Code being granted by the Panel, be obliged to make a general offer for the Company. The Panel has agreed, subject to the GM Resolution numbered 1 being passed on a poll by Independent Shareholders at the GM, to waive this obligation.

The purpose of this letter is to give you further information regarding the matters described above and, if you are a Shareholder, to seek your approval of the Proposals, which include the Rule 9 Waiver, at the GM. The notice of GM is set out at the end of this document.

The purpose of this letter is also to provide CULS Holders with further information regarding the CULS Compromise and to seek the approval of the CULS Compromise at the CULS Meeting. The notice of CULS meeting is set out at the end of this document.

Background to the Proposals

As set out in the chairman's statement which accompanied the financial results for the year ended 31 December 2009, it has been the Board's strategy since 2007 to reposition the Company for future profit growth. There has been a large reduction in central overheads and in overall costs since then, which has saved the Company approximately £2 million over the period. As a result the Company made operating profits in 2008 and 2009. The management has worked successfully to expand the Company's client base, focus on a return to profitability and maintain its share of key markets. Most notably, the Business Systems division has continued to win new business in City Academies and latterly the Financial Markets division has won several large orders for its Blue Curve research product. In addition, recurring revenues of the Company have grown to cover over 70 per cent. of the Company's operating costs.

The above cost savings and increasing new business underpins operational cash needs of the business but the Board believes that the Company requires additional investment in order to maintain its competitive position and to achieve substantial growth. The Company has to date been unable to identify a source of additional funds and the Board believes that this is, in large part, due to the £4 million of CULS making the Company appear unattractive to new equity or debt investors, because of the dilution which would arise on conversion or the perceived lack of sufficient funds to permit redemption. The Company has, therefore, been looking for ways to eliminate this debt and the Proposals allow the Company to realise value from the sale of the Financial Markets division and at the same time attract an injection of further capital which will, together with the CULS Compromise, facilitate the elimination of the CULS. The monies raised pursuant to the Subscription and the Placing will also allow the Board to focus on expanding the business through a combination of acquisitions and organic growth in the software sector and, specifically, the network security market.

The Concert Party, through its representatives, intends to invest in and expand the Business Systems division in the short term but will also look to develop a network security solutions business alongside it. The New Board supports this strategy.

The Concert Party identified Corero as an ideal vehicle through which to implement its strategy, as its members believe that the Company's management and Shareholders have a strong understanding of the technology and software sector and the benefits which could accrue from investment and suitable acquisitions.

Principal terms of the Disposal

Under the terms of the Business Transfer Agreement, Corero Systems, a subsidiary of the Company, has agreed to dispose of the business and assets of the Financial Markets division to Brokerhorse, in consideration for the assumption by Rivington of the liability of the Company to £2 million nominal of the CULS. In the year ended 31 December 2009, as extracted from the audited financial statements of that date, the Financial Markets division made £350,000 of trading profit (2008: £10,000) and £150,000 profit before tax (2008: £706,000 loss). As at that date, the Financial Markets division had gross assets of £2,292,000 (2008: £2,482,000) and unaudited net assets of £2,000,000 (2008: £1,972,000).

The Disposal will be achieved by the Company making an offer (set out below) to the holders of the CULS to redeem £2 million nominal of the CULS in consideration for Rivington agreeing to issue to the CULS Holders up to £2 million new Rivington 8% loan stock and £127,781 nominal of non-interest bearing loan stock. The interest which accrues on the CULS which are the subject of the CULS Offer between 1 July 2010 and the date of the completion of the Disposal (both dates inclusive) and which would have otherwise been payable on 31 December 2010 will be paid to CULS Holders within 14 days after completion of the Disposal. The obligations of Rivington in respect of the Rivington Stock have

been guaranteed by its parent company, Rivington Street Holdings plc. A summary of the rights attaching to the Rivington Stock is set out in Part IV of this document.

To the extent that any CULS Holder does not accept the CULS Offer, the Rivington Stock which would otherwise have been issued to such CULS Holder will be issued to the Company. This will enable the Company to meet its income obligations to the CULS Holders who will continue to hold CULS under the CULS Instrument and, following redemption of the Rivington Stock, to meet its capital repayment obligations.

The Business Transfer Agreement is conditional, *inter alia*, upon the passing of the GM Resolution numbered 2 in the notice of General Meeting. Further details of the Business Transfer Agreement are set out in paragraph 3.1.3 of Part V of this document.

Further details of the Rivington Group and the CULS Offer are set out below.

Management arrangements

Mark Robertson will be receiving a bonus of £10,000 from Corero Systems upon the successful completion of the Disposal. In addition, Mr Robertson and his service company will be retained as a consultant to the Company for a period of two months to manage the smooth transition of the business. Mr Robertson's service company will be receiving a fee of £20,000 (excluding VAT) for his services. Due to the significant nature of these arrangements with Mark Robertson, Independent Shareholders are being asked to approve these agreements, on a poll, in Resolution 3 in the notice of GM.

Mark Robertson has indicated that he intends to dispose of his entire shareholding in the Company, amounting to 153,049 Ordinary Shares, equivalent to 10.08 per cent. of the Existing Ordinary Shares (and 0.48 per cent. of the Enlarged Issued Ordinary Share Capital), potentially before the GM.

Any such disposal would be announced to the market in accordance with AIM Rule 17, without delay.

Proposals regarding the CULS

(a) CULS Offer

In respect of each holding of Convertible Unsecured Loan Stock held on the CULS Offer Record Date, the Company is offering to redeem, pursuant to the CULS Offer, one half of the principal amount comprising such holding on the basis of:

£1 nominal of 8% Rivington Stock and £0.0638905 Zero Coupon Rivington Stock for every £1 nominal of CULS

to the holders of such CULS and so in proportion for any other nominal amount of CULS held. In respect of each holding of CULS to which the CULS Offer relates, the CULS Offer must be accepted in whole, not in part. The Zero Coupon Loan Stock has been calculated on the basis of, and is intended to replicate payment of, the deferred interest which has accrued, and will continue to accrue, on the CULS the subject of the CULS Offer between 1 January 2009 and the date of the General Meeting. In addition, the interest accruing on the CULS, the subject of the CULS Offer, in respect of the period from 1 July 2010 to the date of completion of the Disposal (both dates inclusive) and which would have otherwise been payable on 31 December 2010, shall be paid in cash by the Company to such CULS Holders within 14 days after completion of the Disposal. Entitlements to Zero Coupon Rivington Stock shall be rounded down to the nearest £1.

Provided that the date of the Disposal occurs within 14 days of the date of the General Meeting, each holder of CULS that accepts the CULS Offer irrevocably agrees as a term of the CULS Offer to waive their entitlement to any deferred interest which accrues between the date of the General Meeting and the actual date of the Disposal.

The CULS Offer is conditional on approval of the CULS Resolution and completion of the Disposal. Any CULS Holders who do not accept the CULS Offer will remain holding CULS. On Admission, the listing of the CULS on AIM will be cancelled. If Admission does not occur the CULS will remain listed on AIM.

Further terms and conditions of the CULS Offer are set out in Part III of this document

(b) **CULS Compromise**

In respect of the balance of each holding of Convertible Unsecured Loan Stock held on the CULS Offer Record Date, it is proposed that the rights of the CULS Holders shall be compromised and the obligations and liabilities of Corero shall be released pursuant to the CULS Compromise in consideration for:

the issue of one new Ordinary Share for every £0.45 nominal of CULS

to the holders of such CULS and so in proportion for any other nominal amount of CULS then held. In addition, all deferred interest which has accrued up to Admission and all interest (whether part deferred or otherwise) accruing on the CULS in respect of the period from 1 July 2010 to Admission (both dates inclusive) shall be paid in cash by the Company to such CULS Holders within 14 days after Admission.

Holders of CULS shall not be entitled to whole shares representing fractions and instead whole shares representing fractions shall be allotted to finnCap Limited who shall sell them and pay the net proceeds of sale to the Company. Such proceeds shall be distributed among the holders entitled thereto in proportion to their respective entitlements unless such proceeds amount to less than £2 in respect of any one holding in which case they will not be so distributed but will be retained for the benefit of the Company.

The CULS Compromise is conditional upon, amongst other things, Admission and the passing of the CULS Resolution. Upon the resolution relating to the CULS Compromise at the CULS Meeting becoming effective, the CULS Compromise will be binding on all CULS Holders. However the CULS Compromise will not apply to any CULS in respect of which the CULS Offer is made and any person who does not accept the CULS Offer will remain holding CULS in accordance with the terms of the CULS Instrument and, on Admission, such CULS will not be listed.

(c) **Irrevocable undertakings**

Certain CULS Holders have given irrevocable undertakings to accept the CULS Offer and to vote in favour of the CULS Compromise at the CULS Meeting in respect of, in aggregate, £3,667,632 nominal of the CULS, representing approximately 91.7 per cent. of the CULS which are the subject of the CULS Offer and approximately 91.7 per cent. of the voting rights exercisable at the CULS Meeting to approve, *inter alia*, the CULS Compromise. The CULS Holders who have given the irrevocable undertakings have also entered into orderly market arrangements with the Company and finnCap Limited whereby, for a period of 12 months, they have each agreed only to dispose of the Ordinary Shares which they receive as a result of the CULS Compromise through finnCap Limited. Further details of these orderly market arrangements are set out in paragraph 3.1.5 of Part V of this document.

Procedure for acceptance of the CULS Offer

CULS Holders who hold their CULS in certificated form

If you hold your CULS in certificated form, to accept the CULS Offer, you should complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. The completed, signed and witnessed Form of Acceptance should be returned by post or by hand (during normal business hours) to the Company's Registrars, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU together with the certificate (or other documents of title) for such number of the CULS as are subject to the CULS Offer, as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on 5 August 2010.

CULS Holders who hold their CULS in uncertificated form (that is in CREST)

CULS Holders who hold their CULS in uncertificated form (that is, through CREST) are not required to complete and return a Form of Acceptance but should instead send a TTE instruction and follow the procedures set out in paragraph 7 of Part III of this Circular, which must have been effected and settled by 1.00 p.m. on 5 August 2010.

Settlement of the consideration under the CULS Offer

Loan stock certificates in respect of the 8% Rivington Stock and the Zero Coupon Rivington Stock will be despatched within 14 days after the completion of the Disposal.

Further details regarding the terms and conditions of the CULS Offer (including the procedure for acceptance) are set out in Part III of this document.

Information on the Rivington Group

RSH is a media and financial services company incorporated in the Isle of Man with registered number 004989V and its registered office is 18 Athol Street, Douglas, Isle of Man IM1 1JA. Rivington's subsidiaries include Rivington Street Media Limited, t1ps.com Limited, Bishopsgate Communications Limited, Rivington Street Corporate Finance Limited, Sharecrazy.com Limited, t1ps Investment Management Limited, Oilbarrel.com Limited, J P Jenkins Limited, Rivington Street Ventures Limited and Brokerhorse. RSH was admitted to trading on the PLUS Market, following a reverse takeover of Commodity Watch plc, and its financial results for the year ended 31 August 2009, the eight months ended 31 August 2008 and the year ended 31 December 2007 are available from <http://www.plusmarketsgroup.com/reports.shtml?ISIN=GB00B1VS6M32/GBX/PLUS-exn>.

The directors of RSH are Jim Mellon (Non-Executive Chairman), Thomas Winnifrith (Chief Executive), Denham Eke (Non-Executive Director) and Michael Riddell (Non-Executive Director). RSH's largest shareholder is Tom Winnifrith. Mr Winnifrith is interested in 29.16 per cent. of the issued share capital of Rivington.

For the year ended to 31 August 2009, Rivington had a group turnover of £4,079,226 (2008: £3,774,343) and net assets as at that date of £4,139,711, which included cash of £881,747.

The Placing

Under the terms of the Placing Agreement, finnCap Limited has conditionally placed, as placing agent to the Company, up to 8,000,000 Ordinary Shares (representing 25.03 per cent. of the Enlarged Issued Ordinary Share Capital) at the Placing Price to raise up to £2 million (gross) for the benefit of the Company.

The Placing is conditional, *inter alia*, upon Admission taking place by 8.00 a.m. on 9 August 2010 (or such later date, being not later than 31 August 2010, as the Company and finnCap Limited may agree).

The Placing Agreement contains provisions entitling finnCap Limited to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised, the Placing will lapse.

The Placing Shares, when issued and fully paid, will rank equally in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission.

