

SKILLSOFT PUBLIC LIMITED CO
Form PREM14A
April 09, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

SKILLSOFT PUBLIC LIMITED COMPANY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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.. No fee required.

p Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Ordinary Shares, par value 0.11 per share, of SkillSoft PLC (Ordinary Shares)

(2) Aggregate number of securities to which transaction applies:

95,330,356 Ordinary Shares, comprised of (A) 5,276 Ordinary Shares outstanding as of 8 April 2010 and (B) 95,325,080 Ordinary Shares represented by American Depositary Shares (ADSs), which are traded on the NASDAQ Global Market, as well as options to purchase 9,996,601 ADSs with an exercise price of less than \$11.25 per share.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The maximum aggregate value was determined based on the sum of: (a) 95,330,356 SkillSoft Ordinary Shares multiplied by \$11.25 per share; and (b) 9,996,601 SkillSoft Ordinary Shares underlying outstanding stock options with exercise prices less than \$11.25 per share multiplied by \$5.42 (which is the difference between \$11.25 per share and the weighted average exercise price per share). The filing fee was determined by multiplying \$0.00007130 by the maximum aggregate value of the transaction as determined in accordance with the preceding sentence.

(4) Proposed maximum aggregate value of transaction: \$1,126,648,082.42

(5) Total fee paid: \$80,331

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.. Fee paid previously with preliminary materials:

þ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:
\$76,813

(2) Form, Schedule or Registration Statement No.:
PREM14A

(3) Filing Party:
SkillSoft PLC

(4) Date Filed:
February 19, 2010

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Explanatory Note: This preliminary proxy statement is being filed solely to pay the additional filing fee required pursuant to Rule 0-11(a)(3) of the Securities Exchange Act of 1934, as amended.

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional financial advisor who, if you are taking advice in Ireland, is authorised or exempted under the Investment Intermediaries Act 1995 of Ireland (as amended) or the European Communities (Markets in Financial Instruments Directive) Regulations 2007 of Ireland (as amended).

If you have sold or otherwise transferred all of your SkillSoft ADSs and/or SkillSoft Shares please send this document and the accompanying documents at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your SkillSoft ADSs and/or SkillSoft Shares you should immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected. Such documents should, however, not be distributed, forwarded or transmitted in or into or from any Restricted Jurisdiction.

REVISED RECOMMENDED ACQUISITION FOR CASH

OF

SKILLSOFT PUBLIC LIMITED COMPANY

BY

SSI INVESTMENTS III LIMITED

BY MEANS OF A SCHEME OF ARRANGEMENT

UNDER SECTION 201 OF THE COMPANIES ACT 1963 OF IRELAND

EXPLANATORY NOTE

On 31 March 2010, SkillSoft and SSI Investments announced that they had reached agreement on the terms of a revised recommended acquisition for cash of the entire issued and to be issued share capital of SkillSoft by SSI Investments for the increased price of US\$11.25 per SkillSoft Share or SkillSoft ADS. SkillSoft and SSI Investments had previously announced on 12 February 2010 that they had reached agreement on the terms of a recommended acquisition of SkillSoft by SSI Investments for cash at a price of US\$10.80 per SkillSoft Share or SkillSoft ADS. The SkillSoft Board unanimously recommends the Revised Acquisition to SkillSoft Securityholders. To facilitate the Revised Acquisition, the Court Meeting and EGM, scheduled to be held on 6 April 2010, were adjourned and have been reconvened for 3 May 2010 for the purpose of considering and, if thought fit, approving the Revised Acquisition. SkillSoft is mailing this revised Proxy Statement (comprising the Scheme Document) to the SkillSoft Shareholders and SkillSoft ADS holders of record in order to provide information regarding the Revised Acquisition.

