Micro Focus International Plc Directors' Remuneration Policy Table

Element of pay and alignment with strategy	Operation	Maximum opportunity	Performance measures
Base salary			
Supports the recruitment and retention of executive directors of the calibre required to deliver the Group's strategy. Rewards executives for the performance of their role. Set at a level that allows fully flexible operation of our variable pay plans.	Normally reviewed annually. Increases generally apply from the first quarter of the financial year. When determining base salary levels, consideration is given to the following: • Pay increases for other employees of the Group; • The individual's skills, experience and responsibilities; • Pay at companies of a similar size, complexity and international scope, in particular those within the technology sector, the FTSE 250, US listed technology companies and privately owned Software companies; and • Corporate and individual performance.	Ordinarily, salary increases will be in line with increases awarded to other employees of the Group. However, increases may be made above this level at the committee's discretion to take account of individual circumstances such as: • Increase in scope and responsibility; • Increase to reflect the individual's development and performance in role (e.g. for a new appointment where base salary may be increased over time rather than set directly at the level of the previous incumbent or market level); and • Alignment with market level.	None, although overall performance of the individual is considered by the committee when setting and reviewing salaries annually.

Element of pay and alignment with strategy	Operation	Maximum opportunity	Performance measures
Benefits			
Provides a competitive and cost-effective benefits package to executives to assist them to carry out their duties effectively.	The Group provides a range of benefits which may include a car benefit (or cash equivalent), private medical insurance, permanent health insurance and life assurance. Additional benefits may also be provided in certain circumstances which may include (but are not limited to) relocation expenses, housing allowance, school fees and temporary increase in responsibilities. Other benefits may be offered if considered appropriate and reasonable by the committee.	Set at a level which the committee considers: • Appropriately positioned against comparable roles in companies of a similar size and complexity in the relevant market; and • Provides a sufficient level of benefit based on the role and individual circumstances, such as relocation.	None.
Pension			
Provides a competitive postretirement benefit, in a way that manages the overall cost to the Company.	Defined contribution plan (with Company contributions set as a percentage of base salary). An individual may elect to receive some or all of their pension contribution as a cash allowance.	20% of base salary.	None.

Element of pay and alignment with strategy	Operation	Maximum opportunity	Performance measures
Annual bonus			
Rewards and incentivizes the achievement of annual financial and strategic targets.	Measures and targets are set annually and payout levels are determined by the committee after the year end based on performance against those targets. The committee may, in exceptional circumstances, amend the bonus payout should the formulaic outcome not, in the view of the committee, reflect overall business performance or individual contribution. Any such adjustments would be disclosed in the relevant year's Annual Report on Remuneration and bonuses would not exceed the stated maximum. The annual bonus is delivered in cash. In the case of fraud; mis-statement of accounts; or misconduct; claw-back provisions are in place for a period of up to one year after a bonus payment has been made.	For maximum performance: • 150% of salary for Executive Chairman; and • 100% of salary for other executive directors. The maximum bonus will be achieved by growing the Underlying Adjusted EBITDA by 10% year on year excluding the impact of in year acquisitions and currency on a straight line basis.	The measures and targets are set by the committee each year. The measures that applied for the financial year 2014, and that will apply for the financial year 2015, are described in the Annual Report on Remuneration. Targets are set that drive improvement in the underlying performance of the business ensuring a link to shareholder return. Currently measures are limited to growth in Underlying Adjusted EBITDA excluding the impact of in year acquisitions and currency. This may change if needed to support a change in business strategy.

Element of pay and alignment with strategy	Operation	Maximum opportunity	Performance measures
Long-Term Incentive Plan (LTIP)			
Motivates and rewards the achievement of long-term business goals. Supports the creation of shareholder value through the delivery of strong market performance aligned with the long-term business strategy, both organic and inorganic. Supports achievement of our strategy by targeting performance under our key financial performance indicators of revenue growth and EPS growth. Aligns executive interest with those of long-term shareholders.	Contingent awards of performance shares structured as nil-cost options are made annually with vesting dependent upon the achievement of performance conditions over three years. The committee has discretion to decide whether and to what extent targets have been met, and if an exceptional event occurs that causes the committee to consider that the targets are no longer appropriate, the committee may adjust them, provided the new conditions are no tougher or easier than the original conditions at the time they were set. The committee has the discretion to adjust the LTIP outcomes to ensure alignment of pay with performance to ensure the outcome is a true reflection of the performance of the Company. Any such adjustments would be disclosed in the relevant year's Annual Report on Remuneration. There is no opportunity to re-test.	Maximum opportunity contained within the plan rules is 200% of salary. The maximum face value of annual awards will be 200% of salary.	The performance measures and respective weightings may vary year on year to reflect strategic priorities, subject to retaining at least 50% on EPS. Details of the measure and performance targets used for specific LTIP grants are included in the Annual Report on Remuneration. Threshold performance will result in 25% vesting.