It is expected that Admission will become effective and that dealings in the Placing Shares will commence on 9 August 2010.

The Placing is also conditional upon the passing of the GM Resolutions numbered 1 to 7 in the notice of General Meeting including the passing of an ordinary resolution (GM Resolution number 1) to approve the Rule 9 Waiver. Accordingly, the Company has convened the General Meeting, notice of which is set out at the end of this document.

Further details of the Placing Agreement are set out in paragraph 3.1.2 in Part V of this document.

The Subscription

Under the terms of the Subscription Agreement, the Subscribers have conditionally agreed to subscribe for 18,000,000 Ordinary Shares (representing 56.31 per cent. of the Enlarged Issued Ordinary Share Capital) at the Placing Price, raising £4.5 million before expenses for the benefit of the Company.

The Subscription is conditional, *inter alia*, upon Admission of the Subscription Shares to trading on AIM and completion of the Disposal.

The Subscription Shares, when issued and fully paid, will rank equally in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the Admission.

It is expected that Admission will become effective and that dealings in the Subscription Shares will commence on 9 August 2010.

The Subscription is also conditional upon the passing of the GM Resolutions numbered 1 to 7 in the notice of General Meeting, including the passing of an ordinary resolution on a poll (GM Resolution numbered 1) to approve the Rule 9 Waiver. Accordingly, the Company has convened the General Meeting, notice of which is set out at the end of this document.

Further details of the Subscription Agreement are set out in paragraph 3.1.1 in Part V of this document.

Following Admission, the Company will have 31,963,434 Ordinary Shares in issue (assuming that none of the Placers default on their obligations pursuant to their placing letters).

Use of the proceeds

The Directors intend to use the net proceeds of the Placing and Subscription (amounting to an aggregate of approximately £6.5 million (gross)) primarily to fund organic growth and working capital to execute the Company's strategy.

Proposed Directors and management

Conditional on Admission and on the passing of GM Resolution numbered 4 or 5 (as applicable), Jens Montanana will be appointed as a non-executive director of the Company and Andrew Miller will be appointed as an executive director responsible for finance, operations and M&A. Further information on Jens Montanana and Andrew Miller is set out below.

Jens Peter Montanana (proposed non-executive director), aged 49, 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 1994 Jens became CEO of Datatec Limited. Datatec Limited listed on the Johannesburg Stock Exchange in 1994 and on AIM in 2006. Jens has previously served on the boards and sub-committees of various public companies.

Andrew Douglas Miller (proposed executive director responsible for finance, operations and M&A), aged 46, 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.

Additional information relating to the Proposed Directors is set out in paragraph 2 of Part V of this document.

In addition, conditional on Admission, Andre Stewart and Stephen Turner will join the senior management team of the Company as vice president for sales and vice president of technology solutions and services, respectively. Further information on Andre Stewart and Stephen Turner is set out below.

Andre Luiz Alcantara Stewart (proposed vice president of sales), aged 40, has over 10 years' experience in the network security market, most recently at Fortinet, Inc. ("Fortinet") as VP Worldwide Sales and initially as VP EMEA sales and managing director of European operations. Before joining

Fortinet, Andre was a Regional Director for Netscreen Technologies, Inc. which was subsequently acquired by Juniper Networks, Inc. Prior to that Andre was a partner with Agora M&A focused on cross border M&A in the data communications market, and prior to that spent two years with European IT focused Executive Search firm, INS Group Ltd. Andre has a bachelor degree in political sciences and languages from Kingston University, England.

Stephen Derek Allan Turner (proposed vice president of technology solutions and services), aged 49, has over 20 years' experience in the IT networking and security market. From 2006 to 2008, Stephen was with Fortinet in the US, initially shaping the high-end appliance strategy, and subsequently as VP Customer Services and Support worldwide. Between 2002 and 2005 Stephen was founder and CEO of a wireless start-up company, Filfree Networks sarl, which developed and commercialised a patented mesh networking system. Prior to this Stephen ran a successful networking and security consultancy company for four years. Stephen's technology background was originally founded over a six year period as a technical support consultant within the European Area Field Support Group of Digital Equipment Corporation in France, and subsequently between 1993 and 1995 as a customer advocacy consultant with Cisco Systems in Belgium. Stephen has a bachelor degree in science (with Honours) – mechanical engineering from Portsmouth University.

Share option schemes

The New Board believes that the recruitment, motivation and retention of key employees is vital for the successful growth of the Company. The New Board considers that an important element in achieving these objectives is the ability to incentivise and reward staff (including directors) by reference to the market performance of the Company in a manner which aligns the interests of those staff with the interests of shareholders generally. The Company will utilise its existing employee share incentive scheme pursuant to which options to acquire new Ordinary Shares will be granted to employees of the Company. The Company will determine the terms and conditions of future grants. In addition, it is intended that a new Executive EMI option scheme (together with ancillary unapproved arrangements for non-UK taxpayers and non-executive directors on similar terms to the Executive EMI scheme but excluding the EMI requirements) and an Employee Share Ownership Trust ("ESOP"), incorporating a deferred share plan, will be established. The New Board have confirmed that the total number of new Ordinary Shares that may be committed under the schemes, if implemented, will represent a maximum of 10 per cent. of the Company's issued ordinary share capital from time to time.

It is intended that certain of the directors and senior management, including members of the Concert Party, will be granted options under the Executive EMI option scheme and ESOP on or shortly after Admission, further details of which are set out below in the section entitled "The City Code on Takeovers and Mergers".

Further details about the Company's issued and to be issued share options are set out below in the section entitled "The City Code on Takeovers and Mergers" and in paragraph 2.3 of Part V of this document.

Future strategy and prospects

The Company will continue to manage and expand the successful Business Systems division, which will continue to focus on the education sector where it has a strong market position. In addition, the Company intends, following completion of the Proposals, to enhance its existing business by embarking upon an acquisition strategy in the network security solutions market. The Proposed Directors believe that the Company presents an ideal opportunity to implement this acquisition strategy because the management and shareholders of Corero understand the technology and software sector and the benefits which could accrue from investment and suitable acquisitions.

The New Board intends to develop the Company through organic growth and strategic acquisitions in the network security market which, it believes, offers a compelling commercial opportunity. The New Board believes that the sector should continue to grow as security threats proliferate and the market demand for evolved security products increases. The intention is for the Company to move towards becoming a network security solutions vendor focused on delivering high growth solutions and related

services, to mid-market and larger customers as well as telecommunications service providers through international channels.

The new management team is an experienced senior executive management team with extensive technology, sales, marketing, finance, acquisition, business integration and operations experience.

The network security market

In 2008, the worldwide network security market was a US\$7.2 billion market (*source: IDC*). The European, Middle Eastern and African network security market is forecast to have the strongest growth in the period 2008 to 2013 of approximately 10.8 per cent. with revenues forecast to be approximately US\$3.8 billion in 2013 (*source: IDC*).

Network security is a resilient area of IT spend and is often considered by organisations to be non-discretionary. There are a number of reasons for this:

- the rapid growth of the Internet has resulted in considerable growth of cyber crime, together with an increase in the threat of insider fraud and data theft. Security is a critical component of an organisation's IT infrastructure and the New Board believes can be considered non-discretionary, because of data theft issues and compliance requirements.
- the security market is not at the point where existing solutions can protect against emerging or as yet unknown threats – the evolution of new threats demands continued security technological advances.
- the security market is a constantly changing and evolving industry. There are several business drivers and IT trends which are forcing changes in security practices and related technology adoption:
 - the network perimeter, the boundary between private networks and the public domain, is rapidly dissolving as initiatives around external access to Internet connected corporate networks, cloud computing domains, consumer and social networking and software-as-a-service, are now making the notion of a secure network perimeter (the cornerstone of past security efforts) more irrelevant. In addition, organisations are increasingly making applications on their networks accessible to partners and customers.
 - virtualisation, a simulated computer environment, is disrupting traditional security models and causing a significant rethink of network security for many organisations.
 - the evolving Web is the new frontier for attacks – traditional Web protection practices such as URL filtering and antivirus protection at the gateway have failed to keep up with today's security issues. The exploitation of vulnerabilities on legitimate Web sites, phishing attacks, as well as Web 2.0 and social networking-based attacks are all forcing organisations to adopt real-time Web content analysis.
 - as a direct result of increasing cybercrime, new legislation is creating an always-changing compliance requirement for information security. Organisations in industry sectors such as healthcare, financial services and government, are required to comply with regulations such as Health Insurance Portability and Accountability Act (HIPAA), Sarbanes Oxley Act (SOX), and those from the Payment Card Industry (PCI).

The network security market is highly fragmented with no single company offering a solutions portfolio that spans the customer requirements spectrum. The top three network security vendors, Cisco Systems Inc, Check Point Software Technologies Limited and Juniper Networks Inc. represent 43 per cent. of the market. The next 55 companies represent 35 per cent. of the market (with the remaining 22 per cent. of the market represented by companies with revenues of less than US\$3 million per annum) (*source: IDC*). The New Board is of the view that the larger security vendors generally lag behind the market in terms of innovation, whilst smaller innovative companies typically remain too small to compete effectively.

Strategy

Many smaller, albeit innovative, network security technology companies, especially in Europe, have stagnated and find it difficult to grow revenues due to a lack of scale, operational expertise and market credibility. These smaller companies institutional, venture capital and management shareholders could be positively disposed to a broader strategy and potential exit. The New Board is of the view that there is a significant opportunity to leverage the technology of these smaller innovative network security technology companies and bring selected products to market by:

- executing a buy and build strategy;
- providing expertise and experience in sales, marketing, services and finance; and
- building critical mass and market credibility.

The New Board have identified a number of appropriate potential acquisition opportunities for the Company and it is envisaged that the Company will make multiple acquisitions, although none have progressed beyond the stage of preliminary assessment at present. It is intended that the acquisitions will principally be funded from the issue of further equity.

Subsequent to the acquisitions, the primary focus will be to increase the revenues and market share of the acquired entities by developing and providing to them additional commercial activities in sales and marketing, technical support services, international business partners and distribution channels and leveraging the management team's knowledge and contacts within the security market industry. It is intended that sales, marketing and support teams will be assembled to augment the commercial capabilities of the acquired companies, with the initial geographic focus being Europe and the Middle East and then the Americas and Asia Pacific.

In addition, the Company will plan to:

- develop a strong recurring revenue offering, including both customer support services and security update services, with the objective of these services representing a significant portion (approximately 40 per cent.) of the overall revenues;
- derive benefits from increased efficiencies and economies of scale as multiple companies and additional business streams are aggregated; and
- implement appropriate management controls and disciplines supporting detailed forecasting, management reporting and internal and external metric benchmarking.

Information on the Concert Party

The Concert Party comprises Jens Montanana, Andrew Miller, Andre Stewart, Stephen Turner and Ezio Simonelli. Further details of Jens Montanana, Andrew Miller, Andre Stewart and Stephen Turner are set out above. In addition, Ezio Simonelli is a business associate and an industry contact of Andre Stewart, who operates in the IT software industry. The Concert Party can be contacted at 169 High Street, Rickmansworth, Hertfordshire WD3 1AY.

The Concert Party has confirmed to the Board that, following completion of the Proposals, it is the Concert Party's intention that the activities of the Company will be in accordance with the section entitled "Future strategy and prospects" set out in this Part I. Save as set out in this Part I, the Concert Party has confirmed that there will be no redeployment of the Company's fixed assets and no changes in conditions of employment or the location of the Company's place of business.

The City Code on Takeovers and Mergers

The issue of the Subscription Shares and the issue of the options over Ordinary Shares to the Concert Party give rise to certain considerations under the Code. Brief details of the Panel, the Code and the protections they afford to Shareholders are described below.

The Code is issued and administered by the Panel. Corero is a company to which the Code applies and its shareholders are entitled to the protections afforded by the Code.

Under Rule 9 of the Code (“Rule 9”), when: (i) a person acquires an ‘interest’ (as defined in the Code) in shares which, taken together with shares in which he is already interested and in which persons ‘acting in concert’ with him are interested (as defined in the Code), carry 30 per cent. or more of the voting rights of a company that is subject to the Code; or (ii) any person who, together with persons acting in concert with him is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company, but does not hold shares carrying more than 50 per cent. of the voting rights of the company subject to the Code, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then in either case, that person together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him, or any 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, for all the remaining equity share capital of the company.