SkillSoft ADS holders will find enclosed with this document an ADS Voting Instruction Card for the Adjourned Meetings. SkillSoft ADS holders who previously voted their ADSs by properly and timely submitting their voting instructions, and who wish such voting instructions to remain unchanged for the Adjourned Meetings, should take no action. SkillSoft ADS holders who did not previously

submit voting instructions, or who wish to change their previously submitted voting instructions, should submit their voting instructions in accordance with the instructions printed on the enclosed ADS Voting Instruction Card. Registered SkillSoft ADS holders who elect to submit their voting instructions by returning the ADS Voting Instruction Card should return it by post as soon as possible but in any event so as to be received by the Depositary, at Proxy Tabulator for SkillSoft PLC, P.O. Box 8016, Cary, North Carolina 27512-9903, by 27 April 2010. If you wish to change your previously submitted voting instructions, or if you have not previously voted, your ADS Voting Instruction Card for the Adjourned Meetings must be received by 27 April 2010 or the Depositary will not alter your vote in respect of previous voting instructions or (as the case may be) vote your SkillSoft ADSs. Any new voting instructions properly and timely submitted will supersede any previous voting instructions. Beneficial SkillSoft ADS holders should follow voting instructions provided by your bank or broker.

SkillSoft Shareholders will find enclosed with this document Forms of Proxy for the Adjourned Meetings. SkillSoft Shareholders who have previously submitted their proxy or voting instructions by properly and

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timely submitting a Form of Proxy, and who wish such existing Form of Proxy to remain unchanged for the Adjourned Meetings, should take no action. SkillSoft Shareholders who wish to change their previously submitted voting instructions or appoint a different person as their proxy should complete the enclosed Forms of Proxy in accordance with the instructions printed on the forms and return them either by post, by hand or by fax as soon as possible but in any event so as to be received by SkillSoft's Registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland, not less than 48 hours before the relevant Adjourned Meeting. If returning the Forms of Proxy by fax, please send the fax to 01 216 3183 (if calling within Ireland) or +353 1 216 3183 (if calling from outside Ireland). If the Form of Proxy for the Adjourned Court Meeting is not lodged by the relevant time, it may be handed to the Chairman of the Adjourned Court Meeting before the start of the Adjourned Court Meeting. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Adjourned Court Meeting or the Adjourned EGM (as appropriate) or any adjournment thereof if you so wish and are so entitled.

This document should be read as a whole. Your attention is drawn to the letter from Charles E. Moran, Chairman of the Board of SkillSoft, in Part I (Letter of Recommendation from the Board of SkillSoft) of this document, which contains a unanimous recommendation from the Board of SkillSoft that you vote in favour of the resolutions to be proposed at the Adjourned Court Meeting and the Adjourned EGM. A letter from Credit Suisse explaining the Scheme appears in Part III (Explanatory Statement) of this document.

Capitalised words in this document are defined in Part IX (Definitions).

Notices convening the Adjourned Court Meeting and the Adjourned EGM, both of which will be held at Fitzwilton House, Wilton Place, Dublin 2, Ireland on 3 May 2010, are set out in Part X (Notice of Adjourned Court Meeting) and Part XI (Notice of Adjourned Extraordinary General Meeting of SkillSoft Public Limited Company), respectively, of this document. The Adjourned Court Meeting will start at 9.00 a.m. (Irish Standard Time) and the Adjourned EGM will start at 9.15 a.m. (Irish Standard Time) (or, if later, as soon thereafter as the Adjourned Court Meeting, convened for the same date and place, has concluded or been adjourned).

Record Date for SkillSoft ADS holders. The Depositary has fixed 3 March 2010 as the record date for the determination of SkillSoft ADS holders entitled to receive notice of the Adjourned Court Meeting and the Adjourned EGM, and any adjournment or postponement thereof, and vote on the proposals presented at the Adjourned Meetings.

Record Date for SkillSoft Shareholders. Holders of record of SkillSoft Shares on 7 April 2010, whose names are registered in the register of members of SkillSoft will receive notice of the Adjourned Court Meeting and the Adjourned EGM and any adjournments thereof; however, holders of Scheme Shares as of the Voting Record Time will be entitled to attend and vote at the Adjourned Court Meeting and holders of only SkillSoft Shares as of the Voting Record Time will be entitled to attend and vote at the Adjourned EGM in respect of the number of SkillSoft Shares registered in their name at the Voting Record Time. During each week up to 1 May 2010, the Registrar and SkillSoft will review the register of members of SkillSoft and will mail to any new SkillSoft Shareholders a copy of this document together with the Forms of Proxy.

The action to be taken by SkillSoft Securityholders in respect of the Adjourned Meetings and the Revised Acquisition is set out on page 29.

