

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about the contents of this Circular or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

If you sell or have sold or otherwise transferred all of your Ordinary Shares before 9.00 a.m. (UK time) on 25 April 2019 or your ADSs before 5.00 p.m. (New York City time) on 25 March 2019, please forward this Circular and the accompanying documentation as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares or ADSs, you should retain this Circular and the accompanying documentation, and you should consult with the bank, stockbroker or other agent through whom the sale or transfer was effected.

Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this Circular to any jurisdiction outside the UK or the United States should seek appropriate advice before taking any action. The distribution of this Circular and any accompanying documents into jurisdictions other than the UK or the United States may be restricted by law. Any person not in the UK or in the United States into whose possession this Circular and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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## **Micro Focus International plc**

*(incorporated and registered in England and Wales, No. 05134647)*

**Proposed Return of Value to Shareholders of Micro Focus International plc of the pounds sterling equivalent of US\$1.8 billion by way of a B Share Scheme,**

**0.8296 Share Capital Consolidation**

**and**

**Notice of General Meeting**

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Your attention is drawn to the letter to Shareholders from the Chairman of the Company, which is set out in Part I of this Circular. Please read the whole of this Circular. In particular, your attention is drawn to the risk factors set out in Part II of this Circular.

Notice of the General Meeting, to be held at the offices of Numis Securities Limited, 10 Paternoster Square, London EC4M 7LT on 29 April 2019 at 9.00 a.m., is set out at the end of this Circular. Whether or not you intend to be present at the General Meeting, please complete the Form of Proxy accompanying this Circular in accordance with the instructions printed on it and return it to the Company's Registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so that it is received by no later than 9.00 a.m. (UK time) on 25 April 2019 (or, in the event of an adjournment of the General Meeting, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting). As an alternative to completing and returning the accompanying Form of Proxy, you may register the appointment of a proxy electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk) using the Voting ID, Task ID and Shareholder Reference Number on the enclosed Form of Proxy. To be valid, the electronic submission must be received by not later than 9.00 a.m. (UK time) on 25 April 2019 (or, in the event of an adjournment of the General Meeting, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting). If you hold your Ordinary Shares in uncertificated form (i.e. in CREST), you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Company's Registrars (under CREST participant RA19) by no later than 9.00 a.m. (UK time) on 25 April 2019 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting). Completion and return of a Form of Proxy, or the electronic appointment of a proxy or CREST Proxy Instruction, will not preclude you from attending, speaking or voting at the General Meeting or any adjournment thereof, if you are entitled and wish to do so.

If you are an ADS Holder, please refer to paragraph 8 of Part I of this Circular which gives details relevant to you in respect of the General Meeting. However, this should be read in conjunction with this Circular and all other materials provided to you, as they all contain important information.

No person has been authorised to give any information or make any representations in relation to the proposed Return of Value other than those contained in this Circular and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Circular or that the information in it is correct as of any subsequent time.

Numis Securities Limited (“Numis”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company as financial adviser and broker in connection with the Return of Value and the production of this Circular and is not advising, or acting for, any other person and will not be responsible to any person other than the Company for providing the protections afforded to the clients of Numis or for providing advice in relation to the Return of Value or any other matters or arrangements referred to or contained in this Circular.

Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by any applicable US securities laws or by FSMA or the regulatory regimes established thereunder, Numis does not accept any responsibility or liability whatsoever for the contents of this Circular, and no representation or warranty, express or implied, is made by Numis in relation to the contents of this Circular, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Return of Value. To the fullest extent permissible Numis accordingly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of the contents of this Circular or any such statement.

If you are an Ordinary Shareholder outside of the United States and have questions in connection with the B Share Scheme, please call the Shareholder Helpline on 0333 207 6394 (from inside the UK) and +44 121 415 0968 (from outside the UK). The Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (except English and Welsh public holidays) and will remain open until 13 May 2019. Please note that calls to these numbers may be monitored or recorded. Calls to +44 121 415 0968 from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones.

If you are an ADS Holder or Ordinary Shareholder in the United States and have questions in connection with the B Share Scheme, please call American Stock Transfer at 1-800-622-1573 (toll-free from the US) and +1-201-806-4195 (from other countries), from 8.00 a.m. to 8.00 p.m. (New York City time) Monday through Friday. Banks, brokers and institutional holders may call +1-212-250-9100 (collect), Monday through Friday from 8.00 a.m. to 5.00 p.m. (New York City time).

For illustrative purposes only, this Circular contains translations of certain pounds sterling amounts into US dollar amounts or US\$ at a rate of £1.00 to US\$1.3022 (being the Bloomberg FX Fixings spot exchange rate at 4.30 p.m. (UK time) on 29 March 2019, the latest practicable date before publication of this Circular). The translations should not be construed as representations that the converted amounts will actually represent such US dollar amounts or that pounds sterling amounts could be converted into US dollars at the rate indicated above.

The B Shares and the Deferred Shares issued under the B Share Scheme have not been and will not be registered under the US Securities Act or the state securities laws of the United States and they may not be offered or sold in the United States or to any US persons unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or pursuant to a transaction that is exempt from the registration requirements of the US Securities Act and the state securities laws.

**Neither the Securities and Exchange Commission nor any US state securities commission has approved or disapproved of this transaction or passed upon the merits of fairness of such transaction or passed upon the adequacy of the information contained in this Circular. Any representation to the contrary is a criminal offence.**

Capitalised terms have the meaning ascribed to them in Part VII of this Circular.

**Dated 1 April 2019**

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## Where to find help

You will find answers to some of the questions most often asked by shareholders about B share schemes in Part IV of this Circular.

If you are an Ordinary Shareholder outside of the United States and have questions on the General Meeting or the B Share Scheme, please call the Shareholder Helpline on 0333 207 6394 (from inside the UK) and +44 121 415 0968 (from outside the UK). Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes.

If you are an ADS Holder or Ordinary Shareholder in the United States and have questions in connection with the B Share Scheme, please call American Stock Transfer at 1-800-622-1573 (toll-free from the US) and +1-201-806-4195 (from other countries), from 8.00 a.m. to 8.00 p.m. (New York City time) Monday through Friday. Banks, brokers and institutional holders may call +1-212-250-9100 (collect), Monday through Friday from 8.00 a.m. to 5.00 p.m. (New York City time).

**Please note that for legal reasons the Shareholder Helpline and American Stock Transfer will only be able to provide information contained in this Circular and the accompanying Form of Proxy and will be unable to give advice on the merits of the B Share Scheme or to provide legal, financial, investment or taxation advice.**

ADS Holders should also review paragraph 8 of Part I as it contains important information specifically to them in respect of the General Meeting.

## Forward-Looking Statements

This Circular contains forward-looking statements that are subject to assumptions, risks and uncertainties associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Company operates.

Forward-looking statements can be identified typically by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “intends”, “estimates”, “plans”, “assumes”, “predicts” or “anticipates”, as well as the negatives of such words and other words of similar meaning in connection with discussions of future operating or financial performance or of strategy that involve risks and uncertainties.

The forward-looking statements in this Circular are made based upon the Company’s expectations and beliefs concerning future events affecting the Group and therefore involve a number of known and unknown risks and uncertainties. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which it will operate, which may prove not to be accurate. The forward-looking statements are not guarantees and actual results could differ materially from those expressed or implied in these forward-looking statements; therefore, undue reliance should not be placed on such forward-looking statements.

You are cautioned not to place any undue reliance on the forward-looking statements contained in this Circular which speak only as at the date of this Circular. Neither the Company nor any member of the Group undertakes any obligation publicly to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by any applicable laws and regulations, the Prospectus Rules, the Listing Rules, the rules of the London Stock Exchange, the Disclosure Guidance and Transparency Rules, the Takeover Code, any applicable US securities laws and the rules of the NYSE.

## **Notice for US Shareholders and ADS Holders**

If you are an ADS Holder or Ordinary Shareholder in the United States and have questions in connection with the B Share Scheme, please call American Stock Transfer at 1-800-622-1573 (toll-free from the US) and +1-201-806-4195 (from other countries), from 8.00 a.m. to 8.00 p.m. (New York City time) Monday through Friday. Banks, brokers and institutional holders may call +1-212-250-9100 (collect), Monday through Friday from 8.00 a.m. to 5.00 p.m. (New York City time).

Please note that for legal reasons American Stock Transfer will only be able to provide information contained in this Circular and will be unable to give advice on the merits of the B Share Scheme or to provide financial, investment or taxation advice. If you need additional copies of this Circular, please contact American Stock Transfer.

## Expected Timetable of Principal Events

Voting record date for ADS Holders	25 March 2019
Posting and publication of this Circular and Notice of General Meeting	1 April 2019
Latest time for receipt of ADS proxy instructions by telephone and internet	11.59 p.m. (New York City time) on 18 April 2019
Latest time for receipt of ADS proxy cards	10.00 a.m. (New York City time) on 19 April 2019
Latest time and date for receipt of Forms of Proxy, electronic proxy voting and CREST Proxy Instructions from Ordinary Shareholders for the General Meeting	9.00 a.m. on 25 April 2019
Announcement of US\$/£ exchange rate for Return of Value	by 7.00 a.m. on 26 April 2019
General Meeting	9.00 a.m. on 29 April 2019
Latest time and date for dealings in Existing Ordinary Shares, Existing Ordinary Share register closed and Existing Ordinary Shares disabled in CREST	6.00 p.m. on 29 April 2019
B Share Scheme Record Time for B Share Scheme and Share Capital Consolidation in respect of Existing Ordinary Shares	6.00 p.m. on 29 April 2019
B Shares issued	7.00 p.m. on 29 April 2019
Latest time and date for dealings in ADSs, ADS register closed and ADSs disabled for transfer	4.00 p.m. (New York City time) on 29 April 2019
Effective B Share Scheme record time for ADSs	4.00 p.m. (New York City time) on 29 April 2019
B Shares redeemed	11.59 p.m. on 29 April 2019
Share Capital Consolidation effected and New Ordinary Shares admitted to the premium segment of the Official List and to trading on the Main Market for listed securities	8.00 a.m. on 30 April 2019
Effective time of ADS consolidation and commencement of trading in New ADSs	9.30 a.m. (New York City time) on 30 April 2019
Despatch of cheques or CREST accounts credited (as appropriate) in respect of Existing Ordinary Shares for the proceeds of the redemption of the B Shares and, where applicable, despatch of cheques or CREST accounts credited in respect of Existing Ordinary Shares for fractional entitlements arising from the Share Capital Consolidation	by 13 May 2019
Despatch of share certificates in respect of New Ordinary Shares and ADRs in respect of New ADSs	by 13 May 2019

DTC accounts credited to ADSs held electronically for the proceeds of the redemption of the B Shares and, where applicable, fractional entitlements arising from the Share Capital Consideration

by 20 May 2019

Despatch of cheques to ADS Holders or credit of proceeds to ADSs held in book-entry form (as appropriate) for the proceeds of the redemption of the B Shares and, where applicable, despatch of cheques to ADS Holders or credit of proceeds to ADSs held in book-entry form (as appropriate) for fractional entitlements arising from the Share Capital Consolidation

by 20 May 2019

**The above future dates are indicative only and may be subject to change by the Company, in which event details of the new times and dates will be notified via a Regulatory Information Service and by a press release in the United States.**

**References to times in this timetable are to London time unless otherwise stated.**

## Part I

### Letter from the Chairman of Micro Focus International plc

(incorporated and registered in England and Wales with Registered Number 05134647)

#### Directors

Kevin Loosemore (*Executive Chairman*)  
Stephen Murdoch (*Chief Executive Officer*)  
Brian McArthur-Muscroft (*Chief Financial Officer*)  
Karen Slatford (*Senior Independent Non-executive Director*)  
Richard Atkins (*Independent Non-executive Director*)  
Amanda Brown (*Independent Non-executive Director*)  
Lawton Fitt (*Independent Non-executive Director*)  
Darren Roos (*Independent Non-executive Director*)  
Silke Scheiber (*Independent Non-executive Director*)

#### Registered office:

The Lawn,  
22-30 Old Bath Road,  
Newbury,  
Berkshire RG14 1QN

Dear Shareholder

**Proposed Return of Value to Shareholders of Micro Focus International plc  
of the pounds sterling equivalent of US\$1.8 billion by way of a B Share Scheme,  
0.8296 Share Capital Consolidation  
and  
Notice of General Meeting**

#### 1. Introduction

The disposal of the SUSE Business to subsidiaries of EQT VIII (the “**Purchasers**”), for a total cash consideration of US\$2.535 billion (subject to customary post-Completion adjustments) (the “**Transaction**”), completed on 15 March 2019. The Transaction was first announced on 2 July 2018 and subsequently approved by Shareholders at the general meeting held on 21 August 2018. The Transaction has completed within the time frame first announced in July 2018, and the proceeds have been received.

The net cash consideration after tax, anticipated post-Completion adjustments and fees is estimated to be approximately US\$2.1 billion, out of which a debt repayment of US\$200 million will be made shortly. The Company has a medium term net leverage target of 2.7 x Adjusted EBITDA and below this level of leverage its default position is to return money to Shareholders unless a greater risk adjusted return can be achieved through mergers and acquisitions.

The Board is now proposing a Return of Value of an aggregate principal amount in pounds sterling equivalent to US\$1.8 billion to holders of its Ordinary Shares and American Depositary Shares representing Ordinary Shares (“**ADSs**”). This is in addition to the US\$510 million of share buy-backs undertaken since August 2018. The Return of Value represents approximately 17.0 per cent. of the market capitalisation of the Company (calculated by reference to the average closing mid-market share price (as derived from the Daily Official List of London Stock Exchange plc) for the five Business Days prior to the date of this Circular), applying an exchange rate of US\$1.00 to £0.7679 (being the Bloomberg FX Fixings spot exchange rate at 4.30 p.m. (UK time) on 29 March 2019). The Return of Value is expected to equate to the pounds sterling equivalent of approximately US\$4.33 – US\$4.39 per Existing Ordinary Share, depending on the number of Ordinary Shares being issued pursuant to the Micro Focus Share Plans between the date of this Circular and the B Share Scheme Record Time.

The Company intends to implement the Return of Value by way of the B Share Scheme. The exchange rate to be used for the Return of Value will be determined by the Board at least two Business Days prior to Admission having regard to the prevailing exchange rate at the time of determination. The Company will also effect a Share Capital Consolidation and an equivalent



consolidation of the ADSs in connection with the B Share Scheme in order that the market price for Ordinary Shares and ADSs is not materially affected by the implementation of the B Share Scheme.

This Circular sets out additional information on the details of the Return of Value. In order to comply with applicable companies legislation, the Return of Value requires approval by the Shareholders at a General Meeting of the Company and the Notice convening the General Meeting is set out at the end of this Circular. Shareholders will be asked to consider and, if thought fit, pass the Resolution required to implement the Return of Value.

This Circular also explains why the Board considers that the Resolution to be proposed at the General Meeting is in the best interests of the Company and the Shareholders as a whole.

## **2. B Share Scheme**

### **2.1 *Benefits of the B Share Scheme***

The Board is proposing a Return of Value of an aggregate principal amount in pounds sterling equivalent to US\$1.8 billion to holders of its Ordinary Shares and ADSs representing Ordinary Shares. The Return of Value will be implemented by way of the B Share Scheme which includes the associated Share Capital Consolidation.

The exchange rate to be used for the Return of Value will be determined by the Board at least two Business Days prior to Admission.

The Board considered various options for returning cash to Shareholders and determined that the B Share Scheme would be the most appropriate means of doing so as it treats all Shareholders equally relative to the size of their existing shareholdings in the Company. In addition, (i) the Return of Value should provide a capital return to Shareholders resident for tax purposes only in the United Kingdom; and (ii) no UK stamp duty should be payable in respect of the issue and redemption of the B Shares pursuant to the B Share Scheme.

### **2.2 *Structure of the B Share Scheme***

The B Share Scheme is conditional upon the Resolution being passed. It is currently expected that completion of the B Share Scheme will occur on 29 April 2019 (save for the Share Capital Consolidation which is conditional upon Admission and is expected to occur on 30 April 2019).

Changes in UK tax legislation in 2015 mean that the Company is no longer able to offer UK Shareholders the ability to elect whether to receive their cash proceeds as income or capital so the Board has decided to structure the B Share Scheme in a way that is expected to provide a capital return to Shareholders resident for tax purposes only in the United Kingdom. The return of value effected by the Company in August 2017 by way of a B share scheme was also structured in this way.

The Company will issue one B Share to each Shareholder (including the Depositary, on behalf of ADS Holders) for each Existing Ordinary Share (including each Existing Ordinary Share represented by an ADS) held by that Shareholder at the B Share Scheme Record Time. The nominal value of each B Share shall be equal to the pounds sterling equivalent to US\$1.8 billion divided by the Existing Ordinary Shares in issue at the B Share Scheme Record Time, as determined by the Board at least two Business Days prior to Admission. The Board intends to use the exchange rate at which it is able to convert the US dollars currently held by the Company for the Return of Value into pounds sterling. Each B Share will be redeemed for its nominal value. It is currently expected that each such B Share will be redeemed by the Company on 29 April 2019 and subsequently cancelled.

In order that the market price for Ordinary Shares is not materially affected by the implementation of the B Share Scheme, the Share Capital Consolidation is also proposed,

which comprises a consolidation, subdivision and redesignation of the Existing Ordinary Shares under which Shareholders will be entitled to receive New Ordinary Shares and Deferred Shares in substitution for each Existing Ordinary Share held by them at the B Share Scheme Record Time. The Share Capital Consolidation is expected to take effect at 8.00 a.m. on 30 April 2019, the Business Day following the redemption of the B Shares. The Deferred Shares will have negligible value and it is intended that they will subsequently all be transferred to a nominee and repurchased by the Company for the aggregate price of one penny.

Under the proposed Share Capital Consolidation, the Existing Ordinary Shares will be consolidated, subdivided and redesignated so that Shareholders will receive 0.8296 New Ordinary Shares and 0.1704 Deferred Shares for every Existing Ordinary Share held at the B Share Scheme Record Time. The nominal value of each New Ordinary Share will be 10 pence.

The intention is that the market price of a New Ordinary Share immediately following the implementation of the B Share Scheme should be approximately equal to the market price of an Existing Ordinary Share immediately beforehand (leaving aside normal market movements between the date of this Circular and the Share Capital Consolidation). The ratio used for the Share Capital Consolidation has been set by reference to the average closing mid-market share price (as derived from the Daily Official List of London Stock Exchange plc) for the five Business Days prior to the date of this Circular and an exchange rate of US\$1.00: £0.7679 (being the Bloomberg FX Fixings closing spot exchange rate at 4.30 p.m. (UK time) on 29 March 2019). The effect of this will be to reduce the number of Ordinary Shares in issue to reflect the amount to be returned per Existing Ordinary Share to Shareholders (including ADS Holders) under the B Share Scheme. However, existing Shareholders will own the same proportion of the Company as they did immediately prior to the implementation of the B Share Scheme, subject only to fractional roundings and any Ordinary Shares being issued pursuant to the Micro Focus Share Plans between the date of this Circular and the B Share Scheme Record Time.

Any fractional entitlements to New Ordinary Shares which arise will be aggregated into whole New Ordinary Shares and sold in the market on behalf of the relevant Shareholders. The total proceeds of the sale (net of expenses) will be paid in due proportion to the relevant Shareholders. All fractional entitlements of Deferred Shares which arise on the Share Capital Consolidation will be aggregated and transferred to a nominee identified by the directors of the Company.