Under the Code, a concert party arises where persons acting together pursuant to an agreement or understanding, whether formal or informal, co-operate to obtain or consolidate control of that company. Control means an interest or interests in shares carrying an aggregate of 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control.

The members of the Concert Party are deemed to be acting in concert for the purposes of the Code. On Admission, the Concert Party will be interested in 18,000,000 Ordinary Shares, representing 56.31 per cent. of the Enlarged Issued Ordinary Share Capital (assuming that none of the Placees default on their obligations pursuant to their placing letters).

Under the terms of the share option schemes, referred to in the paragraph entitled “Share options schemes” above, certain members of the Concert Party may receive up to a further 1,397,000 new Ordinary Shares. If all such options are issued and exercised and no other Ordinary Shares are issued by the Company in the interim, the Concert Party would hold 19,397,000 Ordinary Shares in aggregate, representing approximately 58.14 per cent. of the then enlarged issued share capital of the Company (assuming that none of the Placees default on their obligations pursuant to their placing letters).

A table showing the interests in Ordinary Shares of the members of the Concert Party on Admission, subject to passing of the GM Resolutions and the CULS Resolutions, and the maximum shareholding on the exercise of options (assuming that none of the Placees default on their obligations pursuant to their placing letters) are as set out below.

| | On Admission | | Maximum holding on the exercise of options | | |
|-------------------|---------------------------|--|--|---------------------------|--|
| | Number of Ordinary Shares | Percentage of Enlarged Issued Ordinary Share Capital | Number of Options | Number of Ordinary Shares | Percentage of the then enlarged issued share capital |
| Jens Montanana* | 10,400,000 | 32.54 | 165,000 | 10,565,000 | 31.67 |
| Andre Stewart** | 5,500,000 | 17.21 | 308,000 | 5,808,000 | 17.41 |
| Andrew Miller | 600,000 | 1.88 | 616,000 | 1,216,000 | 3.65 |
| Stephen Turner | 300,000 | 0.94 | 308,000 | 608,000 | 1.82 |
| Ezio Simonelli*** | 1,200,000 | 3.74 | — | 1,200,000 | 3.59 |
| Total | 18,000,000 | 56.31 | 1,397,000 | 19,397,000 | 58.14 |

* of which 8,400,000 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana.

** the 5,500,000 Ordinary Shares are held in the name of BFG Investments Group Limited, which is wholly owned by Andre Stewart.

***the 1,200,000 Ordinary Shares are held in the name of UBK S.p.A, which is wholly owned by Ezio Simonelli.

If, however, only Jens Montanana exercises his options, his maximum potential interest of 10,565,000 Ordinary Shares will be equivalent to 32.88 per cent. of the enlarged issued ordinary share capital, as enlarged by the exercise of his options and assuming no other Ordinary Shares have been issued following Admission.

The Panel has agreed however, subject to the GM Resolution numbered 1 being passed on a poll by the Independent Shareholders at the General Meeting, to waive the obligation on the Concert Party and Jens

Montanana, personally, under Rule 9 to make a general offer for the entire issued share capital of the Company which would otherwise arise as a result of the Proposals (which include the issue of options). Accordingly, approval of Independent Shareholders on a poll to the Rule 9 Waiver is sought in Resolution 1.

No member of the Concert Party, nor any person acting in concert with them, has purchased Ordinary Shares in the 12 months immediately preceding the date of this document. The waiver, to which the Panel has agreed, will be invalidated if any purchases of Ordinary Shares are made by any member of the Concert Party, or any person acting in concert with them, in the period between the date of this document and the General Meeting.

On Admission the Concert Party will be interested in Ordinary Shares carrying more than 50 per cent. of the voting rights of the Company and (for as long as they continue to be treated as acting in concert) the Concert Party (and any other persons acting in concert with them) will be able to acquire further Ordinary Shares, without incurring an obligation to make a general offer to shareholders of the Company under Rule 9. However any individual members of the Concert Party will not be able to increase their percentage interest in shares to 30 per cent. or more or (as in the case of Jens Montanana who will on Admission hold in excess of 30 per cent.) increase their interest between 30 and 50 per cent. of the voting rights of the Company without Panel consent. If they did so they would incur an obligation to make a general offer for the Company under Rule 9 of the Code.

General Meeting

The General Meeting has been convened for 10.00 a.m. on 6 August 2010 at the offices of MSL, 51-55 Gresham Street, London EC2V 7HQ. Set out below is a summary of the resolutions, which will be proposed at the GM.

The Resolutions consist of:

- (a) an ordinary resolution to approve, subject to the passing of the resolutions in (b) to (g), the Rule 9 Waiver;
- (b) an ordinary resolution to approve the Disposal;
- (c) an ordinary resolution to approve, subject to the passing of the resolution in (b), Mark Robertson's consultancy agreement and bonus arrangements described in paragraph 3.1.7 of Part V of this document;
- (d) an ordinary resolution approving the appointment, subject to Admission, of Jens Peter Montanana to the Board;
- (e) an ordinary resolution approving the appointment, subject to Admission, of Andrew Douglas Miller to the Board;
- (f) an ordinary resolution to authorise the Directors, subject to the passing of the resolutions in (a) to (e) to allot, *inter alia*, the Subscription Shares, the Placing Shares and the CULS Compromise Shares;
- (g) a special resolution, subject to the passing of the resolution in (f), to disapply statutory pre-emption rights in respect of, *inter alia*, the allotment of the Subscription Shares, the Placing Shares and the CULS Compromise Shares;
- (h) an ordinary resolution to give the Directors a general authority after Admission to allot further shares of the Company, representing approximately one third of the Enlarged Issued Ordinary Share Capital;
- (i) a special resolution to give the Directors authority after Admission to disapply statutory pre-emption rights in respects of allotments of Ordinary Shares pursuant to the exercise of existing and proposed options and of equity securities for cash, representing approximately 15 per cent. of the Enlarged Issued Ordinary Share Capital;

The resolutions in (a) and (c) will be taken on a poll of the Independent Shareholders.

CULS Meeting

The CULS Meeting has been convened for 10.05 a.m. (or such later time as the GM convened for 10.00 a.m. has concluded or been adjourned) on 6 August 2010 at the offices of MSL, 51-55 Gresham Street, London EC2V 7HQ. A single extraordinary resolution will be proposed at the CULS Meeting to approve the CULS Compromise and to cancel the listing of the CULS on AIM. The CULS Resolution is conditional, *inter alia*, on the passing of GM Resolutions numbered 1 to 7 and on Admission.

Action to be taken by Shareholders in relation to the General Meeting

Shareholders will find enclosed with this document the GM Form of Proxy (coloured white) for use at the General Meeting. The GM Form of Proxy should be completed and returned in accordance with the instructions printed on it so as to arrive at the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event not later than 10.00 a.m. on 4 August 2010. Completion and return of the GM Form of Proxy will not prevent Shareholders from attending and voting at the General Meeting should they so wish.

Action to be taken by CULS Holders in relation to the CULS Meeting

Holders of CULS will find enclosed with this document the CULS Form of Proxy (coloured blue) for use at the CULS Meeting. The CULS Form of Proxy should be completed and returned in accordance with the instructions printed on them so as to arrive at the Company's registrars, Capita Registrars at PXS, 34 Beckenham Road, Beckenham BR3 4TU as soon as possible and in any event not later than 10.05 a.m. on 4 August 2010. Completion and return of the CULS Form of Proxy will not prevent holders of CULS from attending and voting at the CULS Meeting should they so wish.

Irrevocable undertakings

The Independent Directors have irrevocably undertaken to the Company to vote in favour of the Resolutions to be proposed at the General Meeting, in respect of their aggregate beneficial holdings totalling 29,306 Ordinary Shares, representing approximately 1.93 per cent. of the Existing Ordinary Shares.

In addition, certain CULS Holders have irrevocably undertaken to the Company to vote in favour of the resolution to be proposed at the CULS Meeting, in respect of their aggregate beneficial holdings totalling £3,667,632 nominal of the CULS, representing approximately 91.7 per cent. of the existing issued CULS. Those CULS Holders have also undertaken to vote in favour of the GM Resolutions, other than GM Resolutions numbered 6 and 7 as those relate, *inter alia*, to the CULS Compromise.

Other information

Your attention is drawn to Parts II to V of this document which provide additional information on the matters detailed above.

Recommendation

The Independent Directors, who have been so advised by MSL, believe that the terms of the Proposals, including the waiver of the obligation on the Concert Party to make a general offer to Shareholders under Rule 9 of the Code, are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole.

Mark Robertson will be resigning from the Board, conditional on completion of the Disposal, and will be transferring to Brokerhorse as chief executive officer and will also join the management team of Rivington. In addition, he will be retained as a consultant to the Company for a period of two months to manage the smooth transition of the business. Mr Robertson will be receiving a fee of £20,000 (excluding VAT) for his services. Furthermore, Mr Robertson will be receiving a bonus in accordance with his existing service contract, the payment of which is conditional on the Disposal. As a result, Mr Robertson has a conflict of interest for the purposes of Rule 25.1 (Note 3)

of the Code and therefore has taken no part in the deliberations of the Board, has been excluded from the recommendation of the Board and will not vote on either of GM Resolutions numbered 1, 2 or 3.

Further details on the consultancy agreement between the Company and Mr Robertson are set out in paragraph 3.1.7 of Part V of this document. MSL considers that the terms of Mr Robertsons' consultancy agreement are fair and reasonable and not unusual in the context of the Disposal or good practice.

Accordingly, the Independent Directors recommend that Shareholders vote in favour of the Resolutions as they intend to do in respect of their aggregate shareholdings of 29,306 Ordinary Shares, equivalent to 1.93 per cent. of the Existing Ordinary Shares. In providing advice to the Independent Directors, MSL has taken into account their commercial assessment.

Yours faithfully

Peter Waller
Executive chairman

Part II

Financial information

Incorporation of the relevant information by reference

- a) The information listed below relating to Corero is hereby incorporated by reference into this document.

No. Information

Source of Information

1. Turnover, net 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 Corero for the three years ended 31 December 2009
- Corero Annual Report & Accounts 2009, Consolidated Statement of Comprehensive Income on page 17 and note 10 on page 34 on Taxation.
- 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.
- http://www.corero.com/uploads/files/Annual_Report_and_Accounts_for_the_year_ended_31_December_2009.pdf**
- Corero Annual Report & Accounts 2008, Consolidated Income Statement on page 18 and note 10 on Taxation on page 33.
- 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.
- <http://www.corero.com/uploads/files/Corero%20PLC%20Report%20and%20Accounts%202008.pdf>**
- Corero Annual Report & Accounts 2007, Income Statement on page 18 and note 10 on Tax on Loss on ordinary activities on page 34.
- 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.
- <http://www.corero.com/uploads/files/Annual%20Report%20and%20Accounts%20for%20the%20year%20ended%2031%20December%202007.pdf>**
2. A statement of the assets and liabilities shown in the audited accounts for Corero for the year ended 31 December 2009
- Corero Annual Report & Accounts 2009, Statement of Financial Position on page 18.
- 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.
- http://www.corero.com/uploads/files/Annual_Report_and_Accounts_for_the_year_ended_31_December_2009.pdf**

3. A cash flow statement as provided in the audited accounts for Corero for the year ended 31 December 2009

Corero Annual Report & Accounts 2009, Consolidated Cash Flow Statement on page 19.

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.

http://www.corero.com/uploads/files/Annual_Report_and_Accounts_for_the_year_ended_31_December_2009.pdf

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

Corero Annual Report & Accounts 2009, the Significant Accounting Policies on pages 22 to 28 and Notes to the Financial Statements on pages 22 to 47. 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.

http://www.corero.com/uploads/files/Annual_Report_and_Accounts_for_the_year_ended_31_December_2009.pdf

Corero Annual Report & Accounts 2008, the Significant Accounting Policies on pages 22 to 28 and Notes to the Financial Statements on pages 22 to 46. 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.

<http://www.corero.com/uploads/files/Corero%20PLC%20Report%20and%20Accounts%202008.pdf>

Corero Annual Report & Accounts 2007, the Significant Accounting Policies on pages 22 to 29 and Notes to the Financial Statements on pages 22 to 53. 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.

<http://www.corero.com/uploads/files/Annual%20Report%20and%20Accounts%20for%20the%20year%20ended%2031%20December%202007.pdf>

The results for Corero for the three years ended 31 December 2009, 31 December 2008 and 31 December 2007 are available free of charge on the Corero website at <http://www.corero.com>.