The directors of SkillSoft accept responsibility for the information contained in this document, other than that relating to SSI Investments, Berkshire, Advent, Bain Capital Partners, the Investor Group, Stockbridge, Stockbridge Partners, their respective associates and the directors of SSI Investments and members of their immediate families, related trusts and persons connected with them. To the best of the knowledge and belief of the directors of SkillSoft (who have taken all reasonable care to ensure such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The directors of SSI Investments accept responsibility for the information contained in this document relating to SSI Investments, the Investor Group, Berkshire, Advent, Bain Capital Partners, Stockbridge, Stockbridge

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Partners, their respective associates and the directors of SSI Investments and members of their immediate families, related trusts and persons connected with them. To the best of the knowledge and belief of the directors of SSI Investments (who have taken all reasonable care to ensure such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Credit Suisse, which is regulated under the laws of the United States of America, is acting for SkillSoft and for no one else in connection with the Revised Acquisition and will not be responsible to any person other than SkillSoft for providing the protections afforded to clients of Credit Suisse, nor for providing advice in relation to the Revised Acquisition, the content of this document or any transaction or any matter referred to herein. Neither Credit Suisse nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Credit Suisse in connection with this document, any transaction, any statement contained herein or otherwise.

Morgan Stanley, which is regulated under the laws of the United States of America, is acting as lead financial advisor to SSI Investments and the Investor Group and no one else in connection with the Revised Acquisition and will not be responsible to anyone other than SSI Investments and the Investor Group for providing the protections afforded to clients of Morgan Stanley or for providing advice in relation to the Revised Acquisition, the contents of this document or any transaction or arrangement referred to herein. Neither Morgan Stanley nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Morgan Stanley in connection with this document, any transaction, any statement contained herein or otherwise.

Barclays Capital, which is regulated under the laws of the United States of America, is acting as financial advisor to SSI Investments and the Investor Group and no one else in connection with the Revised Acquisition and will not be responsible to anyone other than SSI Investments and the Investor Group for providing the protections afforded to clients of Barclays Capital or for providing advice in relation to the Revised Acquisition, the contents of this document or any transaction or arrangement referred to herein. Neither Barclays Capital nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Barclays Capital in connection with this document, any transaction, any statement contained herein or otherwise.

Wilmer Cutler Pickering Hale and Dorr LLP and William Fry are acting as legal advisors to SkillSoft.

Ropes & Gray LLP and Mason Hayes+Curran are acting as legal advisors to SSI Investments and the Investor Group.

This document does not constitute an offer or an invitation to purchase, sell, subscribe for or exchange or the solicitation of an offer to purchase, sell, subscribe for or exchange any securities or the solicitation of any vote of approval in any jurisdiction in which such offer, invitation or solicitation would be unlawful.

The distribution of this document in or into certain jurisdictions may be restricted by the laws of those jurisdictions. Accordingly, copies of this document and all other documents relating to the Revised Acquisition are not being, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction. Persons receiving such documents (including, without limitation, nominees, trustees and custodians) should observe these restrictions. Failure to do so may constitute a violation of the securities laws of any such jurisdiction.

Any action taken in relation to the Revised Acquisition should be taken only on the basis of all of the information contained in this document.

If you are a SkillSoft ADS holder and have any questions relating to this document or how to complete and return the ADS Voting Instruction Card, please call SkillSoft's proxy solicitor, Georgeson, toll-free at 1-866-357-4029 (if calling within the United States) or at 001 212-806-6859 (if calling from outside the

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United States) between 9.00 a.m. and 5.00 p.m. (United States Eastern Time) on any Business Day. If calling from outside the United States, please call collect. Banks and brokers should contact Georgeson at 1-212-440-9800. Georgeson cannot provide advice on the benefits of the Revised Acquisition or the Scheme or recommend how you vote or give any financial or tax advice.

If you are a SkillSoft Shareholder and have any questions relating to this document or how to complete and return the Forms of Proxy, please call SkillSoft's Registrar, Computershare Investor Services (Ireland) Limited at 01 447 5518 (if calling within Ireland) or at +353 1 447 5518 (if calling from outside Ireland) between 9.00 a.m. and 5.00 p.m. (Irish Standard Time) on any Business Day. SkillSoft's Registrar cannot provide advice on the benefits of the Scheme or the Revised Acquisition or recommend how you vote or give any financial advice or tax advice.