ADSs will also be consolidated in the same manner as Existing Ordinary Shares, with fractional entitlements being dealt with in the same way as with the Existing Ordinary Shares.

Details of the Share Capital Consolidation are summarised in Section B of Part III of this Circular.

It is expected that dealings in the Existing Ordinary Shares will continue until 6.00 p.m. on 29 April 2019 and admission of the New Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities will become effective at 8.00 a.m. on 30 April 2019.

It is expected that dealings in ADSs will continue on the NYSE until 4.00 p.m. (New York City time) on 29 April 2019 and that dealings in the New ADSs will commence on the NYSE at 9.30 a.m. (New York City time) on 30 April 2019.

Part III of this Circular sets out further details of the B Share Scheme and explains why the Directors consider the B Share Scheme to be in the best interests of the Company and Shareholders taken as a whole.

### **3. Settlement**

Under the expected timetable of events, Shareholders entitled to receive payments in respect of the proceeds from the B Share Scheme will be sent cheques or, if Shareholders hold their Existing Ordinary Shares in CREST or ADSs through DTC, will have their CREST or DTC accounts credited, as applicable, by the B Share Scheme Payment Date, which is currently expected to be on or before 13 May 2019 in respect of Ordinary Shares and, in order to allow for the conversion from pounds sterling to US dollars by the Depositary, on or before 20 May 2019 in respect of the ADSs.

Shareholders will receive their proceeds under the Return of Value in pounds sterling other than the ADS Holders whose proceeds will be converted into US dollars by the Depositary, having regard to the prevailing exchange rate at the time of conversion, which is expected to be on the B Share Scheme Payment Date for the Ordinary Shares.

### **4. Tax**

Shareholders should be aware that there will be tax considerations that they should take into account when deciding whether or not to approve the Return of Value. Summary details of certain UK taxation and US federal income taxation considerations in respect of the B Share Scheme are set out in Section A of Part V. All statements in this Circular as to the anticipated or intended tax treatment of the Return of Value should be read as subject to the qualifications and limitations set forth in, and are made on an equivalent basis to, the information provided in Part V of this Circular. Each Shareholder is urged to consult its own independent professional tax adviser regarding the tax consequences to it of the B Share Scheme, taking into account its particular circumstances.

### **5. Overseas Shareholders**

The attention of Shareholders who are not resident in the United Kingdom or United States is drawn to paragraph 5 of Section B of Part III of this Circular.

### **6. General Meeting**

A General Meeting of the Company is convened for 29 April 2019 at 9.00 a.m. at the offices of Numis Securities Limited, 10 Paternoster Square, London EC4M 7LT, at which Shareholders will be asked to approve, on a poll, a special resolution (the passing of which requires at least 75 per cent. of the shares voted (whether in person or by proxy) to be cast in favour) amending the Articles as necessary in connection with the B Share Scheme, and authorising the Directors to effect the B Share Scheme (including, conditional upon Admission, the Share Capital Consolidation).

The full text of the Resolution is set out in the Notice convening the General Meeting at the end of this Circular, and the proposed amendments to the Articles are set out in Sections C and D of Part III of this Circular.

The results of the votes cast at the General Meeting will be announced as soon as possible once known through a Regulatory Information Service and on the Company's website ([www.microfocus.com](http://www.microfocus.com)) and in the United States by filing a Form 6-K with the SEC. It is expected that this announcement will be made on the same day as the General Meeting.

### **7. Further information**

Your attention is drawn to the further information set out in Part II to Part VI of this Circular and in particular the risk factors set out in Part II. You should read all of the information contained in this Circular and not rely solely on information summarised in this letter.

## **8. Action to be taken in relation to the General Meeting**

### ***Ordinary Shareholders***

A Form of Proxy for use in relation to the General Meeting which covers the Resolution accompanies this Circular. As an alternative to completing and returning the accompanying Form of Proxy, you may register the appointment of a proxy for the General Meeting by accessing the website at [www.sharevote.co.uk](http://www.sharevote.co.uk). If you hold Ordinary Shares in CREST, you may instead appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Company's Registrars, Equiniti (RA19). Guidance notes to assist you to complete the Form of Proxy or to register the appointment of a proxy electronically or to complete and transmit a CREST Proxy Instruction are set out in the Notice convening the General Meeting at the end of this Circular and on the accompanying Form of Proxy.

Whether or not you intend to be present at the General Meeting, you are requested to complete and return the accompanying Form of Proxy in accordance with the instructions printed thereon or to register the appointment of a proxy electronically or, if you hold Ordinary Shares in CREST, to complete and transmit a CREST Proxy Instruction. Completed Forms of Proxy should be returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA and the transmittal of an electronic proxy registration or CREST Proxy Instruction should be made, as soon as possible and, in any event, so as to be received not later than 9.00 a.m. on 25 April 2019. The completion and return of a Form of Proxy or the transmittal of an electronic proxy registration or CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person if you so wish and are so entitled.

The Company, pursuant to the Uncertificated Securities Regulations 2001 (as amended) and section 360B(2) of the Companies Act, specifies that only those Shareholders on the register of members as at 6.30 p.m. (UK time) on 25 April 2019 shall be entitled to attend or vote at the General Meeting in respect of the number of Ordinary Shares registered in their names at that time (or, in the event of any adjournment, at 6.30 p.m. (UK time) on the day which is two Business Days before the day of the adjourned meeting).

### ***ADS Holders***

Deutsche Bank Trust Company Americas (the "**Depository**") is the depository bank for the Company's ADR program.

If you are an ADS Holder or Ordinary Shareholder in the United States and have questions in connection with the B Share Scheme, please call American Stock Transfer at 1-800-622-1573 (toll-free from the US) and +1-201-806-4195 (from other countries), from 8.00 a.m. to 8.00 p.m. (New York City time) Monday through Friday. Banks, brokers and institutional holders may call +1-212-250-9100 (collect), Monday through Friday from 8.00 a.m. to 5.00 p.m. (New York City time).

Under the terms of the Deposit Agreement, ADS Holders are not required to be treated as holders of Ordinary Shares and do not have the same rights as holders of Ordinary Shares. Instead, if you are an ADS Holder, your rights regarding the General Meeting are governed by the terms of the Deposit Agreement.

Consistent with the requirements under the Deposit Agreement, the Company has informed the Depository of the General Meeting and the record date for the General Meeting and the Company has requested the Depository, which holds the Ordinary Shares underlying the ADSs, to seek the ADS Holders' instructions for the General Meeting. As a result, ADS Holders may instruct the Depository how to vote the Ordinary Shares underlying their own ADSs. The Depository establishes the ADS voting record date, being the date on which you must hold ADSs in order to be eligible to instruct the Depository on how to vote. The Depository has set the ADS voting record date for the General Meeting as 25 March 2019.

Because the Company has asked the Depositary to seek ADS Holders' voting instructions, the Depositary will notify ADS Holders of the upcoming vote and arrange to deliver the Company's voting materials and form of notice to them. The Depositary then will attempt, as far as practicable, subject to English law and the terms of the Deposit Agreement, to vote the relevant Ordinary Shares as the ADS Holders instruct. If an ADS Holder instructs the Depositary that it wishes to attend and vote the Ordinary Shares underlying its ADSs at the General Meeting by 10.00 a.m. (New York City time) on 19 April 2019 (or 11.59 p.m. (New York City time) on 18 April 2019 if providing instructions electronically), the Depositary will give a proxy to such ADS Holder to vote its deposited Ordinary Shares at the General Meeting. Furthermore, ADS Holders can exercise their right to vote the Ordinary Shares underlying their ADSs by surrendering their ADRs to the Depositary and withdrawing the relevant Ordinary Shares. Any ADS Holders who wish to participate in the General Meeting in such circumstances will need to surrender their ADRs to the Depositary, withdraw the underlying Ordinary Shares from the Custodian and be registered in the Company's register of members prior to 6.30 p.m. (UK time) on 25 April 2019. ADS Holders should note that the Depositary may charge a fee for the surrender of your ADRs and the delivery of the underlying Ordinary Shares. The amount of any such charge should be confirmed directly with the Depositary.

#### **9. Financial Advice**

The Board has received financial advice from Numis in relation to the Return of Value. In providing its financial advice Numis has relied on the Board's commercial assessments.

#### **10. Recommendation**

The Board considers the terms of the Return of Value and the Resolution to be in the best interests of Shareholders as a whole. The Return of Value has been unanimously approved by the Board. Accordingly, the Board unanimously recommends that you vote in favour of the Resolution to be proposed at the General Meeting as they intend to do with respect to their own shareholdings.

Yours sincerely

**Kevin Loosemore**  
*Executive Chairman*

## Part II

### Risk Factors

*Shareholders should consider carefully all of the information set out in this Circular including, in particular, the risks described below, as well as their personal circumstances, prior to making any decision as to whether or not to approve the B Share Scheme (details of which are set out at Part III of this Circular). The risks below are not intended to be presented in any assumed order of priority.*

*The trading price of Ordinary Shares and ADSs representing Ordinary Shares in the Company may decline as a result of the Return of Value and Shareholders could lose all or part of their investment. Additional risks and uncertainties that are not currently known to the Company, or that it currently deems immaterial, may also have a material adverse effect in the context of the Return of Value or on the trading price of the Ordinary Shares.*

#### **RISKS RELATED TO THE PROPOSED RETURN OF VALUE**

***The Return of Value is conditional and may not take place.***

There is no guarantee that the Return of Value will take place. The Return of Value is conditional upon the Resolution being passed, which requires not less than 75 per cent. of those voting at the General Meeting in person or by proxy to vote in favour of the Resolution. It is possible that Shareholders may not approve the Resolution. If the Return of Value does not occur, the Group will have on its balance sheet the US\$1.8 billion of cash (or pounds sterling equivalent) that is proposed to be returned. Holding this amount of cash means that the Group is likely to receive a reduced return on capital while the Board considers how to best to deploy these funds.

***If the Return of Value does not happen, further returns of cash to Shareholders may not take place.***

If the B Share Scheme does not take place, the Group will have on its balance sheet the US\$1.8 billion of cash (or pounds sterling equivalent) that is proposed to be returned.

The Board is of the opinion that this cash is surplus to the requirements of the Group and that it is in the best interests of Shareholders as a whole not to retain this cash on the Group's balance sheet. If the B Share Scheme does not complete, the Board would consider all options available in relation to the use of the cash and, following such consideration, may present alternative proposals to Shareholders. There can be no guarantee that a further return of cash will be possible on commercially similar terms to the B Share Scheme.

***The Share Capital Consolidation may adversely affect the market value of the Ordinary Shares and ADSs and reduce the liquidity in trading of the Ordinary Shares and ADSs.***

The Share Capital Consolidation to be effected as part of the B Share Scheme will reduce the total number of Ordinary Shares and ADSs representing Ordinary Shares available for trading. An equity security with a smaller volume of securities available for trading may command a lower price than would a comparable security with a greater trading volume. The reduced volume may also make the trading price of the Ordinary Shares and ADSs representing Ordinary Shares more volatile. Consequently, the liquidity, market value and price volatility of Ordinary Shares and ADSs representing Ordinary Shares could be adversely affected. There can be no assurance that the volumes of trading in the Ordinary Shares and ADSs representing Ordinary Shares following the Share Capital Consolidation will match or exceed those prior to the Share Capital Consolidation, and may be lower. In addition, a market expectation of a reduction in the total number of Ordinary Shares and ADSs representing Ordinary Shares can itself give rise to one or more of the foregoing adverse consequences even prior to the Share Capital Consolidation.

***ADS Holders may be exposed to currency fluctuations.***

ADS Holders will be paid in US dollars; however, the Depositary will receive payment in respect of the Return of Value in pounds sterling. Therefore, at the time B Shares are redeemed, an ADS Holder will not be able to determine the exact US dollar amount of the proceeds such ADS Holder will receive in respect of the Return of Value. The actual amount of US dollars such ADS Holder receives will depend upon the US dollar/pound sterling exchange rate prevailing at the time the Depositary converts the pounds sterling into US dollars, which is expected to be on the B Share Scheme Payment Date in respect of Ordinary Shares (currently expected to be on or before 13 May 2019).

ADS Holders should be aware that the US dollar/pound sterling exchange rate that is prevailing on the date on which B Shares are redeemed may be different than the US dollar/pound sterling exchange rate prevailing at the time the pounds sterling are converted into US dollars by the Depositary. In all cases, fluctuations in the US dollar/pound sterling exchange rate are at the risk of the ADS Holder who will receive their consideration in US dollars.

***Current tax legislation and practice may change.***

The general guides to certain UK tax consequences of the Return of Value for Shareholders set out in Section A of Part V of this Circular are based on current UK law and HM Revenue & Customs' practice as at the date of this Circular and do not purport to be a complete analysis or discussion of all potential tax effects relevant thereto. The summaries of certain US federal income tax consequences of the Return of Value for Shareholders set out in Section B of Part V of this Circular are based on current US federal income tax law as at the date of this Circular and do not purport to be a complete analysis or discussion of all potential tax effects relevant thereto. Current legislation and practice may change (including in the period from the date of this Circular and the date(s) on which any proceeds of the Return of Value are received by Shareholders) and any such change may affect the taxation liabilities of Shareholders in relation to the Return of Value.

## Part III

### Details of the B Share Scheme

#### SECTION A: INTRODUCTION

##### 1. THE B SHARE SCHEME

The Company intends to implement a Return of Value of an aggregate principal amount in pounds sterling equivalent to US\$1.8 billion to holders of its Ordinary Shares and ADSs representing Ordinary Shares.

The B Share Scheme will return cash to all Shareholders in pounds sterling *pro rata* to the size of their shareholdings as at the B Share Scheme Record Time (other than in the case of ADS Holders whose proceeds will be converted into US dollars by the Depositary). The B Share Scheme is conditional upon the Resolution being passed, and it is currently expected that completion of the B Share Scheme will occur on 29 April 2019 (save for the Share Capital Consolidation which is conditional upon Admission and is expected to occur on 30 April 2019).

The Board reserves the right not to proceed with, or to modify, the B Share Scheme if it determines at any time that it would be in the interests of Shareholders as a whole to do so.

The Company will issue one B Share to each Shareholder (including the Depositary, on behalf of ADS Holders) for each Existing Ordinary Share (including each Existing Ordinary Share represented by an ADS) held by that Shareholder at the B Share Scheme Record Time. The nominal value of each B Share shall be equal to the pounds sterling equivalent to US\$1.8 billion divided by the Existing Ordinary Shares in issue at the B Share Scheme Record Time, as determined by the Board at least two Business Days prior to Admission. The Board intends to use the exchange rate at which it is able to convert the US dollars currently held by the Company for the Return of Value into pounds sterling. Each B Share will be redeemed for its nominal value. It is currently expected that each such B Share will be redeemed by the Company on 29 April 2019 and subsequently cancelled.

Shareholders entitled to receive payments in respect of the proceeds from the redemption of B Shares issued pursuant to the B Share Scheme will be sent cheques or, if Shareholders hold their Existing Ordinary Shares or ADSs in CREST or DTC, as applicable, will have their CREST or DTC accounts credited, by the B Share Scheme Payment Date, which is currently expected to be on or before 13 May 2019 in respect of Ordinary Shares and on or before 20 May 2019 in respect of the ADSs.

Shareholders will receive their proceeds under the Return of Value in pounds sterling other than the ADS Holders whose proceeds will be converted into US dollars by the Depositary, having regard to the prevailing exchange rate at the time, which is expected to be on the B Share Scheme Payment Date for the Ordinary Shares.

Shareholders should, in particular, read Part V which contains certain information as to the tax treatment of the B Share Scheme in the UK and the US. Shareholders who are in any doubt as to their tax position, or who are subject to taxation in a jurisdiction other than the UK or the US, should consult an appropriate independent professional tax adviser.

##### 1.1 *Information relating to the B Shares and the Deferred Shares*

None of the B Shares to be issued pursuant to the B Share Scheme or the Deferred Shares which will arise on the Share Capital Consolidation will be admitted to the premium segment of the Official List or to trading on the London Stock Exchange's main market for listed securities nor will any of them be listed on the NYSE or any other recognised investment exchange. The B Shares and the Deferred Shares will have limited rights. The rights and



restrictions attached to the B Shares and the Deferred Shares are set out more fully in Section D of this Part III.

## 1.2 **Further information**

The B Share Scheme is explained in further detail in Section B of this Part III. In addition, Part IV sets out some frequently asked questions to help Shareholders understand what is involved in the B Share Scheme, including worked examples of how the B Share Scheme would affect Shareholders. Shareholders should read this Part III of this Circular in full.

## 2. **SHARE CAPITAL CONSOLIDATION**

In connection with the B Share Scheme, the Company proposes to undertake the Share Capital Consolidation. The purpose of the Share Capital Consolidation is to seek to ensure that the market price of each New Ordinary Share is not materially affected by the implementation of the B Share Scheme.

Under the proposed Share Capital Consolidation, the Existing Ordinary Shares in issue at the B Share Scheme Record Time will be consolidated, subdivided and redesignated so that Shareholders will receive a fraction of a New Ordinary Share for each Existing Ordinary Share held at the B Share Scheme Record Time. As the nominal value of a New Ordinary Share will be the same as the nominal value of an Existing Ordinary Share, the Share Capital Consolidation will also result in Shareholders receiving an entitlement to a fraction of a Deferred Share for each Existing Ordinary Share held to ensure that the Share Capital Consolidation does not result in an unlawful reduction of capital.

The Share Capital Consolidation is expected to take effect at 8.00 a.m. on 30 April 2019, the Business Day following the redemption of the B Shares.

Under the proposed Share Capital Consolidation, the Existing Ordinary Shares will be consolidated, subdivided and redesignated so that Shareholders will receive 0.8296 New Ordinary Shares and 0.1704 Deferred Shares for every Existing Ordinary Share held at the B Share Scheme Record Time. The nominal value of each New Ordinary Share will be 10 pence.

The intention is that the market price of a New Ordinary Share immediately following the implementation of the B Share Scheme should be approximately equal to the market price of an Existing Ordinary Share immediately beforehand (leaving aside normal market movements between the date of this Circular and the Share Capital Consolidation). The ratio used for the Share Capital Consolidation has been set by reference to the average closing mid-market share price (as derived from the Daily Official List of London Stock Exchange plc) for the five Business Days prior to the date of this Circular and an exchange rate of US\$1.00: £0.7679 (being the Bloomberg FX Fixings closing spot exchange rate at 4.30 p.m. (UK time) on 29 March 2019). The effect of this will be to reduce the number of Ordinary Shares in issue to reflect the amount to be returned per Existing Ordinary Share to Shareholders (including ADS Holders) under the B Share Scheme. However, existing Shareholders will own the same proportion of the Company as they did immediately prior to the implementation of the B Share Scheme, subject only to fractional roundings and any Ordinary Shares being issued pursuant to the Micro Focus Share Plans between the date of this Circular and the B Share Scheme Record Time.

Any fractional entitlements to New Ordinary Shares which arise will be aggregated into whole New Ordinary Shares and sold in the market on behalf of the relevant Shareholders. The total proceeds of the sale (net of expenses) will be paid in due proportion to the relevant Shareholders. All fractional entitlements of Deferred Shares which arise on the Share Capital Consolidation will be aggregated and transferred to a nominee identified by the directors of the Company.

ADSs will be consolidated in the same manner as Existing Ordinary Shares, with fractional entitlements being dealt with in the same way as with the Existing Ordinary Shares.

