

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

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

If you have sold or transferred all of your Ordinary Shares in Corero Network Security plc (the “**Company**”) please send this document and the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, these documents should not be forwarded or transmitted into any jurisdiction where such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The New Ordinary Shares will only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Neither the Placing nor the Subscription constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Rules made by the Financial Conduct Authority of the United Kingdom (“**FCA**”) pursuant to sections 73A(1) and (4) of FSMA and has not been pre-approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body. In addition this document does not constitute an admission document drawn up in accordance with the AIM Rules for Companies.

Corero Network Security plc

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

Placing and Subscription of 112,000,000 new Ordinary Shares at 5 pence per share

Approval of waiver of obligations under Rule 9 of the Takeover Code

and

Notice of General Meeting

Your attention is drawn to the letter from the Senior Non-Executive Director of the Company which is set out on pages 4 to 12 (inclusive) of this document and which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of a General Meeting of the Company, to be held at the offices of Redleaf Communications, First Floor, 4 London Wall Buildings, Blomfield Street, London, EC2M 5NT, at 11.00 a.m. on 24 April 2017, is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company’s registrars, Capita, by not later than 11.00 a.m. on 20 April 2017 (or, in the case of an adjourned meeting, no later than 48 hours before the time of such meeting, excluding any part of a day that is not a working day). Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

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

The distribution of this document in certain jurisdictions may be restricted by law. Accordingly, this document may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons outside the UK into whose domain this document comes should inform themselves about and observe any such restrictions.

This document does not constitute an offer to buy or subscribe for, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States nor do they qualify for distribution under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan. Accordingly, the New Ordinary Shares may not, directly or indirectly, be offered, sold or taken up, delivered or transferred in or into the United States, Canada, Australia, the Republic of South Africa or Japan. The distribution of this document outside the United Kingdom may be restricted by law and therefore persons outside the United Kingdom into whose possession this document has come should inform themselves and observe any restrictions as to the Transaction or the distribution of this document.

The Existing Ordinary Shares of the Company are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected, subject to, *inter alia*, the passing of the Resolutions at the General Meeting, that admission of the New Ordinary Shares will become effective and that dealings will commence on 25 April 2017. The New Ordinary Shares will, when issued, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares and otherwise rank *pari passu* in all respects with the Existing Ordinary Shares.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority (being the FCA acting as competent authority for the purposes of Part V of FSMA) (“UKLA”). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UKLA has examined or approved the contents of this document. The AIM Rules for Companies are less demanding than those of the Official List of the UKLA. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List of the UKLA.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “forecasts”, “plans”, “prepares”, “anticipates”, “projects”, “expects”, “intends”, “may”, “will”, “seeks”, “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company’s and the Directors’ intentions, beliefs or current expectations concerning, amongst other things, the Company’s prospects, growth and strategy. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company’s actual performance, achievements and financial condition may differ materially from those expressed or implied by the forward-looking statements in this document. In addition, even if the Company’s results of operations, performance, achievements and financial condition are consistent with the forward-looking statements in this document, those results or development may not be indicative of results or developments in subsequent periods. Any forward-looking statements that the Company makes in this document speak only as of the date of such statement and (other than in accordance with their legal or regulatory obligations) neither the Company, nor Cenkos nor any of their respective associates, directors, officers or advisers undertakes any obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

CONTENTS

Part I	Letter from the Senior Non-Executive Director of Corero Network Security plc	4
Part II	Financial Information on Corero Network Security plc	12
Part III	Additional Information	13
	Definitions	24
	Notice of General Meeting	27

Part I

Letter from the Senior Non-Executive Director of Corero Network Security plc

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

Directors:

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

Registered office:

Regus House
Highbridge
Oxford Road
Uxbridge
UB8 1HR

6 April 2017

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

Dear Shareholder

Placing and Subscription of up to 112,000,000 new Ordinary Shares at 5 pence per share
Approval of waiver of obligations under Rule 9 of the Takeover Code
and
Notice of General Meeting

1. Introduction

The Company has today announced a conditional Placing and Subscription to raise up to approximately £5.6 million before expenses by the issue and allotment by the Company of up to 112,000,000 new Ordinary Shares at the Placing Price of 5 pence per Ordinary Share to certain institutional investors, the Concert Party and other investors. In the announcement made by the Company on 30 March 2017, Jens Montanana indicated that he proposed to subscribe for no less than £4.2 million in the Subscription and Placing, thereby increasing his shareholding in the Company to above 50 per cent. However, due to the level of demand from existing shareholders to participate in the Placing, Jens Montanana has agreed to reduce the amount that he will subscribe for in the Subscription.

The Concert Party consists of Jens Montanana and Andrew Miller. As at the date of this document Jens Montanana has an interest in 69,303,990 Ordinary Shares, representing 34.1 per cent. of the Company's current issued share capital and Andrew Miller has an interest in 891,437 Ordinary Shares, representing 0.4 per cent. of the Company's current issued share capital. The Concert Party therefore has an aggregate holding in the Company of 70,195,427 Ordinary Shares, representing 34.5 per cent. of the Company's current issued share capital. In addition, the Concert Party has an interest in the Company of a total of 2,921,000 Existing CP Share Options. Should the Concert Party exercise its rights under the Existing CP Share Options in full, and assuming no other Ordinary Shares are issued by the Company, then the Concert Party would have an interest in the Company of 73,116,427 Ordinary Shares representing 35.4 per cent. of the Company's issued share capital as enlarged by the exercise of the 2,921,000 Existing CP Share Options.

Under the terms of their Subscription Agreements, Jens Montanana and Andrew Miller have conditionally agreed to subscribe for 68,696,010 Subscription Shares and 200,000 Subscription Shares respectively as part of the Transaction. Upon the issue of Subscription Shares to the Concert Party, it will together hold 44.1 per cent. of the Enlarged Share Capital. Conditional on the passing of the Resolutions, the Company is also proposing to grant share options to each member of the Concert Party under the Company's existing share option scheme, immediately following the General Meeting, which will vest subject to certain performance criteria. It is proposed that the Concert Party will be granted an aggregate of 2,913,000 New CP Share Options. Should the Concert Party exercise its rights under its Existing CP Share Options and New CP Share Options in full and the Transaction be completed, and assuming no other Ordinary Shares are issued by the Company following the date of this document (except for the New Ordinary Shares) and the Transaction is fully subscribed, then the Concert Party would have an interest in the Company of 144,925,437 Ordinary Shares, representing 45.1 per cent. of the Company's issued share capital at that date.

Since (i) the proposed subscription of Subscription Shares by Jens Montanana and the Concert Party will result in Jens Montanana and the Concert Party increasing its shareholding; and/or (ii) the exercise of any CP Share Options (being any Existing CP Share Options or New CP Share Options), would increase the percentage of Ordinary Shares in which Jens Montanana and the Concert Party has an interest, without a waiver of the obligations under Rule 9 of the Takeover Code (commonly referred to as a “Whitewash”), Jens Montanana and the Concert Party would be obliged to make a general offer to Shareholders under Rule 9 of the Takeover Code in either circumstance. The Panel has agreed to a waiver, subject to the Whitewash Resolution being approved at the General Meeting (on a poll) by Independent Shareholders who hold in excess of 50 per cent. of the Independent Shares.