Under the provisions of Rule 8.3 of the Takeover Rules, if any person is, or becomes, interested (directly or indirectly) in one per cent. or more of any class of relevant securities of SkillSoft, all dealings in any relevant securities of SkillSoft (including by means of an option in respect of, or a derivative referenced to, any such relevant securities) by such person must be publicly disclosed by not later than 3.30 p.m. (Irish Standard Time) on the business day following the date of the relevant transaction. This requirement will continue until the date on which the Scheme becomes effective or on which the Offer Period otherwise ends. If two or more persons co-operate on the basis of any agreement, either express or tacit, either oral or written, to acquire an interest in relevant securities of SkillSoft, they will be deemed to be a single person for the purpose of Rule 8.3 of the Takeover Rules.

Under the provisions of Rule 8.1 of the Takeover Rules, all dealings in relevant securities of SkillSoft by SSI Investments or SkillSoft, or by any of their respective associates, must also be disclosed by no later than 12 noon (Irish Standard Time) on the business day following the date of the relevant transaction.

The attention of SkillSoft Securityholders, who are resident in, or citizens of, or who have a contractual or legal obligation to forward this document to, Restricted Jurisdictions, is drawn to paragraph 11 in Part III (Explanatory Statement) of this document.

Information concerning forward-looking statements

This document includes information that constitutes forward-looking statements made pursuant to the safe harbour provision of the United States Private Securities Litigation Reform Act of 1995. Statements in this document regarding the proposed transaction between SSI Investments and SkillSoft, the expected timetable for completing the transaction and any other statements about SSI Investments and SkillSoft's future expectations, beliefs, goals, plans or prospects constitute forward-looking statements. Any such forward-looking statements involve risk and uncertainties that could cause actual results to differ materially from those indicated by such forward-looking statements. Factors that could cause or contribute to such differences include competitive pressures, changes in customer demands or industry standards, adverse economic conditions, loss of key personnel, litigation and other risk factors disclosed under the heading "Risk Factors" in SkillSoft's Annual Report on Form 10-K for the fiscal year ended 31 January 2010, as filed with the Securities and Exchange Commission. The forward-looking statements provided by SSI Investments and SkillSoft in this document represent the views of SSI Investments and SkillSoft as of the date of this document. SSI Investments and SkillSoft anticipate that subsequent events and developments may cause their views to change. However, while SSI Investments and SkillSoft may elect to update these forward-looking statements at some point in the future, SSI Investments and SkillSoft specifically disclaim any obligation to do so. These forward-looking statements should not be relied upon as representing SSI Investments or SkillSoft's views as of any date subsequent to the date of this document.

This document is dated 8 April 2010 and was first mailed to SkillSoft Securityholders on 9 April 2010.

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**QUESTIONS AND ANSWERS ABOUT THE REVISED ACQUISITION,
THE SCHEME OF ARRANGEMENT, THE ADJOURNED COURT MEETING,
THE ADJOURNED EXTRAORDINARY GENERAL MEETING AND THE COURT HEARING**

The following questions and answers are provided for your convenience, and briefly address some commonly asked questions about the Revised Acquisition, the Scheme of Arrangement, the Adjourned Court Meeting, the Adjourned Extraordinary General Meeting and the Court Hearing. These questions and answers may not address all questions that may be important to you as a SkillSoft Securityholder. You should still read this entire document carefully, including each of the Annexes.

Overview

Q1: What is the proposed transaction?

A: On 31 March 2010, the Board of SkillSoft and the Board of SSI Investments, a company formed by funds sponsored by each of Berkshire, Advent and Bain Capital Partners, announced that they had reached agreement on the terms of a revised recommended acquisition for cash at the increased price of \$11.25 per SkillSoft Share or SkillSoft ADS of the entire issued and to be issued share capital of SkillSoft by means of a scheme of arrangement. To become effective this proposal is subject to various conditions, including shareholder approval. As described below, the transaction is proposed to be structured as a scheme of arrangement under Irish law, under which SSI Investments will effectively acquire all of the outstanding SkillSoft Shares and SkillSoft ADSs. The Board of SkillSoft unanimously recommends that SkillSoft Securityholders vote in favour of the revised recommended acquisition of SkillSoft by SSI Investments and the Scheme of Arrangement, as the members of the SkillSoft Board who are SkillSoft Securityholders have irrevocably undertaken (subject to certain exceptions) to do in respect of their own beneficial holdings, amounting to, in aggregate 5,877 SkillSoft Shares, which represents approximately 0.006 per cent. of the issued share capital of SkillSoft, and any SkillSoft Shares that such directors may acquire or subscribe for upon exercise of their SkillSoft Options.