Information in relation to 1, 2, 3 and 4 above has not been published in an inflation adjusted form. The annual reports and interim results are available in “read-only” format and can be printed from the Corero website.

Corero will provide within two Business Days, without charge, to each person to whom a copy of this document has been delivered, upon their written request, a copy of any documents incorporated by reference in this document. Copies of any documents incorporated by reference in this document will not be provided unless such a request is made. Requests for copies of any such document should be directed to either the Company secretary, Corero plc, 169 High Street, Rickmansworth, Hertfordshire WD3 1AY or Merchant Securities Limited by telephoning 020 7628 2200.

Part III

Further terms of the CULS Offer

Conditions

1. The CULS Offer is conditional upon:
 - (a) the passing at the General Meeting of the Resolution numbered 2 in the notice of GM; and
 - (b) the completion of the Disposal pursuant to the Business Transfer Agreement.

Acceptance Period

2. The CULS Offer is open for acceptance until 1.00 p.m. on 5 August 2010.

No Right of Withdrawal

3. Acceptance of the CULS Offer is irrevocable.

Undertakings, representations and warranties

4. Each CULS Holder by whom, or on whose behalf, a TTE instruction is sent or a Form of Acceptance is executed and lodged with the Company's registrars, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (as applicable) irrevocably undertakes, represents, warrants and agrees to and with the Company (so as to bind him, his personal legal representatives, heirs, successors and assigns) to the following effect:
 - (a) that the sending of the TTE instruction or the execution of a Form of Acceptance (as applicable) shall constitute:
 - (i) an acceptance of the CULS Offer in respect of all of the CULS subject to the CULS Offer held by such CULS Holder whether or not that is the principal amount of CULS inserted in Box 1 of the Form of Acceptance (in the case of CULS held in certificated form). In respect of each holding of CULS to which the CULS Offer relates, the CULS Offer must be accepted in whole, not in part;
 - (ii) an undertaking to execute any further documents, take any further action and give any further assurances which may be required to enable the Company to obtain the full benefit of paragraphs 4 and 5 of this Part III and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the CULS Offer;

in each case on and subject to the terms and conditions set out or referred to in this document and, in the case of CULS held in certificated form, the Form of Acceptance provided that if (i) no Boxes are completed; or (ii) the total amount of CULS inserted in Box 1 is greater or lesser than the amount of CULS (comprising one half of your registered holding of CULS) in certificated form comprised in the acceptance; or (iii) the acceptance is otherwise completed incorrectly, but the Form of Acceptance is signed, it will be deemed to be an acceptance of the CULS Offer in respect of the maximum amount of the CULS in certificated form which is capable of acceptance;

- (b) that the sending of a TTE instruction or the execution of the Form of Acceptance and its delivery constitutes the irrevocable separate appointment of any directors of, or any person authorised by, the Company as its agent and/or attorney with an irrevocable instruction and authorisation to such attorney to send such instructions and/or to complete and execute all or any form(s) and/or other documents at the discretion of such attorney in relation to the CULS comprised in the acceptance in favour of the Company or such other persons as the Company or its agents may direct;
- (c) that he will deliver to Capita Registrars, or procure the delivery to Capita Registrars of, his certificate(s) or other document(s) of title in respect of those CULS in certificated form

- comprised in the acceptance or an indemnity acceptable to the Company, as soon as possible;
- (d) that he will ratify each and every act or thing which may be done or effected by the Company or any of its directors or agents in the exercise of any of the powers and/or authorities under this Part III;
 - (e) that, if any provision of this Part III shall be unenforceable or invalid or shall not operate so as to afford the Company or any of its directors, agents or persons authorised by them, the benefit of the authority to be given therein, he will, with all practicable speed, do all such acts and things and execute all such documents that may be required or desirable to enable the Company and any of its directors, agents or persons authorised by them to secure the full benefit of this Part III;
 - (f) that he is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the CULS comprised or deemed to be comprised in such acceptance and that such loan stock is sold fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and other interests of any nature whatsoever and together with all rights now or hereafter attaching thereto.
 - (g) that the terms and conditions of the CULS Offer shall be deemed to be incorporated in, and form part of, the Form of Acceptance which shall be read and construed accordingly;
 - (h) that in the case of CULS held in certificated form the Form of Acceptance shall be deemed to be delivered on the date of its execution and shall take effect as a deed on such date;
 - (i) that the sending of a TTE instruction or the execution of the Form of Acceptance constitutes the CULS Holder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising in connection with the CULS Offer and (where applicable) the Form of Acceptance; and
 - (j) that the sending of a TTE instruction or the execution of the Form of Acceptance constitutes a representation and warranty that the relevant CULS Holder is not resident in the United States, Australia, Canada, Japan or any other Restricted Jurisdiction.

5. General

- (a) The Offer will lapse unless all of the Conditions have been waived or, where appropriate, have been determined by the Company in its reasonable opinion to be and remain, satisfied or (if capable of waiver) waived on or before 9 August 2010. If the CULS Offer lapses for any reason:
 - (i) accepting CULS Holders and the Company will cease to be bound by Forms of Acceptance submitted before the time the CULS Offer lapses; and
 - (ii) Forms of Acceptance, loan stock certificates and other documents of title will be returned by post within 14 calendar days of the CULS Offer lapsing, at the risk of the CULS Holder in question, to the person or agent whose name and address is set out in the relevant box on the Form of Acceptance or, if none is set out, to the first-named holder at his registered address.
- (b) Settlement of the consideration to which any CULS Holder is entitled under the CULS Offer will be implemented in full in accordance with the terms of the CULS Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Company may otherwise be, or claim to be, entitled against that CULS Holder.
- (c) Settlement of the consideration will be effected in the manner prescribed in the paragraph entitled "Settlement of the consideration under the CULS Offer" contained in Part I of this document not later than 14 calendar days after Admission.
- (d) The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the CULS Offer. Words and expressions defined in this document have the same meaning when used in the Form of Acceptance unless the context requires otherwise. The provisions of this Part III shall be deemed to be incorporated and form part of the Form of Acceptance.

- (e) Any omission or failure to despatch this document, the Form of Acceptance or any other document relating to the CULS Offer and/or notice required to be despatched under the terms of the CULS Offer to, or any failure to receive the same by, any person to whom the CULS Offer is, or should be, made shall not invalidate the CULS Offer in any way or create any implication that the CULS Offer has not been made to any such person.
- (f) The Company reserves the right to treat as valid in whole or in part any acceptance of the CULS Offer received by the Company's registrars, Capita Registrars or otherwise on behalf of the Company which is not entirely in order or in correct form or which is not accompanied by (as applicable) the relevant loan stock certificate(s) and/or other relevant document(s) or is received by it at any place or places or in any form or manner determined by the Company to be otherwise than as set out in this document or in the Form of Acceptance. In that event, no issue of Rivington Stock under the CULS Offer will be made until after the acceptance is entirely in order and the relevant loan stock certificate(s) and/or other document(s) of title or indemnities satisfactory to the Company have been received by the Company's registrars, Capita Registrars.
- (g) All powers of attorney, appointments of agents and authorities on the terms conferred by or referred to in this Part III or in the Form of Acceptance are given by way of security for the performance of the obligations of the CULS Holder and are irrevocable (in respect of powers of attorney in accordance with section 4 of the Powers of Attorney Act 1971).
- (h) The CULS Offer is made on the date of this document and is capable of acceptance from and after that time. Forms of Acceptance, copies of this document, and any related documents may be collected from the Company's office, 169 High Street, Rickmansworth, Hertfordshire WD3 1AY.
- (i) If the CULS Offer does not become unconditional in all respects, the relevant Form of Acceptance, loan stock certificate(s) and/or other document(s) of title will be returned by post within 14 calendar days of the CULS Offer lapsing to the person or agent whose name and address is pre-printed at the top of the relevant Form of Acceptance or, if appropriate, Box 2 of the relevant Form of Acceptance or, if none is set out, to the first-named holder at his registered address.
- (j) CULS will be acquired by the Company fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attached to them.
- (k) Neither the Company nor any agent acting on behalf of the Company shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of the CULS Offer or otherwise in connection therewith.

6. Procedure for Accepting the CULS Offer

For CULS held in certificated form

- (a) CULS Holders who hold CULS in certificated form and who wish to accept the CULS Offer in respect of their CULS should complete the Form of Acceptance in accordance with the instructions set out therein. Acceptances may only be made in respect of all (but not some) of the CULS which are the subject of the CULS Offer held by each CULS Holder (being one half of your registered holding of CULS). Acceptances in respect of CULS held in certificated form may only be made on the Form of Acceptance which becomes irrevocable once validly completed and returned to Capita Registrars. CULS Holders who hold CULS in both certificated and uncertificated form should complete a Form of Acceptance in respect of their CULS held in certificated form only and the TTE instruction in respect of their uncertificated holding. CULS Holders who hold CULS under different designations should complete a separate Form of Acceptance for each designation. If you have such holdings, additional Forms of Acceptance can be obtained from Capita Registrars.
- (b) In the case of CULS Holders who hold their CULS in certificated form, Forms of Acceptance duly completed and signed should be returned together with the relevant valid CULS certificate(s) and/or other document(s) of title, by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent

BR3 4TU as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on 5 August 2010.

- (c) If you have lost your CULS certificate(s) and/or other document(s) of title, you should write to Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0GA, for a letter of indemnity in respect of the lost CULS certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned either by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than 1.00 p.m. on 5 August 2010.

For CULS held in uncertificated form (that is, in CREST)

- (a) In the case of CULS Holders who hold their CULS in uncertificated form, if you wish to accept the CULS Offer, you should take (or procure to be taken) the actions set out below to transfer (by means of a TTE instruction) your CULS to an escrow balance, specifying Capita Registrars (in its capacity as a CREST receiving agent under the participant ID and member account ID referred to below) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles no later than 1.00 p.m. on 5 August 2010. **If you wish to accept the CULS Offer you should specify that all of your CULS are transferred to escrow.**
- (b) If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your CULS are held. In addition, only your CREST sponsor will be able to send the TTE instruction to Euroclear in relation to the CULS you wish to tender.
- (c) In the case of CULS Holders who hold their CULS in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE instruction to Euroclear which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for a TTE instruction to settle in CREST, the following details:
 - (i) the number of CULS to be transferred to an escrow balance (this should be all of your CULS);
 - (ii) your member account ID;
 - (iii) your participant ID;
 - (iv) the participant ID of the escrow agent, Capita Registrars, in its capacity as a CREST receiving agent. This is RA10;
 - (v) the member account ID of the escrow agent. This is COREOPT1;
 - (vi) the corporate action number for the CULS Offer. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
 - (vii) a name and contact number to be inserted in the shared note field;
 - (viii) the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event not later than 1.00 p.m. on 5 August 2010;
 - (ix) the corporate action ISIN. This is GB0009662320; and
 - (x) input with the standard TTE delivery instruction of priority of 80.
- (d) After settlement of the TTE instruction, you will not be able to access the CULS concerned in CREST for any transaction or for charging purposes, notwithstanding that they will be held by Capita Registrars, in its capacity as escrow agent to the CULS Offer, until the transfer referred to below. If the CULS Offer becomes unconditional, on 6 August 2010, the escrow agent will transfer the CULS to itself, in its capacity as escrow agent to the CULS Offer.
- (e) You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined above.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your CULS to settle prior to 1.00 p.m. on 5 August 2010. In this regard, you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings. An appropriate announcement will be made if any of the details contained in this paragraph (e) are altered for any reason.

- (f) Normal CREST procedures (including timings) apply in relation to any CULS that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the CULS Offer (whether any such conversion arises as a result of a transfer of CULS or otherwise). CULS Holders who are proposing to convert any such CULS are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the CULS as a result of the conversion to take all necessary steps in connection with any take up of the CULS Offer (in particular, as regards delivery of the valid CULS certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 5 August 2010.