The Transaction and the grant of New CP Share Options are therefore each conditional, *inter alia*, upon Shareholders approving the Whitewash Resolution and the Transaction is also conditional upon Shareholders approving the resolutions that will grant the Directors the authority to allot the New Ordinary Shares and to disapply statutory pre-emption rights in respect of the New Ordinary Shares, at the General Meeting. The Resolutions are contained in the Notice of General Meeting at the end of this document. Admission is expected to occur no later than 8.00 a.m. on 25 April 2017 or such later time and/or date as Cenkos and the Company may agree. The Placing and Subscription are not underwritten.

The purpose of this document is to explain the background to, and the reasons for, the Resolutions and the proposed Transaction and to explain why the Board considers the Transaction to be in the best interests of the Company and its Shareholders as a whole, and why the Board recommends that you vote in favour of Resolutions 2 and 3 and the Independent Directors alone recommend that you vote in favour of the Whitewash Resolution.

2. Corero Network Security plc – Nature of Business

Corero is positioned to be a leader in real-time, high-performance distributed denial-of-service (“DDoS”) mitigation solutions. Service providers, hosting providers and online enterprises rely on Corero’s award winning technology to eliminate the DDoS threat to their environment through automatic attack detection and mitigation, coupled with comprehensive network visibility, analytics and reporting. Corero’s next generation technology provides a First Line of Defense® against DDoS attacks in the most complex environments while enabling a more cost effective economic model than previously available.

3. Background to and reasons for the Transaction

The Transaction is being undertaken to support the execution of the Company’s business plan which is focused on selling into the target market for its SmartWall Threat Defense System (“SmartWall”) product, namely service providers including telecommunication ISPs, data centre hosting providers, multiple service operators and mobile operators and online enterprises.

The Company’s SmartWall products enable it to address the growing service provider market demand for DDoS protection solutions. The Board believes that the SmartWall has several competitive differentiators to its peers and that Corero is well positioned to capitalise on the evolving DDoS defence market and the increasing requirement for real-time, automatic DDoS mitigation. This is a market the SmartWall was designed to address.

As set out in a trading update released by the Company on 9 February 2017 and the audited accounts of the Company for the year ended 31 December 2016 (published today), the Company had net cash at 31 December 2016 of \$2.9 million. Corero recorded an EBITDA loss (operating loss before depreciation, amortisation and financing) for the year ended 31 December 2016 of approximately \$5.1 million (2015: EBITDA loss \$6.4 million). In order to get to the position of being cash generative, the Company requires further financing support. Since the trading update on 9 February 2017, the Board has explored various forms of financing, both equity and debt, and following consultation with key Shareholders, has concluded that an equity fundraising is the most appropriate form of financing for the Company.

4. Use of proceeds

The Company intends to raise up to £5.6 million before expenses via the Placing and Subscription. The estimate of expenses for the Transaction is expected to be approximately £0.15 million.

The net proceeds of the Transaction will be deployed to support SmartWall sales and marketing activities in the US and Europe, for further development of the SmartWall product and for the general working capital requirements of the Group.

If the Resolutions are not approved by the requisite number of Independent Shareholders and Shareholders (as applicable) and/or the Placing and Subscription do not proceed for any other reason, the Company will be required to immediately secure alternative financing for the purposes set out above from alternative sources.

5. The Placing and Subscription

Details of the Placing

The Company has conditionally raised approximately £2.1 million before expenses by the conditional Placing of up to 42,803,990 Placing Shares at the Placing Price to the Placees.

The Placing is conditional, *inter alia*, upon:

- (a) the passing of the Whitewash Resolution by Independent Shareholders on a poll;
- (b) the passing of the Resolutions (excluding the Whitewash Resolution) at the General Meeting by Shareholders;
- (c) the Placing Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with its terms prior to Admission;
- (d) the Subscription Agreements becoming or being declared unconditional in all respects and not having been terminated in accordance with their terms prior to Admission; and
- (e) Admission becoming effective by no later than 8.00 a.m. on 25 April 2017 or such later time and/or date (being no later than 8.00 a.m. on 9 May 2017) as Cenkos and the Company may agree.

If any of the conditions are not satisfied, the Placing Shares will not be issued and all monies received from the Placees will be returned to the Placees (at the Placees' risk and without interest) as soon as possible thereafter. The Placing is not being underwritten.

The Placing Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the admission of the Placing Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 25 April 2017 at which time it is also expected that the Placing Shares will be enabled for settlement in CREST.

Details of the Subscription

The Company has conditionally raised £3.5 million before expenses by the conditional Subscription of 69,196,010 Subscription Shares at the Placing Price by each of Jens Montanana, Andrew Miller and Andrew Lloyd. Each of Mr Montanana, Mr Miller and Mr Lloyd have entered into a Subscription Agreement with the Company pursuant to which each has conditionally agreed to subscribe for a specific number of Subscription Shares set out in that person's Subscription Agreement. None of the Subscription Agreements are conditional on any other Subscription Agreement but each Subscription Agreement is subject to the same conditions.

The Subscription is conditional upon the passing of the Whitewash Resolution by Independent Shareholders on a poll, the passing of the Resolutions (excluding the Whitewash Resolution) at the General Meeting by Shareholders and Admission. The Subscription is not being underwritten.

The Subscription Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the admission of the Subscription Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on

25 April 2017 at which time it is also expected that the Subscription Shares will be enabled for settlement in CREST.

6. Directors' Participation in the Transaction and Related Party Transaction

Under the terms of the Subscription Agreements, Jens Montanana, Andrew Miller and Andrew Lloyd, each a Director of the Company, have conditionally agreed to subscribe for new Ordinary Shares as part of the Subscription. The interests of the Directors on 5 April 2017 (being the last practicable date prior to publication of this document) are, and immediately following Admission will be, as follows:

<i>Director</i>	<i>Number of Ordinary Shares held on 5 April 2017 (being the last practicable date prior to publication of this document)</i>	<i>Number of New Ordinary Shares subscribed for in the Subscription</i>	<i>Resulting number of Ordinary Shares held immediately following Admission</i>	<i>Resulting holding as a percentage of the Enlarged Share Capital</i>
Jens Montanana	69,303,990*	68,696,010**	138,000,000	43.8%
Andrew Miller	891,437	200,000	1,091,437	0.3%
Andrew Lloyd	0	300,000	300,000	0.1%
Total	70,195,427	69,196,010	139,391,437	44.2%

* of which 21,700,181 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana, and 29,850,000 Ordinary Shares are held in the name of The New Millennium Technology Trust.

** which will be subscribed for by JPM International Limited, which is wholly owned by Jens Montanana, or by The New Millennium Technology Trust, of which Jens Montanana is a beneficiary.

The participation in the Placing and Subscription by Jens Montanana, Andrew Miller and Andrew Lloyd, as Directors of the Company, constitutes a related party transaction pursuant to the AIM Rules. Richard Last and Ashley Stephenson, being the only Directors who will not participate in the Placing and Subscription, consider, having consulted with Cenkos, the Company's nominated adviser, that the participation in the Placing and Subscription by these Directors, as set out above, is fair and reasonable insofar as Shareholders are concerned.

The Company also proposes to grant share options over Ordinary Shares to each member of the Concert Party immediately following the General Meeting, conditional on the passing of the Whitewash Resolution. It is proposed that Jens Montanana and Andrew Miller will receive 994,000 New CP Share Options and 1,919,000 New CP Share Options, respectively. If the Whitewash Resolution is not approved by the requisite number of Independent Shareholders, the grant of New CP Share Options to the members of the Concert Party will not proceed.

