


MEETING DATE	Tue, 03 Dec 2019 11:15 am	TYPE	EGM	ISSUE DATE	Fri, 22 Nov 2019
MEETING LOCATION	The Pentagon, Abingdon Science Park, Abingdon OX14 3YP				
CURRENT INDICES	FTSE MidCap				
SECTOR	Software				

### COMPANY OVERVIEW

Sophos is headquartered in Oxford, UK. Sophos offers end-to-end protection against complex threats and data loss. The Company offers security solutions covering endpoint, mobile, server, encryption, web, email, Wi-Fi, and UTM/next-generation firewall, all backed by SophosLabs - a global threat analysis center which provides real-time cloud-enabled security intelligence. Sophos aims to provide complete, enterprise-grade security solutions that are simple to deploy, manage and use, and to deliver one of the industry's lowest total cost of ownership.

### MEETING SPECIFIC INFORMATION

#### Quorum requirements and voting majority

Resolutions under extraordinary business have special voting majority requirements. Resolutions 1 requires three quarters of the votes validly cast in order to be approved.

### PROPOSALS

### ADVICE

#### 1\* **Approve Matters Relating to the Recommended Cash Acquisition of Sophos Group plc by Surf Buyer Limited**

**For**

Shareholders are being asked to approve the agreement with Sophos Group PLC ("Sophos") and Surf Buyer Limited (Surf Buyer) regarding the acquisition of the entire issued and to be issued share capital of Sophos to be effected by means of a Court-sanctioned scheme of arrangement. The acquisition will result in Sophos becoming wholly owned by Bidco, managed by Thoma Bravo.

**Terms of the Merger:** Under the terms of the Merger, each Sophos Share held will be exchanged for USD 7.40 in cash. The Acquisition values the entire issued and to be issued share capital of Sophos at approximately USD 3,821 million on a fully diluted basis and implies an enterprise value of USD 3,891 million (equivalent to GBP 3,012 million and GBP 3,068 million respectively). The GBP equivalent value of the Cash Consideration based on the Announcement Exchange Rate, being 583.5 pence, represented a premium of approximately: 37.1% to the Closing Price of 425.5 pence per Sophos Share on 11 October 2019 (being the last Business Day before the Announcement Date); and 45.6% to the daily volume weighted average price of 400.6 pence per Sophos Share during the six-month period ended 11 October 2019. At the last practicable date exchange rate, the consideration is worth 574.9 pence, equating to 35.1% and 43.5% on the last business day before the announcement, and the daily volume weighted average price over the previous six years previously, respectively. Bidco has received irrevocable commitments to vote in favour of the resolutions relating to the Acquisition in relation to their own beneficial holdings, of 0.7% (3,544,424 shares), in addition to receiving the same commitments from Pentagon Lock Entities, Peter Lammer, Jan Hruska and LGL Trustees Limited, collectively holding 27.6% of the share capital (134,652,402 shares).

**Recommendation:** The Proposed transaction has been adequately described and justified by the Board which is welcomed. No significant governance concerns have been identified. There is an insufficient balance of independent representation on the Board which means a lack of assurance that the proposed transaction is undertaken with appropriate independent judgement and oversight. However, three independent financial advisors, J.P. Morgan Cazenove, Lazard and UBS, have stated the recommendation is fair and reasonable. A vote in favour is recommended.

\* = **Special resolution**

## **COMPANY ENGAGEMENT**

A draft copy of this report was sent to the Company.  
The Company did not respond to engagement.

## BOARD AND COMMITTEE COMPOSITION (post-Meeting)

### BOARD CHANGES

Chief Financial Officer Nick Bray has left the Board in Mid November 2019.

DIRECTOR	GENDER	INDEPENDENT BY			BOARD	AC	RC	NC	SC	TENURE
		PIRC	COMPANY							
Peter Gyenes	M	No	Yes	Ch	-	M	C	-	13	
Kris Hagerman	M	No	No	CEO	-	-	-	-	7	
Sandra E. Bergeron	F	No	Yes	NED	M	M	M	-	9	
Roy Mackenzie	M	No	No	NED	-	-	M	-	9	
Rick Medlock	M	Yes	Yes	NED	C	M	M	-	2	
Vin Murria	F	Yes	Yes	NED	M	M	M	-	2	
Paul Walker	M	Yes	Yes	SID	M	C	M	-	4	
Number of Meetings										
Number of NED only Meetings										

PIRC assesses a non-executive director's independence according to PIRC's shareholder guidelines. Comments represent PIRC's analysis based on information in the report and accounts. AC = Audit Committee, RC = Remuneration Committee, NC = Nomination Committee, SC = Sustainability Committee, C = Chair of Committee, M = Member of Committee.