The Share Capital Consolidation is conditional upon Admission. The New Ordinary Shares will, subject to Admission, be traded on the London Stock Exchange's main market for listed securities and will be equivalent in all material respects to the Existing Ordinary Shares. The New ADSs will, subject to Admission, be listed on the NYSE and will be equivalent in all material respects to the ADSs.

It is expected that dealings in the Existing Ordinary Shares will continue until 6.00 p.m. on 29 April 2019 and admission of the New Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities will become effective at 8.00 a.m. on 30 April 2019.

It is expected that dealings in ADSs will continue on the NYSE until 4.00 p.m. (New York time) on 29 April 2019 and that dealings in the New ADSs will commence on the NYSE at 9.30 a.m. (New York time) on 30 April 2019.

### **3. TAX**

A general guide to certain limited aspects of the UK tax treatment of the B Share Scheme and the Share Capital Consolidation under current UK law and HM Revenue & Customs' published practice is set out in Section A of Part V. A summary of certain US federal income tax consequences of the B Share Scheme and the Share Capital Consolidation for US holders is set out in Section B of Part V.

Each Shareholder is urged to consult its own independent professional tax adviser regarding the tax consequences to it of the B Share Scheme and the Share Capital Consolidation, taking into account its particular circumstances.

### **4. OVERSEAS SHAREHOLDERS**

Overseas Shareholders' attention is drawn to paragraph 5 of Section B of this Part III. The tax consequences of the B Share Scheme may vary for Overseas Shareholders and, accordingly, Overseas Shareholders are urged to consult their own independent professional tax adviser with respect to the consequences of the B Share Scheme and the Share Capital Consolidation under applicable tax law.

### **5. GENERAL MEETING**

Implementation of the B Share Scheme and certain related matters require the approval of Shareholders at a general meeting of the Company. Accordingly, Shareholder approval for the B Share Scheme and certain related matters is being sought at the General Meeting. A detailed summary of the relevant Resolution is set out in paragraph 10 of Section B of this Part III.

The actions to be taken by Shareholders in relation to the General Meeting are set out in paragraph 8 of Part I of this Circular.

## **SECTION B: DETAILS OF THE B SHARE SCHEME**

### **1. CONDITIONS TO THE IMPLEMENTATION OF THE B SHARE SCHEME**

The B Share Scheme is conditional upon the Resolution being passed.

### **2. ALLOTMENT AND ISSUE OF B SHARES**

It is proposed that the Company capitalise a sum in US dollars standing to the credit of the Company's merger reserve for the purpose of paying up in full the B Shares and then apply the resulting amount at a US\$/£ exchange rate to be fixed by the Directors for the purpose of paying up in full B Shares which will be denominated in pounds sterling. The sum to be capitalised will not exceed US\$1.8 billion unless the pound sterling strengthens against the US dollar after the date on which the exchange rate is determined by the Board and the pound sterling equivalent amount of the Return of Value is announced, in which case the sum to be capitalised will be the US dollar equivalent of the announced pound sterling amount of the Return of Value calculated by reference to the prevailing exchange rate at the time of the Return of Value. This is an accounting consequence of Micro Focus having a financial currency denominated in US dollars whilst effecting the Return of Value in pounds sterling.

Under the terms of the B Share Scheme, the Company will issue one B Share to each Shareholder (including the Depositary, on behalf of ADS Holders) for each Existing Ordinary Share (including each Existing Ordinary Share represented by an ADS) held by that Shareholder at the B Share Scheme Record Time. As at 29 March 2019 (the latest practicable date prior to the publication of this Circular) there were 410,386,596 Existing Ordinary Shares (including Existing Ordinary Shares represented by ADSs) in issue (excluding treasury shares).

The nominal value of each B Share shall be equal to the pounds sterling equivalent to US\$1.8 billion divided by the Existing Ordinary Shares in issue at the B Share Scheme Record Time, as determined by the Board at least two Business Days prior to Admission. The Board intends to use the exchange rate at which it is able to convert the US dollars currently held by the Company for the Return of Value into pounds sterling. Each B Share will be redeemed for its nominal value. It is currently expected that each such B Share will be redeemed by the Company on 29 April 2019 and subsequently cancelled.

In order for the redemption proceeds to be taxed as generally described in Section A.1 of Part V of this Circular, the B Shares must be paid up in full as to the pounds sterling redemption amount out of the amounts standing to the credit of the Company's merger reserve that represent new consideration for tax purposes and have not previously been taken into account in payments to Shareholders. The Company has sufficient amounts standing to the credit of its merger reserve that represents new consideration for these purposes, and have not previously been taken into account in payments to Shareholders, for all of the B Shares to be issued as part of the B Share Scheme to be paid up in full out of the merger reserve.

No share certificates will be issued in respect of the B Shares and no CREST accounts will be credited with such shares.

### **3. SHARE CAPITAL CONSOLIDATION**

Under the proposed Share Capital Consolidation, the Existing Ordinary Shares will be consolidated, subdivided and redesignated so that Shareholders will receive a fraction of a New Ordinary Share for each Existing Ordinary Share held at the B Share Scheme Record Time. As the nominal value of a New Ordinary Share will be the same as the nominal value of an Existing Ordinary Share, the Share Capital Consolidation will also result in Shareholders receiving entitlements to a fraction of a Deferred Share for each Existing Ordinary Share held to ensure that the Share Capital Consolidation does not result in an unlawful reduction of capital.

The Share Capital Consolidation is expected to take effect at 8.00 a.m. on 30 April 2019, the Business Day following the redemption of the B Shares.

Under the proposed Share Capital Consolidation, the Existing Ordinary Shares will be consolidated, subdivided and redesignated so that Shareholders will receive 0.8296 New Ordinary Shares and 0.1704 Deferred Shares for every Existing Ordinary Share held at the B Share Scheme Record Time. The nominal value of each New Ordinary Share will be 10 pence.

The intention is that the market price of a New Ordinary Share immediately following the implementation of the B Share Scheme should be approximately equal to the market price of an Existing Ordinary Share immediately beforehand (leaving aside normal market movements between the date of this Circular and the Share Capital Consolidation). The ratio used for the Share Capital Consolidation has been set by reference to the average closing mid-market share price (as derived from the Daily Official List of London Stock Exchange plc) for the five Business Days prior to the date of this Circular and an exchange rate of US\$1.00: £0.7679 (being the Bloomberg FX Fixings closing spot exchange rate at 4.30 p.m. (UK time) on 29 March 2019). The effect of this will be to reduce the number of Ordinary Shares in issue to reflect the amount to be returned per Existing Ordinary Share to Shareholders (including ADS Holders) under the B Share Scheme. However, existing Shareholders will own the same proportion of the Company as they did immediately prior to the implementation of the B Share Scheme, subject only to fractional roundings and any Ordinary Shares being issued pursuant to the Micro Focus Share Plans between the date of this Circular and the B Share Scheme Record Time.

The ADSs will be also consolidated, subdivided and redesignated so that ADS Holders will receive a fraction of a New ADS for each ADS held at the B Share Scheme Record Time. The Share Capital Consolidation will also result in ADS Holders receiving entitlements to a fraction of a Deferred Share for each existing ADS held to ensure that the Share Capital Consolidation does not result in an unlawful reduction of capital.

The aggregate number of New ADSs arising from the Share Capital Consolidation shall be the same as the number of New Ordinary Shares so that following the Share Capital Consolidation, one New ADS shall continue to represent one New Ordinary Share.

It is expected that dealings in the Existing Ordinary Shares will continue until 6.00 p.m. on 29 April 2019 and admission of the New Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities will become effective at 8.00 a.m. on 30 April 2019.

It is expected that dealings in ADSs will continue on the NYSE until 4.00 p.m. (New York time) on 29 April 2019 and that dealings in the New ADSs will commence on the NYSE at 9.30 a.m. (New York time) on 30 April 2019.

If you currently hold Existing Ordinary Shares in certificated form, you will be issued with a new share certificate in respect of your New Ordinary Shares following the issue of New Ordinary Shares. With effect from Admission, share certificates in respect of Existing Ordinary Shares will cease to be valid. Share certificates in respect of New Ordinary Shares will only be issued following the Share Capital Consolidation. It is therefore important that, if you hold certificate(s) in respect of your Existing Ordinary Shares, you retain them for the time being until share certificates in respect of New Ordinary Shares are despatched, which is expected to be by 13 May 2019. On receipt of share certificates in respect of New Ordinary Shares, certificates in respect of Existing Ordinary Shares can be destroyed.

If you currently hold Existing Ordinary Shares in uncertificated form, it is currently expected that the Existing Ordinary Shares under ISIN GB00BD8YWM01 will be disabled at 6.00 p.m. on the day before Admission (which is currently expected to be 29 April 2019) and on or soon after 8.00 a.m. on Admission (which is currently expected to be 30 April 2019) your CREST account will be credited with New Ordinary Shares under ISIN GB00BJ1F4N75.

If you are a registered holder of ADSs in certificated form, you must return a completed ADS Consolidation Letter of Transmittal to the Depositary accompanied by the ADRs held by you in order to be credited with New ADSs and cash in lieu of any fraction of a New ADS, as further described below. Please note that failure to return a completed ADS Consolidation Letter of Transmittal and your ADRs will prevent the Depositary from sending you a transaction advice indicating your ownership of New ADSs and the cash proceeds in respect of the sale of your fractional entitlements and you will not be able to trade your ADSs. In time, your entitlements will escheat according to the applicable abandoned property laws in your jurisdiction.

If you already hold your ADSs in the Direct Registration System or in book-entry form, no further action needs to be taken by you. Your ADSs will automatically be exchanged for New ADSs under DR ISIN US5948374039 and an appropriate notice will be provided to you or your Agent Institution.

### ***Fractional entitlements to New Ordinary Shares and New ADSs***

Fractional entitlements of a New Ordinary Share will arise as a result of the Share Capital Consolidation unless a holding of Existing Ordinary Shares when multiplied by the fraction of a New Ordinary Share which each existing Shareholder is entitled to receive for each Existing Ordinary Share they own results in a whole number of New Ordinary Shares.

Existing Shareholders will be entitled pursuant to the Share Capital Consolidation to receive 0.8296 New Ordinary Shares for each Existing Ordinary Share which they hold at the B Share Scheme Record Time. A Shareholder holding 100 Existing Ordinary Shares would therefore be entitled to 82 New Ordinary Shares and a fractional entitlement of 0.96 of a New Ordinary Share after the Share Capital Consolidation.

These fractional entitlements will be aggregated and sold in the market and the proceeds of the sale will be distributed *pro rata* to relevant Shareholders. Cheques in respect of the net proceeds of sale of a fractional entitlement will be despatched, or CREST accounts will be credited with such net proceeds, as appropriate, by the B Share Scheme Payment Date, which is currently expected to be on or before 13 May 2019 in respect of Ordinary Shares and on or before 20 May 2019 in respect of the ADSs.

At or around the same time as the Share Capital Consolidation, the Depositary will consolidate the ADSs in the same manner as the Existing Ordinary Shares to reflect the Share Capital Consolidation, with fractional entitlements being dealt with in the same way as with the Existing Ordinary Shares.

### ***Deferred Shares***

As part of the Share Capital Consolidation, Deferred Shares of negligible value and carrying extremely limited rights will be allocated to the holders of Existing Ordinary Shares (including ADSs representing Existing Ordinary Shares) at the B Share Scheme Record Time, *pro rata* to their holdings of Existing Ordinary Shares.

Following Admission, all of the Deferred Shares arising on the Share Capital Consolidation will be bought back for the aggregate price of one penny by the Company.

It is anticipated that fractional entitlements to a Deferred Share will arise upon the allocation of Deferred Shares. Such fractional entitlements will be aggregated together and transferred to a nominee identified by the Directors who shall hold such Deferred Shares until they are bought back by the Company. No share certificates shall be issued for the Deferred Shares.

## **4. B SHARE SCHEME**

The Company will issue one B Share to each Shareholder (including the Depositary, on behalf of ADS Holders) for each Existing Ordinary Share (including each Existing Ordinary Share represented by an ADS) held by that Shareholder at the B Share Scheme Record Time. The nominal value of each B Share shall be equal to the pounds sterling equivalent to US\$1.8 billion

divided by the Existing Ordinary Shares in issue at the B Share Scheme Record Time, as determined by the Board at least two Business Days prior to Admission. The Board intends to use the exchange rate at which it is able to convert the US dollars currently held by the Company for the Return of Value into pounds sterling. Each B Share will be redeemed for its nominal value. It is currently expected that each such B Share will be redeemed by the Company on 29 April 2019 and subsequently cancelled.

Under the expected timetable of events, Shareholders entitled to receive payments in respect of the proceeds from the B Share Scheme will be sent cheques or, if Shareholders hold their Existing Ordinary Shares in CREST or ADSs through DTC, will have their CREST or DTC accounts credited, as applicable, by the B Share Scheme Payment Date, which is currently expected to be on or before 13 May 2019 in respect of Ordinary Shares and on or before 20 May 2019 in respect of the ADSs.

The B Shares will not be listed on the premium segment of the Official List or traded on the London Stock Exchange's main market for listed securities, nor will such shares be listed on the NYSE or any other recognised investment exchange. No share certificates will be issued in respect of the B Shares and no CREST or DTC accounts, as applicable, will be credited with such shares.

The rights and restrictions attached to the B Shares are more fully set out in Section D of this Part III.

The attention of Overseas Shareholders is generally drawn to paragraph 5 of this Section B.

## **5. OVERSEAS SHAREHOLDERS**

Shareholders who are not resident in the United Kingdom or the United States or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the B Share Scheme (including, as may be relevant in each case, the issue, holding, redemption or disposal of the B Shares and/or the Deferred Shares) will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Overseas Shareholder to satisfy themselves as to full observance of the laws of each relevant jurisdiction in connection with the B Share Scheme, including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this Circular in certain jurisdictions may be restricted by law. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. If you are resident in or have a registered address in the Restricted Territories, the Company reserves the right to issue your B Share entitlements to a nominee and the redemption proceeds will be remitted to you following the redemption of the B Shares.

Neither this Circular nor any other document issued or to be issued by or on behalf of the Company in connection with the B Share Scheme constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

The above provisions of this paragraph 5 relating to Overseas Shareholders may be waived, varied or modified as regards specific Overseas Shareholders or on a general basis by the Company in its absolute discretion.

## **6. SECURITIES LAW CONSIDERATIONS IN THE UNITED STATES**

The B Shares and the Deferred Shares have not been or will not be registered under the US Securities Act or the state securities laws of the United States and they may not be offered or sold in the United States or to any US persons unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or pursuant to a

transaction that is exempt from the registration requirements of the US Securities Act and the state securities laws.

## **7. DEALINGS AND DESPATCH OF DOCUMENTS**

The B Share Scheme will be made by reference to holdings of Existing Ordinary Shares (and ADSs representing Existing Ordinary Shares) on the Company's register of members as at the B Share Scheme Record Time.

If you hold Existing Ordinary Shares in certificated form, you will be issued with a new share certificate in respect of your New Ordinary Shares following the issue of New Ordinary Shares. With effect from Admission, share certificates in respect of Existing Ordinary Shares will cease to be valid. Share certificates in respect of New Ordinary Shares will only be issued following the Share Capital Consolidation. It is therefore important that, if you hold certificate(s) in respect of your Existing Ordinary Shares, you retain them for the time being until share certificates in respect of New Ordinary Shares are despatched, which is expected to be by 13 May 2019. On receipt of share certificates in respect of New Ordinary Shares, certificates in respect of Existing Ordinary Shares can be destroyed.

If you currently hold Existing Ordinary Shares in uncertificated form, it is currently expected that the Existing Ordinary Shares under ISIN GB00BD8YWM01 will be disabled by 6.00 p.m. on the day before Admission (which is currently expected to be 29 April 2019) and on or soon after 8.00 a.m. on Admission (which is currently expected to be 30 April 2019) your CREST account will be credited with New Ordinary Shares under ISIN GB00BJ1F4N75.

If you are a registered holder of ADSs in certificated form, you must return a completed ADS Consolidation Letter of Transmittal to the Depositary accompanied by the ADRs held by you in order to be credited with New ADSs and cash in lieu of any fraction of a New ADS. Please note that failure to return a completed ADS Consolidation Letter of Transmittal and your ADRs will prevent the Depositary from sending you a transaction advice indicating your ownership of New ADSs and the cash proceeds in respect of the sale of your fractional entitlements and you will not be able to trade your ADSs. In time, your entitlements will escheat according to the applicable abandoned property laws in your jurisdiction.

If you already hold your ADSs in the Direct Registration System or in book-entry form, no further action needs to be taken by you. Your ADSs will automatically be exchanged for New ADSs under DR ISIN US5948374039 and an appropriate notice will be provided to you or your Agent Institution.

No share certificates will be issued by the Company in respect of the B Shares or the Deferred Shares.

Temporary documents of title will not be issued in respect of New Ordinary Shares and, pending despatch of definitive share certificates, transfers of New Ordinary Shares held in certificated form will be certified against the register of members held by Equiniti.

Under the expected timetable of events, Shareholders entitled to receive payments in respect of the proceeds from the B Share Scheme will be sent cheques or, if Shareholders hold their Existing Ordinary Shares in CREST or ADSs through DTC, will have their CREST or DTC accounts credited, as applicable, by the B Share Scheme Payment Date, which is currently expected to be on or before 13 May 2019 in respect of the Ordinary Shares and on or before 20 May 2019 in respect of the ADSs.

All share certificates and cheques will be sent by first class post, at the risk of the Shareholder(s) entitled thereto, to the registered address of the relevant Shareholder (or, in the case of joint Shareholders, to the address of the joint Shareholder whose name stands first in the register of members in respect of such joint shareholding).

All new ADRs and cheques in respect of ADSs will be sent by first class mail, at the risk of the ADS Holder entitled thereto, to the registered address of the relevant ADS Holder (or, in the case of joint ADS Holders, to the address of the joint ADS Holder whose name stands first in the register of ADS Holders in respect of such joint shareholding).

Your present dividend payment mandate, unless revoked or amended, will be deemed to be valid for dividends from the Company in respect of the New Ordinary Shares (and New ADSs representing New Ordinary Shares).

## **8. AMENDMENTS TO THE ARTICLES**

A number of amendments to the Articles are required in order to implement the B Share Scheme and require Shareholder approval at the General Meeting. These amendments include:

- the insertion into the Articles of the rights and restrictions attaching to the B Shares and Deferred Shares as set out in Section D of this Part III; and
- changes required to article 122 of the Articles, which confers a power on the Company to capitalise its reserves and funds, in order that the Company can allot and issue B Shares in the manner described in this Part III. These amendments are set out in paragraph 10 of this section B.

## **9. MICRO FOCUS SHARE PLANS**

Under the Micro Focus Share Plans, the Company has granted options and awards over Ordinary Shares at varying strike prices and expiry dates. Participants under the Micro Focus Share Plans are not the beneficial owners of Existing Ordinary Shares under those plans and so will not participate in the B Share Scheme, other than in their capacity as Shareholders (if applicable).

Other than in relation to the options granted to participants of the Micro Focus Employee Stock Purchase Plan 2006, it is expected that the Share Capital Consolidation will achieve a largely neutral position for participants under the Micro Focus Share Plans as options or awards over Existing Ordinary Shares will take effect as options or awards over the same number of New Ordinary Shares, which are expected to have approximately the same market value following the B Share Scheme as Existing Ordinary Shares, subject to market fluctuations. On this basis, it is anticipated that no adjustment will be made to the number of Ordinary Shares over which participants have options or awards or the relevant strike price of such options or awards. Where subsisting options or awards are subject to performance conditions, the Remuneration Committee will consider whether amendments to the original conditions are required (in line with the terms of the relevant plans) in light of the proposed B Share Scheme to ensure that the performance targets are not materially less challenging in its opinion. Any such amendment will be made at the discretion of the Remuneration Committee and will be notified to relevant option/award holders.