7. The Takeover Code

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

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

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

Shareholders should also be aware that if the Whitewash Resolution is passed and the Subscription completes, then following completion of the Transaction, the Concert Party will also hold an interest in Ordinary Shares carrying more than 30 per cent., but not more than 50 per cent., of the voting rights of the Company's voting share capital. As a result, for as long as they continue to be treated as acting in concert, any further increase in the Concert Party's interest in Ordinary Shares will also be subject to the provisions of Rule 9 of the Takeover Code. Furthermore, Andrew Miller will not be able to increase his percentage interest in Ordinary Shares through or between a Rule 9 threshold without Panel consent.

The Concert Party

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

The Company's largest Shareholder and Non-Executive Chairman, Jens Montanana, together with Andrew Miller, Chief Financial Officer, have an aggregate holding in the Company of 34.5 Ordinary Shares at the date of this document. As set out in a circular issued by the Company dated 14 July 2010 and a circular issued by the Company dated 25 February 2013, Jens Montanana and Andrew Miller are deemed by the Takeover Panel to be acting in concert for the purposes of the Takeover Code. Both members of the Concert Party are Directors and employees of the Company.

Should the Transaction complete, the Concert Party would on Admission in aggregate hold 139,091,437 Ordinary Shares of the Company representing 44.1 per cent. of the Company's Enlarged Share Capital at that date. Further if the Transaction completes and the Concert Party exercise their rights under both the Existing CP Share Options and New CP Share Options in full, and assuming no other Ordinary Shares are issued by the Company following the date of this document (except for the New Ordinary Shares) and the Placing and Subscription is fully subscribed, then the Concert Party would have an interest in the Company of 144,925,437 Ordinary Shares representing 45.1 per cent. of the Company's issued share capital at that date. Full details of the Concert Parties interests on Admission and potential interest in Ordinary Shares if the members of the Concert Party exercise their rights under the CP Share Options are set out below:

	Number of Ordinary Shares held on 5 April 2017 (being the last practicable date prior to publication of this document)	Existing holding as a percentage of the Existing Share Capital	Number of Existing CP Share Options held on 5 April 2017 (being the last practicable date prior to publication of this document)	Number of new Ordinary Shares subscribed for in the Subscription	Resulting number of Ordinary Shares held immediately following Admission	Resulting holding as a percentage of the Enlarged Share Capital	Number of New CP Share Options to be granted conditionally on the passing of the Resolutions	Resulting holding as a percentage of the Enlarged Share Capital assuming the exercise of all of the CP Share Options and assuming no further issue of Ordinary Shares
Director								
Jens Montanana	69,303,990*	34.07%	425,000	68,696,010**	138,000,000	43.8%	994,000	43.4%
Andrew Miller	891,437	0.44%	2,496,000	200,000	1,091,437	0.3%	1,919,000	1.7%
Total	70,195,427	34.51%	2,921,000	68,896,010	139,091,437	44.1%	2,913,000	45.1%

* of which 21,700,181 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana, and 29,850,000 Ordinary Shares are held in the name of The New Millennium Technology Trust.

** which will be subscribed for by JPM International Limited, which is wholly owned by Jens Montanana, or by The New Millennium Technology Trust, of which Jens Montanana is a beneficiary.

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

The Concert Party is not financing the Subscription from any debt facility or other instrument.

Rule 9 Waiver

The issuance of 68,696,010 Subscription Shares to Jens Montana pursuant to the Transaction will result in Jens Montana being beneficially interested in approximately 43.8 per cent. of the Enlarged Share Capital. Further, the issuance of 68,896,010 Subscription Shares to the Concert Party pursuant to the Transaction, which includes the subscription by Jens Montana, will result in the Concert Party being beneficially interested in approximately 44.1 per cent. of the Enlarged Share Capital.

In addition, conditional on the passing of the Resolutions, the Concert Party will have an interest in the Company of a total of 2,913,000 New CP Share Options and the Concert Party currently has an interest in the Company of a total of 2,921,000 Existing CP Share Options. Should the Concert Party exercise their rights under the CP Share Options in full and the Transaction be completed, and assuming no other Ordinary Shares are issued by the Company following the date of this document (except the New Ordinary Shares) and the Placing and Subscription is fully subscribed, then the Concert Party would have an interest in the Company of 144,925,437 Ordinary Shares representing 45.1 per cent. of the Company's issued share capital at that date.

The Panel has agreed to waive the obligation on Mr Montana and the Concert Party to make a general offer that would otherwise arise as a result of their subscription of Subscription Shares as part of the Transaction and/or the exercise of Existing CP Share Options and/or the grant of New CP Share Options, subject to the approval of the Independent Shareholders, taken on a poll. The waiver of the obligation on Mr Montana and the Concert Party to make a general offer that would otherwise arise as a result of the exercise of CP Share Options is being made retrospectively as certain Existing CP Share Options were granted on 3 April 2013, 12 May 2014, 24 April 2015 and 7 January 2017, further details of which are set out in paragraph 3 of Part III. Accordingly, the Whitewash Resolution is being proposed at the General Meeting to approve the Rule 9 Waiver in respect of the Concert Party participating in the Subscription and/or for the future exercise of any of the Existing CP Share Options and/or the grant and future exercise of the New CP Share Options. None of the Placees or Subscribers (who include the Concert Party) will be entitled to vote on the Whitewash Resolution.

8. Intentions of the Concert Party

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

9. Current trading

The Company has today released its annual audited results for the year ended ending 31 December 2016. A copy of the annual audited results for the year ended ending 31 December 2016 is available on the Company's website at: www.corero.com/investors.

10. Independent advice provided to the Board

The Takeover Code requires the Board to obtain competent independent advice regarding the merits of the Transaction which is the subject of the Whitewash Resolution, the increase of the Concert Party's controlling position and the effect it will have on the Shareholders generally. Accordingly, Cenkos, as the Company's

financial adviser, has provided formal advice to the Board regarding the Transaction. Cenkos confirms that it is independent of Jens Montanana and Andrew Miller, being the Concert Party, and has no commercial relationship with them.

11. Irrevocable undertakings

The Company has received irrevocable undertakings to vote in favour of all Resolutions, including the Whitewash Resolution, from certain Independent Shareholders who in aggregate have a beneficial interest in respect of 8,265,975 Ordinary Shares representing approximately 14.2 per cent. of the Existing Ordinary Shares held by Independent Shareholders. This includes irrevocable undertakings to vote in favour of the Resolutions received from the Independent Directors, who hold in aggregate 1,316,667 Ordinary Shares representing approximately 2.3 per cent. of the Existing Ordinary Shares held by Independent Shareholders.

In addition, the Company has received irrevocable undertakings to vote in favour of the Resolutions, save for the Whitewash Resolution on which they are not able to vote, from all of the Subscribers (who include the Concert Party) and from certain of the Placees who in aggregate have a beneficial interest in respect of 125,062,976 Ordinary Shares representing approximately 61.5 per cent. of the Existing Ordinary Shares.

12. General Meeting

The Directors do not currently have the authority to allot all of the New Ordinary Shares on a non-pre-emptive basis and, accordingly, the Board is seeking the approval of Shareholders to allot the New Ordinary Shares at the General Meeting.