7. Overseas CULS Holders

- (a) Unless otherwise determined by the Company and permitted by applicable law and regulation, the CULS Offer is not being made, directly or indirectly, in or into, or by the use of mails or other means of instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national securities exchange of the United States, Canada, Australia or Japan or any other jurisdiction into which it would be unlawful to make such offer (a “**Restricted Jurisdiction**”) and the CULS Offer will not be capable of acceptance by such use, means, instrumentality or facility from or within a Restricted Jurisdiction. Accordingly, copies of this document and related documents are not being, and must not be, in whole or in part, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from a Restricted Jurisdiction and persons receiving this document and any related document (including, without limitation, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them, in whole or in part, in or into or from a Restricted Jurisdiction. Doing so may render invalid any purported acceptance of the CULS Offer. The availability of the CULS Offer to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements. All persons (including, without limitation, nominees, trustees and custodians) who would, or otherwise intend to, forward this document or the accompanying documents to any jurisdiction outside of the United Kingdom should read the further details in this regard which are contained in Part II of this document before taking any action.
- (b) The Rivington Stock to be issued in connection with the CULS Offer has not been, nor will it be, registered under the US Securities Act or under the securities laws of any state of the United States; the relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; and the Rivington Stock has not been, nor will they be, registered under or offered in compliance with applicable securities laws of any state, province, territory or jurisdiction of Canada, Australia or Japan. Accordingly, the Rivington Stock is not being and may not be (unless an exemption under relevant securities laws is applicable) offered, sold, resold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of, or require registration thereof in, such jurisdiction or to, or for the account or benefit of, any United States, Canadian, Australian or Japanese person.

Part IV

Summary of the rights attaching to the Rivington Stock

Part A – 8% Rivington Stock

Set out below is a summary of the principal terms of the 8% Rivington Stock.

1. The 8% Rivington Stock

The 8% Rivington Stock shall rank *pari passu* equally and rateably with all other unsecured and unsubordinated obligations of Rivington.

2. Interest

The 8% Rivington Stock shall bear interest on the principal outstanding sum at the rate of 8% per annum (calculated on a day-to-day basis) payable by Rivington until the 8% Rivington Stock is redeemed or repaid in respect of the period from the day immediately following the date of the Disposal to 30 June 2015, which shall be paid (less withhold tax required to be deducted by law) in half yearly instalments on 30 June and 31 December in each year, with the first such payment being made on 31 December 2010 (and being in respect of the period from and including the date immediately following the date of Disposal to 31 December 2010) and the final payment being made on 30 June 2015.

3. Repayment of the 8% Rivington Stock

The principal amount of any 8% Rivington Stock then outstanding shall become repayable with accrued and unpaid interest thereon on 30 June 2015.

4. Repayment Events

The principal amount of any 8% Rivington Stock then outstanding together with any interest accrued thereon shall become immediately due and payable on the occurrence of, *inter alia*, any one of the following events:

- (a) if Rivington fails to make any payment of principal or interest within 7 days of its becoming due; or
- (b) if material default is made by Rivington in the performance or observance of any of its other obligations and Rivington shall fail to remedy the same, where capable of remedy, within 30 days of being notified in writing thereof by holders of 8% Rivington Stock holding not less than 25 per cent. in aggregate principal nominal amount of the 8% Rivington Stock then outstanding; or
- (c) if any representation or warranty made by or on behalf of Rivington or Rivington Street Holdings plc in or in accordance with the 8% Rivington Stock is or proves to be incorrect in any material respect; or
- (d) if Rivington and/or Rivington Street Holdings plc stops or threatens to stop payment or ceases to carry on all or substantially all of its business; or
- (e) if an encumbrancer takes possession or a receiver, administrative receiver, administrator or other similar officer is appointed of the whole or any substantial part of the undertaking, property or assets of Rivington and/or Rivington Street Holdings plc or if a distress or execution levied or enforced upon or sued out against any substantial part of the assets of Rivington and/or Rivington Street Holdings plc is not paid out or discharged within 28 days; or
- (f) if Rivington and/or Rivington Street Holdings plc is unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986 (excluding sub-section (1)(a)) or any analogous provision under any other applicable law; or

- (g) if Rivington and/or Rivington Street Holdings plc initiates or consents to proceedings relating to itself under any applicable bankruptcy, insolvency, composition or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition with, its creditors generally.

5. Guarantee

Payment by Rivington of the principal amount of the 8% Rivington Stock and interest falling due or accruing on the 8% Rivington Stock on or before the redemption date and any default interest accruing on them is guaranteed by Rivington Street Holdings plc.

6. Conversion Rights

The 8% Rivington Stock has no right of conversion.

7. Transfer and Registration

- (a) The 8% Rivington Stock shall be transferable in multiples of £1.
- (b) Rivington is not bound to recognise or take notice of any trust to which the 8% Rivington Stock may be subject.
- (c) A register of holders of 8% Rivington Stock must be kept by Rivington.

8. Meetings of the 8% Rivington Stock Holders

The 8% Rivington Stock Instrument contains general provisions relating to the conduct of meetings of holders of 8% Rivington Stock. These include provisions *inter alia*, as follows:

- (a) holders of not less than one-tenth in nominal value of the 8% Rivington Stock for the time being outstanding may require Rivington to convene a meeting of the holders of 8% Rivington Stock;
- (b) on a show of hands every member who is present in person shall have one vote and upon a poll every person shall have one vote for every £1 principal nominal 8% Rivington Stock held by him; and
- (c) a meeting of the holders of 8% Rivington Stock can sanction and authorise certain acts relating to the 8% Rivington Stock. Such authorisation is by way of resolution which requires the support of not less than 75 per cent. of those present at a meeting or of votes cast on a poll. Such resolutions may also be validly passed by a written resolution signed by or on behalf of at least 95 per cent. of the holders of 8% Rivington Stock.

9. Payments

Any monies payable on or in respect of the 8% Rivington Stock shall be paid by telegraphic transfer of immediately available funds for credit to the account designated by each holder of 8% Rivington Stock in writing lodged with Rivington at its registered office, failing which such payment may be paid by cheque.

Part B – Zero Coupon Rivington Stock

The terms of the Zero Coupon Rivington Stock are the same as the 8% Rivington Stock with the exception of the following provisions:

1. Interest

The Zero Coupon Rivington Stock shall be non interest bearing other than any default interest accruing in accordance with the terms of the Zero Coupon Rivington Stock Instrument.

2. Repayment of the Zero Coupon Rivington Stock

Rivington shall redeem the Zero Coupon Rivington Stock at par on the following dates and such redemption shall be made from each Zero Coupon Rivington Stock Holder in proportions which are as near as practicably equal to the proportion of Zero Coupon Rivington Stock held by each Zero Coupon Rivington Stock Holder to the aggregate outstanding Zero Coupon Rivington Stock on relevant date of redemption:

- (a) £40,000 of the principal nominal value of Loan Stock in issue on the date of this Instrument shall be redeemed on 30 June 2012;
- (b) £40,000 of the principal nominal value of Loan Stock in issue on the date of this Instrument shall be redeemed on 31 December 2012;
- (c) £40,000 of the principal nominal value of Loan Stock in issue on the date of this Instrument shall be redeemed on 9 June 2013; and
- (d) £7,781 of the principal nominal value of Loan Stock in issue on the date of this Instrument shall be redeemed on 31 December 2013.

Part V

Additional Information

1. Responsibility

- 1.1 The Directors, whose names appear on page 9 of this document, accept responsibility for the information contained in this document, including the Directors' recommendation contained in Part I of this document (other than Mark Robertson who is not making a recommendation in relation to the Proposals), other than the information relating to the Concert Party. To the best of the knowledge of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Each member of the Concert Party accepts responsibility individually for the information contained in this document relating to himself. 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 contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors and other interests

- 2.1 The interests, all of which are beneficial unless stated otherwise, of the Directors and the Proposed Directors and their immediate families and of persons connected with them, within the meaning of sections 252 and 253 of the Act, as at the date of this document and as they are expected to be upon Admission are as follows:

| Name | At the date of this document | | On Admission | |
|-----------------|------------------------------------|--|---------------------------|--|
| | Number of Existing Ordinary Shares | Percentage of Existing Ordinary Shares | Number of Ordinary Shares | Percentage of Enlarged Issued Ordinary Share Capital |
| Peter Waller | 20,600 | 1.36 | 20,600 | 0.06 |
| Mark Robertson | 153,049 | 10.08 | 153,049 | 0.48 |
| Andrew Miller | — | — | 600,000 | 1.88 |
| Bernard Snowe | 1,373 | 0.09 | 1,373 | 0.00 |
| Richard Last | 7,333 | 0.48 | 7,333 | 0.02 |
| Jens Montanana* | — | — | 10,400,000 | 32.54 |

* of which 8,400,000 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana

- 2.2 Except as set out in paragraph 2.1 above, at the date of this document and immediately following Admission so far as the Directors are aware, the only persons who are or will be directly, or indirectly interested in more than three per cent. of the issued share capital of the Company are as follows:

| Name | At the date of this document | | On Admission | |
|---------------------------------------|------------------------------------|--|---------------------------|--|
| | Number of Existing Ordinary Shares | Percentage of Existing Ordinary Shares | Number of Ordinary Shares | Percentage of Enlarged Issued Ordinary Share Capital |
| Foresight VCT plc | 219,098 | 14.42 | 1,116,468 | 3.49 |
| AXA Framlington Investment Management | 78,713 | 5.18 | 1,467,602 | 4.59 |
| Roy Mitchell | 66,833 | 4.40 | 66,833 | 0.21 |
| FF&P Small Cap UK Equity Fund | 58,333 | 3.84 | 58,333 | 0.18 |
| Colin Peters | 54,789 | 3.61 | 54,789 | 0.17 |
| Patrick Porteous | 48,767 | 3.21 | 48,767 | 0.15 |
| Herald Investment Management Limited | — | — | 2,000,000 | 6.26 |
| Investec Bank plc | — | — | 2,000,000 | 6.26 |
| Andre Stewart* | — | — | 5,500,000 | 17.21 |
| Ezio Simonelli** | — | — | 1,200,000 | 3.74 |

* held in the name of BFG Investments Group Limited, which is wholly owned by Andre Stewart

** held in the name of UBK S.p.A, which is wholly owned by Ezio Simonelli.

- 2.3 At the date of this document and immediately following Admission, the options as set out under the section entitled “The City Code on Takeovers and Mergers” in Part I of this document will be issued to Jens Montanana, Andrew Miller, Andre Stewart and Stephen Turner (“the Initial Option Grant”). It is intended that the Initial Option Grant options will be issued on or after Admission under the Executive EMI option scheme and ESOP to be established by the Company, the options will be 10 year options, have an exercise price of 25p and vest immediately with a two year lock-in. There will be no performance conditions associated to the issue or vesting of the Initial Option Grant options. To the extent that any further awards are made to directors and senior management under the Executive EMI option scheme and the ESOP, the Company will consider the terms of the awards in detail, including the potential impositions of performance targets and a vesting period.
- 2.4 The Company has entered into a new letter of appointment with Peter Waller dated 13 July 2010 which is conditional and will become effective upon Admission. This letter of appointment will operate in substitution for and wholly replace with effect from Admission all terms previously agreed between the Company and Mr Waller. Under the letter of appointment Mr Waller waives all claims that he may have against the Group for compensation for loss of office or otherwise arising out of his position as an executive director of the Company ceasing and Mr Waller becoming the non-executive chairman of the Company. The letter of appointment is for a period of 12 months commencing on Admission and may be terminated by either party upon three months’ notice or immediately by the Company in certain circumstances. A fee of £24,000 per annum is payable to Mr Waller under the letter of appointment and he is expected to devote not less than 20 days per annum to the Company’s business. The letter of appointment does not provide for any commission or profit sharing arrangements and there is no express provision for compensation to be paid in the event of early termination of the letter of appointment. Mr Waller will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties. Mr Waller is subject to a confidentiality undertaking and must communicate to the New Board any conflict of interest or potential conflict of interest.

Mr Waller has also entered into a compromise agreement pursuant to which he has waived all statutory rights and claims which he may have against the Company by reason of his position as an executive director of the Company ceasing. The principal engagement terms in relation to Peter

Waller's current appointment as chairman of the Company are materially the same as those in his new letter of appointment.