Holders of options granted to participants under the Micro Focus Employee Stock Purchase Plan 2006 may receive a cash compensation payment to take account of any reduction in value of such options resulting from the proposed B Share Scheme. This is because, unlike other Micro Focus Share Plans, the value of these options may not be preserved following the Share Capital Consolidation. The terms of such compensation payment (if relevant) will be determined in the discretion of the Remuneration Committee on a fair and reasonable basis, and communicated to the relevant participants. However, any such compensation will, in any event, only be paid to the extent the relevant options are exercised.

As at 29 March 2019 (the latest practicable date before publication of this Circular), the total number of options and awards under the Micro Focus Share Plans outstanding to subscribe for Existing Ordinary Shares was 25,785,541, of which 5,528,209 are capable of exercise prior to the B Share Scheme Record Time. In aggregate, these outstanding options and awards represented approximately 6.28 per cent. of the issued Existing Ordinary Share capital of the Company (excluding treasury shares) at such date.



## 10. SUMMARY EXPLANATION OF THE RESOLUTION

In order to comply with applicable companies legislation, the implementation of the B Share Scheme requires the approval of Shareholders at a general meeting of the Company. Accordingly, Shareholder approval for the B Share Scheme and certain matters related to it is being sought at the General Meeting. The Notice convening the General Meeting is set out at the end of this Circular.

### ***Resolution: To approve the B Share Scheme and to amend the Articles***

The Resolution will be proposed at the General Meeting as a special resolution (the passing of which requires at least 75 per cent. of the shares voted (whether in person or by proxy) to be cast in favour). The Resolution is required for the implementation of the B Share Scheme. A summary of the Resolution follows below:

- (A) This paragraph proposes that the Articles be altered by:
- (i) deleting the current article 122 and substituting therefor new article 122 which is set out in full in section C of this Part III and relates to the ability of the Company to capitalise funds and reserves; and
  - (ii) deleting the current articles 139 and 140 and substituting therefor new articles 139 and 140 which are set out in full in section D of this Part III and relate to the rights and restrictions to be attached to the B Shares and the Deferred Shares.
- (B) This paragraph proposes to authorise the directors of the Company to:
- (i) capitalise a sum not exceeding \$2.1 billion standing to the credit of the Company's merger reserve to pay up in full the B Shares; and
  - (ii) allot and issue B Shares up to an aggregate nominal amount of £1.7 billion, on the basis of one B Share for each Existing Ordinary Share held at the B Share Scheme Record Time. The actual nominal amount of B Shares and number of B Shares to be issued will be determined as described in paragraph 4 of Section B of this Part III (above). The authority granted to the directors will expire at the close of business on 31 July 2019.
- (C) This paragraph proposes, conditional upon Admission, to authorise the consolidation, subdivision and redesignation of the Existing Ordinary Shares so that Shareholders will receive 0.8296 New Ordinary Shares and 0.1704 Deferred Shares for every Existing Ordinary Share held at the B Share Scheme Record Time. All fractional entitlements to New Ordinary Shares which arise will be aggregated into whole New Ordinary Shares and sold in the market on behalf of the relevant Shareholders. The total proceeds of the sale (net of expenses) will be paid in due proportion to the relevant Shareholders. All fractional entitlements of Deferred Shares which arise on the Share Capital Consolidation will be aggregated and transferred to a nominee identified by the directors of the Company.
- (D) This paragraph proposes to authorise the directors of the Company to transfer, in accordance with the revised Articles, any Deferred Shares arising as a result of the Share Capital Consolidation.

In respect of paragraph (B), the sum to be capitalised will not exceed US\$1.8 billion unless sterling strengthens against the US dollar after the date on which the exchange rate is determined by the Board and the sterling equivalent amount of the Return of Value is announced, in which case the sum to be capitalised will be the US dollar equivalent of the announced sterling amount of the Return of Value calculated by reference to the prevailing exchange rate at the time of the Return of Value. The resolution therefore provides headroom up to US\$2.1 billion for such circumstances.

The authority to allot and issue B Shares up to an aggregate nominal amount of £1.7 billion in this paragraph is intended to provide sufficient headroom for any movements in the US dollar to pound sterling exchange rate prior to the \$1.8 billion being converted into pounds sterling by the Company so that the Company is not prevented from returning the full pounds sterling equivalent of \$1.8 million.

## **SECTION C: POWER OF THE COMPANY TO CAPITALISE RESERVES AND FUNDS BY ORDINARY RESOLUTION**

*The following sets out the power of the Company to capitalise reserves and funds as the same is proposed to be inserted into the Articles pursuant to the Resolution to be considered at the General Meeting. The following paragraph will be inserted as a new Article 122 in the Articles in substitution for and to the exclusion of Article 122 in the existing Articles.*

### **122. Capitalisation of profits and reserves**

122.1 The Directors may, if they are so authorised by a Special Resolution, capitalise any part of any amount for the time being standing to the credit of any reserve (including the share premium account, capital redemption reserve, merger reserve and retained earnings) in each case, whether or not the same is available for distribution, and appropriate the amount to be capitalised to the members or any class of members (on the Register at such time and on such date as may be specified in, or determined as provided in, the resolution of the general meeting granting authority for such capitalisation (or, in the absence of any such specification or determination, as the Directors may determine)) who would have been entitled thereto if distributed by way of dividend (which may exclude the Company in respect of any treasury shares) and in the same proportions (or, in connection with the arrangements described in the circular to holders of shares in the capital of the Company dated 1 April 2019 (the “**Circular**”), in such proportions as the Directors determine to give effect to the arrangements and proposed transactions set out in that Circular) and the Directors shall apply such sum on their behalf either:

- (a) in or towards paying up the amounts unpaid at the relevant time on any shares in the Company held by those members respectively; or
- (b) in paying up in full at par shares, debentures or other obligations of the Company to be allotted credited as fully paid up among those members in the proportions aforesaid; or partly in one way and partly in the other, but so that, for the purposes of this Article, a share premium account and a capital redemption reserve and a merger reserve, and any other reserve which is not available for distribution may be applied only in paying up in full shares of the Company that are to be allotted credited as fully paid up.

122.2 The Directors shall have power after the passing of any such resolution to do all acts and things which they may consider necessary or expedient to give effect thereto, with full power to the Directors:

- (a) to make such provision (by the issue of fractional certificates or by payment in cash or otherwise) as they think fit in the case of shares, debentures or obligations becoming distributable in fractions, such power to include the right for the Company to disregard fractional entitlements or the benefit thereof to accrue to the Company rather than the members concerned and to retain small amounts, the cost of distribution of which would be disproportionate to the amounts involved;
- (b) to make such provision as they think fit for legal or regulatory or practical difficulties which may arise under the laws or the requests of any regulatory body or stock exchange in any territory or for any other matter whatsoever; and
- (c) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing (as the case may require) either:
  - (i) for the payment up by the Company on behalf of such members (by the application thereto of their respective proportions of the profits resolved to be capitalised) of the amounts, or any part of the amounts, remaining unpaid on their existing shares; or

- (ii) for the allotment to such members respectively, credited as fully paid, of any further shares, debentures or obligations to which they may be entitled upon such capitalisation; and
- (iii) any agreement made under such authority shall be effective and binding on all such members.

## **SECTION D: RIGHTS AND RESTRICTIONS ATTACHED TO THE B SHARES AND THE DEFERRED SHARES**

*The following sets out the rights of the B Shares and the Deferred Shares and the restrictions to which they will be subject, as the same are proposed to be inserted into the Articles pursuant to the Resolution to be considered at the General Meeting. The following paragraphs will be inserted as new Article 139 and 140 in the Articles in substitution for and to the exclusion of Articles 139 and 140 in the existing Articles.*

### **139. Rights and restrictions attached to the B Shares**

#### **139.1 General**

Notwithstanding Article 7, the redeemable B shares in the capital of the Company (the “**B Shares**”) shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 139 and any other provision in these Articles, the provisions in this Article 139 shall prevail.

#### **139.2 Income**

The B Shares shall confer no right to participate in the profits of the Company save pursuant to the right to redemption under Article 139.6 below.

#### **139.3 Capital**

- (a) Except as provided in Article 139.5 below, on a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis) but not otherwise, the holders of the B Shares shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company, to an amount equal to the nominal value of a B Share per B Share held by them.
- (b) On a winding up, the holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 139.3(a) above. In the event that there is a winding-up to which Article 139.3(a) applies and the amounts available for payment are insufficient to pay the amounts due on all the B Shares in full, the holders of the B Shares shall be entitled to their *pro rata* proportion of the amounts to which they would otherwise be entitled.
- (c) The holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in their capacity as holders of B Shares, save as provided in Article 139.3(a) or 139.6.

#### **139.4 Attendance and voting at general meetings**

- (a) The holders of the B Shares shall not be entitled, in their capacity as holders of such B Shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up of the Company (excluding any intra group reorganisation on a solvent basis), in which case the holders of the B Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on any such resolution.
- (b) If the holders of the B Shares are entitled to vote at a general meeting of the Company in their capacity as holders of such B Shares, then, subject to any other provisions of these Articles, each holder thereof shall be entitled to vote at such general meeting whether on a show of hands or on a poll as provided in the Companies Acts. For this purpose, where a proxy is given discretion as to how to vote on a show of hands, this shall be treated as an instruction by the relevant holder of B Shares to vote in the way in which the proxy elects to exercise that discretion.

### 139.5 **Class rights**

- (a) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent or sanction of the holders of the B Shares.
- (b) A reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent or sanction of the holders of the B Shares.
- (c) Without prejudice to the generality of the foregoing, the Company is authorised to reduce (or purchase shares in) its capital of any class or classes and such reduction (or purchase) shall not involve a variation of any rights attaching to the B Shares for any purpose or require the consent or sanction of the holders of the B Shares.
- (d) The Directors shall be entitled, without the consent of holders of ordinary shares, B Shares or Deferred Shares (as defined in Article 140 below), to make such arrangements and adjustments in respect of the method of calculation and payment of any of the entitlements of holders of B Shares under these Articles as the Directors consider necessary, fair and reasonable in the circumstances to give effect to the rights attaching to the B Shares. Any such arrangements and adjustments shall not involve a variation of any rights attaching to the B Shares for any purpose.

### 139.6 **Redemption of B Shares**

Subject to the provisions of the Companies Acts and these Articles, the Company shall redeem, out of the profits available for distribution, the B Shares as follows:

- (a) The B Shares shall be redeemed (without the Company having to give any notice to holders of B Shares) at such time as the Directors may in their absolute discretion determine (the “**Redemption Time**”).
- (b) On redemption of a B Share at the Redemption Time, the Company shall be liable to pay to a holder of B Shares an amount equal to the nominal value of a B Share (the “**Redemption Amount**”) for each B Share registered on the Company’s relevant register at the Redemption Time. The Company’s liability to pay to such holder the Redemption Amount for each such B Share shall be discharged by the Company by a payment to such holder within 25 days of the Redemption Time of the Redemption Amount for each such B Share by cheque or by the crediting of CREST accounts.
- (c) In the absence of bad faith or wilful default, neither the Company nor any of its Directors, officers or employees shall have any liability to any person for any loss or damage arising as a result of the determination of the Redemption Time in accordance with Article 139.6(a) above.
- (d) All B Shares redeemed shall be cancelled and the Company shall not be entitled to reissue them.

### 139.7 **Transfer and Certificates**

Subject to such of the provisions of these Articles as may be applicable, no transfer of B Shares will be registered after 7.30 p.m. on the Business Day of the Redemption Time unless determined to the contrary by the Directors. No share certificates or other documents of title shall be issued in relation to the B Shares.

### **139.8 Deletion of Article 139 when no B Shares in existence**

Following the first issue of B Shares, Article 139 shall remain in force until there are no longer any B Shares in existence, notwithstanding any provision in these Articles to the contrary. Thereafter, Article 139 shall be, and shall be deemed to be, of no effect (save to the extent that the provisions of Article 139 are referred to in other Articles) and shall be deleted and replaced with the wording "Article 139 has been deleted", and the separate register for the holders of B Shares shall no longer be required to be maintained by the Company; provided that the validity of anything done under Article 139 before that date shall not otherwise be affected and any actions taken under Article 139 before that date shall be conclusive and not be open to challenge on any grounds whatsoever.

## **140. Deferred Shares**

### **140.1 General**

Notwithstanding Article 7, the deferred shares of 10 pence each (the "Deferred Shares") shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 140 and any other provision in these Articles, the provisions in this Article 140 shall prevail.

### **140.2 Income**

The Deferred Shares shall confer no right to participate in the profits of the Company.

### **140.3 Capital**

On a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis) but not otherwise, there shall be paid to the holders of the Deferred Shares, the nominal capital paid up, or credited as paid up, on such Deferred Shares after:

- (a) firstly, paying to the holders of the B Shares, the amounts they are entitled to receive on a winding up in accordance with their terms; and
- (b) secondly, paying to the holders of the ordinary shares the nominal capital paid up or credited as paid up on the ordinary shares held by them respectively, together with the sum of £100,000,000,000 on each ordinary share.

The holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.

### **140.4 Attendance and voting at general meetings**

The holders of the Deferred Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting.

### **140.5 Class rights**

- (a) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Deferred Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Deferred Shares) shall be treated as being in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose or require the consent or sanction of the holders of the Deferred Shares.
- (b) The reduction by the Company of the capital paid up on the Deferred Shares, or any other shares, or reduction of share premium account shall be in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose and the Company shall be authorised at any time to reduce its capital

(in accordance with the Companies Acts) or share premium account without obtaining the consent or sanction of the holders of the Deferred Shares.

- (c) Without prejudice to the foregoing, the Company is authorised to reduce (or purchase or redeem shares in) its capital of any class or classes and such reduction (or purchase or redemption) shall not involve a variation of any rights attaching to the Deferred Shares for any purpose or require the consent of the holders of the Deferred Shares.

#### **140.6 Form**

The Deferred Shares shall not be listed or traded on any stock exchange nor shall any share certificates be issued in respect of such shares. The Deferred Shares shall not be transferable except in accordance with Article 140.7 below or with the written consent or sanction of the Directors.

#### **140.7 Transfer and purchase**

The Company shall at any time (and from time to time) (subject to the provisions of the Companies Acts) without obtaining the sanction of the holder or holders of the Deferred Shares:

- (a) appoint any person to execute on behalf of any holder of Deferred Shares a transfer of all of the Deferred Shares or any part thereof (and/or an agreement to transfer the same) to the Company or to such person as the Directors may determine (whether or not an officer of the Company), in any case for not more than the aggregate amount of one penny for all the Deferred Shares then being transferred which shall be donated to a suitable charity; and
- (b) cancel all or any of the Deferred Shares purchased or acquired by the Company in accordance with the Companies Acts.

#### **140.8 Deletion of Article 140 when no Deferred Shares in existence**

Article 140 shall remain in force until there are no longer any Deferred Shares in existence, notwithstanding any provision in these Articles to the contrary. Thereafter Article 140 shall be, and shall be deemed to be, of no effect (save to the extent that the provisions of Article 140 are referred to in other Articles) and shall be deleted and replaced with the wording "Article 140 has been deleted", and the separate register for the holders of Deferred Shares shall no longer be required to be maintained by the Company; provided that the validity of anything done under Article 140 before that date shall not otherwise be affected and any actions taken under Article 140 before that date shall be conclusive and not be open to challenge on any grounds whatsoever.



## **SECTION E: FURTHER INFORMATION**

### **1. SUMMARY OF THE RIGHTS AND RESTRICTIONS ATTACHING TO THE NEW ORDINARY SHARES**

The rights and restrictions attaching to the New Ordinary Shares will be the same as the rights and restrictions set out in the Articles in respect of the Existing Ordinary Shares subject to the amendments proposed by the Resolution to be considered at the General Meeting. These may be summarised as regards income, return of capital and voting, as follows:

#### **1.1 *Income***

The holders of the New Ordinary Shares shall be entitled to be paid any further profits of the Company available for distribution and determined to be distributed. Any dividend payable on the New Ordinary Shares which has remained unclaimed for 12 years from the date when it was declared or became due for payment shall be forfeited and shall revert to the Company unless the Board decides otherwise.

#### **1.2 *Capital***

On a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis), after paying such sums as may be due in priority to the holders of any other class of shares in the capital of the Company (including an amount equal to the nominal value of a B Share per B Share held by a Shareholder), any remaining amount shall be paid to the holders of the New Ordinary Shares rateably according to the amounts paid up or credited as paid up in respect of each New Ordinary Share. Any remaining amount thereafter shall be paid to the holders of the Deferred Shares up to the nominal value paid up or credited as paid up on such shares in accordance with the Articles as amended pursuant to the Resolution, and thereafter pro rata to the holders of the New Ordinary Shares.

#### **1.3 *Voting***

The holders of the New Ordinary Shares shall be entitled, in respect of their holding of such shares and subject to relevant provisions of the revised Articles, to receive notice of any general meeting of the Company and to attend and vote at any such general meeting. At any such meeting, on a show of hands, every holder of New Ordinary Shares present in person shall have one vote and every such holder present in person or by proxy shall upon a poll have one vote for every New Ordinary Share of which he is the holder.

### **2. FORM**

The New Ordinary Shares, B Shares and Deferred Shares are not renounceable and (with the exception of the Deferred Shares, which are not generally transferable and the B Shares, which will be subject to the transfer restrictions set out in the Articles as amended pursuant to the Resolution) will be transferable by an instrument of transfer in usual or common form. The New Ordinary Shares, B Shares and Deferred Shares will be in registered form. The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the New Ordinary Shares may take place within the CREST system in respect of general market transactions.

### **3. CREST**

Shareholders who hold their Existing Ordinary Shares in CREST will, following the Share Capital Consolidation, have their CREST accounts credited with New Ordinary Shares under ISIN GB00BJ1F4N75 on the Admission Date.

### **4. AMENDMENTS**

The Directors reserve the right to change the B Share Scheme Record Time, Redemption Time and the B Share Scheme Payment Date. They also reserve the right not to proceed with the Return of Value at any time prior to issue of the B Shares.

## Part IV

### Questions and Answers on the B Share Scheme

*To help you understand what is involved in the B Share Scheme with respect to Ordinary Shares and ADSs representing Ordinary Shares we have prepared some questions and answers. **You should read the whole of this Circular and not rely solely on the summary information in this Part IV.** Section B of Part III sets out the detailed terms and conditions of the B Share Scheme with respect to Ordinary Shares and ADSs representing Ordinary Shares. A list of defined terms is set out in Part VII of this Circular.*

*In the event of any inconsistency between the contents of this Part IV and the terms and conditions set out in Section B of Part III, the terms and conditions set out in Section B of Part III shall prevail.*

#### **Is there a meeting to approve the B Share Scheme? How do I vote?**

The B Share Scheme requires the approval of Shareholders, which is being sought pursuant to the Resolution to be considered at the General Meeting convened for 9.00 a.m. on 29 April 2019. A detailed explanation of the Resolution is set out at paragraph 10 of Section B of Part III and will require a majority of 75 per cent. or more of the shares voted to be in favour in order to be passed.