You will find set out at the end of this document a notice convening a general meeting of the Company to be held at 11.00 a.m. on 24 April 2017 at the offices of Redleaf Communications, First Floor, 4 London Wall Buildings, Blomfield Street, London EC2M 5NT, at which the following Resolutions will be proposed to approve:

Ordinary Resolutions

1. the Whitewash Resolution;
2. authority for the Directors to allot the New Ordinary Shares up to a maximum aggregate amount of £1,120,000 (being up to 112,000,000 New Ordinary Shares (the maximum number available under the Placing and Subscription)); and

Special Resolution

3. the disapplication of the statutory pre-emption rights in connection with the allotment of up to 112,000,000 New Ordinary Shares pursuant to the Placing and Subscription.

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

To be passed, Resolution 2 (proposed to be passed as an ordinary resolution) will require a simple majority, and Resolution 3 (proposed to be passed as a special resolution) will require a majority of not less than 75 per cent. of persons voting in person or on a poll by proxy in favour of the relevant Resolution.

The authorities to be granted pursuant to Resolutions 2 and 3 shall expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company to be held on 20 June 2017 or the date falling six months from the date of the passing of the Resolutions 2 and 3 (unless renewed, varied or revoked by the Company prior to or on that date) and shall be in addition to the Directors' authorities to allot relevant securities and dis-apply statutory pre-emption rights granted at the Company's Annual General Meeting held on 15 June 2016.

13. Action to be taken

A Form of Proxy is enclosed for use at the General Meeting. Whether or not you intend to be present at the meeting you are requested to complete, sign and return the Form of Proxy to the Company's registrars, Capita Asset Services, at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by no later than

11.00 a.m. on 20 April 2017 (or, in the case of an adjourned meeting, no later than 48 hours before the time of such meeting, excluding any part of a day that is not a working day). The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

14. Further Information

Your attention is drawn to the further information set out in Part III of this document, which provides additional information on the matters set out herein, and to the Company's consolidated financial statements for the two financial years ended 31 December 2015 and 31 December 2016, which are incorporated by reference into this document and are available at www.corero.com/investors. You are advised to read the whole document and not merely rely on key or summarised information in this letter.

15. Recommendation

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

The Independent Directors unanimously recommend that Shareholders vote in favour of the Whitewash Resolution, as they have undertaken to do in respect of their own beneficial holdings, representing approximately 0.7 per cent. in aggregate of the Existing Ordinary Shares. Jens Montanana and Andrew Miller, who are members of the Concert Party and Andrew Lloyd, who is participating in the Subscription, are not deemed to be independent for the purpose of this recommendation.

15.2 The Directors consider the Placing and Subscription to be in the best interests of the Company and its Shareholders as a whole. The Directors as a whole unanimously recommend that Shareholders vote in favour of all the Resolutions (excluding the Whitewash Resolution), as they have undertaken to do in respect of their own beneficial holdings, representing approximately 35.2 per cent. in aggregate of the Existing Ordinary Shares.

The Transaction is conditional, inter alia, upon the passing of the Resolutions at the General Meeting. Shareholders should be aware that if the Resolutions are not approved at the General Meeting, the Placing and Subscription will not proceed. Should the Placing and Subscription not proceed, the Company cannot be certain that suitable financing will be available in the required amounts or on acceptable terms for the working capital requirements of the Group.

Yours sincerely

Richard Last

Senior Non-Executive Director

Part II

Financial Information on Corero Network Security Plc

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

No Information

1. Revenue, profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends and earnings and dividends per share for the Company for the year ended 31 December 2015 and the year ended 31 December 2016.

Source of Information

Annual Report & Accounts 2015 and 2016, Consolidated Statement of Comprehensive Income on page 31 for 2015 and page 27 for 2016.

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.

<https://www.corero.com/annual-report/2015/index.htm>

<https://www.corero.com/annual-report/2016/index.htm>

2. A statement of the assets and liabilities shown in the audited accounts for the Company for the year ended 31 December 2016.

Annual Report & Accounts 2016, Consolidated Balance Sheet on page 28.

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.

<https://www.corero.com/annual-report/2016/index.htm>

3. A cash flow statement as provided in the audited accounts for the Company for the year ended 31 December 2016.

Annual Report & Accounts 2016, Consolidated Cash Flow Statement on page 30.

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.

<https://www.corero.com/annual-report/2016/index.htm>

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.

Annual Report 2015 and 2016 and the Notes to the Accounts on pages 37 to 40 for 2015; and pages 33 to 39 for 2016 respectively.

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.

<https://www.corero.com/annual-report/2015/index.htm>

<https://www.corero.com/annual-report/2016/index.htm>

The results for the Company for the year ended 31 December 2015 and the year ended 31 December 2016 are available free of charge on the Company's website provided above.

Part III

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Directors, whose names appear below in paragraph 2, accept responsibility for the information contained in this document, save that:
- 1.1.1 Jens Montanana, Andrew Miller and Andrew Lloyd take no responsibility for paragraph 15.1 of Part I of this document, for which only the Independent Directors take responsibility; and
- 1.1.2 the only responsibility accepted by the Independent Directors and Andrew Lloyd in respect of the information in this document relating to the Concert Party has been to ensure that such information has been correctly and fairly reproduced or presented (and no steps have been taken by the Independent Directors or Andrew Lloyd to verify this information).
- 1.2 To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information for which they accept responsibility contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 Each member of the Concert Party accepts responsibility for the information contained in this document relating to him. To the best of the knowledge and belief of each member of the Concert Party, who has taken all reasonable care to ensure that such is the case, the information for which he is responsible contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

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

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

3. Interests and Dealings

Directors and other interests

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

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

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

3.1 As at the close of business on 5 April 2017 (being the last practicable date prior to publication of this document), the interests, rights to subscribe and short positions of the Directors, their immediate families and persons connected with them (within the meaning of Part 22 of the Act) in Ordinary Shares (all of which are beneficial unless stated) which would be required to be notified pursuant to Part 22 of the Act and related regulations, or which would be required to be entered in the register maintained under Part 22 of the Act, were set out below:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Percentage of current voting rights in the Company</i>
Jens Montanana	69,303,990*	34.07%	34.07%
Ashley Stephenson	38,000	0.02%	0.02%
Andrew Lloyd	0	0.00%	0.00%
Andrew Miller	891,437	0.44%	0.44%
Richard Last	1,316,667	0.65%	0.65%

* of which 21,700,181 are held in the name of JPM International Limited, which is wholly owned by Jens Montanana and 29,850,000 are held in the name of The New Millennium Technology Trust of which Jens Montanana is a beneficiary.

- 3.2 As at the close of business on 5 April 2017 (being the last practicable date prior to publication of this document), details of share options granted to Directors (and any persons connected with them (within the meaning of section 252 of the Act)) were as set out below:

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

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

- 3.3 Assuming that the Placing and Subscription is completed on the terms set out in this document, the maximum interest in Ordinary Shares of each of the Directors assuming the maximum possible number of Ordinary Shares are issued under existing options held by each Director over Ordinary Shares and the DPSP, and assuming the Placing and Subscription is fully subscribed, no further issues of Ordinary Shares are made by the Company, no exercise of other options are made by other option holders and no disposals of Ordinary Shares are made by any Director, on Admission will be:

<i>Director</i>	<i>Maximum interest in Ordinary Shares</i>	<i>Maximum percentage of issued Ordinary Share Capital</i>
Jens Montanana*	138,425,000	43.0%
Ashley Stephenson	3,238,000	1.0%
Andrew Lloyd	500,000	0.2%
Andrew Miller**	3,587,437	1.1%
Richard Last	1,496,667	0.5%

* of which 21,700,181 Ordinary Shares would be held in the name of JPM International Limited, which is wholly owned by Jens Montanana, and 29,850,000 Ordinary Shares would be held in the name of The New Millennium Technology Trust, with an additional 68,696,010 Ordinary Shares being held by JPM International Limited or The New Millennium Technology Trust pursuant to the Subscription.

