

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional adviser.

If you have sold or otherwise transferred all of your shares in Kofax plc, please send this document together with the accompanying document to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

Kofax plc

(incorporated and registered in England and Wales under number 3119779)

**RECTIFICATION OF FINAL DIVIDEND,
REDUCTION OF CAPITAL,
NEW ARTICLES OF ASSOCIATION
AND
NOTICE OF GENERAL MEETING**

Notice of a General Meeting of Kofax plc to be held at the offices of Landsbanki Securities (UK) Limited, Beaufort House, 15 St Botolph Street, London EC3A 7QR on 16 May 2008 at 10.00 a.m. is set out on pages 7 and 8 of this document.

Whether or not you propose to attend the General Meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon. The form of proxy must be received by the Company's registrars, Capita Registrars, at Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR, as soon as possible but in any event, to be valid, not less than 48 hours before the time of the holding of the General Meeting. The return of the form of proxy will not preclude a Shareholder from attending and voting at the General Meeting in person should he or she decide to do so.

DEFINITIONS

The following terms have the following meanings in this document:

“2007 Final Dividend”	the final dividend of 1.41 pence per ordinary share paid on 14 December 2007 to Shareholders on the register of members of the Company on 16 November 2007;
the “Board” or the “Directors”	the Company’s board of directors;
“Capital Reduction”	the reduction of the Company’s share premium account from £58,624,655 to zero in accordance with Resolution 2;
“Companies Act”	the Companies Act 1985, as amended;
“Company”	Kofax plc;
“GM”	the General Meeting of the Company to be held at the offices of Landsbanki Securities (UK) Limited, Beaufort House, 15 St Botolph Street, London EC3A 7QR on 16 May 2008 at 10.00 a.m.;
“Kofax Group”	the Company and all of its subsidiary undertakings (as defined in the Companies Act);
“Kofax Group Share Plans”	the DICOM ESOP Foundation Employee Stock Ownership Plan and the DICOM 2000 Share Option Plan;
“Resolution”	one of the special resolutions specified in the notice of GM contained within this document;
“Shareholders”	holders of ordinary shares of 2.5 pence each in the Company.

Expected timetable

Latest time and date for receipt of Forms of Proxy for the GM	10.00 a.m. on 14 May 2008
GM	10.00 a.m. on 16 May 2008
Date for Court Hearing to confirm the Capital Reduction	Wednesday, 25 June 2008*
Date on which the Capital Reduction becomes effective	Thursday, 26 June 2008*

**These dates are indicative only and subject to confirmation with the Court.*

LETTER FROM THE CHAIRMAN

Kofax plc

(incorporated and registered in England and Wales under number 3119779)

Directors:

Greg Lock, *Non-Executive Chairman*
Reynolds C Bish, *Chief Executive Officer*
Stefan Gaiser, *Finance Director*
Bruce Powell, *Senior Non-Executive Director*
John Alexander, *Non-Executive Director*
Chris Conway, *Non-Executive Director*
Mark Wells, *Non-Executive Director*
William T Comfort, *Non-Executive Director*

Registered Office:

1 Cedarwood
Chineham Business Park
Basingstoke
Hampshire
RG24 8WD

18 April 2008

To Shareholders and, for information only, to holders of share options under the Kofax Group Share Plans.

Notice of General Meeting

Dear Shareholder,

Introduction

The Company announced on 18 February 2008 that it would be convening a General Meeting. The formal notice of General Meeting is set out on pages 7 and 8 of this document. The purpose of this document is to explain the reasons for this and to seek your approval of the Resolutions contained in the notice.

If you would like to vote on the Resolutions but cannot come to the GM, please fill in the form of proxy sent to you with this notice and return it to our registrars as soon as possible. They must receive it by 10.00 a.m. on 14 May 2008.

You should note that the passing of the first of the Resolutions will have the effect of rectifying the payment of a past dividend of the Company in breach of the technical requirements of the Companies Act and of releasing Directors and former Directors from potential liability.

Rectification of Final Dividend

On 13 November 2007 the Company declared a final dividend for the financial year to 30 June 2007 of 1.41 pence per ordinary share, the amount of which was paid on 14 December 2007 (the “**2007 Final Dividend**”).

Unfortunately, a technical issue has arisen in respect of the Company’s distributable reserves in relation to the 2007 Final Dividend.

The Company’s accounts have always been prepared, reported upon and laid before Shareholders in accordance with the Companies Act and there were sufficient distributable reserves within the Kofax Group throughout the period 13 November 2007 to 14 December 2007 to pay the 2007 Final Dividend.