- 2.5 Under the terms of the service agreement entered into between Mark Robertson and Corero Systems dated 16 January 2006, Mark Robertson is employed by Corero Systems as an executive director. His current salary is £130,900 per annum and he is entitled to participate in an annual bonus plan based on the achievement of certain business unit, group and individual performance metrics, under which his annual on-target earnings is £105,000. Mr Robertson is entitled to a contribution by Corero Systems of 11.7 per cent. per annum of his basic salary to his personal pension scheme, the provision of private medical expenses insurance for him and his spouse, sickness and accident insurance and life insurance (at four times Mr Robertson's basic salary). Mr Robertson is also entitled to the reimbursement of expenses properly and reasonably incurred by him during the course of his employment. Mark Robertson's employment is terminable by: (i) either party giving not less than six months' written notice; (ii) by Corero Systems without notice in certain circumstances; and (iii) by Mr Robertson on one month's notice in circumstances where there is a change of control in Corero Systems or any person acquires the right to control the composition of the board of Corero Systems. Mr Robertson is subject to a restrictive covenant for 12 months following termination of his employment.

Mr Robertson's employment with Corero Systems will automatically transfer to the Purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006. However, Mr Robertson has also entered into a waiver letter pursuant to which it has been agreed that Corero Systems will pay a bonus of £10,000 to Mr Robertson on completion of the Disposal and Mr Robertson has acknowledged and confirmed that he has no claim outstanding against any Corero group company in respect of the termination of his office, his employment by Corero Systems or otherwise.

- 2.6 A service agreement dated 13 July 2010 has been entered into between the Company and Andrew Miller which is conditional and will become effective upon Admission. Under the service agreement, Mr Miller's salary is £125,000 per annum and he is entitled to be reimbursed for all reasonable expenses incurred by him in connection with his employment. Mr Miller is also entitled to a discretionary bonus of an amount not exceeding such amount as is equal to 75 per cent. of his basic salary subject always to the rules of the bonus scheme as the Company may in its absolute discretion decide from time to time. The New Board reserves the right to award a nil bonus or not to put in place any such bonus scheme; any bonus awarded is at the discretion of the Company. The Company will also provide Mr Miller with private medical insurance for himself and his dependents, life insurance (at four times Mr Miller's basic salary) and permanent health insurance in accordance with arrangements made by the Company as the Company may decide from time to time. Mr Miller is also entitled to a car allowance together with reasonable fuel expenses. The Company may also implement an appropriate share option plan for Mr Miller together with initial grants of options thereunder within 12 months of Admission. In addition Mr Miller is entitled to receive a pension contribution from the Company of up to 10 per cent. of his basic salary to his personal pension scheme, subject to any deductions for tax as the Company is obliged to make. The service agreement is terminable by either party on not less than three months' written notice and such notice period shall increase 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 service agreement contains certain non-competition and non-solicitation covenants for a period equal to the notice period following termination of employment. The Company can also terminate Mr Miller's service contract immediately in certain circumstances. The contract does not provide for any commission or profit sharing arrangements and any payment by the Company in lieu of notice of termination is at the Company's discretion.

- 2.7 Under the terms of the service agreement entered into between Bernard Snowe and Corero Systems dated 5 October 2000, Bernard Snowe is employed by Corero Systems as an executive director. His current salary is £126,000 per annum and he is entitled to participate in an annual bonus plan based on the achievement of certain business unit and group performance metrics,

under which his annual on-target earnings is £81,600. Mr Snowe is entitled to a contribution by Corero Systems of up to 10 per cent. per annum of his basic salary to his personal pension scheme, the provision of private medical insurance for him and his spouse, sickness and accident insurance and life insurance (at four times Mr Snowe's basic salary). Mr Snowe is also entitled to the reimbursement of expenses properly and reasonably incurred by him during the course of his employment and to a company car or motor car allowance. Mr Snowe's employment is terminable by: (i) either party giving not less than six months' written notice; (ii) by Corero Systems without notice in certain circumstances; and (iii) by Mr Snowe on one month's notice in circumstances where there is a change of control in Corero Systems or any person acquires the right to control the composition of the board of Corero Systems.

- 2.8 The Company has entered into a new letter of appointment dated 13 July 2010 with Richard Last which is conditional and will become effective upon Admission. This letter of appointment will replace Mr Last's existing letter of appointment dated 16 April 2008 and sets out the terms of Mr Last's continued appointment as a non-executive director of the Company. The letter of appointment is for a period of 12 months commencing on Admission and may be terminated by either party upon three months' notice or immediately by the Company in certain circumstances. A fee of £15,000 per annum is payable to Mr Last under the letter of appointment and he is expected to devote not less than 12 days' per annum to the Company's business. The letter of appointment does not provide for any commission or profit sharing arrangements and there is no express provision for compensation to be paid in the event of early termination of the letter of appointment. Mr Last will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties. Mr Last is subject to a confidentiality undertaking and must communicate to the New Board any conflict of interest or potential conflict of interest.

The principal terms of Richard Last's current letter of appointment with the Company are materially the same as those set out in his proposed new letter of appointment.

- 2.9 A letter of appointment dated 13 July 2010 has been entered into between the Company and Jens Montanana which is conditional and will become effective upon Admission. The letter of appointment is for a period of 12 months commencing on Admission and may be terminated by either party upon three months' notice or immediately by the Company in certain circumstances. A fee of £6,000 per annum is payable to Mr Montanana under the letter of appointment and he is expected to devote not less than eight days' per annum to the Company's business. The letter of appointment does not provide for any commission or profit sharing arrangements and there is no express provision for compensation to be paid in the event of early termination of the letter of appointment. Mr Montanana will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties. Mr Montanana is subject to a confidentiality undertaking and must communicate to the New Board any conflict of interest or potential conflict of interest.
- 2.10 Except as disclosed in paragraphs 2.4 to 2.9 above, there are no existing or proposed service agreements, between any Director or Proposed Director and the Company or any of its subsidiaries, whether providing for benefits upon termination of employment or otherwise, and no such agreements have been entered into, replaced or amended within the six months' preceding the date of this document.
- 2.11 The directorships of the Proposed Directors, being proposed directors of the Company, currently held and held over the five years' preceding the date of this document are as follows:

| Director | Current directorships | Past directorships |
|-----------------|------------------------------|---|
| Andrew Miller | None | Active Symbols, Inc. Computech Resources Inc. Eyealike, Inc. Infrastructure Applications Limited Logicalis Computing Solutions Finance Limited Logicalis Computing Solutions Limited Logicalis Group Limited Logicalis Limited |

| Director | Current directorships | Past directorships |
|-------------------------------------|---|--|
| Andrew Miller <i>(continued)</i> | | Logicalis UK Limited Logicalis Uruguay SA Logicalis US Holdings, Inc. Logicalis, Inc. Promon Logicalis Latin America Limited Satelcom Limited TBC Group Limited TBC Limited |
| Jens Montanana | ActiveSymbols, Inc Analysys Consulting Limited Analysys Limited Analysys Mason Group Limited Analysys Research Limited Catalyst IT Partners Limited Computec Resources, Inc Comstor Belgium NV Comstor Group Limited Comstor Limited Comstor Malaysia SDN. BHD Comstor Pte Limited Comstor Sweden AB Datatec International Holdings Limited Datatec International Limited Datatec Limited Equire Inc. Eyealike, Inc. Hawke Systems Limited Intact Integrated Services Limited LAN Systems (Pty) Limited LAN Systems Ltd Logicalis Computing Solutions Limited Logicalis Deutschland GmbH Logicalis Group Limited Logicalis Group Services Limited Logicalis Leasing, Limited Logicalis Network Solutions Limited Logicalis Networks GmbH Logicalis US Holdings, Inc Logicalis, Inc. Promon Logicalis Latin America Limited Mason Communications (Ireland) Limited Mason Communications Limited Mason Group Limited On Line Distribution Limited RangeGate (Proprietary) Limited Satelcom Limited Soft Net S.A. (Argentina) Softnet, Inc. S.A. Softnet Uruguay S.A Softnet-Logical Comercial Importadora, Exportadora e de Servicios Ltda Softnet-Logical Paraguay S.A T.B.C Group Limited TBC Limited Westcon (UK) Limited Westcon AME (Proprietary) Limited Westcon Brazil Ltda Westcon Canada Systems (WCSI), Inc | Versatile Systems, Inc. |

| Director | Current directorships | Past directorships |
|-------------------------------|---|---------------------------|
| Jens Montanana (continued) | Westcon France SAS Westcon GmbH Westcon Group B.V. Westcon Group European Holdings Limited Westcon Group European Operations Limited Westcon Group North America Inc Westcon Group, Inc. X-Net Cuyo S.A. | |

- 2.12 In 2000, Jens Montanana and a former colleague (the “Individuals”) were investigated by the Financial Services Board in South Africa in relation to allegations of the passing of inside information in relation to Datatec Limited (“Datatec”). The allegations were made following a meeting by the individuals with an investment analyst where, in response to a direct question from the analyst, they indicated that Datatec would not meet certain analyst forecasts for the financial year ended 31 March 2000. This, in turn, caused speculation in the market and the Company’s share price to fall. After an investigation by the Financial Services Board, no formal charges were brought against the Individuals and the Individuals entered into a settlement with the Financial Services Board and paid a settlement of ZAR 1 million without admission of guilt or liability, which settlement was reimbursed by Datatec’s directors and officers’ liability insurance policies. In agreeing to the settlement, the Financial Services Board took into consideration that the directors in question did not themselves benefit from the disclosure, the directors had no incentive or improper motive to release the information, the directors did not sell any shares in the Company on the relevant day and the directors themselves suffered significant personal losses as a result of the subsequent decline in the Company’s share price.
- 2.13 Jens Montanana was a director of Vida Research International Limited which was placed into voluntary liquidation on 4 June 2004. There were no secured creditors other than a preferential claim from The Redundancy Payments Office and the former employees of the company for \$3,394.
- 2.14 Except as disclosed above, neither of the Proposed Directors has:
- any unspent convictions in relation to indictable offences;
 - any bankruptcy order made against him or entered into any individual voluntary arrangements;
 - been a director of a company which has been placed in receivership, compulsory liquidation, creditors’ voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
 - been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership; or
 - been publicly criticised by any statutory or regulatory authority, including recognised professional bodies, or been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 2.15 Copies of the proposed new service agreements and letters of appointment will be available for inspection at the offices of MSL at the time of the GM and the CULS Meeting.

3. Material contracts

3.1 Corero

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

3.1.1 Subscription Agreement

The Company has entered into a conditional Subscription Agreement with certain members of the Concert Party and/or entities which are wholly owned by members of the Concert Party (together the “Investors”) pursuant to which the Investors have conditionally agreed to subscribe for the Subscription Shares at the Placing Price. The Subscription Agreement is conditional upon, *inter alia*, (i) the GM Resolutions numbered 1 to 7 being duly passed at the General Meeting; (ii) Admission of the Subscription Shares and the CULS Compromise Shares becoming effective no later than 8.00 a.m. on 9 August 2010; (iii) the CULS Offer having been accepted by at least 90 per cent. of the CULS Holders; (iv) the Business Transfer Agreement having become unconditional on all respects and not having been lapsed or terminated; (V) the CULS Resolution having been duly passed at the CULS Meeting; and (vi) the aggregate costs, expenses and/or fees payable by the Company to professional advisers or third parties (excluding finnCap Limited) in connection with the Proposals not exceeding £220,000 excluding VAT and disbursements.

The Subscription Agreement contains warranties from the Company in favour of the Investors in relation to, *inter alia*, the accuracy of the information contained in this document and certain other matters relating to the Group and its business. The Lead Investors (as such term as is defined in the Subscription Agreement) have the right (on behalf of themselves and the Investors) to terminate the Subscription Agreement in certain circumstances prior to Admission including *inter alia*, (i) for certain *force majeure* events or other events involving certain material adverse changes or prospective material adverse changes relating to the Group; or (ii) in the event of a material breach of the warranties or other obligations of the Company set out in the Subscription Agreement or in the AIM Rules for Companies; or (iii) if any of the warranties if repeated at any time up to Admission (by reference to the facts and circumstances then existing) would be untrue, inaccurate or misleading in any material respect.

Under the Subscription Agreement for as long as the Investors’ hold, directly or indirectly, 20 per cent. or more of the issued ordinary share capital of the Company from time to time, the Lead Investors (on behalf of themselves and the Investors) are entitled to appoint one director (and to remove and replace any such appointee) to the board. However, no appointment of an Investor Director will be made during the period of three months after Admission and, for the avoidance of doubt, neither Jens Montanana nor Andrew Miller will be an Investor Director.