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

Of the 13,047,721 share options in issue at 5 April 2017 (excluding the DPSP), 6,361,000 are held by the Directors as detailed in the table above and the remaining 6,686,721 are held by employees of the Group.

3.4 Save as disclosed in paragraphs 3.12 and 3.13 of this Part III, as at the close of business on 5 April 2017 (being the last practicable date prior to publication of this document), none of the Concert Party, their immediate family or persons connected to them (within the meaning of Part 22 of the Act and related regulations) nor any persons acting in concert with them, had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in money or otherwise), including any short position in a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in any relevant security of the Company.

3.5 There have been no dealings (including borrowing or lending) for value in relevant securities by the Company (or by any person acting in concert with the Company), the Directors, or the Concert Party (or their immediate families, related trusts or persons connected or acting in concert with them) during the period of 12 months preceding 5 April 2017 (being the last practicable date prior to publication of this document), save as set out below:

<i>Director</i>	<i>Date</i>	<i>Transaction</i>	<i>No. of Ordinary Shares</i>	<i>Price per Ordinary Share (p)</i>
Jens Montanana	21 April 2016	Subscription	3,863,636	22
Andrew Miller	21 April 2016	Subscription	68,182	22

3.6 As at the close of business on 5 April 2017 (being the last practicable date prior to publication of this document), neither the Company nor any persons acting in concert with the Company had borrowed or lent any relevant securities of the Company.

3.7 Save as disclosed in paragraphs 3.1 and 3.2 of this Part III, as at the close of business on 5 April 2017 (being the last practicable date prior to publication of this document), none of the Directors, their immediate families or person connected with them (within the meaning of Part 22 of the Act and related regulations) nor any persons acting in concert with them, had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in any relevant securities of the Company.

3.8 As at the close of business on 5 April 2017 (being the last practicable date prior to publication of this document), no person acting in concert with the Company had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in relevant securities of the Company.

3.9 As at the close of business on 5 April 2017 (being the last practicable date prior to publication of this document), neither Cenkos nor any other connected adviser of the Company (including any person controlling, controlled by or under the same control as it) had any interests, rights to subscribe or short positions in relevant securities of the Company.

3.10 Other than as set out in paragraph 3.1 of this Part III and paragraph 3.3 of this Part III and so far as the Directors are aware, the only persons who, as at the close of business on 5 April 2017 (being the last practicable date prior to publication of this document) and immediately following Admission, are or will be directly or indirectly, interested (within the meaning of Chapter 5 of the DTR) in 3 per cent. or more of the Ordinary Shares are as follows:

<i>Name of Shareholder</i>	<i>5 April 2017</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>% of Existing Issued Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
Richard Koch	26,370,500	13.0%	38,406,325	12.2%
Herald Investment Management Ltd	16,288,241	8.0%	25,256,406	8.0%
Sabvest Capital Holdings	16,500,000	8.1%	19,000,000	6.0%
Peter Gain*	10,733,333	5.3%	13,733,333	4.4%
Miton	3,330,000	1.6%	16,630,000	5.3%

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

The Concert Party

3.11 The Concert Party comprises Jens Montanana and Andrew Miller. The Concert Party can be contacted at Regus House, Highbridge, Oxford Road Uxbridge UB8 1HR, UK.

3.11.1 Jens Peter Montanana is the founder and CEO of Datatec Limited, established in 1986. Between 1989 and 1993 Jens served as managing director and vice-president of US Robotics (UK) Limited, a wholly owned subsidiary of US Robotics Inc., which was acquired by 3Com. In 1993, he co-founded US start up Xedia Corporation in Boston, an early pioneer of network switching and one of the market leaders in IP bandwidth management, which was subsequently sold to Lucent Corporation in 1999 for \$246 million. In 1994, Jens became CEO of Datatec Limited. Datatec Limited listed on the Johannesburg Stock Exchange in 1994 and on AIM in 2006. Jens has previously served on the boards and sub-committees of various public companies

3.11.2 Andrew Douglas Miller (CFO and Executive Director responsible for finance) was with the Datatec Limited group in a number of roles between 2000 and 2009 including the Logicalis Group Limited (“Logicalis”) Operations Director and Corporate Finance and Strategy Director. Andrew led the Logicalis acquisition strategy, acquiring and integrating 12 companies in the US, UK, Europe and South America. Prior to this, Andrew gained considerable corporate finance experience in London with Standard Bank, West Deutsche Landesbank and Coopers & Lybrand. Andrew trained and qualified as a chartered accountant and has a bachelor’s degree in commerce from the University of Natal, South Africa.

3.12 At the close of business on 5 April 2017 (being the latest practicable date prior to the publication of this document) the interests of the Concert Party (and the interests of persons connected with it (within the meaning of section 252 of the Act)) in Ordinary Shares are as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of current issued Ordinary Shares</i>	<i>Percentage of current voting rights in the Company</i>
Jens Montanana	69,303,990*	34.1%	34.1%
Andrew Miller	891,437	0.4%	0.4%
Total Concert Party interest	70,195,427	34.5%	34.5%

* of which 21,700,181 are held in the name of JPM International Limited, which is wholly owned by Jens Montanana and 29,850,000 are held in the name of The New Millennium Technology Trust of which Jens Montanana is a beneficiary.

3.13 At the close of business on 5 April 2017 (being the latest practicable date prior to the publication of this document) the interests of the Concert Party (and the interests of persons connected with it (within the meaning of section 252 of the Act)) in Existing CP Share Options are as follows:

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

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

In total, Mr Montana is interested in 425,000 Existing CP Share Options and Mr Miller is interested in 2,496,000 Existing CP Share Options. The Concert Party is interested, in total, in 2,921,000 Existing CP Share Options.

The Company also proposes to grant new share options over Ordinary Shares to each member of the Concert Party immediately following the General Meeting, conditional on the passing of the Whitewash Resolution. It is proposed that Jens Montana and Andrew Miller will receive 994,000 New CP Share Options and 1,919,000 New CP Share Options, respectively. If the Transaction does not complete, the grant of New CP Share Options to the members of the Concert Party will not proceed.

- 3.14 Assuming the Transaction completes, the Concert Party would on Admission in aggregate hold 139,091,437 Ordinary Shares of the Company representing 44.1 per cent. of the Company's Enlarged Share Capital at that date. The interest in Ordinary Shares of each of the Concert Party, assuming the Placing and the Subscription are fully subscribed, and their resulting interest as a percentage of the Enlarged Share Capital is set out below.

