

**Sopheon plc**

(Registered in England No: 3217859)



## NOTICE OF ANNUAL GENERAL MEETING

This document is the formal notification to shareholders of the Annual General Meeting, its date, time and place and the matters to be considered (numbered 1 to 8 below). It is an important document. If you are in any doubt about the contents of this document or about what action you should take, you should consult your stockbroker, accountant or other independent professional advisor authorised under the Financial Services and Markets Act 2000 (as amended). Separate notes on the proxy form attached explain the arrangements for shareholders to exercise their voting rights. If you have sold or transferred all of your Sopheon plc ordinary shares, please pass these documents to either the purchaser or transferee or the person through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. As further described on the back page of this notice, we now distribute certain Shareholder Documents through the Company's website. Pursuant to the above, we hereby notify you that the Annual Report for the year ended 31 December 2009 is available on our website at [www.sopheon.com](http://www.sopheon.com). Unless you have previously elected to do so, to receive a hard copy of the Annual Report free of charge, please write to the Company's registered office.

NOTICE is hereby given that the Annual General Meeting of the Company for 2010 will be held at the offices of Hammonds LLP, 7 Devonshire Square, London EC2M 4YH on 15 June 2010 at 11.00 am for the following purposes:

### **ORDINARY BUSINESS (all Ordinary Resolutions)**

1. To receive and to adopt the report of the directors and the auditors and the Company's accounts for the year ended 31 December 2009.
2. To re-appoint Barry Mence as a director of the Company.
3. To re-appoint Andrew Michuda as a director of the Company.
4. To re-appoint Bernard Al as a director of the Company.
5. To re-appoint BDO Stoy Hayward LLP as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company and to authorise the directors to determine their remuneration.

### **SPECIAL BUSINESS**

Resolutions 6 and 7 are proposed in order to provide for (i) Directors' general authority to allot shares and other equity securities and (ii) authority to be given to the Directors to issue shares for cash. As was the case for resolutions passed at the Company's 2008 Annual General Meeting, the authorities referred to at (i) and (ii) above will not expire until after five years, but in accordance with good practice, the directors intend to update and renew such authorities at subsequent Annual General Meetings. In addition, in line with the Companies Act 1985, the Company's Memorandum & Articles of Association provide for at least 21 days notice for annual general meetings or for general meetings where a special resolution or a resolution appointing a director is proposed, and 14 days notice for other general meetings. Under the Companies Act 2006 (the "Act") general meetings require 14 days notice. In Resolution 8, the Directors propose the replacement of Article 51 with revised language to reflect this change. Rather than including the full text of the Article in this Notice, the Directors consider it more appropriate and practical to seek to adopt a new set of Articles which will be available for review at the Annual General Meeting.

### **To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:**

6. That the Directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Act to exercise all the powers of the Company to allot equity securities (within the meaning of that Section) up to a maximum aggregate nominal amount of £3,221,048.65, but so that such authority (unless previously renewed, revoked or varied) is to expire on 14 June 2015, but so that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if such authority had not expired. This authority is in substitution for all previous authorities conferred upon the Directors pursuant to Section 80 of the Companies Act 1985 or Section 551 of the Act, but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

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## To consider and, if thought fit, pass the following resolution as a Special Resolution:

7. That the Directors be and are hereby empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by resolution 6 above, as if Section 561 (1) of the Act did not apply to any such allotment provided that such power is limited to:
- the allotment of equity securities in connection with an issue or offering by way of open offer or rights issue to holders of equity securities in proportion (as nearly as may be practicable) to the respective numbers of equity securities held by or deemed to be held by them on the record date of such allotment, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory authority or any stock exchange;
  - the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to a maximum aggregate nominal amount of £425,000 in connection with allotments arising from conversion of the Company's £850,000 issued 8% Convertible Loan Stock 2011; and
  - the allotment (otherwise than pursuant to paragraphs (a) and (b) above) of equity securities up to a maximum aggregate nominal amount of £2,000,000 to include allotments arising from the exercise of the Company's €10,000,000 Equity Line of Credit Facility with GEM Global Yield Fund Limited,

provided that the power hereby conferred shall operate in substitution for and to the exclusion of any previous power given to the directors pursuant to Section 570 of the Act or pursuant to Section 95 of the Companies Act 1985 (as amended) and that such authority is to expire on 14 June 2015, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if such authority had not expired.

8. That the Articles of Association in the form produced to the meeting and initialled by the Chairman for the purposes of identification be and are hereby adopted as the new Articles of Association in substitution for and to the entire exclusion of the existing Articles of Association of the Company.

## BY ORDER OF THE BOARD

A. Karimjee  
Secretary

3 May 2010

### Notes:

- A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, speak and vote at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
- Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast) members must be entered on the Company's register by 11.00 am on 13 June 2010.
- A form of proxy is enclosed. To be effective, it must be deposited at the Company's Registered Office, or the office of the Company's registrars, Capita Registrars PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received not later than 48 hours before the time appointed for holding the meeting. Completion of the form of proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.
- To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID RA10) by 11.00 am on 13 June 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the company's registrars no later than 11.00 am on 13 June 2010.
- In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the AGM so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.
- Copies of the following documents will be available for inspection at the Company's registered office during normal business hours on any weekday from the date of this notice until the AGM and at the AGM for a period of 15 minutes before the commencement until the conclusion of the AGM:
  - the executive directors' service agreements and non executive directors' letters of appointment with the Company;
  - register of interests of the directors and their families in the share capital of the Company;
  - documents constituting the £850,000 8% convertible loan stock 2011; and
  - documents constituting the €10,000,000 Equity Line of Credit Facility with GEM Global Yield Fund Limited.
  - existing Memorandum and Articles of Association and new Memorandum and Articles of Association proposed to be adopted pursuant to Resolution 8.

