

19 August 2011

**Micro Focus International plc**  
**Termination of Offer Talks and commencement of share buyback**

**Termination of Offer Talks**

On 26 April 2011, Micro Focus International plc ("Micro Focus" or "the Group", LSE: MCRO.L) announced that it had received a very preliminary approach to acquire the Group. Since then, the Board has held a number of discussions with third parties in relation to various potential transaction structures in order to establish whether a suitable offer for the Group would be forthcoming.

After engaging in discussions for a suitable period, the Board set a deadline for final offers of 19 August 2011. Based on feedback now received from these parties, the Board has terminated discussions and, as a result, Micro Focus is no longer in an offer period.

As announced on 10 August 2011, total revenues and EBITDA in the three months to 31 July 2011 were ahead of the Board's expectations. EBITDA margins have also returned to approximately 40%. The Board is also encouraged by the initial steps being taken by management to address the Group's sales execution issues and has confidence in the future opportunities for Micro Focus to execute on its strategy and to create substantial value for its shareholders, customers and employees.

**Share buyback**

The Group also announces that, with immediate effect and at its sole discretion, it intends to resume on-market purchases of the Group's ordinary shares under its existing shareholder authority. The Group currently has 197,816,844 ordinary shares in issue (excluding 8,206,992 held in Treasury) and having already bought back 8,223,092 shares since the last AGM, has remaining authority from shareholders to buy back up to 12,298,791 ordinary shares. The buyback will be effected within certain other pre-set parameters, including that the maximum price which may be paid for such ordinary shares is 5% above the average of the middle market quotations of such ordinary shares derived from the London Stock Exchange Daily Official List for the five business days before the day the purchase is made.

The timing and quantum of any purchases will be determined by Micro Focus in accordance with the above parameters and in consultation with its joint brokers, Numis

Securities Limited and UBS Limited, with regard to prevailing market conditions and any other relevant considerations. The Group does not intend to limit purchases by reference to the average daily trading volumes in the Group's shares. Any purchases will be funded out of the Group's cash balances and available debt facilities.

Micro Focus confirms that it is not currently in possession of any unpublished price sensitive information. Any shares purchased will be cancelled or held in treasury.

### **Distributable reserves**

After taking account of the dividend distribution of \$32m to be paid to shareholders on 28 September 2011 (to shareholders on the register on 2 September 2011), the Group has approximately \$112m of distributable reserves. The Board is reviewing its options to enable the Group to increase the amount of distributable reserves and will consult with shareholders on the optimal use of the Group balance sheet while the operational improvements are implemented.

### **Enquiries:**

#### **Micro Focus**

Tel: +44 (0)1635 32646

Kevin Loosemore, Executive Chairman

Mike Phillips, Chief Financial Officer

Tim Brill, IR Director

#### **Financial Dynamics**

Tel: +44 (0)20 7831 3113

Charles Palmer

Clare Thomas

Notes to editors:

### **About Micro Focus**

Micro Focus, a member of the FTSE 250, provides innovative software that allows companies to dramatically improve the business value of their enterprise applications. Micro Focus Enterprise Application Modernization and Management software enables customers' business applications to respond rapidly to market changes and embrace modern architectures with reduced cost and risk. For additional information please visit [www.microfocus.com](http://www.microfocus.com)