A Subscription Agreement also contains orderly marketing provisions whereby if any Investor wishes to dispose of any of its Subscription Shares prior to the expiry of the second anniversary of Admission, that Investor must effect such sale only through finnCap Limited (or such other broker or brokers that may be nominated by the Company) who will arrange for such sale or transfer of shares on a best execution basis. However, if finnCap Limited (or such other broker or brokers as may be nominated by the Company) fails to arrange for such sale or transfer within 20 days of being instructed to do so the orderly marketing restrictions shall cease to apply and that Investor may dispose of those shares at a price (being not less than the price obtainable by finnCap Limited or such other broker on a best execution basis) and on such terms as it may determine. These orderly marketing provisions also apply to any additional Ordinary Shares that the Investor may hold after Admission during the period of two years from Admission.

The Subscription has not been underwritten by finnCap Limited or any other party.

3.1.2 Placing Agreement

On 13 July 2010, the Company entered into a placing agreement with each of Jens Montanana and finnCap Limited. The Placing Agreement is conditional upon, *inter alia*, the passing of the

GM Resolutions numbered 1 to 7 and the CULS Resolutions and Admission occurring no later than 8:00 a.m. on 9 August 2010 (or such later date, being not later than 31 August 2010, as the Company and finnCap Limited may agree).

Under the terms of the Placing Agreement, finnCap Limited has agreed, subject to certain conditions, to act as agent for the Company and to use its reasonable endeavours to procure places to subscribe for the Placing Shares and the Company has agreed to give all such assistance and provide all such information as finnCap Limited may reasonably require for the making and implementation of the Placing. It is agreed that finnCap Limited is not underwriting the Placing and will not be liable to subscribe, purchase or otherwise pay for any Placing Shares.

The Company has agreed that, on and subject to Admission, it shall pay finnCap Limited a corporate finance fee of £15,000, together with a commission of 5 per cent. of the amount equal to the aggregate value of the Placing Shares subscribed for under the Placing at the Placing Price and all of finnCap Limited's reasonably and properly incurred costs of and incidental to the Placing.

Certain indemnities (by the Company) and warranties (including warranties in relation to the accuracy of this document) have been given to finnCap Limited by each of the Company and Mr Montanana.

finnCap Limited has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties. The Company has also given undertakings to finnCap Limited that, *inter alia*, it will refrain from taking certain actions in relation to the Business Transfer Agreement and the Subscription Agreement without the prior consent of finnCap Limited.

3.1.3 *Business Transfer Agreement*

Corero Systems, a subsidiary of the Company, has entered into the Business Transfer Agreement, pursuant to which the Purchaser has agreed to acquire from Corero Systems the Financial Markets division conditional upon (*inter alia*) the passing of the GM Resolution numbered 2 in the notice of General Meeting. Pending completion of the Business Transfer Agreement, the Seller has given certain undertakings to the Purchaser in relation to the operation and conduct the Financial Markets business.

The Business Transfer Agreement can be terminated on written notice by the Purchaser at any time between the date of the agreement and the date of the Disposal if the Purchaser becomes aware of a matter which would have constituted a breach of warranty had such warranty been repeated from the date of the agreement until the date of the Disposal and the liability for such breach would have exceeded £200,000. The Business Transfer Agreement can also be terminated before the date of the Disposal upon the death or incapacity of Mark Robertson.

Pursuant to the terms of Business Transfer Agreement, the consideration payable by the Purchaser is to be satisfied by the issue by Rivington of the Rivington Stock following completion to such persons as Corero Systems shall notify to the Purchaser.

The obligations of the Purchaser under the Business Transfer Agreement are to be guaranteed by RSH, which has also agreed to enter into the loan stock instruments in relation to the Rivington Stock as guarantor.

Under the terms of the Business Transfer Agreement, Corero Systems has provided certain customary warranties to the Purchaser in relation to the Business. Its liability in respect of any breach of such warranties is limited as provided for in the Business Transfer Agreement. Most notably, its liability for claims for breach of warranty is limited as follows: (i) to the extent that the matter giving rise to the relevant claim has been disclosed to the Purchaser; (ii) all breach of warranty claims, when taken together, shall not exceed £1,000,000; and (iii) it shall not be liable for any breach of warranty claim to the extent that the Purchaser fails to notify it of such claim within 15 months of completion.

Corero Systems has also entered into certain non-compete and non-solicitation undertakings on behalf of itself and its affiliated companies for a period of 18 months following completion of the Business Transfer Agreement.

3.1.4 *CULS Irrevocable undertakings*

Each of Foresight Group LLP (acting for each of Foresight 3 VCT plc and Foresight VCT plc), Invesco Asset Management Limited, Artemis Investment Management Limited, Duncan Lawrie Asset Management Limited, New City Investment Managers Limited and AXA Investment Managers UK Limited (acting for AXA Framlington Managed Income Fund, AXA Framlington AIM VCT PLC and AXA Framlington AIM VCT 2 PLC), all being CULS Holders and Shareholders (the “**CULS Irrevocable Providers**”), has entered into an irrevocable undertaking (together, the “**CULS Irrevocables**”).

Under the terms of the CULS Irrevocables, each CULS Irrevocable Provider has irrevocably undertaken to the Company and MSL that: (i) at the General Meeting (save in relation to any GM Resolution in relation to the CULS Compromise, which it shall abstain from voting) and the CULS Meeting, it shall vote in favour of the GM Resolutions and the CULS Resolutions; (ii) it shall deliver a Form of Acceptance and Form of Proxy within five business days of receipt of this document; and (iii) until completion of the Disposal, it shall agree not to, *inter alia*, dispose of any of its Committed Shares or Committed CULS (as defined in the CULS Irrevocables) or take certain actions to prejudice, restrict or impede the Proposals.

3.1.5 *CULS orderly market arrangements*

Each of the CULS Irrevocable Providers has entered into an orderly market arrangement in favour of the Company and finnCap Limited (together, the “**CULS orderly market arrangements**”).

Pursuant to the terms of the CULS orderly market arrangements, each CULS Irrevocable Provider has agreed, in respect of all Ordinary Shares as issued to such CULS Irrevocable Provider pursuant to the CULS Compromise, that any disposal of such Ordinary Shares prior to the first anniversary of Admission shall be effected only through finnCap Limited (or such other broker or brokers as may be nominated by the Company) on a best execution basis (except where finnCap Limited (or the relevant broker) fails to arrange for the sale or transfer of such Ordinary Shares within 20 days of being instructed to do so, in which case the CULS Irrevocable Provider is at liberty to dispose of such Ordinary Shares at such price (not being less than the price obtainable by finnCap Limited (or the relevant broker) on a best execution basis) and on such terms as it may determine).

3.1.6 *NOMAD engagement letter*

On 28 June 2010, the Company entered into an engagement letter with finnCap Limited, pursuant to which finnCap Limited has agreed to act, with effect from and conditional upon Admission and the Subscription, as nominated adviser and broker to the Company on an on-going basis.

The appointment is for an initial period of one year and shall continue thereafter unless and until terminated by either the Company or finnCap Limited on not less than three months’ notice or in the event of breach by either party.

In consideration of the services to be provided by finnCap Limited, the Company has agreed to pay (in each case, exclusive of VAT): (i) £2,083 per month for the first six months from the date of finnCap Limited’s appointment; (ii) £2,708 per month for the following six months; and (iii) thereafter, £40,000 per annum.

The Company has agreed to provide finnCap Limited with certain information and notifications and has further agreed to indemnify finnCap Limited and certain of its related parties in relation to, *inter alia*, claims arising out of finnCap Limited’s provision of services to the Company and the failure of the Company to disclose certain information to finnCap Limited.

3.1.7 *Mark Robertson consultancy agreement*

Mr Robertson and Corero Systems have entered into a letter pursuant to which Mr Robertson agrees to procure that a company be incorporated and that, upon such incorporation, each of Mr Robertson and such newly incorporated company (the “Provider”) and Corero Systems enter into an agreed form consultancy agreement, pursuant to which, conditional upon the Disposal, Mr Robertson and the Provider will be appointed as a consultant to advise and assist Corero Systems, amongst other matters, in relation to the transition of the Business from Corero Systems to the Purchaser.

Under the consultancy agreement, the Provider will be appointed for a period of two months from the date of the Disposal and will be paid £10,000 (excluding VAT) per month in arrears. The appointment can be terminated by Corero Systems on certain events of default by the Provider or Mr Robertson.

The Provider and Mr Robertson have agreed to indemnify Corero Systems against certain tax liabilities which may arise in connection with the consultancy agreement. Under the terms of the consultancy agreement, Mr Robertson and the Provider have also given certain customary undertakings in respect of confidentiality and data protection.

3.1.8 *Implementation Agreement*

The Company and Corero Systems have entered into an implementation agreement, pursuant to which, the Company has agreed to pay to Corero Systems £2,127,781 (being the aggregate principal sum of the Rivington Stock) in consideration for Corero Systems selling the Business to the Purchaser pursuant to the terms of the Business Transfer Agreement.

Under the terms of the implementation agreement, the £2,127,781 consideration is to be left outstanding as an on demand inter-company loan.

The implementation agreement and the obligation of the Company and Corero Systems to create the inter-company loan are conditional on the Disposal.

4. Litigation

- 4.1 The Company has not been and is not involved in any governmental, legal or arbitration proceedings in the 12 months prior to the date of this document, including any such proceedings which are pending or threatened of which the Company is aware, which may have or have had in the recent past a significant effect on the Company, its financial position or profitability.

5. Information required by the Code

Shareholdings, arrangements and dealings:

- 5.1 No member of the Concert Party nor any member of their immediate families or persons connected with them, nor any person who has a dealing arrangement with any member of the Concert Party in accordance with Note 11 on the definition of Acting in Concert as defined in the Code nor any connected persons (as defined below), nor any person acting in concert with such persons, owns or controls, or has borrowed or lent, or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any of the Company’s relevant securities, nor has any such person dealt for value therein during the disclosure period or has any short position (whether conditional or absolute and whether in the money or otherwise), including a short position under a derivative or right to require any person to take delivery of any of the Company’s relevant securities.
- 5.2 None of the Directors, their immediate families or persons connected with them, nor any person who has a dealing arrangement with any member of the Concert Party in accordance with Note 11 on the definition of Acting in Concert as defined in the Code, owns or controls or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any of the Company’s shares or relevant securities convertible into shares or rights to subscribe for the Company’s shares, options, including traded options, in respect of them and derivatives

referenced to them nor has any such person dealt for value in them during the disclosure period or has any short position or right to require any person to take delivery of any of the Company's shares.

5.3 None of the Directors or anyone acting in concert with the Company has borrowed or lent any of the Company's relevant securities.

5.4 Definitions for the purposes of this paragraph 5:

“acting in concert” has the meaning attributed to it in the Code;

“arrangement” includes an indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

“connected adviser” has the meaning attributed to it in the Code;

“connected person” has the meaning attributed to it in section 252 of the Act;

“control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control;

“dealing” or **“dealt”** includes the following:

- (i) the acquisition or disposal of relevant securities, of the right, (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
- (ii) 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 relevant securities;
- (iii) subscribing or agreeing to subscribe for relevant securities;
- (iv) the exercise or conversion of any relevant securities carrying conversion or subscription rights;
- (v) 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 relevant securities;
- (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
- (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

“derivative” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

“disclosure date” means 13 July 2010, being the latest practicable date prior to the posting of this document;

“disclosure period” means the period commencing on 13 July 2009, being the date 12 months prior to the disclosure date and ending on the disclosure date;

“exempt principal trader” or **“exempt fund manager”** has the meaning attributed to it in the Code;

being **“interested”** in relevant securities includes where a person:

- (i) owns relevant securities;
- (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;

- (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities 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
- (iv) is 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;

“relevant securities” means shares in the Company or derivatives referenced to them and securities convertible into, rights to subscribe for and options, including traded options in respect of, them; and

“short position” means any short position, 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.

- 5.5 Save for the service contracts and letter of appointment referred to in paragraphs 2.4 to 2.9 of this Part V, no agreement, arrangement or understanding, including any compensation arrangement, exists between the members of the Concert Party or any person acting in concert with them, any Director, recent director of the Company, Shareholder or recent shareholder of the Company having any connection with or dependence upon, or which is conditional upon, the Subscription.
- 5.6 There is no agreement, arrangement or understanding between the Concert Party and any other person pursuant to which any New Shares which they will acquire pursuant to the Subscription will be transferred.
- 5.7 There are no financing arrangements in place in connection with the Subscription and there are no arrangements relating to payment of interest on, repayment of, or security for any liability, (contingent or otherwise) of the Concert Party which depend to any significant extent on the business of the Company.