<i>Director</i>	<i>Interest in Ordinary Shares immediately following Admission</i>	<i>Resulting percentage as a percentage of the Enlarged Share Capital</i>
Jens Montana*	138,000,000	43.8%
Andrew Miller	1,091,437	0.3%
Total	139,091,437	44.1%

* of which 21,700,181 Ordinary Shares would be held in the name of JPM International Limited, which is wholly owned by Jens Montana, and 29,850,000 Ordinary Shares would be held in the name of The New Millennium Technology Trust, with an additional 68,696,010 Ordinary Shares being held by JPM International Limited or The New Millennium Technology Trust pursuant to the Subscription.

Further if the Transaction completes, the Concert Party is granted New CP Share Options and the Concert Party exercise their rights under the CP Share Options in full, and assuming no other Ordinary Shares are issued by the Company following Admission and the Placing and Subscription is fully subscribed, then the Concert Party would have a maximum interest in the Company of 144,925,437 Ordinary Shares representing 45.1 per cent. of the Company's issued share capital at that date. The maximum interest in Ordinary Shares of each of the Concert Party assuming the maximum possible number of Ordinary Shares are issued under the CP Share Options held (or to be held) by each member of the Concert Party, and assuming the Placing and the Subscription are fully subscribed, no further issues of Ordinary Shares are made by the Company, no exercise of other share options are made by other option holders and no disposals of Ordinary Shares are made by the Concert Party, will be:

<i>Director</i>	<i>Maximum interest in Ordinary Shares immediately following Admission and assuming the CP Share Options are exercised in full</i>	<i>Maximum percentage of issued Ordinary Shares held following Admission and assuming the CP Share Options are exercised in full and no further Ordinary Shares are issued</i>
Jens Montana*	139,419,000	43.4%
Andrew Miller**	5,506,437	1.7%
Total	144,925,437	45.1%

* of which 21,700,181 Ordinary Shares would be held in the name of JPM International Limited, which is wholly owned by Jens Montana, and 29,850,000 Ordinary Shares would be held in the name of The New Millennium Technology Trust, with an

additional 68,696,010 Ordinary Shares being held by JPM International Limited or The New Millennium Technology Trust pursuant to the Subscription.

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

- 3.15 Save as set out in paragraph 3.1 and paragraph 3.2 of this Part III, as at the close of business on 5 April 2017 (being the latest practicable date prior to the publication of this document) no member of the Concert Party (and persons connected with it (within the meaning of section 252 of the Act)) held any relevant securities.
- 3.16 Save as set out in paragraph 3.5 of this Part III, during the period of 12 months preceding 5 April 2017 (being the last practicable date prior to publication of this document) there have been no dealings for value in relevant securities by any member of the Concert Party (and persons connected with any member of the Concert Party (within the meaning of section 252 of the Act)).
- 3.17 The Concert Party has not entered into any agreement, arrangement or understanding:
- (i) with the Independent Directors and Andrew Lloyd (or their close relatives and related trusts) which has any connection with or dependence upon the proposals set out in Part I of this document; or
 - (ii) for the transfer of any Ordinary Shares acquired by the Concert Party.
- 3.18 In addition, the Independent Directors and Andrew Lloyd are not aware of any agreement, arrangement or understanding having any connection with or dependence upon the proposals set out in Part I of this document between the Concert Party and any person interested or recently interested in Ordinary Shares, any other recent director of the Company or Genkos (or any person who is, or is presumed to be, acting in concert with Genkos).
- 3.19 Save as disclosed in this paragraph 3:
- (i) no member of the Concert Party is interested in any relevant securities, has a right to subscribe for relevant securities, has borrowed or lent relevant securities or has dealt for value in relevant securities during the period of 12 months preceding 5 April 2017 (being the last practicable date prior to publication of this document);
 - (ii) no Director has an interest in any relevant securities nor has a right to subscribe for relevant securities;
 - (iii) no person referred to in paragraphs (i) or (ii) above has any short position in relation to relevant securities (whether conditional or absolute and whether in the money or otherwise and including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery);
 - (iv) neither the Company nor any person acting in concert with the Company has borrowed or lent relevant securities;
 - (v) neither the Company nor any person acting in concert with the Company has any interests, rights to subscribe or short positions in the Company;
 - (vi) no member of the Concert Party or any person acting in concert with them has lent or borrowed any relevant securities;
 - (vii) the Company has not redeemed or purchased any relevant securities during the period of 12 months preceding 5 April 2017 (being the last practicable date prior to publication of this document).

4. Directors' Service Contracts

- 4.1 Details of the employment agreements, service agreements and letter of appointment currently in place between the Company and the Directors are set out below:
- 4.1.1 An employment agreement dated 14 January 2013 and made between Corero Network Security Inc. (a wholly owned subsidiary of the Company) and Ashley Stephenson. The employment agreement is terminable by either party on not less than six months' written notice. The

agreement contains provisions for early termination in certain circumstances. The basic salary payable to Mr. Stephenson is US\$270,000 per annum.

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

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

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

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

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

- 4.1.4 A letter of appointment dated 13 July 2010 and made between the Company and Jens Montanana. The letter of appointment is for a period of 12 months commencing 9 August 2010 and thereafter may be terminated by either party upon three months' notice or immediately by the Company in certain circumstances. Mr Montanana's appointment has since been renewed for the twelve month period to 9 August 2017. The fee payable to Mr. Montanana is £26,000 per annum. Mr. Montanana will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties.

- 4.1.5 A letter of appointment dated 13 July 2010 and made between the Company and Richard Last. The letter of appointment is for a period of 12 months commencing 9 August 2010 and thereafter may be terminated by either party upon three months' notice or immediately by the Company in certain circumstances. Mr Last's appointment has since been renewed for the twelve month period to 9 August 2017. The fee payable to Mr. Last is £20,000 per annum. Mr. Last will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties.

- 4.2 Save as set out above, no service contracts have been entered into or amended in the last six months. The aggregate emoluments, excluding pensions, of the Directors for the year ended 31 December 2016, being the last financial year for which audited financial information has been published, are set out below:

<i>Director</i>	<i>Salary and fees paid or received</i> US\$'000	<i>Bonus paid or receivable</i> US\$'000	<i>Pension Contributions</i> US\$'000	<i>Other benefits</i> US\$'000	<i>Total 2016</i> US\$'000
Jens Montanana	35	–	–	–	35
Ashley Stephenson	270	36	–	13	319
Andrew Lloyd	27	–	–	–	27
Andrew Miller	216	27	22	8	273
Richard Last	27	–	–	–	27

Post the 31 December 2016 year end, Jens Montanana notified the Company that he wished to waive his non-executive fees for the year ended 31 December 2016 of £26,000 (US\$35,000).

Andrew Lloyd was an non-executive director of the Company up to the date of his appointment as an executive director on 3 January 2017.

5. No Significant Change

There has been no significant change in the financial or trading position of the Company since the publication of the annual audited accounts of the Company for the twelve months ended 31 December 2016.