Q2: How do I vote in favour of the proposed transaction?

A: If you hold SkillSoft ADSs and you have previously voted in favour of the proposed transaction, your vote will remain valid for the Adjourned Meetings on 3 May 2010. If you wish your voting instructions to remain the same, you should take no action. If you are a registered SkillSoft ADS holder and you wish to change your voting instructions, or if you have not previously submitted voting instructions, you should complete, date and sign the ADS Voting Instruction Card accompanying this document in accordance with the instructions printed thereon and return it to the Depositary, at Proxy Tabulator for SkillSoft PLC, P.O. Box 8016, Cary, North Carolina 27512-9903, United States as soon as possible but, in any event, by 27 April 2010. Alternatively, you may submit your voting instructions via telephone by calling the number printed at the top of your ADS Voting Instruction Card or via the Internet at www.proxypush.com/skil. To dial in or log in please ensure that you have your ADS Voting Instruction Card available. Any new voting instructions properly and timely submitted will supersede any previous voting instructions submitted by you.

If you are a beneficial SkillSoft ADS holder, you should follow the voting instructions provided by your bank or broker.

If you are a direct SkillSoft Shareholder, you will have received a Form of Proxy in respect of each of the Meetings with the scheme circular that was posted to SkillSoft Shareholders on 12 March 2010. If you have already completed and returned either or both of these Forms of Proxy, they will remain valid for the Adjourned Meetings on 3 May 2010 unless you complete and return a new Form of Proxy. SkillSoft Shareholders who wish any existing Form(s) of Proxy to remain in place should take no action.

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SkillSoft Shareholders will find enclosed with this document an additional PINK Form of Proxy for use in connection with the Adjourned Court Meeting and an additional BLUE Form of Proxy for use in connection with the Adjourned EGM. Either these or the original Forms of Proxy should (unless you are an Investor Group Associate) be completed, in each case by following the instructions appearing in the answers to Q13 and Q14 below on pages 5 and 6 of this document, if you wish to make any proxy appointment (or to revoke or revise any proxy appointment which you have already made) in connection with the Adjourned Court Meeting and/or the Adjourned EGM. Any new Form(s) of Proxy properly and timely submitted will supersede any previous Form(s) of Proxy submitted by you.

You will need to complete both Forms of Proxy in order to vote in favour of the Revised Acquisition. There are two Forms of Proxy in this transaction because Irish law requires that two separate shareholder meetings be held, the Adjourned Court Meeting and the Adjourned EGM. Investor Group Associates will not vote their SkillSoft ADSs at the Adjourned Court Meeting but they will instruct the Depositary to vote the SkillSoft Shares represented by their SkillSoft ADSs at the Adjourned EGM.

Q3: What is the difference between a Scheme Shareholder and a SkillSoft Shareholder?

A: Whether a holder of SkillSoft Shares is a Scheme Shareholder or a SkillSoft Shareholder depends on who holds the SkillSoft Shares in question and when the shares were issued by SkillSoft. Any holder of SkillSoft Shares outstanding on the date of this document will be a Scheme Shareholder. In addition, SkillSoft Shares issued after the Scheme Record Time do not constitute Scheme Shares. It is expected that the only SkillSoft Shares issued after the Scheme Record Time will be SkillSoft Shares issued pursuant to the exercise of options granted under the SkillSoft Share Option Plans, and this is explained further in paragraph 11 in Part I (Letter of Recommendation from the Board of SkillSoft) of this document.

Q4: What is a scheme of arrangement ?

A: A scheme of arrangement is an Irish transaction structure that is similar in effect to a merger in the United States. If the Scheme of Arrangement becomes effective, then:

SSI Investments will pay US\$11.25 in cash per SkillSoft Share to each Scheme Shareholder;

all outstanding Scheme Shares will either be cancelled or transferred to SSI Investments;

SkillSoft will issue New SkillSoft Shares to SSI Investments in place of the Cancellation Shares, so that SkillSoft becomes a wholly owned subsidiary of SSI Investments; and

the Scheme will be binding on all SkillSoft Shareholders, whether or not they voted in support of the Scheme.