Whether or not you intend to be present at the General Meeting, you are requested to complete and return the accompanying Form of Proxy in accordance with the instructions printed thereon or to register the appointment of a proxy electronically or, if you hold Existing Ordinary Shares in CREST, to complete and transmit a CREST Proxy Instruction. Completed Forms of Proxy should be returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA and the transmittal of an electronic proxy registration or CREST Proxy Instruction should be made, as soon as possible and, in any event, so as to be received not later than 9.00 a.m. on 25 April 2019. The completion and return of a Form of Proxy or the transmittal of an electronic proxy registration or CREST Proxy Instruction will not prevent you from attending the General Meeting and voting and speaking in person if you so wish and are so entitled.

If you are an ADS Holder, please refer to paragraph 8 of Part I of this Circular which gives further details relevant to you in respect of the General Meeting.

#### **What do I need to do next?**

Whether or not you intend to be present at the General Meeting, we would encourage Shareholders to vote on the Resolution being proposed at the General Meeting.

If you currently hold Existing Ordinary Shares in certificated form, you will be issued with a new share certificate in respect of your New Ordinary Shares following the Share Capital Consolidation. With effect from Admission, share certificates in respect of Existing Ordinary Shares will cease to be valid. Share certificates in respect of New Ordinary Shares will only be issued following the Share Capital Consolidation. It is therefore important that, if you hold certificate(s) in respect of your Existing Ordinary Shares, you retain them for the time being until share certificates in respect of New Ordinary Shares are despatched, which is expected to be by 13 May 2019. On receipt of share certificates in respect of New Ordinary Shares, certificates in respect of Existing Ordinary Shares can be destroyed. Please see paragraph 7 of Section B of Part III for further information on the despatch of documents.

If you currently hold Existing Ordinary Shares in uncertificated form, it is currently expected that the Existing Ordinary Shares under ISIN GB00BD8YWM01 will be disabled by 6.00 p.m. on the day before Admission (which is currently expected to be 29 April 2019) and on or soon after 8.00 a.m. on Admission (which is currently expected to be 30 April 2019) your CREST account will be credited with New Ordinary Shares under ISIN GB00BJ1F4N75.

If you are a registered holder of ADSs in certificated form, you must return a completed ADS Consolidation Letter of Transmittal to the Depositary accompanied by the ADRs held by you in order to be credited with New ADSs and cash in lieu of any fraction of a New ADS. Please note that failure to return a completed ADS Consolidation Letter of Transmittal and your ADRs will prevent the Depositary from sending you a transaction advice indicating your ownership of New ADSs and the cash proceeds in respect of the sale of your fractional entitlements and you will not be able to trade your ADSs. In time, your entitlements will escheat according to the applicable abandoned property laws in your jurisdiction.

If you already hold your ADSs in the Direct Registration System or in book-entry form, no further action needs to be taken by you. Your ADSs will automatically be exchanged for New ADSs under DR ISIN US5948374039 and an appropriate notice will be provided to you or your agent institution.

If you are in any doubt as to the action you should take you are recommended to consult your own independent professional adviser. In particular, Overseas Shareholders should also read paragraph 5 of Section B of this Part III.

### **What is the impact of the B Share Scheme on the value of my Ordinary Shares or ADSs?**

The purpose of the Share Capital Consolidation is to try to ensure that (subject to fractional roundings and any Ordinary Shares being issued pursuant to the Micro Focus Share Plans between the date of this Circular and the B Share Scheme Record Time) the market price of each New Ordinary Share and New ADS immediately following the implementation of the B Share Scheme is broadly the same as the market price of each Existing Ordinary Share and ADS immediately beforehand.

In addition, you will continue to own the same proportion of the Company (subject to fractional entitlements) as you did immediately prior to the implementation of the Return of Value. Under the proposed Share Capital Consolidation, the Existing Ordinary Shares will be consolidated, subdivided and redesignated so that Shareholders will receive 0.8296 New Ordinary Shares for each Existing Ordinary Share held at the B Share Scheme Record Time. Expressed as a percentage, the reduction in the number of Ordinary Shares as a result of the Share Capital Consolidation is broadly equivalent to the percentage of the Company's market capitalisation, which is proposed to be returned to Shareholders under the B Share Scheme. Therefore, the value of your holding of New Ordinary Shares plus the amount to be returned per Existing Ordinary Share held at the B Share Scheme Record Time pursuant to the Return of Value should, subject to market fluctuations, approximately equal the value of your holding of Existing Ordinary Shares before the Return of Value.

Any fractional entitlements to New Ordinary Shares which arise will be aggregated into whole New Ordinary Shares and sold in the market on behalf of the relevant Shareholders. The total proceeds of the sale (net of expenses) will be paid in due proportion to the relevant Shareholders.

At or around the same time as the Share Capital Consolidation, the Depositary will consolidate the ADSs in the same manner as the Existing Ordinary Shares to reflect the Share Capital Consolidation, with fractional entitlements to New ADSs being treated in the same way.

### **How will the B Share Scheme affect my shareholding?<sup>1</sup>**

The ratio of 0.8296 used for the Share Capital Consolidation has been set by reference to the average closing mid-market share price (as derived from the Daily Official List of London Stock Exchange plc) for the five Business Days prior to the date of this Circular and an exchange rate of US\$1.00: £0.7679 (being the Bloomberg FX Fixings closing spot exchange rate at 4.30 p.m. (UK time) on 29 March 2019). The effect of this will be to reduce the number of Ordinary Shares in issue to reflect the amount to be returned per Existing Ordinary Share to Shareholders (including ADS Holders) under the B Share Scheme. However, existing Shareholders will own the same proportion of the Company as they did immediately prior to the implementation of the B Share Scheme,

subject only to fractional roundings and any Ordinary Shares being issued pursuant to the Micro Focus Share Plans between the date of this Circular and the B Share Scheme Record Time.

To give you an idea of how the B Share Scheme would affect your shareholding we have set out some examples below:

<i>Number of Existing Ordinary Shares held at the B Share Scheme Record Time</i>	<i>Number of B Shares you will receive</i>	<i>Number of New Ordinary Shares you will receive<sup>2</sup></i>
100	100	82
500	500	414
1,000	1,000	829

1. For the purpose of this example, entitlements to Deferred Shares have been ignored as the Deferred Shares have negligible economic value and are intended to be transferred to a nominee and repurchased by the Company in due course.
2. If, immediately before the Share Capital Consolidation, your holding of Existing Ordinary Shares when multiplied by the number of New Ordinary Shares receivable for each Existing Ordinary Share pursuant to the Share Capital Consolidation does not result in a whole number of New Ordinary Shares, you will be left with a fractional entitlement to a New Ordinary Share. Fractional entitlements will be aggregated into New Ordinary Shares and sold in the market and the proceeds of the sale will be distributed *pro rata* to relevant Shareholders. See paragraph 4 of Section C of Part VII for further details. This will mean that, following the Share Capital Consolidation, no Shareholder will be left with a fraction of a New Ordinary Share.

ADSs will be consolidated in the same manner as the Existing Ordinary Shares.

**What if I sell or have sold or transferred all or some of my Existing Ordinary Shares or ADSs?**

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares or ADSs at any time prior to the B Share Scheme Record Time, please forward this Circular and the accompanying documentation at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares or ADSs, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected (or, in the case of ADSs, the Depositary). However, such documents should not be forwarded to or sent in or into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

**Can I trade my B Shares or Deferred Shares?**

Although the B Shares are transferable (subject to the applicable restrictions set out in the Articles as proposed to be amended at the General Meeting (please refer to Section D of Part III for further details)), they will not be admitted to the Official List or to trading on the London Stock Exchange’s main market for listed securities or listed on the NYSE or any other recognised investment exchange as they are expected to be redeemed shortly after they are issued.

The Deferred Shares are not transferable (other than in the circumstances set out in Section D of Part III), meaning you will not be able to trade or sell such shares.

**Can I trade my New Ordinary Shares and ADSs?**

New Ordinary Shares will be traded on the London Stock Exchange’s main market for listed securities and will be equivalent in all material respects (including as to the right to transfer) to Existing Ordinary Shares. The New ADSs will, subject to Admission, be listed on the NYSE and will be equivalent in all material respects to the ADSs.

It is expected that dealings in the Existing Ordinary Shares will continue until 6.00 p.m. on 29 April 2019 and admission of the New Ordinary Shares to the premium listing segment of the Official List

and to trading on the London Stock Exchange's main market for listed securities will become effective at 8.00 a.m. on 30 April 2019.

It is expected that dealings in ADSs will continue on the NYSE until 4.00 p.m. (New York City time) on 29 April 2019 and that dealings in the New ADSs will commence on the NYSE at 9.30 a.m. (New York City time) on 30 April 2019.

### **What if I am a citizen, resident or national of a country other than the UK or US?**

Shareholders who are not resident in the UK or US, or who are citizens, residents or nationals of a country other than the UK or US, should read the additional information set out in paragraph 5 of Section B of Part III.

In addition, Shareholders who are subject to tax in a jurisdiction other than the UK or the US, or who are in any doubt as to their tax position, should consult their own independent professional advisers.

### **What is my tax position?**

A general guide to certain limited aspects of the UK tax treatment of the B Share Scheme under current UK law and HM Revenue & Customs' published practice is set out in Section A of Part V and a summary of certain US federal income tax consequences for US holders under current US tax law is set out in Section B of Part V. Each Shareholder is urged to consult its own independent professional adviser regarding the tax consequences to it of the B Share Scheme, taking into account its particular circumstances.

Shareholders who are subject to tax in a jurisdiction other than the UK or the US, or who are in any doubt as to the potential tax consequences of the B Share Scheme, are urged to consult their own independent professional tax advisers.

### **What exchange rate will be used for the Return of Value and when will it be determined?**

The Board intends to use the exchange rate at which it is able to convert the US dollars currently held by the Company for the Return of Value into pounds sterling no later than two Business Days prior to Admission.

### **When will I receive my proceeds from the B Share Scheme and how will these be paid?**

It is expected that relevant Shareholders who hold their Ordinary Shares in certificated form will be sent a cheque for payments in respect of their B Shares by the B Share Scheme Payment Date, which is currently expected to be on or before 13 May 2019 in respect of Ordinary Shares and on or before 20 May 2019 in respect of ADSs.

If Shareholders hold their Existing Ordinary Shares in CREST or ADSs in DTC, their CREST or DTC accounts are also expected to be credited by the B Share Scheme Payment Date. All payments will be made in pounds sterling, save for ADS Holders who will receive their proceeds in US dollars following a conversion from pounds sterling by the Depositary.

Cheques will be despatched by first class post to the address appearing on the Company's share register at the B Share Scheme Record Time (or, in the case of joint holders, to the address of that joint holder whose name stands first in the said register in respect of such joint holding).

### **What is the impact on Micro Focus Share Plans?**

Other than in respect of options granted to participants under the Micro Focus Employee Stock Purchase Plan 2006, it is anticipated that no adjustment will be made to the number of Ordinary Shares over which participants have options or awards or the relevant strike price of such options or awards. Where subsisting options or awards are subject to performance conditions, the Remuneration Committee will consider whether amendments to the original conditions are

required (in line with the terms of the relevant plans) in light of the proposed B Share Scheme to ensure that the performance targets are not materially less challenging in its opinion. Any such amendment will be made at the discretion of the Remuneration Committee and will be notified to relevant option/award holders.

Holders of options granted under the Micro Focus Employee Stock Purchase Plan 2006 may receive a cash compensation payment to take account of any reduction in value of such options resulting from the proposed Return of Value. This is because, unlike other Micro Focus Share Plans, the value of these options may not be preserved following the Share Capital Consolidation. The terms of such compensation payment (if relevant) will be determined in the discretion of the Remuneration Committee on a fair and reasonable basis, and communicated to the relevant participants. However, any such compensation will, in any event, only be paid to the extent the relevant options are exercised.

### **What if I have any more questions?**

If you are an Ordinary Shareholder outside of the United States and have questions on the B Share Scheme, please call the Shareholder Helpline on 0333 207 6394 (from inside the UK) and +44 121 415 0968 (from outside the UK). The Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (except English and Welsh public holidays) and will remain open until 13 May 2019. Please note that calls to these numbers may be monitored or recorded. Calls to +44 121 415 0968 from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones.

If you are an ADS Holder or Ordinary Shareholder in the United States and have questions in connection with the B Share Scheme, please call American Stock Transfer at 1-800-622-1573 (toll-free from the US) and +1-201-806-4195 (from other countries), from 8.00 a.m. to 8.00 p.m. (New York City time) Monday through Friday. Banks, brokers and institutional holders may call +1-212-250-9100 (collect), Monday through Friday from 8.00 a.m. to 5.00 p.m. (New York City time).

## Part V

### Certain Taxation Considerations in relation to the B Share Scheme

#### A. UNITED KINGDOM TAXATION

*The following comments do not constitute tax advice and are intended only as a general guide. They are based on current United Kingdom tax law and what is understood to be HM Revenue & Customs' current published practice as at the date of this Circular (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK tax treatment of Shareholders.*

*The comments below are intended to apply only to Shareholders: (i) who are resident (and, in the case of individuals, domiciled) in (and only in) the UK for UK tax purposes (unless the position of non-UK resident Shareholders is expressly referred to); (ii) to whom split-year treatment does not apply; (iii) who are and will be the absolute beneficial owners of their Existing Ordinary Shares, New Ordinary Shares and B Shares and any dividends paid in respect of those shares; (iv) who hold, and will hold, their shares as investments (otherwise than through an individual savings account or a pension arrangement) and not as securities to be realised in the course of a trade; and (v) to whom the UK tax rules concerning carried interest do not apply in relation to their holding or disposal of Existing Ordinary Shares, New Ordinary Shares or B Shares. References in paragraph A below to (a) Existing Ordinary Shares and New Ordinary Shares include Existing Ordinary Shares and New Ordinary Shares represented by ADSs and (b) B Shares include B Shares issued to the Depositary for the account of Shareholders of Existing Ordinary Shares represented by ADSs.*

*The comments below may not apply to certain Shareholders, such as dealers in securities, broker dealers, insurance companies and collective investment schemes, pension schemes, Shareholders who are exempt from UK taxation, Shareholders who acquire or acquired their Existing Ordinary Shares, New Ordinary Shares and B Shares under the Micro Focus Share Plans and Shareholders who have (or are deemed to have) acquired their Existing Ordinary Shares, New Ordinary Shares or B Shares by virtue of an office or employment. Such Shareholders may be subject to special rules.*

**The material set out in paragraph A below does not constitute tax advice. Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate independent professional tax adviser.**

#### 1. CAPITAL REORGANISATION

For the purposes of CGT:

- the issue of the B Shares to Shareholders and the Share Capital Consolidation should in practice each be treated as a reorganisation of the Company's share capital. Shareholders in receipt of B Shares and New Ordinary Shares arising from the B Share Scheme should not be treated as making a disposal of their holding of Existing Ordinary Shares and no liability to CGT should arise, in each case by reason of the issue of the B Shares to Shareholders or the Share Capital Consolidation. Instead, the Shareholder's resultant holding of B Shares and New Ordinary Shares should, for CGT purposes, be treated as the same asset and as having been acquired at the same time, and for the same consideration, as the Shareholder's holding of Existing Ordinary Shares;
- upon a subsequent disposal (or deemed disposal) of all or part of the Shareholder's B Shares or New Ordinary Shares, a Shareholder's aggregate CGT base cost in such Shareholder's holding of Existing Ordinary Shares should be apportioned between the B Shares and the New Ordinary Shares by reference to their respective values on the first day on which the New Ordinary Shares are listed; and

- the sale, on behalf of relevant Shareholders, of fractional entitlements to New Ordinary Shares resulting from the Share Capital Consolidation (where applicable) should not generally in practice constitute a part disposal for CGT purposes. Instead, the amount of any payment received by the Shareholder will be deducted from the base cost of the New Ordinary Shares for the purposes of computing a chargeable gain or allowable loss on a subsequent disposal. This treatment will not apply if the proceeds are greater than the base cost of the holding of Existing Ordinary Shares. In this event, the Shareholder may elect (in effect) for the excess to be treated as a capital gain and to give up any basis they have in their shares.

The issue of the B Shares and the Share Capital Consolidation should not give rise to any liability to United Kingdom income tax (or corporation tax on income) in a Shareholder's hands.

## 2. REDEMPTION OF B SHARES

The redemption of the B Shares should be treated as a disposal of those Shares for United Kingdom tax purposes. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of CGT.

Any gain or loss will be calculated by reference to the difference between the purchase or redemption price and the element of the Shareholder's original base cost in their Existing Ordinary Shares that is attributed to the relevant B Shares. The amount of the base cost which will be attributed to the B Shares will be determined as outlined in Section (A)(1) above.

### 2.1 *Individuals*

The amount of CGT, if any, payable by an individual Shareholder as a consequence of the redemption of the B Shares will depend on his or her own personal tax position. Broadly, a Shareholder whose total taxable gains and income in a given year, including any gains made on the redemption of the B Shares and after all allowable deductions ("**Total Taxable Gains and Income**"), are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (the "**Band Limit**") (£34,500 for 2018/2019 and £37,500 for 2019/2020) will normally be subject to CGT at a rate of 10 per cent. in respect of any gain arising on the redemption of his B Shares. To the extent that a Shareholder's Total Taxable Gains and Income exceed the Band Limit, capital gains tax will generally be charged at 20 per cent. in respect of the portion of the gain that exceeds the Band Limit.

The capital gains tax annual exemption for individuals (which is £11,700 in the 2018/2019 tax year and £12,000 in the 2019/2020 tax year) may be available to exempt any chargeable gain, to the extent that the exemption has not already been utilised.

### 2.2 *Companies*

The disposal of B Shares on their redemption may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax at the applicable tax rate, depending on the circumstances and subject to any available exemption or relief. Indexation allowance may reduce the amount of any chargeable gain for these purposes, but will not create or increase any allowable loss, and will only apply from the date of acquisition up to 31 December 2017 (and not, following rule changes introduced by the Finance Act 2018, up to the date the chargeable gain is realised). The main rate of UK corporation tax is currently 19 per cent.

## 3. DIVIDENDS PAYABLE ON THE NEW ORDINARY SHARES

Liability to United Kingdom income tax or United Kingdom corporation tax on income in respect of dividends payable on the New Ordinary Shares will depend upon the individual circumstances of the Shareholder. An overview of the UK tax rules applicable to dividends is set out below.



### 3.1 **General**

There is no United Kingdom withholding tax on dividends paid by the Company.

### 3.2 **Individual Shareholders within the charge to United Kingdom income tax**

When the Company pays a dividend to a Shareholder who is an individual resident (for tax purposes) in the United Kingdom, the amount of income tax payable on the receipt, if any, will depend on the individual's own personal tax position. "Dividend income" for these purposes includes UK and non UK source dividends and certain other distributions in respect of shares.

No tax should be payable if the amount received, when aggregated with the Shareholder's other dividend income in the year of assessment, does not exceed the annual tax-free allowance (£2,000 from 2018/19). Dividend income in excess of the tax-free allowance is taxed at the following rates:

- 7.5 per cent. to the extent that it falls below the threshold for higher rate income tax;
- 32.5 per cent. to the extent it falls within the higher rate band; and
- 38.1 per cent. to the extent it falls within the additional rate band.

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

Dividends paid by the Company will not carry a tax credit.

### 3.3 **Corporate Shareholders within the charge to United Kingdom corporation tax**

Shareholders within the charge to United Kingdom corporation tax which are "small companies" (for the purposes of United Kingdom taxation of dividends legislation) should not generally expect to be subject to tax on dividends from the Company.