Unfortunately, sufficient reserves were not transmitted to the Company from other members of the Kofax Group during that period and were not recorded in filed non-consolidated accounts of the Company, as technically required by the Companies Act. This has now been done.

The Board has also been advised that, as a technical matter, the Company may have claims to recover amounts paid against Shareholders and former Shareholders who were recipients in respect of the 2007 Final Dividend, due to its technical invalidity as a result of the Company’s lack of distributable reserves. The Company may also have claims against any of its Directors or former Directors who participated at the Board meeting at which the decision was taken to recommend the Final Dividend.

It is not the intention of the Board ever to pursue these theoretical claims. The Board has been advised that this matter can be remedied, so far as practicable, by passing resolutions which put present and former Shareholders and Directors, so far as possible, into the position in which they were always intended to be.

Shareholders are therefore being requested by Resolution 1 at the GM to:

- (a) give the Company authority to appropriate distributable profits reflected in entries in the interim accounts of the Company made up to 3 April 2008 towards payments in respect of the 2007 Final Dividend;
- (b) release any rights of the Company against Shareholders and former Shareholders in respect of the 2007 Final Dividend; and
- (c) release any rights of the Company against Directors and former Directors in respect of the 2007 Final Dividend.

The passing of this Resolution 1 will have the effect of rectifying the payment of the 2007 Final Dividend and of releasing Directors and former Directors from potential liability.

The deed of release described in Resolution 1(B), and the deed of release described in Resolution 1(D), are each intended permanently, irrevocably and unconditionally to extinguish all claims, whether known, unknown, past, present, prospective or contingent, arising in relation to the payment of the 2007 Final Dividend, and they are available for inspection at the address given below.

The Company has applied for assurances from HM Revenue & Customs that for the taxation purposes of Shareholders and former Shareholders subject to UK taxation, the 2007 Final Dividend will be treated as made at the time it was originally declared and that the release proposed at the GM will not have any UK taxation implications for the Company's Shareholders and former Shareholders. An announcement will be made by the Company if and when these assurances are received.

The Company has neither sought nor obtained assurances from taxation authorities in any jurisdiction outside the United Kingdom in respect of the treatment of the 2007 Final Dividend in any such jurisdiction.

The historic problems with the Company's distributions will not affect the Company's interim dividend of 0.82 pence per ordinary share announced on 18 February 2008 and proposed to be paid on 9 May 2008 to Shareholders on the Company's register of members as of 11 April 2008. The resolution to pay that dividend was made expressly subject to the rectification of the Company's distributable reserves position. As stated above, the position has now been rectified.

In view of its interest in Resolution 1 as a consequence of the potential release from liability under it, the Board is not in a position to state whether it considers that Resolution 1 is in the best interests of the Company and Shareholders as a whole, nor to make a recommendation to Shareholders as to how they should vote on Resolution 1 to be put before the GM. No Director or former Director will be voting on Resolution 1.

The Board nevertheless unanimously recommends that Shareholders exercise their right to vote in relation to Resolution 1, in whichever way they choose.

Landsbanki Securities (UK) Limited has advised the Board that it considers Resolution 1 is in the best interests of the Company and Shareholders as a whole. In providing advice to the Board, Landsbanki Securities (UK) Limited has taken into account the commercial assessments of the Board.

Reduction of Capital

In view of the Company's historical difficulties with its distributable reserves, the Board would like to be in a position in future to facilitate returns of capital to Shareholders with less possibility of running into problems with respect to the level of its distributable reserves. The Board is therefore proposing that the Company reduce its share premium account from £58,624,655 to zero and thereby create distributable reserves of an equivalent amount by means of the Capital Reduction.

Under the Companies Act, the Company can, with the approval of Shareholders and with the confirmation of the Court, reduce or cancel its share premium account. Such a reduction or cancellation creates a reserve which can, subject to the protection of the Company's creditors, be used for distributions.

The Capital Reduction itself will not involve any distribution or repayment of share capital or share premium by the Company and will not reduce the underlying net assets of the Company. The Capital Reduction itself is rather in the nature of a change to the accounting treatment of the relevant amount. Its principal effect will be to create distributable reserves out of which future distributions may be made to Shareholders, if the Board considers it appropriate. The Capital Reduction does not signify any change in the Board's current policy on returns of value to Shareholders.

The Board considers that Resolution 2 reducing the share premium account of the Company is in the best interests of the Company and Shareholders as a whole. The Board will be voting in favour of it and unanimously recommends that Shareholders do so as well.

New Articles of Association – General Changes

The Directors are also asking Shareholders to approve general changes to the Company's articles of association, both in order generally to update them so as to be suitable for a contemporary listed company and to reflect changes in the law as a result of provisions of the Companies Act 2006.