As SkillSoft is an Irish incorporated company, it and its Board (and the Board's compliance with its fiduciary duties) are subject to the laws of Ireland. As is explained in the succeeding questions and answers, the Revised Acquisition is subject to approval by SkillSoft Shareholders and the High Court of Ireland and the proposed transaction cannot be consummated without these approvals. The Revised Acquisition will be considered approved by SkillSoft Shareholders if a simple majority (more than 50 per cent.) in number of the Scheme Shareholders who vote (in person or by proxy), vote in favour of the Scheme and if Scheme Shares representing three-fourths (75 per cent.) in value of the total number of Scheme Shares voted at the Adjourned Court Meeting are voted in favour of the Scheme. So, in effect, what is being presented in this document is a proposal, to be considered and voted on by SkillSoft Shareholders, for the acquisition of SkillSoft by SSI Investments on the terms set out in this document.

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The Court Hearing, the Adjourned Court Meeting and the Adjourned Extraordinary General Meeting

Q5: What are the Court Hearing and the Adjourned Court Meeting?

A: In order for the Scheme to become effective, the sanction of the Scheme by the High Court at a hearing is required. This hearing is referred to as the Court Hearing. Subject to the approval of the resolutions proposed at the Meetings, it is anticipated that the Court Hearing will take place on 20 May 2010.

In addition, prior to the sanction of the High Court, and in order for the Scheme to become effective, the approval of the Scheme by the Scheme Shareholders is required. This approval is obtained at a shareholder meeting referred to as the Court Meeting. The purpose of the Court Meeting is to allow the High Court to ascertain whether Scheme Shareholders are in favour of the Scheme. All SkillSoft Shareholders, other than the holders of Designated Shares, are Scheme Shareholders. The previously adjourned Court Meeting has been reconvened to be held at 9.00 a.m. (Irish Standard Time) on 3 May 2010, and the Notice of the Adjourned Court Meeting is set out in Part X (Notice of Adjourned Court Meeting) of this document.

Q6: What is the Adjourned Extraordinary General Meeting?

A: In addition to the approval of the Scheme at the Adjourned Court Meeting, the Scheme cannot become effective unless a number of additional resolutions are approved at a second meeting of the SkillSoft Shareholders, which is referred to herein as the Adjourned Extraordinary General Meeting. These resolutions are discussed in paragraph 4.2 of Part III (Explanatory Statement) of this document and, with the exception of resolution 4, all serve to implement the Scheme and SSI Investments' acquisition of SkillSoft. The previously adjourned Extraordinary General Meeting has been reconvened to be held at 9.15 a.m. (Irish Standard Time) on 3 May 2010 or, if later, immediately after the conclusion or adjournment of the Adjourned Court Meeting. The Notice of the Adjourned Extraordinary General Meeting is set out in Part XI (Notice of Adjourned Extraordinary General Meeting of SkillSoft Public Limited Company) of this document.

Q7: Why are there multiple shareholder meetings?

A: Irish law requires that two separate shareholder meetings be held, the Adjourned Court Meeting and the Adjourned Extraordinary General Meeting. Both meetings are necessary to cause the Scheme to become effective. Investor Group Associates will not vote their Scheme Shares at the Adjourned Court Meeting but they will instruct the Depository to vote the SkillSoft Shares represented by their SkillSoft ADSs at the Adjourned Extraordinary General Meeting.

Q8: When and where is the Adjourned Court Meeting?

A: The Adjourned Court Meeting will be held at Fitzwilton House, Wilton Place, Dublin 2, Ireland, on 3 May 2010, at 9.00 a.m. (Irish Standard Time).

Q9: When and where is the Adjourned Extraordinary General Meeting?

A: The Adjourned Extraordinary General Meeting will be held at Fitzwilton House, Wilton Place, Dublin 2, Ireland, on 3 May 2010, at 9.15 a.m. (Irish Standard Time) or, if later, immediately after the conclusion or adjournment of the Adjourned Court Meeting.