Other Shareholders within the charge to United Kingdom corporation tax should not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. In general, (i) dividends paid on non-redeemable shares that do not carry any present or future preferential rights to dividends or to the Company's assets on its winding up; and (ii) dividends paid to a United Kingdom resident corporate Shareholder holding less than 10 per cent. of the issued share capital of the class in respect of which the dividend is paid should fall within an exempt class. However, it should be noted that the exemptions are not comprehensive and are subject to anti-avoidance rules. Shareholders will need to ensure that they satisfy the requirements of any exempt class and that no anti-avoidance rules apply before treating any dividend as exempt, and seek appropriate professional advice where necessary.

### 3.4 **Non-residents**

No repayable tax credit will attach to any dividend paid by the Company. A non-UK resident Shareholder is not generally subject to further UK tax on dividend receipts.

Shareholders who are not resident may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident in the United Kingdom (for tax purposes) should consult their own independent professional tax adviser concerning their tax liabilities on dividends received from the Company. Shareholders who are subject to United States tax are referred to Section (B) below.

#### **4. STAMP DUTY AND STAMP DUTY RESERVE TAX (“SDRT”)**

The following statements are intended as a general guide to the current UK stamp duty and SDRT position, and apply regardless of whether or not a Shareholder is resident in the UK. It should be noted that certain categories of person, including market makers, brokers, dealers, and other specified market intermediaries, are entitled to exemption from stamp duty and SDRT in respect of purchases of securities in specified circumstances.

##### **4.1 Stamp duty and SDRT on B Share Scheme**

No stamp duty or SDRT should be payable on the issue of the B Shares (unless the Shareholder receiving B Shares is a depositary receipt service or clearance service, where special rules may apply as discussed in subparagraph 4.3 below).

No stamp duty or SDRT will be payable on, or as a result of, the redemption of the B Shares. No stamp duty or SDRT will be payable by Shareholders on the Share Capital Consolidation.

##### **4.2 Sales of B Shares – general**

An agreement to sell B Shares or New Ordinary Shares will normally give rise to a liability on the purchaser to SDRT, at the rate of 0.5 per cent. of the amount or the value of the consideration paid (unless the B Shares or New Ordinary Shares are transferred within a depositary receipt service or clearance service, where special rules may apply as discussed in subparagraph 4.3 below). If an instrument of transfer of the B Shares or the New Ordinary Shares is subsequently produced it will generally be subject to stamp duty at the rate of 0.5 per cent. of the amount or the value of the consideration paid (rounded up to the nearest £5). When such stamp duty is paid, the SDRT charge will generally be cancelled and any SDRT already paid will (subject to a claim) generally be refunded. Stamp duty and SDRT are generally satisfied by the purchaser.

##### **4.3 Depositary arrangements**

Special rules apply where shares are issued or transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depositary receipts within section 67 or section 93 Finance Act 1986 or a person providing a clearance service within section 70 or section 96 of the Finance Act 1986, under which stamp duty or SDRT may be charged at a higher rate of 1.5 per cent.

Following the 2012 first-tier tax tribunal decision in *HSBC Holdings plc and the Bank of New York Mellon Corporation v HMRC*, and the 2017 decision of the CJEU in *Air Berlin plc v HMRC*, HMRC has confirmed that it will not seek to impose stamp duty or SDRT at the rate of 1.5 per cent. on issues of UK shares to depositary receipt issuers and clearance systems, or on transfers of such shares to such issuers and systems where those transfers are integral to the raising of capital by a company.

Therefore no stamp duty or SDRT should be payable on the issue of B Shares to the Depositary for the account of Shareholders of Existing Ordinary Shares represented by ADSs, or otherwise to a depositary receipt service or clearance service.

It should be noted that the stamp duty and SDRT charges at 1.5 per cent. for issues or transfers of shares into depositary receipt systems and clearance services remain as provisions of UK statute and removal of the 1.5 per cent. charges is based on European Union law. There is therefore a risk that this position may be subject to change due to the UK's proposed withdrawal from the European Union. The 2017 Autumn Budget included a statement that the UK government's current intention is not to reintroduce the 1.5 per cent. stamp duty and SDRT charges following the UK's withdrawal from the European Union, although the charges will remain as provisions of UK statute and the government's intention could change in future.

**Specific professional advice should be sought before incurring a 1.5 per cent. stamp duty or SDRT charge in any circumstances.**

Transfers of B Shares or New Ordinary Shares within a clearance service or depositary receipt service (including the Depositary) should not attract a charge to stamp duty or SDRT in the UK provided there is no written instrument of transfer. Transfers of the B Shares by a clearance service or depositary receipt service (including the Depositary) or its nominee to a holder outside a clearance service or depositary receipt service (including the Depositary), or any subsequent transfers that occur entirely outside those facilities, will ordinarily be subject to the stamp duty and SDRT rules in subparagraph 4.2 above.

## **5. TRANSACTIONS IN SECURITIES**

Under section 684 Income Tax Act 2007 (for individuals), HM Revenue & Customs can, in certain circumstances, counteract income tax advantages arising in relation to transactions in securities. Were section 684 to be successfully invoked against any Shareholder, that individual Shareholder would be likely to be taxed as though the consideration for the sale of their B Shares was dividend income rather than a capital receipt.

Section 684 Income Tax Act 2007 only applies in relation to the receipt of relevant consideration in connection with certain transactions involving “close companies” (as defined in Chapter 2 of Part 10 of the Corporation Tax Act 2010). Given the Company’s shareholder base and that it is listed on a recognised stock exchange, the Company should not be treated as a “close company” for these purposes.

Under the provisions of Part 15 of the Corporation Tax Act 2010, HM Revenue & Customs can in certain circumstances counteract corporation tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by HM Revenue & Customs to the Return of Value, Shareholders who are subject to corporation tax might be liable to corporation tax as if they had received an income amount rather than a capital amount.

Part 15 of the Corporation Tax Act 2010 applies only in certain circumstances and does not apply where it can be shown that the transaction in question was entered into for genuine commercial reasons or in the ordinary course of making or managing investments and did not involve as one of its main objects the obtaining of a corporation tax advantage. In view of these restrictions on the application of the anti-avoidance provisions, no application has been made to HM Revenue & Customs for clearance in respect of the application of Part 15 of the Corporation Tax Act 2010 to the Return of Value. **Shareholders who are within the charge to corporation tax are advised to take independent advice as to the potential application of the above provisions in light of their own particular motives and circumstances.**

## **B. UNITED STATES FEDERAL INCOME TAXATION**

The following is a summary of the anticipated material US federal income tax consequences of the B Share Scheme to a US holder (as defined below) of Ordinary Shares (including Ordinary Shares represented by ADSs). This discussion does not constitute tax advice or an opinion, is for general information only and does not purport to consider all aspects of US federal income taxation that might be relevant to US holders in light of their personal investment or tax circumstances. This discussion does not apply to US holders who acquired Ordinary Shares or ADSs pursuant to the exercise of options or warrants or otherwise as compensation, or to US holders subject to special tax rules, including, without limitation, banks, insurance companies, tax-exempt entities, financial institutions, regulated investment companies, partnerships, S-corporations or other pass-through entities, broker-dealers, persons holding Ordinary Shares or ADSs as part of a hedging, conversion, or constructive sale transaction or as part of a “straddle,” US expatriates, persons subject to the alternative minimum tax, persons holding 10 per cent. or more of the voting power or value of the Company’s stock, persons holding Ordinary Shares or ADSs through a non-US account or financial institution and entities subject to the anti-inversion rules of Section 7874 of the

US Tax Code (as defined below). This discussion does not discuss US tax consequences to any person that is a non-US holder (as defined below) or to any US holder having a functional currency other than the US dollar. In addition, it does not discuss the tax consequences of transactions effectuated prior or subsequent to, or concurrently with, the B Share Scheme, whether or not in connection with the B Share Scheme. Furthermore, this discussion does not discuss the so called Medicare tax on net investment income, any US federal estate or gift tax laws or tax consequences under the laws of any state, local or non-US jurisdiction.

As used in this discussion, a “**US holder**” means a holder of Ordinary Shares or ADSs who holds such Ordinary Shares or ADSs as capital assets within the meaning of the US Internal Revenue Code of 1986, as amended (the “**US Tax Code**”), and is for US federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation or other entity taxable as a corporation organized under the laws of the United States, any State thereof or the District of Columbia, (iii) a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more US persons have authority to control all substantial decisions of the trust or (b) a valid election is in place to treat such trust as a domestic trust, or (iv) an estate the income of which is subject to US federal income taxation regardless of its source. As used herein, a “**non-US holder**” refers to any holder of Ordinary Shares or ADSs (other than a partnership or an entity classified as a partnership for US federal income tax purposes) who is not a “US holder.”

In the case of a beneficial owner of Ordinary Shares or ADSs that is classified as a partnership for US federal income tax purposes, the tax treatment of the B Share Scheme to a partner in the partnership generally will depend upon the tax status of the partner and the activities of the partner and the partnership. If you are a partnership holding Ordinary Shares or ADSs, then you and your partners should consult your own independent professional tax advisers.

The discussion set forth herein is based on the US Tax Code, applicable Treasury regulations, judicial authority, and administrative rulings, all as of the date of this Circular, and all of which are subject to change, possibly with retroactive effect. This discussion is not binding on the Internal Revenue Service (the “**IRS**”) or the courts. In addition, the Company does not intend to request a ruling from the IRS with respect to the B Share Scheme. Future legislative, judicial, or administrative changes or interpretations, which may or may not be retroactive, or the failure of any factual representations to be true, correct and complete in all material respects, or the breach of any of the covenants, may adversely affect the accuracy of the statements and conclusions described in this Circular.

The Company believes, and this Section assumes, that it is not a passive foreign investment company (a “**PFIC**”) for US federal income tax purposes, although the inquiry is fact specific and no assurance is being given in that regard. A non-US corporation generally will be considered a PFIC for any taxable year in which (i) 75 per cent. or more of its gross income is passive income, or (ii) 50 per cent. or more of the average value of its assets are considered “passive assets” (generally, assets that generate passive income). The Company’s possible status as a PFIC is based on annual determinations that cannot be made until the close of a taxable year, involves extensive factual investigation, including ascertaining the fair market value of all of the Company’s assets on a periodic basis and the character of each item of income that the Company earns, and is subject to uncertainty in several respects. Therefore, the Company cannot assure you that it will not be treated as a PFIC for its current taxable year or for any future taxable year or that the IRS will not take a contrary position. If the Company were to be a PFIC, special, possibly materially adverse, consequences would result for US holders and certain reporting requirements might apply to US holders, and the consequences to US holders of the B Share Scheme could differ materially from the tax consequences described below. US holders should consult their own independent professional tax advisers regarding the potential application of the PFIC rules to their ownership and disposition of Ordinary Shares or ADS, including in connection with the B Share Scheme.

**The summary of certain US federal income tax consequences set out below is for general information only and is subject to the considerations set out above. It is not a substitute for careful tax planning and advice. US holders are urged consult their own independent professional tax adviser, as to the particular tax consequences to them of the B Share Scheme, the applicability and effect of state, local, non-US and other tax laws (including the US federal estate and gift tax laws) and possible changes in tax law.**

### **1.1 General**

The US federal income tax consequences of the B Share Scheme to US holders are not entirely clear. That is, in part, because the B Share Scheme involves a series of transactions executed under UK law for which there is no direct analogue under US federal income tax laws. While the Section below sets forth the Company's determination of the most likely US federal income tax consequences of the B Share Scheme, certain other interpretations are possible that could result in materially different US federal income tax consequences to US holders.

As described above, the Company intends to redeem the B Shares in full shortly after, and as part of the same plan as, the *pro rata* issuance of such B Shares to holders of Existing Ordinary Shares. Accordingly, the Company intends to take the position that, for US federal income tax purposes, the issuance of the B Shares should be disregarded and the redemption price of the B Shares should be treated as a distribution of cash to holders of Existing Ordinary Shares that is separate from the Share Capital Consolidation. In addition, the Company intends to take the position that US holders should not recognise gain or loss on the receipt of New Ordinary Shares pursuant to the Share Capital Consolidation (other than with respect to any fractional entitlement to New Ordinary Shares for which cash is received).

The remainder of this Section more fully discusses the US intended federal income tax treatment of the B Share Scheme and certain of the potential consequences to US holders. US holders are urged to consult their own independent professional tax advisers regarding the appropriate characterisation of the B Share Scheme for US federal income tax purposes.

### **1.2 Receipt of B Shares**

US holders should not recognise taxable income or loss as a result of the receipt of B Shares.

### **1.3 Redemption of B Shares**

The redemption proceeds paid to a US holder upon the redemption of B Shares should, to the extent paid out of the current or accumulated earnings and profits of the Company (as determined under US tax principles), be treated as a dividend for US federal income tax purposes. Because the Company does not intend to determine its earnings and profits on the basis of US federal income tax principles, any redemption proceeds paid generally will be reported as a "dividend" for US federal income tax purposes. Any such dividend income recognised by a US holder generally will be foreign source income. Individual US holders generally are taxed on dividends at ordinary income rates. However, an individual US holder that receives a dividend from a "qualified foreign corporation" may be eligible for reduced rates of taxation, provided the US holder satisfies certain holding period and other requirements. In order to be treated as a "qualified foreign corporation," the Company must be eligible for benefits of the United States income tax treaty with the United Kingdom. Although the Company believes that it is currently eligible for such treaty benefits, there can be no assurance that this will be the case for any taxable year or that such position would not be challenged by the IRS or sustained by a court. Individual US holders should consult their own independent professional tax advisers regarding their eligibility to claim such reduced rate based on their particular circumstances.

To the extent that the redemption proceeds paid to a US holder exceed such US holder's allocable share of the Company's current and accumulated earnings and profits (as determined under US tax principles), the proceeds will first be treated as a tax-free return of capital, causing a reduction in such US holder's adjusted basis in its Ordinary Shares or ADSs, and thereafter as gain from the sale or exchange of a capital asset. Any such gain or loss generally would be capital gain. However, as indicated above, the Company expects to report the entire payment of the B Share redemption proceeds as a dividend for US federal income tax purposes.

Payment of the B Share redemption proceeds, as well as any amounts received with respect to fractional share entitlement as a result of the Share Capital Consolidation, described below, will be made in pounds sterling. Accordingly, the amount realised by a cash basis US holder (or an electing accrual basis US holder) upon the receipt of pounds sterling generally will equal the US dollar value of the pounds sterling calculated by reference to the US dollar/pound sterling exchange rate in effect on the date the payment is includible in the income of such US holder, regardless of whether the pounds sterling is converted into US dollars on such date. If the pounds sterling received is not converted into US dollars on such date, such US holder will have a tax basis in the pounds sterling equal to such US dollar value and any gain or loss realised on a subsequent conversion or other disposal of the pounds sterling will be treated as US source ordinary income or loss. Each US holder, including an accrual basis US holder that has not elected to use the US dollar/pound sterling exchange rate in effect on the date its redemption proceeds are includable in its income, should consult with its own independent professional tax adviser as to the consequences in its particular circumstances of the receipt and exchange of pounds sterling.

#### 1.4 ***Share Capital Consolidation***

Except to the extent of any fractional entitlement to New Ordinary Shares for which cash is received (discussed below), US holders generally will not recognise gain or loss on the receipt of New Ordinary Shares pursuant to the Share Capital Consolidation and should have the same holding period and tax basis in the New Ordinary Shares received as they had in their Existing Ordinary Shares.

If a US holder receives cash proceeds with respect to a fractional entitlement as a result of the Share Capital Consolidation, such US holder should be treated as if a fractional share of a New Ordinary Share had been received by the US holder as part of the Share Capital Consolidation and then sold by such US holder. Accordingly, such US holder should recognise gain or loss equal to the difference between the amount realised with respect to such fractional share and the portion of the tax basis in its New Ordinary Shares that is allocable to such fractional share. Such gain or loss will be treated for US federal income tax purposes as capital gain or loss, which generally will be long-term capital gain or loss if the Ordinary Shares or ADSs have been held for more than one year at the time the fractional entitlements to the New Ordinary Shares are sold in the market. The net amount of long-term capital gain recognised by a non-corporate US holder generally will be subject to reduced rates of taxation. Any such gain realised by a US holder generally will constitute income from sources within the United States for foreign tax credit purposes and constitute "passive category" income for such purposes. The deductibility of capital losses is subject to limitations.

US holders should not recognise taxable income or loss as a result of the receipt of Deferred Shares.

#### 1.5 ***Information reporting and backup withholding***

In general, dividend payments with respect to Ordinary Shares and ADSs and proceeds from the sale or other disposition of Ordinary Shares or ADSs made (or deemed made) within the

United States may be subject to information reporting to the IRS and US backup withholding currently at a rate of 24 per cent. Backup withholding will generally not apply to a holder who:

- furnishes a correct taxpayer identification number and certifies, under penalties of perjury, that such holder is not subject to backup withholding on an IRS Form W-9, and otherwise complies with applicable requirements of the backup withholding rules;
- is a corporation or otherwise exempt from backup withholding and, when required, demonstrates this fact in accordance with applicable Treasury regulations; or
- provides a certification of non-US status on an IRS Form W-8BEN or W-8BEN-E (or on an other applicable successor form).

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be allowed as a credit against a holder's US federal income tax liability and may entitle the holder to a refund, provided the holder timely furnishes the required information to the IRS. US holders should consult their own independent professional tax advisers regarding the application of the information reporting and backup withholding rules.

**The preceding discussion is intended only as a summary of certain US federal income tax consequences of the B Share Scheme for US holders of Ordinary Shares or ADSs, as applicable, and does not purport to be a complete analysis or discussion of all potential tax consequences relevant thereto. US holders are urged to consult their own independent professional tax advisers as to the specific tax consequences to them of the B Share Scheme, including tax return reporting requirements, the applicability and effect of US federal, state, and local and non-US tax laws, and the effect of any proposed changes in the tax laws.**

## Part VI

### Additional Information

#### 1. Registered Office

Micro Focus International plc is a company registered in England and Wales (registered number 05134647) and its registered office is The Lawn, 22-30 Old Bath Road, Newbury, Berkshire RG14 1QN.

#### 2. Share Capital

The issued and fully paid share capital of the Company as at 29 March 2019 (being the latest practicable date before publication of this Circular) is as follows, 26,942,137 of which were held in treasury:

<i>Issued Number of Ordinary Shares</i>	<i>Amount (£)</i>
437,328,733	43,732,873.30

The Ordinary Shares are admitted to trading on the London Stock Exchange and the ADSs are listed on the NYSE.

#### 3. Directors

##### 3.1 *Directors' Names, Function and Address*

The names and principal functions of the Directors of the Company are as follows:

<i>Directors</i>	<i>Position</i>
Kevin Loosemore	<i>(Executive Chairman)</i>
Stephen Murdoch	<i>(Chief Executive Officer)</i>
Brian McArthur-Muscroft	<i>(Chief Financial Officer)</i>
Karen Slatford	<i>(Senior Independent Non-executive Director)</i>
Richard Atkins	<i>(Independent Non-executive Director)</i>
Amanda Brown	<i>(Independent Non-executive Director)</i>
Lawton Fitt	<i>(Independent Non-executive Director)</i>
Darren Roos	<i>(Independent Non-executive Director)</i>
Silke Scheiber	<i>(Independent Non-executive Director)</i>

The address and phone number of each of the individuals named above is c/o Micro Focus International plc, The Lawn, 22-30 Old Bath Road, Newbury, Berkshire RG14 1QN, +44 (0)1635 565200.