6. Material Contracts

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

6.1 Placing Agreement

Under the Placing Agreement, Cenkos has agreed to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional, amongst other things, on (i) the passing of the Resolutions (other than the Whitewash Resolution) and the passing of the Whitewash Resolution by Independent Shareholders on a poll, (ii) the Subscription Agreements not having lapsed or been terminated and having been completed in accordance with their terms; and (iii) Admission occurring no later than 8.00 a.m. on 25 April 2017 or such later date as Cenkos and the Company may agree being no later than 9 May 2017. The Company shall, on and subject to Admission, pay Cenkos a corporate finance fee of £50,000 together with a commission of 5 per cent. of the amount equal to the aggregate value of the Placing Shares subscribed for by certain specified Placees procured by Cenkos under the Placing at the Placing Price. The Company shall bear its own costs and expenses, and pay the reasonable and properly incurred costs and expenses of Cenkos in relation to and incidental to the Transaction, the allotment and issue of the New Ordinary Shares, Admission, professional fees, costs of printing, advertising and circulating the documents, and any other incidental matter. The Placing Agreement contains warranties and indemnities given by the Company in favour of Cenkos in relation to the Transaction. The Placing Agreement can be terminated in certain circumstances by Cenkos prior to Admission in particular in the event of a material breach of the warranties or on the occurrence of certain *force majeure* events. The Placing has not been underwritten.

6.2 Subscription Agreements

On 5 April 2017, the Company entered into the Subscription Agreements with each of the Subscribers. The Subscription Agreements are conditional on the passing of the Resolutions and Admission. The Subscribers have agreed to make payment of the subscription monies in respect of Subscription Shares to the Company by no later than 5.00 p.m. on the Business Day prior to Admission.

6.3 2016 Placing Agreement

On 21 April 2016, the Company entered into a placing agreement with Cenkos whereby Cenkos agreed to use reasonable endeavours to procure (and did procure) subscribers for 32,363,637 Ordinary Shares at 22 pence per share. The Company paid Cenkos a corporate finance fee of £15,000 and commission of 5 per cent. of the amount equal to the aggregate value of the placing shares subscribed for by

placees procured by Cenkos under the placing. The Company bore its own costs and expenses, and paid the reasonable and properly incurred costs and expenses of Cenkos in relation to and incidental to the transaction. The placing agreement contained warranties and indemnities given by the Company in favour of Cenkos in relation to the transaction.

6.4 **2016 Subscription Agreements**

On 21 April 2016, the Company entered into subscription agreements with subscribers pursuant to which existing Shareholders subscribed for, in aggregate, 4,000,000 Ordinary Shares at 22 pence per share.

6.5 **2015 Subscription Agreement**

On 30 July 2015, the Company entered into subscription agreements with subscribers pursuant to which existing Shareholders subscribed for 30,000,000 Ordinary Shares at 10 pence per share.

7. **Middle market quotations**

The table below sets out the middle market quotations for an Ordinary Share, as derived from the AIM Appendix of the London Stock Exchange Daily Official List, on the first business day of each of the six months preceding the date of this document and on 5 April 2017 (being the last practicable date prior to publication of this document):

<i>Date</i>	<i>Price per Ordinary Share (pence)</i>
5 April 2017	5.250
1 March 2017	5.500
1 February 2017	6.375
3 January 2017	8.750
1 December 2016	10.250
1 November 2016	11.250
3 October 2016	10.500

8. **Financial statements**

The Company's consolidated audited financial statements for the two financial years ending 31 December 2015 and 31 December 2016, are incorporated by reference into this document and are available at <http://www.corero.com>.

9. **Additional Information**

- 9.1 The total cost and expenses payable by the Company in connection with the Transaction (including professional fees, commissions, the cost of printing and the fees payable to the registrars and the Panel) are estimated to amount to approximately £0.15 million (excluding VAT).
- 9.2 No inducement fee is payable in respect of the proposals set out in this document.
- 9.3 Cenkos has given and has not withdrawn its written consent to the issue of this document with the references to it in the form and context in which they appear.
- 9.4 No agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party or any person acting in concert with it and any of the Directors (excluding the Concert Party), recent directors of the Company, Shareholders or recent shareholders or any person interested or recently interested in shares of the Company having any connection with or dependence upon the proposals set out in this document.
- 9.5 No agreement, arrangement or understanding exists whereby the Ordinary Shares held by any member of the Concert Party will be transferred to any other party.
- 9.6 As at the close of business on 5 April 2017 (being the latest practicable date prior to the publication of this document), Cenkos did not hold any Ordinary Shares.

9.7 During the 12 months preceding 5 April 2017 (being the last practicable date prior to publication of this document), Cenkos has not been dealing for value in relevant securities, acting as market maker and trading as principal.

10. Obtaining hard copies of information incorporated by reference

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

11. Documents on display

11.1 Copies of the following documents will be available at the Company's website, <http://www.corero.com>, and for inspection at the offices of the Company during normal business hours of any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to including the date of the General Meeting:

- 11.1.1 this document;
- 11.1.2 the Company's Memorandum and Articles of Association;
- 11.1.3 the published audited accounts of the Company for the two years ended 31 December 2015 and 31 December 2016;
- 11.1.4 the written consent of Cenkos referred to in paragraph 9.3 above;
- 11.1.5 the irrevocable undertakings referred to in paragraph 11 of Part I;
- 11.1.6 the Director's service agreements referred to in paragraph 4 of this Part III;
- 11.1.7 the material contracts referred to in paragraph 6 of this Part III;
- 11.1.8 the Placing Agreement; and
- 11.1.9 the Subscription Agreements.

Date: 6 April 2017

DEFINITIONS

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

Act	Companies Act 2006 as amended
acting in concert	shall have the meaning ascribed thereto in the Takeover Code
Admission	the admission of the New Ordinary Shares to trading on AIM in accordance with the AIM Rules for Companies
AIM	the AIM market operated by London Stock Exchange
AIM Rules for Companies	the AIM Rules for Companies and guidance notes as published by London Stock Exchange from time to time
Board or Directors	the directors of the Company
Business Day	a day (other than a Saturday or Sunday) on which banks are open for general business in London
Capita	Capita Registrars Limited
Centkos	Centkos Securities plc, with registered number 05210733 and with its registered office at 6.7.8 Tokenhouse Yard, London EC2R 7AS
Company or Corero	Corero Network Security Plc, incorporated in England and Wales under registered number 2662978
Concert Party	Jens Montanana and Andrew Miller
CP Share Options	together, the Existing CP Share Options and the New CP Share Options
DPSP	the Company's deferred payment share plan
DTR	the Disclosure, Transparency and Guidance Rules being the rules and regulations made by the Financial Conduct Authority in its capacity as the UKLA under Part VI of FSMA, as amended and contained in the UKLA publication of the same name
Enlarged Share Capital	the entire issued share capital of the Company immediately following completion of the Transaction, assuming the Placing and Subscription is fully subscribed and no further Ordinary Shares are issued following the date of this document (except for New Ordinary Shares)
Existing CP Share Options	the 2,921,000 existing options of the Concert Party over Ordinary Shares as at the date of this document, including a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the Company's employee share trust pursuant to the DPSP
Existing Ordinary Shares	the Ordinary Shares in issue as at the date of this document
Form of Proxy	the form of proxy for use at the General Meeting which accompanies this document
General Meeting	the general meeting of the Company, notice of which is set out at the end of this document