6. Market quotations

- 6.1 The following table shows the closing middle market quotations for the Existing Ordinary Shares as derived from the London Stock Exchange Daily Official List on each of the first dealing days of each month from 1 February 2010 to 1 July 2010 and for 13 July 2010, being the latest practicable date prior to the posting of this document;

| | Price per Existing Ordinary Share |
|-----------------|--------------------------------------|
| 1 February 2010 | 45p |
| 1 March 2010 | 35p |
| 1 April 2010 | 37p |
| 4 May 2010 | 36p |
| 1 June 2010 | 37.5p |
| 1 July 2010 | 35p |
| 13 July 2010 | 34p |

7. General

- 7.1 Except as disclosed in this document, there has been no material change in the financial or trading position of the Company since 31 December 2009, being the date to which the last audited accounts of the Company were drawn up.
- 7.2 MSL have given and not withdrawn their written consent to the inclusion in this document of references to their name in the form and context in which they respectively appear.
- 7.3 The total costs and expenses relating to the transaction (including those fees and commissions referred to in paragraph 3 above) payable by the Company are estimated to amount to approximately £342,000 (excluding VAT). The net proceeds of the Placing and Subscription (assuming the Placing is fully subscribed) will be £6,158,000.

8. Documents

Copies of the following documents will be available for inspection during normal business hours on any weekday, Saturdays and public holidays excepted, at the offices of MSL from the date of this document until the date falling one month from the date of Admission.

- 8.1 the memorandum and articles of association of the Company, which can be found at <http://www.corero.com/uploads/files/memorandum.pdf> and http://www.corero.com/uploads/files/articles_of_association.pdf, respectively;
- 8.2 the audited financial statements of the Company for the two financial years ended 31 December 2009, which can be found at http://www.corero.com/uploads/files/Annual_Report_and_Accounts_for_the_year_ended_31_December_2009.pdf and <http://www.corero.com/uploads/files/corero%20PLC%20Report%20and%20Accounts%202008.pdf>;
- 8.3 the material contract entered into connection with the transaction referred to in paragraph 3 above, which can be found at http://www.corero.com/uploads/files/Subscription_Agreement.pdf, http://www.corero.com/uploads/files/Placing_Agreement.pdf, http://www.corero.com/uploads/files/CULS_orderly_market_arrangements.pdf, http://www.corero.com/uploads/files/NOMAD_engagement_letter.pdf, http://www.corero.com/uploads/files/consultancy_agreement.pdf and http://www.corero.com/uploads/files/Implementation_Agreement.pdf;
- 8.4 the consent letter referred to in paragraph 7.2 above, which can be found at http://www.corero.com/uploads/files/consent_letter.pdf;
- 8.5 the irrevocable undertakings referred to in paragraph 3 above, which can be found at http://www.corero.com/uploads/files/CULS_irrevocable_undertakings.pdf; and
- 8.6 the whitewash circular, which can be found at http://www.corero.com/uploads/files/shareholder_circular.pdf.

The documents referred to in this paragraph 8 are available in “read-only” format and can be printed from the Company’s website. The Company will provide within two Business Days, without charge, to each person to whom a copy of this document has been delivered, upon their written request, a copy of any documents incorporated by reference in this document. Copies of any documents incorporated by reference in this document will not be provided unless such a request is made. Requests for copies of any such document should be directed to either the Company secretary, Corero plc, 169 High Street, Rickmansworth, Hertfordshire WD3 1AY or Merchant Securities Limited by telephoning 020 7628 2200.

Copies of this document are available to the public, free of charge, at the offices of Merchant Securities Limited, 51-55 Gresham Street, London EC2V 7HQ, during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until one month from Admission.

Dated 14 July 2010

Corero plc

(Incorporated in England and Wales with registered number 02662978)

Notice of General Meeting

NOTICE IS HEREBY GIVEN that a general meeting of Corero plc (the “Company”) will be held at the offices of Merchant Securities Limited at 51-55 Gresham Street, London EC2V 7HQ on 6 August 2010, at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, resolutions 1, 2, 3, 4, 5, 6 and 8 being ordinary resolutions, of which resolutions 1 and 3 will be taken on a poll, and resolutions 7 and 9 being special resolutions:

Ordinary resolutions

1. That, subject to and conditional upon the passing of Resolutions 2 to 7 (inclusive) below, the grant of a waiver by the Panel on Takeovers and Mergers, on the terms set out in the Company’s circular to shareholders of which this notice forms part (the “Circular”), of the obligations that would otherwise arise pursuant to Rule 9 of the Takeover Code for the Concert Party (as defined in the Circular) and Jens Montanana, personally, to make a general offer for the ordinary share capital of the Company, as a result of any increase in the percentage of voting rights carried by the Concert Party to approximately 58.14 per cent. arising on the issue of shares by the Company pursuant to the Subscription (as defined in the Circular) and the grant of options as described in the section of the Circular entitled “Share option schemes” be and hereby is approved.
2. That the disposal (the “Disposal”) by the Company of the business and assets of the Financial Markets division of the Company on the terms and subject to the conditions set out in an agreement dated 13 July 2010 (the “Business Transfer Agreement”) between (1) Corero Systems Limited, (2) Brokerhorse Limited, (3) Rivington Street Ventures Limited and (4) Rivington Street Holdings plc and related documentation to be entered into pursuant to the Business Transfer Agreement, be and is hereby approved with such minor amendments as the Directors may approve, and the Directors or any duly authorised committee of the Directors be and are hereby authorised to take all steps necessary or desirable to complete the Disposal.
3. That, subject to and conditional upon the passing of Resolution 2, the consultancy arrangement and bonus arrangement between Mark Robertson and the Company referred to in the Circular be and are hereby approved for the purposes of Rule 16 of the City Code on Takeovers and Mergers.
4. That, subject to and conditional upon Admission (as defined in the Circular), Jens Peter Montanana be elected as a director.
5. That, subject to and conditional upon Admission (as defined in the Circular), Andrew Douglas Miller be elected as a director.
6. That, in addition to any equivalent authorities and powers granted to the directors prior to the passing of this resolution and if Resolutions 1 to 5 (inclusive) are passed, the directors be and they are generally and unconditionally authorised pursuant to section 551, Companies Act 2006 (the “Act”):
 - (a) to exercise all 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 an aggregate nominal amount of £304,444.44 in connection with the Placing, the Subscription and the CULS Compromise (in each case as defined in the Circular); and further
 - (b) provided that, unless previously revoked, varied or extended, this authority shall expire on 31 December 2010, 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 pursuant of such an offer or agreement as if this authority had not expired.

Special resolution

7. That, if Resolution 6 is passed, the directors be and they are empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under section 551 of the Act

conferred by Resolution 6 above as if Section 561(1) of the Act did not apply to such allotment provided that this power is limited to:

- (a) the allotment of 18,000,000 Ordinary Shares in connection with the Subscription (as defined in the Circular) at a placing price of 25p;
- (b) the allotment of 8,000,000 Ordinary Shares in connection with the Placing (as defined in the Circular) at the placing price of 25p; and
- (c) the allotment of 4,444,444 Ordinary Shares in connection with the CULS Compromise (as defined in the Circular) at the conversion price of 45p;

and this authority will expire on 31 December 2010, except that the Company may, 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 equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

Ordinary resolution

8. That, subject to and conditional upon Admission (as defined in the Circular) and in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are generally and unconditionally authorised pursuant to section 551 of the Act:

- (a) to exercise all 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 an aggregate nominal amount of £106,544.78; and further
- (b) provided that, unless previously revoked, varied or extended, this authority shall expire at 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 resolution

9. That, if Resolution 8 is passed and becomes effective, the directors be and they are empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under section 551 of the Act conferred by Resolution 8 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:

- (a) the power conferred by this Resolution shall be limited to:
 - (i) the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities:
 - (A) in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and
 - (B) to holders of any 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 to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by the virtue of shares being represented by depository receipts of the requirements of any regulatory body or stock exchange or any other matter whatsoever;
 - (ii) the allotment of equity securities pursuant to the exercising of existing or proposed options over 1,471,309 ordinary shares of 1p of the Company (“Ordinary Shares”); and/or

- (iii) the allotment and/or sale of treasury shares for cash, otherwise than pursuant to subparagraphs (i) or (ii) above, of equity securities up to an aggregate nominal value equal to £47,945.15; and
- (b) unless previously revoked, varied or extended, this power shall expire at 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 share to be sold) after such expiry and the directors may allot equity securities (and sell treasury shares) in pursuant of such an offer or agreement as if this power had not expired.

By order of the Board

Duncan James Swallow
Company secretary

14 July 2010

Registered office
3rd Floor Buildings
3 London Wall Buildings
London Wall
London
EC2M 5SY

Notes:

1. Pursuant to Part 13 of the Companies Act 2006 and 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 4 August 2010 (or if the GM is adjourned, 48 hours before the time fixed for the adjourned GM) shall be entitled to attend and vote at the GM 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 GM.
2. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held at 10.00 a.m. on 6 August 2010 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, Capita Registrars Limited (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. 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.

3. If you wish to attend the GM in person, you should make sure that you arrive at the venue for the GM in good time before the commencement of the meeting. You may be asked to prove your identity in order to gain admission.
4. A member who is entitled to attend, speak and vote at the GM 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 GM 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 GM (although voting in person at the GM 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 GM 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.
5. 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 Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU, by no later than 10.00 a.m. on 4 August 2010.
6. 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.
7. 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.

Corero plc

(Incorporated in England and Wales with registered number 2662978)

NOTICE OF MEETING OF THE HOLDERS OF £4,000,000 8% (PART DEFERRED) CONVERTIBLE UNSECURED REDEEMABLE LOAN STOCK 2015

NOTICE IS HEREBY GIVEN that a meeting of the holders of 8% (Part Deferred) Convertible Unsecured Redeemable Loan Stock 2011 (“CULS”) issued by Corero plc (the “Company”) will be held at the offices of Merchant Securities Limited, 51-55 Gresham Street, London EC2V 7HQ, at 10.05 a.m (or such later time as the general meeting of the Company convened for 10.00 a.m. on the same day shall have concluded or been adjourned) on 6 August 2010 to consider and, if thought fit, pass the following resolution which will be proposed as an extraordinary resolution:

EXTRAORDINARY RESOLUTION

That, conditional upon the passing of the resolutions numbered 1 to 7 (inclusive) at the general meeting of the Company convened pursuant to the notice of meeting dated 14 July 2010 and upon Admission (as defined in the circular to shareholders of which this notice forms part (the “Circular”)):

- (i) in accordance with the provisions of clause 15.1 of the instrument constituting the £4,000,000 8% (Part Deferred) unsecured convertible redeemable loan stock 2015 (“Instrument”), the provisions of the Instrument and the rights of each Loan Stock Holder (as defined in the Instrument) in respect of an aggregate principal amount of £2,000,000 Loan Stock (as defined in the Instrument) be and are hereby compromised and the liabilities and obligations of the Company in respect of an aggregate principal amount of £2,000,000 Loan Stock be and are hereby released in consideration of the issue of an aggregate of 4,444,444 new ordinary shares of 1p each in the capital of the Company (“Ordinary Shares”) and otherwise on the terms set out in the Circular, such shares to rank *pari passu* in all respects with the Ordinary Shares in issue as at the date of the passing of this resolution; and
- (ii) the cancellation of the admission of the Loan Stock (as defined in the Instrument) to trading on AIM, a market operated by the London Stock Exchange, be and is hereby approved.

By order of the Board

Duncan James Swallow
Company secretary

Registered office
3rd Floor Buildings
3 London Wall Buildings
London Wall
London
EC2M 5SY

14 July 2010

Notes:

1. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him. A proxy need not also be a CULS holder but must attend the CULS Meeting in order to represent a CULS holder. A CULS holder may appoint more than one proxy. A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the Chairman of the CULS Meeting or another person as proxy. To be effective the form must reach the Company’s registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU by 10.05 a.m. on 4 August 2010.
2. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those persons registered in the register of CULS holders at 6.00 p.m. on 4 August 2010 (or if the CULS Meeting is adjourned, 48 hours before the time fixed for the adjourned CULS Meeting) shall be entitled to attend and vote at the CULS Meeting in respect of the number of CULS registered in their name at that time. Any changes to the register of CULS holders after such time shall be disregarded in determining the rights of any person to attend or vote at the CULS Meeting.