Element of pay and alignment with strategy	Operation	Maximum opportunity	Performance measures
All-employee share plans			
Provides an opportunity for directors to voluntarily invest in the Company.	Executive directors are entitled to participate in a tax approved all-employee plan, The Micro Focus Sharesave Plan 2006, under the same terms as other employees. Under this plan they make monthly savings over a period of three years linked to the grant of an option over Micro Focus shares with an option price which can be at a discount of up to 20% of the market value of shares on grant. Options may be adjusted to reflect the impact of any variation of share capital.	Participation limits are those set by the local tax authorities from time to time.	Not applicable.
Additional Responsibility Allowance			
• Ensure the success of the acquisition of the Attachmate Group by Micro Focus (the "Merger") and the successful integration of the Attachmate Group and the Micro Focus Group • Recognises the significant incremental workload and responsibility and allows for a revised salary to be determined	• ARAs will be a fixed amount per individual, paid on a monthly basis subject to the recipient being in employment with the Micro Focus Group on the date of Payment • Payments will be made during a period of at least six months but not exceeding 3 years from the date of completion of the Merger • The ARA does not contain	• Kevin Loosemore: £260,000 per annum • Mike Phillips: £120,000 per Annum • Stephen Murdoch: £100,000 per annum • Other senior managers: in aggregate £520,000 per annum • Subject to review every 6 months for the first 18 months and then at any time	None

Element of pay and alignment with strategy	Operation	Maximum opportunity	Performance measures
	malus or claw-back provisions	thereafter. Any amendment will take effect on three months' notice, except if a revised salary has been determined, in which case any entitlement to the ARA will cease immediately	
Additional Share Grants			
• Ensure the success of the Merger • Aligns executive interest with those of long-term shareholders	• ASGs will take the form of nil cost options which may be awarded during the first 18 months from the date of completion of the Merger, with vesting dependent upon the achievement of a performance condition over three years • The ASGs do not contain malus or claw-back provisions	• Kevin Loosemore, Mike Phillips and Stephen Murdoch will receive ASGs over no more than 947,140 Ordinary Shares, 676,529 Ordinary Shares and 405,917 Ordinary Shares respectively, (subject to appropriate adjustment in the event of any capitalisation issue, rights issue or open offer, subdivision or consolidation of shares or reduction of capital or any other variation of capital or demerger of all or part of the business) • The number of Ordinary Shares subject to ASGs granted to any other one participant shall not exceed 1,082,448, (subject to appropriate adjustment in the event of any capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital or demerger of all or part of the business)	• The percentage of the ASG which will vest is: (i) 0 per cent. if the Share Holder Return Percentage is 50 per cent. or less; (ii) 100 per cent. if the Share Holder Return Percentage is 100 per cent. or more; and (iii) a percentage determined on a straight line basis between (i) and (ii) above • The "Shareholder Return Percentage" will reflect all dividends paid and any increase in share price from the reference price of 819.4 pence to the vesting price, being the average of the closing share price on the 20 Business Days prior to the vesting date. The vesting date is the earlier of the third anniversary of Completion and 1 November 2017

Fees for non-executive directors are determined by the board after taking appropriate advice. The Company currently has an Executive Chairman whose role combines those of Chairman and Chief Executive. The section below details the Company's policy on how the non-executive directors, including a non-executive Chairman, will be remunerated.

Element of pay and alignment with strategy	Operation
Non-executive director fees	
Provides an appropriate reward to attract and retain high-calibre individuals.	The non-executive Chairman and non-executive directors are paid a basic fee. Additional fees are paid for chairmanship of board committees and for the roles of the senior independent director and Deputy Chairman; • Fees are currently paid in cash but the Company may choose to provide some of the fees in shares. Fees are set at a level which: • Reflects the commitment and contribution that is expected from the non-executive Chairman and non-executive directors; and • Is appropriately positioned against comparable roles in companies of a similar size and complexity in the relevant market, especially companies of a similar size and international scope to Micro Focus, in particular those within the technology sector, the FTSE 250, US listed technology companies and privately owned Software companies. Fees are reviewed periodically. Increases will typically be in line with market levels of fee inflation. In exceptional circumstances (including, but not limited to, material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a non-executive director role) the board has discretion to make appropriate adjustments to fee levels to ensure they remain market competitive and fair to the director. Aggregate fees paid to non-executive directors will remain within the limit stated in our articles of association, currently £1m. Actual fee levels are disclosed in the Directors' Annual Report on Remuneration for the relevant financial year. Non-executive directors do not participate in any incentive scheme.

The committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the policy set out below, where the terms of the payment were agreed (i) before the policy came into effect or (ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director of the Company.