Group	the Company and its subsidiaries
Independent Directors	the Directors other than Jens Montanana, Andrew Miller and Andrew Lloyd
Independent Shareholders	Shareholders excluding the Placees and the Subscribers (who include the Concert Party)
Independent Shares	the Ordinary Shares held by Independent Shareholders
New CP Share Options	the 2,913,000 new options that will be granted to members of the Concert Party immediately following the General Meeting, conditional on the passing of the Whitewash Resolution
New Ordinary Shares	together, the Placing Shares and the Subscription Shares
Notice of General Meeting	the notice of the General Meeting which is set out at the end of this document
Ordinary Shares	ordinary shares of 1 pence each in the capital of the Company
Placees	the subscribers for the Placing Shares pursuant to the Placing
Placing	the placing by the Company of the Placing Shares with certain institutional investors and existing Shareholders (or their associated investment vehicles), otherwise than on a pre-emptive basis, at the Placing Price
Placing Agreement	the agreement entered into between the Company and Cenkos in respect of the Placing dated 6 April 2017, as described in this document
Placing Price	5 pence per New Ordinary Share
Placing Shares	up to 42,803,990 Ordinary Shares to be issued pursuant to the Placing
Relevant Company Securities	shares in the Company (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof, including, for the avoidance of doubt, the Ordinary Shares
Resolutions	the resolutions set out in the Notice of General Meeting
Rule 9 Waiver	the waiver by the Panel of the obligation of Jens Montanana and Andrew Miller to make a general offer under Rule 9 of the Takeover Code (which would otherwise arise as a consequence of the issue of the Subscription Shares and/or the grant and/or exercise of the CP Share Options) granted by the Takeover Panel conditional upon the approval of the Independent Shareholders by the passing of the Whitewash Resolution on a poll
Shareholder(s)	holder(s) of Ordinary Shares
Subscribers	Jens Montanana, Andrew Miller and Andrew Lloyd being the subscribers for the Subscription Shares
Subscription	the subscription of the Subscription Shares by the Subscribers at the Placing Price pursuant to the Subscription Agreement

Subscription Agreements	the conditional agreements, dated 6 April 2017, between the Company and each the Subscribers relating to the Subscription, further details of which are set out in paragraph 6 of Part I of this document
Subscription Shares	up to 69,196,010 new Ordinary Shares to be issued pursuant to the Subscription
Takeover Code	The City Code on Takeovers and Mergers
Takeover Panel	the Panel on Takeovers and Mergers
Transaction	together, the Placing, the Subscription and the Rule 9 Waiver
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
voting rights	means all voting rights attributable to the share capital of the Company which are currently exercisable at a general meeting
Whitewash Resolution	the resolution numbered 1 set out in the Notice of General Meeting

CORERO NETWORK SECURITY PLC (THE “COMPANY”)

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

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at 11.00 a.m. on 24 April 2017 at the offices of Redleaf Communications, First Floor, 4 London Wall Buildings, Blomfield Street, London EC2M 5NT to consider and, if thought fit, pass the following resolutions: resolution 1 as an ordinary resolution, which will be taken on a poll on which only shareholders who are considered independent for the purposes of Rule 9 of The City Code on Takeovers and Merger are entitled to vote; and resolutions 2 and 3, of which resolution 2 will be proposed as an ordinary resolution and resolution 3 will be proposed as a special resolution.

ORDINARY RESOLUTIONS

- 1. THAT** the waiver granted by the Panel on Takeovers and Mergers of any requirement under Rule 9 of The City Code on Takeovers and Mergers for Jens Montanana and Andrew Miller to make a general offer to shareholders of the Company as a result of subscribing for Subscription Shares and/or on the grant and/or any future exercise of CP Share Options by any member of the Concert Party, as is more fully described in the circular dated 6 April 2017 (“Circular”) of which this notice of General Meeting forms part, be and is hereby approved by Independent Shareholders on a poll. For the purposes of this resolution, capitalised terms shall have the meaning ascribed to them in the Circular.
- 2. THAT** subject to and conditional upon the passing of Resolution 1, in accordance with section 551 of the Companies Act 2006 (the “Act”), the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company and/or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £1,120,000 (being equal to up to 112,000,000 Ordinary Shares), provided that this authority will expire at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in 2017 or the date falling six months from the date of the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on that date) but the Company may, before this authority expires, make an offer or agreement which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any security into shares in the Company to be granted after this authority expires and that the Directors may allot shares in the Company or grant rights pursuant to such an offer or agreement as if the authority conferred by this resolution had not expired. This authority is in addition to all existing authorities under section 551 of the Act.

SPECIAL RESOLUTION

- 3. THAT** subject to and conditional upon the passing of Resolutions 1 and 2, notwithstanding the provisions of the Articles of Association of the Company, in accordance with section 570 of the Act, the Directors be and are generally empowered to allot equity securities for cash (within the meaning of section 560 of the Act) pursuant to the authority conferred by Resolution 2 above, as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £1,120,000 (being equal to up to 112,000,000 Ordinary Shares) and shall expire at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in 2017 or the date falling six months from the date of passing this resolution (unless previously revoked, varied or renewed) save that the Company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted for cash after this power expires and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired. This power is in addition to all existing authorities under section 570 of the Act.

BY ORDER OF THE BOARD

Duncan Swallow

Company Secretary

Date: 6 April 2017

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

Notes

- (i) The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), specifies that only those members registered in the Register of Members of the Company at the close of business on 20 April 2017 (or if the Meeting is adjourned, members entered on the Register of Members of the Company not later than the close of business which is two working days before the date of the adjourned Meeting) shall be entitled to attend, speak and vote at the General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the Register of Members of the Company after this time shall be disregarded in determining the rights of any person to attend, speak or vote at the Meeting.
- (ii) A member entitled to attend, speak and vote at the Meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, speak and to vote instead of him/her. A proxy need not be a member of the Company but must attend the Meeting in person. If a member wishes his/her proxy to speak on his/her behalf at the Meeting he/she will need to appoint his/her own choice of proxy (not the Chairman) and give his/her instructions directly to them. Completion and return of a form of proxy will not preclude a member from attending, speaking and voting at the Meeting or any adjournment thereof in person. If a proxy is appointed and the member attends the Meeting in person, the proxy appointment will automatically be terminated.
- (iii) A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please sign and date the form of proxy and attach a schedule listing the names and addresses (in block letters) of all of your proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. If you wish to appoint the Chairman as one of your multiple proxies, simply write "the Chairman of the Meeting".
- (iv) A form of proxy is enclosed and details of how to appoint and direct a proxy to vote on each resolution are set out in the notes to the form of proxy. To be valid the form of proxy must be completed and signed, and lodged with the Registrars of the Company, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time fixed for the Meeting (excluding any part of a day that is not a working day) or for any adjournment thereof together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority. In the case of a member which is a Company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
- (v) In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy. In the event that more than one of the joint holders purports to appoint a proxy, the appointment submitted by the first named on the Register of Members of the Company will be accepted to the exclusion of the other joint holder.
- (vi) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
- (vii) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of the Meeting 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(s), should refer to their CREST sponsor 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 using the CREST service 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, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: RA10) no later than 48 hours before the Meeting (excluding any part of a day that is not a working day). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) 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(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) 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.

- (viii) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution, and if no voting indication is given, a proxy may vote or abstain from voting at his/her or her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
- (ix) In order to revoke a proxy instruction a member will need to send a signed hard copy notice clearly stating your intention to revoke a proxy appointment by 11.00 a.m. on 20 April 2017 to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority. In the case of a member, which is a company, the notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

- (x) Except as provided above, members who have general queries about the Meeting should write to the Company Secretary at the address of our registered office. You may not use any electronic address provided either in this notice of General Meeting or any related documents (including the annual report and accounts and proxy form) to communicate with the Company for any purposes other than those expressly stated.