### BOARD OF DIRECTORS (post-Meeting)

<b>PETER GYENES</b>						<b>CHAIR</b>				
<b>AGE</b>	n/d	<b>TENURE</b>	13 Years	<b>COMMITTEES</b>	R,N*					
<b>OTHER POSITION</b>	Information Builders, Inc. [NED]; Massachusetts Technology Leadership Council [Trust]; Pegasystems Inc. [NED]; RealPage Inc. [NED]; ex-Ascential Software Corporation [Ch & CEO]; ex-Carbonite Inc. [NED]; ex-Epicor Software Corporation [NED]; ex-Intralinks, Inc. [NED]; ex-Lawson Software, Inc. [NED]; ex-VistaPrint N.V. [NED]; ex-webMethods [NED]									
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>			Y					
<b>COMMENT</b>	Independent upon appointment. Peter Gyenes is a Director of Carbonite Inc., of which Steve Munford is also a Director. The Director also has a tenure of over nine years.									
<b>KRIS HAGERMAN</b>						<b>CHIEF EXECUTIVE</b>				
<b>AGE</b>	n/d	<b>TENURE</b>	7 Years	<b>COMMITTEES</b>	None					
<b>OTHER POSITION</b>	ex-Affinia [Fnd & CEO]; ex-BigBook [Fnd & CEO]; ex-Corel Corporation [CEO]; ex-McKinsey & Company [n/d]; ex-Silicon Graphics [n/d]; ex-Symantec Corp. [Gp Pres]; ex-Veritas Software [EVP & GM]									
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>			N					
<b>SANDRA E. BERGERON</b>						<b>NON-EXECUTIVE DIRECTOR</b>				
<b>AGE</b>	n/d	<b>TENURE</b>	9 Years	<b>COMMITTEES</b>	A,R,N					
<b>OTHER POSITION</b>	F5 Networks, Inc. [NED]; Qualys, Inc. [NED]; ex-ArcSight [NED]; ex-McAfee, Inc. [Exec]; ex-Netegrity [NED]; ex-Nuance Communications [NED]; ex-Tipping Point [NED]; ex-TraceSecurity, Inc. [NED]; ex-TriCipher [NED]; ex-Trident Capital [Venture Partner]									
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>			Y					
<b>COMMENT</b>	Not considered independent owing to a tenure of over nine years.									

<b>ROY MACKENZIE</b>		<b>NON-EXECUTIVE DIRECTOR</b>			
<b>AGE</b>	n/d	<b>TENURE</b>	9 Years	<b>COMMITTEES</b>	N
<b>OTHER POSITION</b>	Apax Partners [Partner]; Duck Creek Software, Inc. [NED]; Exact Holdings NV [NED]; ex-Epicor Software Corporation [Dir]; ex-McKinsey & Company, Inc. [Consultant]; ex-Psion Computers [Product Management role]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		N	
<b>COMMENT</b>	Not independent as he serves as a partner at by Apax Partners, LP, the largest shareholder of the group, which also appointed him to the Board.				

<b>RICK MEDLOCK</b>		<b>NON-EXECUTIVE DIRECTOR</b>			
<b>AGE</b>	n/d	<b>TENURE</b>	2 Years	<b>COMMITTEES</b>	A*,R,N
<b>OTHER POSITION</b>	Synamedia Holdings Limited [CFO]; ex-Edwards Vacuum [NED]; ex-Inmarsat plc [CFO]; ex-Misys [CFO]; ex-NDS Group plc [CFO]; ex-Worldpay Group plc [CFO]				
<b>INDEPENDENT BY PIRC</b>	Y	<b>INDEPENDENT BY COMPANY</b>		Y	

<b>VIN MURRIA</b>		<b>NON-EXECUTIVE DIRECTOR</b>			
<b>AGE</b>	n/d	<b>TENURE</b>	2 Years	<b>COMMITTEES</b>	A,R,N
<b>OTHER POSITION</b>	DWF Group plc [NED]; Elderstreet Investments [Partner]; Rothschild Global Advisory [Adv]; Softcat plc [NED]; Zoopla Property Group plc [NED]; finnCap Group plc [NED]; ex-Advanced Computer Software [Founder and CEO]; ex-Chime Communications [NED]; ex-Computer Software Group [CEO]; ex-Concateno [NED]; ex-Greenko Group [NED]				
<b>INDEPENDENT BY PIRC</b>	Y	<b>INDEPENDENT BY COMPANY</b>		Y	

<b>PAUL WALKER</b>		<b>SENIOR INDEPENDENT DIRECTOR</b>			
<b>AGE</b>	n/d	<b>TENURE</b>	4 Years	<b>COMMITTEES</b>	A,R*,N
<b>OTHER POSITION</b>	Ashtead Group plc [Ch]; Experian plc [NED]; Halma plc [Ch]; ex-Diageo plc. [NED]; ex-Epicor Software Corporation [NED]; ex-Ernst & Young [NED]; ex-My Travel Group plc [NED]; ex-Newcastle Science City Partnership [NED]; ex-Perform Group Ltd. [Ch]; ex-Sage Group plc [CEO]; ex-WANdisco plc [NED]				
<b>INDEPENDENT BY PIRC</b>	Y	<b>INDEPENDENT BY COMPANY</b>		Y	

## BOARD COMPOSITION

### BOARD COMPOSITION FOLLOWING THE EGM

	Number	% of Board
Executive Director	1	14.29
Independent NEDs	3	42.86
Connected NEDs	2	28.57
Other	1	14.29

### BOARD COMMITTEES FOLLOWING THE EGM

	Number of Members	% Women	% Independent by PIRC	% Independent by Company
Whole Board	7	28.57	42.86	71.43
Audit	4	50.0	75.0	100.0
Remuneration	5	40.0	60.0	100.0
Nomination	6	33.33	50.0	83.33

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