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**FORM OF PROXY FOR 2010 ANNUAL GENERAL MEETING**

I/We, .....

of .....

being a member/members of the above-named Company, hereby appoint the Chairman of the meeting or .....

.....

of .....

as my/our proxy to vote in my/our name(s) and on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Hammonds LLP, 7 Devonshire Square, London EC2M 4YH on 15 June 2010 at 11.00 am (including in respect of whether to adjourn such meeting) and at any adjournment of such meeting. I/We direct my/our proxy to vote on the Resolutions set out in the notice dated 3 May 2010 convening the Annual General Meeting as follows and, on any other resolutions, as he or she thinks fit:

<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Vote Withheld</b>	<b>Discretionary</b>
1. To receive and adopt the report of the directors and the audited accounts for the year ended 31 December 2009				
2. To re-appoint Barry Mence as a director of the Company				
3. To re-appoint Andrew Michuda as a director of the Company				
4. To re-appoint Bernard Al as a director of the Company				
5. To re-appoint BDO Stoy Hayward LLP as auditors and to authorise the directors to determine their remuneration				
6. To give the directors authority to allot relevant securities pursuant to Section 551 of the Companies Act 2006				
7. To give the directors authority to allot equity securities for cash pursuant to Section 570 of the Companies Act 2006				
8. To amend the articles of association of the Company				

Signed this ..... day of.....2010

Signature .....

Name in Block Capitals.....

Initial and surnames of joint holders (if any) .....

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## Notes:

1. If it is desired to appoint any person other than the Chairman as proxy, delete the words "the Chairman of the meeting or" and insert his or her name and address and initial the alteration. The person appointed to act as proxy need not be a member of the Company.
2. You may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please return a separate form in relation to each proxy, clearly indicating next to the name of each proxy the number and class of shares in respect of which he is appointed. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
3. In the case of a corporation, this form of proxy must be executed by the corporation and must be signed either under seal or under the hand of a duly appointed director or another duly authorised officer.
4. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
5. If you want your proxy to vote in a certain way on the resolutions specified please place an "X" in one of the relevant boxes for each of the resolutions. If you select "discretionary" or fail to select any of the given options your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can also do this on any other resolution that is put to the meeting.
6. The "vote withheld" option is provided to enable you to abstain on any particular resolution however it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.
7. To be valid, this proxy and any power of attorney or other written authority under which it is signed or an office or notarially certified copy of such power or authority or a copy certified in accordance with the Powers of Attorney Act 1971 or the Enduring Powers of Attorney Act 1985 must reach the Company's Registered Office, or the office of the Company's registrars, Capita Registrars PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 11.00 am on 13 June 2010. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.
8. Completion of this form of proxy will not preclude you from attending and voting at the Meeting if you so wish.

## DISTRIBUTION MECHANISM FOR SHAREHOLDER DOCUMENTS

In recent years a growing number of shareholders have been taking advantage of improvements in technology and accessing the wealth of information on corporate websites. Sopheon's Articles permit the distribution of copies of Shareholder Documents through the Company website. Shareholder Documents include:

- Notices of annual general meetings and other general meetings;
- Any directors' reports or auditors' reports;
- Balance sheets (including every document required by law to be annexed thereto) which are to be laid before the Company in general meeting; and
- Summary financial statements.

One benefit of website communications is that you will be able to access the Shareholder Documents online, which will deliver savings to the Company in terms of administration, printing and postage costs, as well as having environmental benefits. In addition, our website <http://www.sopheon.com> provides other useful information, including up-to-date news about the Company's activities.

However, some shareholders will find it convenient to continue to receive hard copies of such documents. Accordingly, you have the following options:

- **OPTION 1 – Receive the Shareholder Documents through website communication.** If you wish to receive the Shareholder Documents by website communication, no further action needs to be taken. Each time new Shareholder Documents are to be made available, we will send you a letter by post telling you that new documents are, or will be, available to view on the website. From the [www.sopheon.com](http://www.sopheon.com) home page, click on "Investors" and you will be taken to the investor home page which will contain a link to the document; **OR**
- **OPTION 2 – Receive the Shareholder Documents in hard copy.** If you wish to continue to receive the Shareholder Documents in hard copy, please write to us stating this. Your letter should state your name and address and be signed by you as the shareholder or in the case of joint shareholders, by each shareholder, and should be sent to the Company's Registered Office to arrive by 7 June 2010. As an alternative to writing to the Company's Registered Office in the UK, residents of the USA may write to Sopheon Corporation, 3050 Metro Drive, Bloomington, MN 55425, and residents of the Netherlands may write to Sopheon NV, Kantoorgebouw OFFICIA I, De Boelelaan 7, 1083 HJ Amsterdam. **If a letter is not received from you by this date you will be taken to have agreed to receive future Shareholder Documents via the website. If you have previously sent us a letter advising us that you wish to continue to receive hard copies, then you do not need to write again unless you ceased to be a shareholder during the period since the last AGM, and have now become one again.**

You should note that there may be particular circumstances where the Company will need to send documents or other information to you in hard copy, rather than by the use of the website. In such cases, the Company reserves the right to send hard copies. Also, the current use of website communication will be limited to the Shareholder Documents referred to above, and accordingly you may (in any event) receive hard copies of other types of documents from time to time.

We hope you agree that receiving the Shareholder Documents through the website helps the Company to reduce both its costs and its impact on the environment and provides you, the shareholder, with the opportunity to access information in a timely manner.