Q10: Who is entitled to vote at the Adjourned Court Meeting and the Adjourned Extraordinary General Meeting?

A: Only Scheme Shareholders will be entitled to vote at the Adjourned Court Meeting whereas all SkillSoft Shareholders will be entitled to vote at the Adjourned Extraordinary General Meeting. SkillSoft ADS holders will be represented at the Adjourned Court Meeting and the Adjourned Extraordinary General Meeting through the Depositary, who will vote the SkillSoft Shares represented by their SkillSoft ADSs as instructed by SkillSoft ADS holders through the ADS Voting Instruction Card.

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Q11: What vote is required at the Adjourned Court Meeting?

A: At the Adjourned Court Meeting, the Scheme will be approved if a simple majority (more than 50 per cent.) in number of the Scheme Shareholders who vote (in person or by proxy), vote in favour of the Scheme and if Scheme Shares representing three-fourths (75 per cent.) in value of the total number of Scheme Shares voted at the Adjourned Court Meeting are voted in favour of the Scheme.

In considering its approval of the Scheme, the High Court will consider whether there has been a sufficiently large (in the High Court's judgment) number of Scheme Shares included in the vote in favour of the Scheme to fairly represent the opinion of Scheme Shareholders, in addition to whether the required majority (as described above) is obtained. As a result, it is important that as many votes as possible are cast at the Adjourned Court Meeting.

SkillSoft urges SkillSoft ADS holders who have not already submitted ADS voting instructions, or who wish to change their previously submitted voting instructions, to complete, sign, date and return the enclosed ADS Voting Instruction Card or to submit their ADS voting instructions via the Internet or by telephone to ensure that the Depositary represents their SkillSoft ADSs and votes the corresponding Scheme Shares at the Adjourned Court Meeting.

SkillSoft urges Scheme Shareholders, who have not already completed and returned a PINK Form of Proxy, or who wish to change their previously submitted proxy or voting instructions, to complete, sign, date and return the enclosed PINK Form of Proxy to ensure the representation and voting of their Scheme Shares at the Adjourned Court Meeting.

SkillSoft urges SkillSoft ADS holders and Scheme Shareholders who had previously voted against the Original Acquisition, but now wish to vote in favour of the Revised Acquisition, to properly and timely take the steps outlined in this document to do so.

The failure to vote (by proxy or in person) in favour of the Scheme will increase the likelihood of the Scheme being defeated at the Adjourned Court Meeting and the Revised Acquisition not proceeding.

Q12: What vote is required at the Adjourned Extraordinary General Meeting?

A: At the Adjourned Extraordinary General Meeting, the ordinary resolutions must be approved by a simple majority (more than 50 per cent.) of the votes cast (in person or by proxy) and the special resolutions must be approved by not less than three-fourths (75 per cent.) of the votes cast (in person or by proxy).

SkillSoft urges SkillSoft ADS holders who have not already submitted ADS voting instructions, or who wish to change their previously submitted voting instructions, to complete, sign, date and return the enclosed ADS Voting Instruction Card or to submit their ADS voting instructions via the Internet or by telephone to ensure that the Depositary represents their SkillSoft ADSs and votes the corresponding SkillSoft Shares at the Adjourned Extraordinary General Meeting.

SkillSoft urges SkillSoft Shareholders who have not already completed a BLUE Form of Proxy, or who wish to change their previously submitted proxy or voting instructions, to complete, sign, date and return the enclosed BLUE Form of Proxy to ensure the representation and voting of their SkillSoft Shares at the Adjourned Extraordinary General Meeting.

SkillSoft urges SkillSoft ADS holders and SkillSoft Shareholders who had previously voted against the Original Acquisition, but now wish to vote in favour of the Revised Acquisition, to properly and timely take the steps outlined in this document to do so.

The failure to vote (by proxy or in person) in favour of the resolutions to be proposed at the Adjourned Extraordinary General Meeting will increase the likelihood of the resolutions to be proposed at the Adjourned Extraordinary General Meeting not being approved and the Revised Acquisition not proceeding.

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Q13: How do I vote at the Adjourned Court Meeting?