##### 3.2 *Directors' Interests*

As at 29 March 2019 (being the latest practicable date before publication of this Circular), the interests (all of which are or will be beneficial unless otherwise stated) of the Directors and (so far as is known to them or could with reasonable diligence be ascertained by them) their connected persons (within the meaning of section 252 of the Companies Act) in the share capital of the Company, including interests arising pursuant to any transaction notified to the Company pursuant to the Disclosure Guidance and Transparency Rules 3.1.2R or article 19 of the Market Abuse Regulation (as applicable), were as follows:



(a) *Directors' shareholdings*

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares beneficially held at present<sup>(1)</sup></i>
Kevin Loosemore	747,539	0.182%
Stephen Murdoch	5,390	0.001%
Brian McArthur-Muscroft	–	0.000%
Karen Slatford	17,704	0.004%
Richard Atkins <sup>(2)</sup>	16,710	0.004%
Amanda Brown	4,631	0.001%
Lawton Fitt	–	0.000%
Darren Roos	18,704	0.005%
Silke Scheiber	–	0.000%

(1) Based on 410,386,596 Ordinary Shares in issue as of 29 March 2019 (being the latest practicable date prior to the publication of this Circular), excluding treasury shares.

(2) 11,602 Ordinary Shares are held by Richard Atkins' wife, Julie Atkins.

(b) *Directors' share awards*

*Micro Focus International plc Incentive Plan 2005*

<i>Name</i>	<i>Number at 29 March 2019</i>	<i>Exercise Price</i>	<i>Date for exercise</i>
Kevin Loosemore <sup>(1)</sup>	192,157	0.0p	27 June 2015 to 26 June 2022
Kevin Loosemore <sup>(1)</sup>	142,132	0.0p	26 June 2016 to 25 June 2023
Kevin Loosemore <sup>(1)</sup>	115,192	0.0p	27 June 2017 to 26 June 2024
Kevin Loosemore <sup>(1)</sup>	111,275	0.0p	17 July 2018 to 16 July 2025
Kevin Loosemore <sup>(1)</sup>	69,156	0.0p	26 July 2019 to 25 July 2026
Kevin Loosemore <sup>(1)</sup>	67,965	0.0p	17 July 2020 to 16 July 2027
Kevin Loosemore <sup>(1)</sup>	89,285	0.0p	18 February 2022 to 17 February 2029
Stephen Murdoch <sup>(1)</sup>	46,237	0.0p	27 December 2015 to 26 December 2022
Stephen Murdoch <sup>(1)</sup>	39,884	0.0p	26 June 2016 to 25 June 2023
Stephen Murdoch <sup>(1)</sup>	56,421	0.0p	27 June 2017 to 26 June 2024
Stephen Murdoch <sup>(1)</sup>	44,510	0.0p	17 July 2018 to 16 July 2025
Stephen Murdoch <sup>(1)</sup>	26,024	0.0p	23 March 2019 to 22 March 2026
Stephen Murdoch <sup>(1)</sup>	39,640	0.0p	26 July 2019 to 25 July 2026
Stephen Murdoch <sup>(1)</sup>	36,664	0.0p	17 July 2020 to 16 July 2027
Stephen Murdoch <sup>(1)</sup>	67,537	0.0p	20 September 2021 to 19 September 2028
Stephen Murdoch <sup>(1)</sup>	101,190	0.0p	18 February 2022 to 17 February 2029
Brian McArthur-Muscroft <sup>(1)</sup>	80,482	0.0p	22 November 2021 to 21 November 2028
Brian McArthur-Muscroft <sup>(2)</sup>	80,482	0.0p	22 November 2022 to 21 November 2028

(1) Performance condition requires that cumulative earnings per share growth over a three year vesting period is at least equal to RPI plus 3 per cent. per annum (at which point 25 per cent. of awards will vest) and for full vesting the cumulative earnings per share growth will be required to be RPI plus 9 per cent. per annum. Straight-line vesting will apply between these points. Performance against these objectives is determined by the committee based on the Company's audited results.

(2) Performance condition requires that cumulative earnings per share growth over a four year vesting period is at least equal to RPI plus 3 per cent. per annum (at which point 25 per cent. of awards will vest) and for full vesting the cumulative earnings per share growth will be required to be RPI plus 9 per cent. per annum. Straight-line vesting will apply between these points. Performance against these objectives is determined by the committee based on the Company's audited results.

### *Additional Share Grant*

<i>Name</i>	<i>Number</i>	<i>Price</i>	<i>Date for exercise</i>
Kevin Loosemore <sup>(1)</sup>	947,140	0.0p	1 November 2017 to 31 October 2024
Stephen Murdoch <sup>(1)</sup>	405,917	0.0p	1 November 2017 to 31 October 2024

(1) These ASGs have vested due to the satisfaction in full of the applicable performance conditions but have not yet been exercised.

<i>Name</i>	<i>Number</i>	<i>Price</i>	<i>Date for exercise</i>
Kevin Loosemore <sup>(2)</sup>	1,100,000	0.0p	1 September 2020 to 31 August 2027
Stephen Murdoch <sup>(2)</sup>	947,000	0.0p	1 September 2020 to 31 August 2027
Brian McArthur-Muscroft <sup>(2)</sup>	338,000	0.0p	1 September 2020 to 31 August 2027

(2(a)) The percentage of ordinary shares subject to the ASG which may be acquired on exercise on or after the vesting date is as follows:

- (i) 0 per cent. if the Shareholder Return Percentage (as defined in 2b below) is 50 per cent. or less;
- (ii) 100 per cent. if the Shareholder Return Percentage is 100 per cent. or more; and
- (iii) a percentage determined on a straight line basis between (i) and (ii) above.

(2(b)) The 'Shareholder Return Percentage' will be calculated by deducting 1817.75 pence per share (the 'Reference Price'), being the average of the 20 days before 1 August 2016 (being the date of the heads of agreement relating to the HPE Merger), from the sum of the 'Vesting Price' (calculated as the average closing share price over the period of 20 days ending on the day prior to the vesting date) plus the total of all dividends per share between completion of the HPE Merger and the vesting date. This will be divided by the Reference Price, multiplying the resulting figure by 100 to obtain the Shareholder Return Percentage.

### *Deferred Share Bonus Plan<sup>(1)</sup>*

<i>Name</i>	<i>Number</i>	<i>Price</i>	<i>Vesting Date</i>
Stephen Murdoch	5,051	0.0p	25 July 2020
Stephen Murdoch	10,013	0.0p	28 February 2022

(1) For all Executive Directors there is a mandatory conversion of one third of any cash bonus earned into awards over Ordinary Shares subject to the terms of the Deferred Share Bonus Plan, save for Kevin Loosemore as his annual bonus has been 150 per cent. since 2011, and its treatment is covered in his service contract which predates the remuneration policy. An award under the Deferred Share Bonus Plan can comprise an option to acquire Ordinary Shares, a conditional right to receive Ordinary Shares or an award of Ordinary Shares that must be given back if the award lapses. Awards will normally vest in full after three years, subject to continued employment with the Company.

3.3 Save as disclosed in paragraph 3.2, none of the Directors nor any person connected with them, has any interest, whether beneficial or non-beneficial, in the share capital of the Company or of any of its subsidiary or associated undertakings.

## **4. Substantial Shareholdings**

So far as the Directors are aware, as at 29 March 2019 (being the latest practicable date before publication of this Circular), the following persons were interested, directly or indirectly, in three per cent. or more of the Company's issued share capital:

<i>Name</i>	<i>Number of issued Ordinary Shares<sup>(1)</sup></i>	<i>Percentage<sup>(1)</sup></i>
Dodge & Cox	61,763,667	15.1%
Causeway Capital Management LLC	31,459,177	7.7%
BlackRock Inc.	27,174,954	6.6%
FMR LLC	25,345,268	6.2%
Capital Group	15,860,710	3.9%
PRIMECAP Management	15,423,403	3.8%
Vanguard Group	14,010,219	3.4%
M&G Investment Management	13,661,941	3.3%
Legal & General Investment Management	12,770,233	3.1%

(1) Based on 410,386,596 Ordinary Shares in issue as of 29 March 2019 (being the latest practicable date prior to the publication of this Circular), excluding treasury shares.

Save as disclosed in this paragraph 4, the Directors are not aware of any person who has an interest in Ordinary Shares which represents three per cent. or more of Micro Focus' issued share capital, excluding treasury shares.

## **5. Deposit Agreement relating to the ADSs**

The rights of ADS Holders are set forth in the Deposit Agreement entered into among Deutsche Bank Trust Company Americas, as Depositary, ADS Holders from time to time and the Company. The Company filed the Deposit Agreement with the SEC as an exhibit to its registration statement on Form F-6 on 4 August 2017. Unless specifically requested by an ADS Holder, all ADSs have been issued on the books of the Depositary in book-entry form and periodic statements are mailed to an ADS Holder which reflect such ADS Holder's ownership interest in such ADSs. The Company regards the Depositary or its nominee as the legal shareholder of the Ordinary Shares represented by all outstanding ADSs, but the Depositary or its nominee holds such Ordinary Shares for the account of the ADS Holders in accordance with the terms of the Deposit Agreement.

In the Deposit Agreement, each registered holder of ADSs and each person holding an interest in ADSs, upon acceptance of any ADSs (or any interest therein) issued in accordance with the terms and conditions of the Deposit Agreement will be deemed for all purposes to:

- be a party to and bound by the terms of the Deposit Agreement and the applicable ADR or ADRs; and
- appoint the Depositary as its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the Deposit Agreement and the applicable ADR or ADRs, to adopt any and all procedures necessary to comply with applicable laws and to take such action as the Depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the Deposit Agreement and the applicable ADR and ADRs, the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof.

### **(a) Fees and Expenses under Deposit agreement**

ADS Holders will be required to pay the following service fees to the Depositary and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and

other governmental charges payable on the deposited securities represented by any of the ADSs):

<i>Service</i>	<i>Fees</i>
<ul style="list-style-type: none"> <li>• To any person to which ADSs are issued or to any person to which a distribution is made in respect of ADS distributions pursuant to stock dividends or other free distributions of stock, bonus distributions, stock splits or other distributions (except where converted to cash)</li> </ul>	Up to US\$0.05 per ADS issued
<ul style="list-style-type: none"> <li>• Cancellation of ADSs, including termination of the Deposit Agreement</li> </ul>	Up to US\$0.05 per ADS cancelled
<ul style="list-style-type: none"> <li>• Distribution of cash dividends</li> </ul>	Up to US\$0.05 per ADS held
<ul style="list-style-type: none"> <li>• Distribution of cash entitlements (other than cash dividends) and/or cash proceeds, including proceeds from the sale of rights, securities and other entitlements</li> </ul>	Up to US\$0.05 per ADS held

<i>Service</i>	<i>Fees</i>
<ul style="list-style-type: none"> <li>• Distribution of ADSs pursuant to exercise of rights</li> </ul>	Up to US\$0.05 per ADS held
<ul style="list-style-type: none"> <li>• Depository services</li> </ul>	Up to US\$0.05 per ADS held on the applicable record date(s) established by the Depository

ADS Holders will also be responsible for paying certain fees and expenses incurred by the Depository and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of the ADSs) such as the following:

- Fees for the transfer and registration of Ordinary Shares charged by the Registrars and transfer agent for the Ordinary Shares in the United Kingdom (i.e., upon deposit and withdrawal of Ordinary Shares);
- Expenses incurred for converting foreign currency into US dollars;
- Expenses for cable, telex, fax and electronic transmissions and for delivery of securities;
- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (i.e., when Ordinary Shares are deposited or withdrawn from deposit);
- Fees and expenses incurred in connection with the delivery of Ordinary Shares on deposit or the servicing of Ordinary Shares, deposited securities and/or the ADSs; and
- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to Ordinary Shares, deposited securities and the ADSs.

The Depository fees payable upon the issuance and cancellation of ADSs are typically paid to the Depository by the brokers (on behalf of their clients) receiving the newly issued ADSs from the Depository and by the brokers (on behalf of their clients) delivering the ADSs to the Depository for cancellation. The brokers in turn charge these fees to their clients. Depository

fees payable in connection with distributions of cash or securities to ADS Holders and the Depositary services fee are charged by the Depositary to the holders of record of ADSs as of the applicable ADS record date.

The Depositary fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (i.e., share dividends, rights), the Depositary charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in DRS), the Depositary sends invoices to be paid to the applicable record date ADS Holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the Depositary generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians that hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the Depositary.

In the event of refusal to pay the Depositary fees, the Depositary may, under the terms of the Deposit Agreement, refuse the requested service until payment is received or may set off the amount of the Depositary fees from any distribution to be made to the ADS holder.

The Depositary has agreed to reimburse the Company for certain expenses it incurs that are related to the establishment and maintenance of the ADS program upon such terms and conditions as the Company and the Depositary may agree from time to time. There are limits on the amount of expenses for which the Depositary will reimburse the Company. Further, the Depositary has agreed to reimburse the Company certain fees payable to the Depositary by the ADS Holders. Neither the Depositary nor the Company can determine the exact amount to be made available to the Company because (i) the number of ADSs that will be issued, and (ii) its reimbursable expenses related to the program are not known at this time.

(b) ***Payment of Taxes***

ADS Holders will be responsible for any taxes or other governmental charges payable, or which become payable, on ADSs or on the deposited securities represented by any ADSs. The Depositary may refuse to register or transfer ADSs or allow withdrawal of the deposited securities represented by ADSs until it receives payment of such taxes or other charges. It may apply payments owed to an ADS Holder or sell deposited securities represented by ADSs to pay any taxes owed and an ADS Holder will remain liable for any deficiency. If the Depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS Holders any net proceeds, or send to ADS Holders any property, remaining after it has paid the taxes. ADS Holders agree to indemnify the Company, the Depositary, the custodian and each of their respective agents, directors, employees and affiliates for, and hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any refund of taxes, reduced rate or withholding or other tax benefit obtained for ADS Holders in accordance with instructions of documentation provided by ADS Holders. ADS Holders' obligations under this paragraph shall survive any transfer of ADSs, any surrender of ADRs and withdrawal of deposited securities or the termination of the Deposit Agreement.

(c) **Reclassifications, Recapitalisations and Mergers**

*If the Company:*

Changes the par value of the Ordinary Shares;

or

Reclassifies, splits up, subdivides or consolidates any of the deposited securities;

or

Distributes securities on the Ordinary Shares that are not distributed to an ADS Holder;

or

Recapitalises, reorganises, merges, liquidates, sells the Company's assets, or takes any similar action

*Then:*

The cash, shares or other securities received by the Depositary will become deposited securities to the extent permitted by law, and each ADS will automatically represent its equal share of the new deposited securities. The Depositary may deliver new ADSs or ask ADS Holders to surrender outstanding ADRs in exchange for new ADRs identifying the new deposited securities. If any securities received by the Depositary may not be lawfully distributed to some or all ADSs Holders, the Depositary may sell such securities and distribute the net proceeds in the same way as it does cash.

(d) **Limitations on Obligations and Liability**

The Deposit Agreement expressly limits the Company's obligations and the obligations of the Depositary and the custodian. It also limits the Company's liability and the liability of the Depositary and the custodian as follows:

- The Company, the Depositary and the custodian are only obligated to take the actions specifically set forth in the Deposit Agreement without gross negligence or willful misconduct;
- The Company, the Depositary and the custodian are not liable if they are prevented or delayed by law or circumstances beyond their control from performing their obligations under the Deposit Agreement, including, without limitation, requirements of any present or future law, regulation, governmental or regulatory authority or securities exchange of any applicable jurisdiction, any present or future provisions of the Articles, on account of possible civil or criminal penalties or restraint, any provisions of or governing the deposited securities or any act of God, war or other circumstances beyond their control, as set forth in the Deposit Agreement;
- The Company, the Depositary and the custodian are not liable if they exercise, or fail to exercise, discretion permitted under the Deposit Agreement;
- The Company, the Depositary and the custodian are not liable for the inability of any ADS Holder to benefit from any distribution, offering, right or other benefit made available to holders of deposited securities that is not made available to ADS Holders under the terms of the Deposit Agreement;
- The Company, the Depositary and the custodian have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the Deposit Agreement on ADS Holders' behalf or on behalf of any other party if in the Company's or the Depositary's opinion, as applicable, such proceeding may subject the Company or the Depositary, as applicable, to expense or liability, unless satisfactory indemnity against all expenses and liabilities is furnished as often as may be required;
- The Company, the Depositary and the custodian may rely upon any documents the Company believes in good faith to be genuine and to have been signed or presented by the proper party;

- The Company, the Depositary and the custodian disclaim any liability for any action or inaction in reliance on the advice or information of legal counsel, accountants, any person presenting Ordinary Shares for deposit, holders and beneficial owners (or authorised representatives) of ADSs, or any other person believed in good faith to be competent to give such advice or information; and
- The Company, the Depositary and the custodian disclaim any liability for any indirect, special, punitive or consequential damages for any breach of the terms of the Deposit Agreement or otherwise.

The Depositary and any of its agents also disclaim any liability for any of the following:

- Failure to carry out any instructions to vote;
- Manner in which any vote is cast;
- Effect of any vote;
- Failure to determine that any distribution or action may be lawful or reasonably practicable or for allowing any rights to lapse in accordance with the provisions of the Deposit Agreement;
- Failure or timeliness of any notice from us, the content of any information submitted to the Depositary (or its agent) by the Company for distribution to an ADS Holder or for any inaccuracy of any translation thereof;
- Any investment risk associated with the acquisition of an interest in the deposited securities;
- The validity or worth of the deposited securities;
- The creditworthiness of any third party;
- Any tax consequences that may result from ownership of ADSs, Ordinary Shares or deposited securities; and
- Any acts or omissions made by a successor depositary.

In addition, the Deposit Agreement provides that each party to the Deposit Agreement (including each holder, beneficial owner and holder of interests in the ADRs) irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any lawsuit or proceeding against the Depositary or the Company related to the Ordinary Shares, the ADSs or the Deposit Agreement.

In the Deposit Agreement, the Company and the Depositary agree to indemnify each other under certain circumstances.

## **6. Legal Proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) relating to the Return of Value.

## **7. Consents**

Numis has given, and not withdrawn, its written consent to the inclusion in this Circular of the references to its name in the form and context in which they are included.