An explanation of the general changes between the proposed and existing articles of association of the Company is set out in Appendix 1 on page 10 of this document.

A version of the Company's articles of association reflecting those general updating changes proposed as a result of Resolution 3 only ("Version A") is available for inspection as indicated below.

Shareholders should note that Resolution 3, and therefore Version A of the Company's proposed articles of association, will only become effective in circumstances where Shareholders also fail to approve Resolution 4 at the GM or any adjournment thereof.

If Shareholders also approve Resolution 4, all of the general updating changes to the Company's existing articles of association will apply as they are incorporated in Version B of the Company's proposed articles of association, together with other changes proposed by virtue of Resolution 4.

The Board considers that Resolution 3 adopting general changes to the articles of association of the Company is in the best interests of the Company and Shareholders as a whole. The Board will be voting in favour of it and unanimously recommends that Shareholders do so as well.

New Articles of Association – Specific Changes

In conjunction with the request to make general updating changes to the Company's articles of association, the Directors are also asking Shareholders to approve two specific changes. One of those specific changes omits the borrowing limit for the Kofax Group contained in the Company's present articles of association, and the other provides for a dispute resolution procedure and governing law in the Company's articles of association.

In order to give Shareholders a greater say in the contents of the Company's articles of association, Shareholders are being asked to vote on these specific matters separately. An explanation of these specific changes between the proposed and existing articles of association of the Company is set out in Appendix 2 on page 13 of this document.

A version of the Company's articles of association reflecting the changes proposed as a result of Resolution 4 ("Version B") is available for inspection as indicated below.

Version B incorporates all of the general changes proposed as a result of Resolution 3, together with the two specific additional changes described above. If Resolution 4 is approved by Shareholders, Resolution 3 and Version A will not become effective.

The Board considers that Resolution 4 adopting changes to the articles of association of the Company is in the best interests of the Company and Shareholders as a whole. The Board will be voting in favour of it and unanimously recommends that Shareholders do so as well.

Explanatory notes on all the business to be considered at the GM appear on page 9 of this document.

Yours faithfully,

Greg Lock
Non-Executive Chairman

Note: Landsbanki Securities (UK) Limited has given and has not withdrawn its written consent to the inclusion of the reference to its name in this document in the form and context in which it is included.

INSPECTION OF DOCUMENTS

The following documents will be available for inspection at the offices of Landsbanki Securities (UK) Limited, Beaufort House, 15 St Botolph Street, London EC3A 7QR from the date of this document and at the GM from 15 minutes before the GM until it ends:

- *a copy of the proposed new articles of association of the Company subsequent to the changes proposed as a result of Resolution 3 only (“Version A”), and a copy of the existing articles of association of the Company marked to show the changes proposed as a result of Resolution 3;*
- *a copy of the proposed new articles of association of the Company subsequent to the changes proposed as a result of Resolution 4 (which incorporates all of the changes proposed as a result of Resolution 3) (“Version B”), and a copy of the existing articles of association of the Company marked to show the changes proposed as a result of Resolution 4;*
- *a copy of the deed of release proposed to be entered into by the Company in respect of claims against Shareholders or former Shareholders in relation to the 2007 Final Dividend;*
- *a copy of the deed of release proposed to be entered into by the Company in respect of claims against its Directors or former Directors in respect of the 2007 Final Dividend;*
- *the consent of Landsbanki Securities (UK) Limited referred to above; and*
- *this document.*

Kofax plc

(Registered in England and Wales under registered number 3119779)

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Company will be held at the offices of Landsbanki Securities (UK) Limited, Beaufort House, 15 St Botolph Street, London EC3A 7QR on 16 May 2008 at 10.00 a.m. to consider, and if thought fit, pass the following resolutions, each of which will be proposed as a special resolution:

1. **THAT:**

- (A) the Company be and it is hereby authorised to appropriate distributable profits of the Company reflected in entries in the interim accounts of the Company made up for the period to 3 April 2008 towards the payment on 14 December 2007 of a final dividend of the Company for the financial period to 30 June 2007;
 - (B) any and all claims which the Company may have in respect of the payment by the Company on 14 December 2007 of a final dividend of the Company for the financial period to 30 June 2007 against its shareholders who appeared on the register of members of the Company on 16 November 2007 be released and a deed of release in favour of such shareholders be entered into by the Company in the form of the deed produced to this meeting and signed by the Chairman for the purpose of identification and thereafter be delivered to the Secretary of the Company for retention by him on behalf of the said shareholders;
 - (C) any distribution involved in the giving of the release described above be made out of the profits appropriated to the distribution in respect of which that release is given as aforesaid by reference to a record date identical to that of the Company's final dividend for the financial period to 30 June 2007; and
 - (D) any and all claims which the Company may have against its directors (both past and present) arising out of the payment on 14 December 2007 of the Company's final dividend for the financial period to 30 June 2007 be released and that a deed of release in favour of the Company's directors be entered into by the Company in the form of the deed produced to this meeting and signed by the Chairman for the purpose of identification and thereafter be delivered to the Secretary of the Company for retention by him on behalf of the said directors.
2. **THAT** the share premium account of the Company be reduced from £58,624,655 to zero.
3. **THAT**, subject to and entirely conditionally upon Resolution 4 not being approved at the meeting or at any adjournment thereof, the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification as "Version A" be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.
4. **THAT** the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification as "Version B" be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

18 April 2008

By order of the Board

Bradford Weller
Company Secretary

Registered office:
1 Cedarwood
Chineham Business Park
Basingstoke
Hampshire
RG24 8WD

Registered in England and Wales under number 3119779

Notes

1. Members are 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 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.
2. A form of proxy is enclosed for this notice for use in connection with the business set out above. To be valid any form of proxy or other instrument appointing a proxy and any power of attorney or other authority under which it is signed must be received by the Company's registrars, Capita Registrars, at Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR by post or (during normal business hours only) by hand no later than 10.00 a.m. on 14 May 2008.
3. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a Shareholder attending the General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 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.
5. The statement of the rights of Shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by Shareholders.
6. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at 10.00 a.m. on 14 May 2008 (or, in the event of any adjournment, 10.00 a.m. on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. As at 17 April 2008 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 83,037,818 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 17 April 2008 are 83,037,818.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment services may do so by using the procedures described in the CREST Manual. 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.
9. 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's specifications, and must contain the information required for such instruction, as described in the CREST Manual. 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 issuer's agent (ID RA10) by 10.00 a.m. on 14 May 2008. 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 issuer'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 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 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.
11. 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.
12. In order to facilitate voting by corporate representations at the meeting, arrangements will be put in place at the meeting 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 corporate 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) 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.

EXPLANATORY NOTES TO THE NOTICE OF GENERAL MEETING

These notes give an explanation of the proposed Resolutions.

Resolutions 1 to 4 are proposed as special resolutions. This means that for each of those Resolutions to be passed, at least three-quarters of the votes cast must be in favour of the Resolution.

Resolution 1

It is proposed in Resolution 1 to:

- (a) give the Company authority to appropriate the distributable profits reflected in entries in the interim accounts of the Company made up to 3 April 2008 towards payments in respect of the 2007 Final Dividend;
- (b) release Shareholders and former Shareholders from any theoretical claims the Company may have against them because the Company paid them the 2007 Final Dividend at a time when it did not have sufficient distributable reserves recorded in non-consolidated accounts of the Company; and
- (c) release Directors and former Directors from any theoretical claims the Company may have against them in respect of the 2007 Final Dividend.

Resolution 2

It is proposed in Resolution 2 to reduce the share premium account of the Company from £58,624,655 to zero.

This is an accounting adjustment designed to make it easier for the Company to pay dividends and other distributions to Shareholders. It will not itself involve any distribution to Shareholders and will not itself reduce the net assets of the Company.

Resolution 3

It is proposed in Resolution 3 to adopt Version A of the Company's proposed articles of association.

The principal general changes to the Company's existing articles of association in the proposed Version A are summarised in Appendix 1. Other changes, which are of a minor, technical or clarifying nature, have not been noted in either Appendix.

Version A and the existing articles of association marked to show the changes incorporated by Version A are available for inspection, as noted on page 6 of this document.

Resolution 3 and Version A will only become effective if Shareholders also fail to approve Resolution 4 at the GM or any adjournment thereof.

The general changes described in Appendix 1 and included in Version A are also incorporated in Version B of the Company's proposed articles of association, together with the additional specific changes described in Appendix 2.

Resolution 4

It is proposed in Resolution 4 to adopt Version B of the Company's proposed articles of association.

Version B incorporates all the general changes to the Company's existing articles of association described in Appendix 1.

Version B also incorporates, in addition to the general changes described in Appendix 1, the two additional specific changes to the Company's existing articles of association described in Appendix 2.

Version B and the existing articles of association marked to show the changes incorporated by Version B are available for inspection, as noted on page 6 of this document.

APPENDIX 1

EXPLANATORY NOTES OF PRINCIPAL GENERAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

(TO APPLY IF EITHER RESOLUTION 3 OR RESOLUTION 4 IS APPROVED)

“Present Articles” for the purposes of this Appendix 1 means the present articles of association of the Company. The changes in this Appendix 1 are common to both Version A and Version B of the proposed new articles of association of the Company and “New Articles” should be construed in this Appendix 1 to refer to either version.

1. VARIATION OF CLASS RIGHTS

The Present Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have therefore been amended in the New Articles.

2. UNCERTIFICATED SHARES

The Present Articles do not make specific provision for uncertificated securities of the Company. A new provision has been included in the New Articles (Article 22) to make specific provision for this and other provisions have been amended to reflect the holding of uncertificated shares, such as the transfer provision (Article 37.1).

3. CONVENING GENERAL MEETINGS

The provisions in the Present Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions of the Companies Act 2006. In particular a general meeting other than an annual general meeting convened to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

4. POWER OF POSTPONEMENT

There is a new provision in the New Articles (Article 52.2) whereby the Board, if it considers the date, time or place of a general meeting for which notice has been given is impractical or undesirable, may postpone or move that meeting.

5. SECURITY ARRANGEMENTS

There is a new provision in the New Articles (Article 62) whereby the Board may direct that persons wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate.

6. VOTES OF MEMBERS

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Present Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for taking the poll, with weekends and bank holidays permitted to be excluded for this purpose.

Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed.

The New Articles reflect all of these provisions.

7. AGE OF DIRECTORS ON APPOINTMENT

The Present Articles contain a provision with the objective of applying restrictions in relation to a Director that has attained the age of 70 years or more. This has been removed from the New Articles.

8. CONFLICTS OF INTEREST

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. This requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee or another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty.

The New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when the Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in the way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at Board meetings and availability of Board papers to protect a Director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors.

9. BOARD MEETINGS BY TELEPHONE

There is a provision in the New Articles (Article 104) permitting the Board to hold meetings of the Board by telephone.

10. DELEGATION TO A SINGLE DIRECTOR

There is a provision in the New Articles (Article 107) permitting delegation to a single Director in addition to the Board's power to delegate to committees.

11. RECORDS TO BE KEPT

The provision in the Present Articles requiring the Company to keep accounting records has been removed as this requirement is contained in the Companies Act 2006.

12. DISTRIBUTION OF ASSETS OTHERWISE IN CASH

The Present Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the power of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Present Articles.

13. FORM OF RESOLUTION

The Present Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being amended because the concept of extraordinary resolution has not been retained under the Companies Act 2006.

The Present Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

14. DIRECTORS' FEES

The Present Articles, adopted in 1996, contain a limitation of £75,000 in aggregate for the remuneration of non-executive directors. To date, non-executive directors have been remunerated to a larger degree than this, as permitted by the Present Articles, by virtue of their participation in committees. The Board considers that it would be better for the New Articles to set a more realistic level for the ordinary remuneration of non-executive directors, given the considerably different environment for the remuneration of non-executive directors in 2008 as compared with 1996. It therefore proposes a re-set limitation of £500,000 for the aggregate remuneration of non-executive directors.

APPENDIX 2

EXPLANATORY NOTES OF SPECIFIC CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

(TO APPLY ONLY IF RESOLUTION 4 IS APPROVED)

“Present Articles” for the purposes of this Appendix 2 means the present articles of association of the Company. The changes in this Appendix 2 are unique to Version B of the proposed new articles of association of the Company and “New Articles” in this Appendix 2 should be construed to refer to Version B only.

1. DISPUTE RESOLUTION

The Board believes it is appropriate to provide for a dispute resolution procedure and governing law in the New Articles.

The New Articles provide that arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce will be the primary procedure for dispute resolution in matters affecting the Company. The Board believes it to be in the interests of all Shareholders to try to mitigate the expense and delay attendant to potential Court litigation in respect of the Company's articles of association by the use of this mechanism.

Where it is determined that arbitration provisions cannot be used in respect of a particular dispute, the New Articles provide that the Courts of England and Wales are to have exclusive jurisdiction. The Board believes this to be entirely appropriate for an English incorporated, listed and domiciled company.

The governing law of the New Articles is therefore expressed to be English Law.

2. BORROWING LIMITS

The Present Articles contain a borrowing limit for the Kofax Group set at three times the Kofax Group's consolidated share capital and reserves.

In the light of the Capital Reduction with the general objective of permitting distributions to shareholders (which, if made, would evidently significantly reduce the applicable limit) and having undertaken a thorough review of the ongoing capital needs of the Company, the Board has concluded that this borrowing limit is no longer appropriate to the circumstances of the Kofax Group.

The Board therefore proposes that no borrowing limit be included in the New Articles.