## Part VII

### Definitions

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

<b>Adjusted EBITDA</b>	Adjusted Operating Profit before depreciation of property, plant and equipment, amortisation of purchased software, foreign exchange gains or losses, and net capitalisation or amortisation of product development costs;
<b>Adjusted Operating Profit</b>	the operating profit before exceptional items, share based compensation and amortisation of purchased intangibles;
<b>Admission</b>	the admission of the New Ordinary Shares to the premium listing segment of the Official List becoming effective in accordance with the Listing Rules and to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Admission and Disclosure Standards and listing of the New ADSs on the NYSE, as applicable;
<b>Admission Date</b>	the date upon which Admission occurs;
<b>ADR</b>	American Depositary Receipt representing ADSs;
<b>ADS</b>	American Depositary Shares, each representing one Ordinary Share;
<b>ADS Consolidation Letter of Transmittal</b>	the form which must be completed by registered ADS Holders in certificated form and returned together with their ADRs to receive their entitlement to New ADSs after the ADSs have been consolidated;
<b>ADS Holders</b>	holders of ADSs;
<b>Agent Institution</b>	a bank, broker, or other securities intermediary holding security entitlements in ADSs on behalf of a customer acting on behalf of ADS Holders;
<b>American Stock Transfer</b>	American Stock Transfer, the Depository's transfer agent;
<b>Articles</b>	the Company's articles of association adopted with effect from 1 September 2017;
<b>B Shares</b>	redeemable B shares in the capital of the Company carrying the rights and restrictions set out in Section D of Part III of this Circular;
<b>B Share Scheme</b>	the proposed transactions comprising the return of value by way of the issuance of the B Shares, the redemption of the B Shares and the Share Capital Consolidation, in each case to be effected in accordance with Part III of this Circular;
<b>B Share Scheme Payment Date</b>	on or before 13 May 2019 in respect of Ordinary Shares and on or before 20 May 2019 in respect of ADSs (in each case, or such other dates as the Directors in their absolute discretion may determine but being, in any event, dates within 25 days of the Admission), being the dates on which the



	redemption proceeds in respect of the B Share Scheme will be sent to relevant Shareholders;
<b>B Share Scheme Record Time</b>	6.00 p.m. on 29 April 2019 (or such other time and/or date as the Directors in their absolute discretion may determine);
<b>Board</b>	the board of Directors of the Company from time to time;
<b>Business Day</b>	any day other than a Saturday, Sunday or public holiday in England and Wales or, where the context requires, New York City;
<b>CGT</b>	United Kingdom capital gains tax and/or corporation tax on chargeable gains (as applicable);
<b>Chairman</b>	the Executive Chairman of the Company, Kevin Loosemore;
<b>Circular</b>	this document;
<b>Companies Act 2006</b>	the Companies Act of England and Wales 2006, as amended from time to time;
<b>Company</b>	Micro Focus International plc, a company incorporated in England and Wales with registered number 05134647, whose registered office is at The Lawn, 22-30 Old Bath Road, Newbury, Berkshire RG14 1QN;
<b>Completion</b>	completion of the Transaction;
<b>CREST</b>	the system of paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK and Ireland Limited in accordance with the Uncertificated Securities Regulations 2001;
<b>CREST Manual</b>	the Manual, as amended from time to time, produced by Euroclear UK and Ireland Limited describing the CREST system and supplied by Euroclear UK and Ireland Limited to users and participants thereof;
<b>CREST member</b>	a person who has been admitted by Euroclear UK as a system-member (as defined in the CREST Regulations);
<b>CREST Participant</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
<b>CREST Sponsor</b>	a CREST participant admitted to CREST as a CREST sponsor;
<b>CREST Sponsored Member</b>	a CREST member admitted to CREST as a sponsored member;
<b>Custodian</b>	Deutsche Bank Trust Company Americas;
<b>Deferred Shares</b>	the deferred shares of 10 pence each in the capital of the Company carrying the rights and restrictions summarised in Section D of Part III of this Circular;

<b>Deposit Agreement</b>	the agreement between the Company and the Depository relating to the ADSs dated 11 August 2017;
<b>Depository</b>	Deutsche Bank Trust Company Americas;
<b>Directors</b>	the directors of the Company, whose names are set out in paragraph 3 of Part VI of this Circular (or, where the context requires, the directors of the Company from time to time);
<b>Disclosure Guidance and Transparency Rules</b>	the Disclosure Guidance and Transparency Rules of the FCA;
<b>DTC</b>	The Depository Trust Company;
<b>Equiniti or the Registrars</b>	Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA;
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>Executive Directors</b>	the executive directors of the Company as at the date of this Circular and “ <b>Executive Director</b> ” means any one of them;
<b>Existing Ordinary Shares</b>	the existing Ordinary Shares in the capital of the Company;
<b>EQT VIII</b>	EQT VIII SCSp, which acts as an indirect aggregator vehicle for the various limited partnerships and co-investment schemes comprising the fund known as “EQT VIII”;
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority of the UK or any successor authority or authorities;
<b>Form of Proxy</b>	the form of proxy which accompanies this Circular for use at the General Meeting;
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended from time to time);
<b>General Meeting</b>	the general meeting of the Company to be held at the offices of Numis Securities Limited, 10 Paternoster Square, London EC4M 7LT at 9.00 a.m. on 29 April 2019, or any adjournment thereof, to consider and, if thought fit, approve the Resolution, notice of which is set out at the end of this Circular;
<b>Group</b>	the Company and its subsidiaries from time to time;
<b>Listing Rules</b>	the Listing Rules of the FCA;
<b>London Stock Exchange</b>	the London Stock Exchange plc;
<b>Market Abuse Regulation</b>	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
<b>Micro Focus Share Plans</b>	the Micro Focus Incentive Plan 2005, the Micro Focus Sharesave Plan 2006, the Micro Focus Employee Stock Purchase Plan 2006, the Seattle Spinco, Inc 2017 Share Incentive Plan, the Micro Focus Deferred Share Bonus Plan and the Micro Focus Additional Share Grant Programme;
<b>New ADSs</b>	the American Depositary Shares representing the New Ordinary Shares following the Share Capital Consolidation;

<b>New Ordinary Shares</b>	the ordinary shares of 10 pence each in the capital of the Company to be created as a result of the Share Capital Consolidation;
<b>Non-Executive Directors</b>	the non-executive directors of the Company as at the date of this Circular and “ <b>Non-Executive Director</b> ” means any one of them;
<b>Notice</b>	the notice of the General Meeting, which is set out at the end of this Circular;
<b>Numis</b>	Numis Securities Limited;
<b>NYSE</b>	The New York Stock Exchange;
<b>Ordinary Shareholder(s)</b>	the holder(s) of Ordinary Shares from time to time;
<b>Ordinary Shares</b>	the ordinary shares of 10 pence each in the share capital of the Company;
<b>Overseas Shareholders</b>	Shareholders who are not resident in the United Kingdom or the United States or who are citizens, residents or nationals of a country other than the United Kingdom or the United States or who have a registered address which is not in the United Kingdom or the United States. For the avoidance of doubt, Shareholders who are not resident in the United Kingdom include Shareholders who are resident in the Channel Islands or the Isle of Man;
<b>pounds sterling, £ or pence</b>	pounds sterling, the lawful currency of the UK;
<b>Prospectus Rules</b>	the Prospectus Rules of the FCA;
<b>Purchasers</b>	certain subsidiaries of EQT VIII;
<b>Redemption Time</b>	such date as the Directors in their absolute discretion may determine, which is expected to be on 29 April 2019, being the date on which the B Shares issued under the B Share Scheme are expected to be redeemed;
<b>Regulatory Information Service</b>	any of the services set out in appendix 3 of the Listing Rules;
<b>Resolution</b>	the resolution to be proposed at the General Meeting which is set out in the Notice;
<b>Return of Value</b>	has the same meaning as the B Share Scheme;
<b>SEC</b>	the United States Securities and Exchange Commission;
<b>Share Capital Consolidation</b>	the proposed consolidation, subdivision and redesignation of share capital, as more fully described in paragraph 3.2 of Section B of Part III of this Circular;
<b>Shareholders</b>	the holders of Ordinary Shares or ADSs, as applicable, from time to time and, where the context so requires, holders of B Shares and/or Deferred Shares;
<b>Shareholder Helpline</b>	the helpline available to Shareholders in connection with the Return of Value in respect of Ordinary Shares;

<b>subsidiary</b>	a subsidiary as that term is defined in section 1159 of the Companies Act 2006;
<b>SUSE Business</b>	the SUSE business segment of the Group which was transferred to the Purchasers pursuant to the Transaction;
<b>Takeover Code</b>	the City Code on Takeovers and Mergers;
<b>Total Taxable Gains and Income</b>	as defined in paragraph 2.1 of Part V;
<b>Transaction</b>	the disposal of the SUSE Business to the Purchasers for a total cash consideration of US\$2.535 billion pursuant to the agreement dated 2 July 2018 between, amongst others, the Company and the Purchasers (as amended);
<b>UK Listing Authority</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of FSMA;
<b>uncertificated form</b>	recorded on the register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertified Securities Regulations, may be transferred by means of CREST;
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>United States or US</b>	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
<b>US Business Day</b>	a day other than a Saturday, Sunday or public holiday in New York City;
<b>US dollar or USD or US\$</b>	the lawful currency of the United States;
<b>US holder</b>	a holder of Ordinary Shares or ADSs who holds such Ordinary Shares or ADSs as capital assets within the meaning of the US Tax Code, and is for US federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation or other entity taxable as a corporation organised under the laws of the United States, any State thereof or the District of Columbia, (iii) a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more US persons have authority to control all substantial decisions of the trust or (b) a valid election is in place to treat such trust as a domestic trust, or (iv) an estate the income of which is subject to US federal income taxation regardless of its source. As used herein, a “non-US holder” refers to any holder of Ordinary Shares or ADSs (other than a partnership or an entity classified as a partnership for US federal income tax purposes) who is not a “US holder”;
<b>US Securities Act</b>	the Securities Act of 1933, as amended;
<b>US Shareholders</b>	Shareholders who are located in the US; and
<b>US Tax Code</b>	the United States Internal Revenue Code of 1986, as amended.

# MICRO FOCUS INTERNATIONAL PLC

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a General Meeting of Micro Focus International plc (the “**Company**”) will be held at 9.00 a.m. on 29 April 2019 at the offices of Numis Securities Limited, 10 Paternoster Square, London EC4M 7LT for the purpose of considering and, if thought fit, passing the following resolution (the “**Resolution**”), as a special resolution:

### SPECIAL RESOLUTION

#### THAT:

- (A) pursuant to section 21(1) of the Act, the articles of association of the Company be altered by:
- (i) deleting the current article 122 and substituting therefor a new article 122, as set out in full in section C of Part III of the Circular; and
  - (ii) deleting the current articles 139 and 140 and substituting therefor new articles 139 and 140 as set out in full in section D of Part III of the Circular;
- (B) the Directors of the Company be and are hereby generally and unconditionally authorised:
- (i) to capitalise a sum not exceeding US\$2.1 billion, standing to the credit of the Company’s merger reserve, and to apply such sum in paying up in full up to the maximum number of redeemable shares in the capital of the Company, with such nominal value in pounds sterling as the Directors may determine, carrying the rights and restrictions set out in article 139 of the articles of association of the Company as amended by this Resolution (the “**B Shares**”) that may be allotted pursuant to the authority given by sub-paragraph (B)(ii) below; and
  - (ii) in addition and without prejudice to all existing authorities for the purposes of section 551 of the Act, pursuant to section 551 of the Act to exercise all powers of the Company to allot and issue credited as fully paid up (provided that the authority hereby conferred shall expire at the close of business on 31 July 2019) B Shares up to an aggregate nominal amount of £1.7 billion to the holders of the Ordinary Shares (including any Ordinary Shares underlying the ADSs) in the capital of the Company as shown in the register of members of the Company at 6.00 p.m. (London time) on the date falling the Business Day prior to the expected date of Admission (as defined below) (the “**Existing Ordinary Shares**”) (other than in respect of Existing Ordinary Shares held in treasury) on the basis of one B Share for each Existing Ordinary Share held and recorded on the register of members of the Company at 6.00 p.m. (London time) on that date (or such other time and/or date as the Directors may in their absolute discretion determine) (the “**B Share Scheme Record Time**”), (but excluding any such shares which were issued on terms that they are not entitled to such allotment), in accordance with the terms of the Circular;
- (C) subject to the New Ordinary Shares (as defined below) being admitted to the Official List of the UK Listing Authority (the “**Official List**”) and to trading on London Stock Exchange plc’s main market for listed securities by 8.00 a.m. on 30 April 2019 (or such other time and/or date as the Directors may in their absolute discretion determine) (“**Admission**”), all of the issued Existing Ordinary Shares be consolidated into one share of a nominal value equal to the aggregate nominal value of all of such Existing Ordinary Shares (the “**Interim Share**”), which shall be allocated to the holders of the Existing Ordinary Shares in proportion to their holdings of Existing Ordinary Shares prior to the consolidation set out in this sub-paragraph (C) and, immediately thereafter, the Interim Share be subdivided and redesignated into:

- (i) such number of new ordinary shares of 10 pence each in the capital of the Company as shall equal the number of Existing Ordinary Shares in issue at the B Share Scheme Record Time multiplied by 0.8296, rounded down to the nearest Ordinary Share (the “**New Ordinary Shares**” and each being a “**New Ordinary Share**”) which shall be allocated to the holders of the Existing Ordinary Shares in proportion to their holdings of Existing Ordinary Shares prior to the consolidation set out in this subparagraph (C), provided that, where such allocation would result in any member being entitled to a fraction of a New Ordinary Share, such fraction shall be aggregated with the fractions of a New Ordinary Share (if any) to which other members of the Company would be similarly so entitled and the Directors of the Company be and are hereby authorised to sell (or appoint any other person to sell) all the New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person(s), and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant members who would otherwise be entitled to the fractions so sold, save that any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company (and, for the purposes of implementing the provisions of this paragraph, any Director (or any person appointed by the Directors) shall be and is hereby authorised to execute one or more instrument(s) of transfer in respect of such New Ordinary Shares on behalf of the relevant member(s) and to do all acts and things the Directors consider necessary or desirable to effect the transfer of such New Ordinary Shares to, or in accordance with the directions of, any buyer of such New Ordinary Shares); and
- (ii) such number of deferred shares of 10 pence each in the capital of the Company as shall equal the number of Existing Ordinary Shares in issue at the B Share Scheme Record Time minus the number of New Ordinary Shares arising pursuant to subparagraph (C)(i) (each a “**Deferred Share**”) having the rights set out in the articles of association of the Company as proposed to be amended by this Resolution, which shall be allocated to the holders of the Existing Ordinary Shares in proportion to their holdings of Existing Ordinary Shares prior to the consolidation set out in this subparagraph (C) provided that, where such consolidation would result in any member of the Company being entitled to a fraction of a Deferred Share, such fraction shall, so far as possible, be aggregated with the fractions of a Deferred Share (if any) to which other members of the Company would be similarly so entitled and the Directors be and are hereby authorised to issue all the Deferred Shares representing such fractions to a nominee, identified by the Directors, who shall hold such Deferred Shares on behalf of the members of the Company entitled to such fractions of a Deferred Share; and
- (D) the Directors be and are hereby authorised to do all such things as they consider necessary or expedient to transfer the Deferred Shares arising as a result of the subdivision and redesignation provided for in sub-paragraph (C) above in accordance with the articles of association of the Company as amended by this Resolution.

By order of the Board  
**Jane Smithard**  
*Company Secretary*  
1 April 2019

*Registered office*  
Micro Focus International plc  
The Lawn  
22-30 Old Bath Road  
Newbury  
Berkshire RG14 1QN  
United Kingdom

## Notes:

1. A Shareholder is entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy need not be a Shareholder of the Company but they must be registered in advance and attend the General Meeting to represent you. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice of General Meeting. In order to be valid an appointment of proxy must be returned by post, by courier or (during normal business hours only) by hand to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom, and must be received by Equiniti Limited by 9.00 a.m. (UK time) on 25 April 2019, or if the General Meeting is adjourned, 48 hours (excluding non-Business Days) prior to the adjourned meeting. A proxy may also be appointed electronically and further details are set out at Note 2 and Note 9 below. Appointment of a proxy does not preclude a Shareholder from attending the General Meeting and voting and speaking in person if they are so entitled and wish to do so. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact the Company's Registrars, Equiniti on 0333 207 6394 from inside the UK and +44 121 415 0968 from outside the UK (calls to this number from outside the UK will be charged at applicable international rates). Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) (Monday to Friday except public holidays in England and Wales).
2. To appoint a proxy electronically log on to the Company's Registrars' website at [www.sharevote.co.uk](http://www.sharevote.co.uk). Shareholders will need their Voting ID, Task ID and Shareholder Reference Number, each of which is printed on the face of the Form of Proxy. Full details of the procedures are given on the website. Alternatively, if you have already registered with the Company's Registrars' online portfolio service, Shareview, you can submit your proxy by logging on to your portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) and clicking on 'Company Meetings'. Instructions are given on the website. If you are a member of CREST, you may use the CREST electronic appointment service, details of which are set out at Note 9.
3. Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.
4. The statement of the rights of Shareholders in relation to the appointment of proxies in Note 1 above does not apply to Nominated Persons. Such rights can only be exercised by Shareholders of the Company.
5. Voting on the Resolution set out in the notice of General Meeting will be on a poll. The Chairman will invite each Shareholder, corporate representative and proxy present at the General Meeting to complete a poll card indicating how they wish to cast their votes in respect of the Resolution. In addition, the Chairman will cast the votes for which he has been appointed as proxy. Poll cards will be collected at the end of the General Meeting. Once the results have been verified by the Company's Registrars, Equiniti, they will be notified to the FCA, announced through a Regulatory Information Service and will be available to view on the Company's website ([www.microfocus.com](http://www.microfocus.com)).
6. A Shareholder has a right to put to the Directors any questions relating to the business to be dealt with at the General Meeting. The Company must give an answer to any such question relating to the business being dealt with at the General Meeting, except if:
  - (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - (b) the answer has already been given on a website in the form of an answer to a question; or
  - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
7. The Company, pursuant to the Uncertificated Securities Regulations 2001 (as amended) and section 360B(2) of the Act, specifies that only those Shareholders on the register of members as at 6.30 p.m. (UK time) on 25 April 2019 shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their names at that time (or, in the event of any adjournment, at 6.30 p.m. (UK time) on the day which is two Business Days before the day of the adjourned meeting). Changes to entries on the register of members after such time shall be disregarded in determining the right of any person to attend or vote at the General Meeting.
8. As at 29 March 2019 (being the last practicable Business Day prior to the publication of the Circular) the Company's issued share capital consisted of 437,328,733 Ordinary Shares (of which 26,942,137 were held in treasury), carrying one vote each. The total number of voting rights in the Company as at 29 March 2019 was 410,386,596.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. 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 instruction, as

described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA19) by 9.00 a.m. (UK time) on 25 April 2019. 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 Application 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.

10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/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 system providers 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.
11. If all Ordinary Shares have been sold or transferred by the addressee, this Notice and any other relevant documents (but not any personalised Form of Proxy) should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares you should retain these documents and contact the person through whom the sale or transfer was effected. However, the distribution of this Notice and any other relevant documents into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this Notice comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions.
12. American Depository Shares (ADSs): If you hold Micro Focus ADSs as at 5.00 p.m. (New York City time) on 25 March 2019, you will be entitled to instruct Deutsche Bank Trust Company Americas (the Depository) to vote the shares represented by your ADS at the General Meeting on your behalf as your proxy. If you hold your ADSs directly on the register of ADS holders maintained by the Depository, simply complete and return the relevant ADS proxy card provided to the Depository to arrive by the voting deadline, 10 a.m. (New York City time) on 19 April 2019 (or 11:59 p.m. (New York City time) on 18 April 2019 if providing instructions electronically). If you hold your ADSs indirectly through a bank, broker or nominee, you will receive the relevant materials pursuant to which you will be able to exercise your right to instruct the Depository to vote the shares represented by your ADSs on your behalf as your proxy.
13. Copies of the Circular will be available for inspection at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL during usual business hours (Saturdays, Sundays and English public holidays excepted) from the date of this Notice until the conclusion of the General Meeting and at the General Meeting itself for at least 15 minutes prior to and during the General Meeting.
14. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
15. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
16. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom. In the case of a member which is a company, the revocation 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. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Equiniti by 9.00 a.m. (UK time) on 25 April 2019, or if the General Meeting is adjourned, 48 hours prior (excluding non-Business Days) to the adjourned meeting.
17. You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in either this Notice of General Meeting or any related document (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.
18. In accordance with section 311A of the Act, the contents of this Notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website [www.microfocus.com](http://www.microfocus.com).
19. Unless the context otherwise requires, the definitions used in the Circular shall apply in this Notice.