A: For SkillSoft ADS holders:

If you have previously, properly and timely completed and submitted the ADS Voting Instruction Card mailed to you on 12 March 2010, or properly and timely submitted your voting instructions via telephone or the Internet, those voting instructions will remain valid for the Adjourned Court Meeting unless you complete and return a new ADS Voting Instruction Card, or submit new voting instructions via telephone or the Internet. Any new voting instructions properly and timely submitted will supersede any previous voting instructions. Registered SkillSoft ADS holders who wish their existing ADS voting instructions to remain unchanged should take no action.

Beneficial SkillSoft ADS holders, who have not already submitted voting instructions or who wish to change their voting instructions, should follow the instructions provided by their bank or broker.

Registered SkillSoft ADS holders, who have not already completed and returned an ADS Voting Instruction Card or who wish to change their voting instructions, should complete, date and sign the enclosed ADS Voting Instruction Card in accordance with the instructions printed thereon and return it to the Depositary, at Proxy Tabulator for SkillSoft PLC, P.O. Box 8016, Cary, North Carolina 27512-9903, United States, as soon as possible but, in any event, by 27 April 2010. Alternatively, you may submit your voting instructions via telephone by calling the number printed at the top of your ADS Voting Instruction Card or via the Internet at www.proxypush.com/skil. To dial in or log in please make sure that you have your ADS Voting Instruction Card available. If you are changing your previously submitted voting instructions, or if you did not previously submit voting instructions, your voting instructions for the Adjourned Court Meeting must be received by the Depositary by 5.00 p.m. (United States Eastern Time) on 27 April 2010. It is important that, for the Adjourned Court Meeting, as many votes as possible are cast (whether in person or by proxy) so that the High Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion. Therefore, if you have not previously submitted your voting instructions, or if you wish to change your voting instructions, you are strongly urged to complete, sign, date and return the enclosed ADS Voting Instruction Card as soon as possible to ensure that the Depositary votes the Scheme Shares represented by your SkillSoft ADSs at the Adjourned Court Meeting in accordance with your voting instructions. Any new voting instructions properly and timely submitted will supersede any previous voting instructions submitted by you.

For Scheme Shareholders:

If you have already completed and returned the PINK Form of Proxy distributed with the scheme circular that was posted on 12 March 2010, this Form of Proxy will remain valid for the Adjourned Court Meeting unless you complete and return a new Form of Proxy. SkillSoft Shareholders who wish their existing PINK Form of Proxy to remain unchanged should take no action.

Scheme Shareholders who have not already completed and returned a PINK Form of Proxy, or who wish to change their proxy or voting instructions, should complete, date and sign the enclosed PINK Form of Proxy in accordance with the instructions printed thereon and return it to SkillSoft's Registrar, Computershare Investor Services (Ireland) Limited, at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland, as soon as possible but, in any event, so as to be received by post or, during normal business hours, by hand, by 9.00 a.m. (Irish Standard Time) on 1 May 2010. A PINK Form of Proxy so returned will supersede any PINK Form of Proxy previously submitted by you. It is important that, for the Adjourned Court Meeting, as many votes as possible are cast (whether in person or by proxy) so that the High Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion. Therefore, if you have not previously submitted your proxy or voting instructions, or if you wish to change your proxy or voting instructions, you are strongly urged to complete, sign, date and return the enclosed PINK Form of Proxy as soon as possible.

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Q14: How do I vote at the Adjourned Extraordinary General Meeting?

A: For SkillSoft ADS holders:

If you are a registered SkillSoft ADS holder and you have already completed and returned the ADS Voting Instruction Card that was mailed to you on 12 March 2010, or properly and timely submitted your voting instructions via telephone or the Internet, those voting instructions will remain valid for the Adjourned Extraordinary General Meeting unless you complete and return a new ADS Voting Instruction Card, or submit new voting instructions via telephone or the Internet. Any new voting instructions properly and timely submitted will supersede any previous voting instructions. Registered SkillSoft ADS holders who wish their existing ADS voting instructions to remain unchanged should take no action.

Beneficial SkillSoft ADS holders, who have not already completed and returned an ADS Voting Instruction Card or who wish to change their voting instructions, should follow the instructions provided by their bank or broker.

Registered SkillSoft ADS holders, who have not already completed and returned an ADS Voting Instruction Card or who wish to change their voting instructions, should complete, date and sign the enclosed ADS Voting Instruction Card in accordance with the instructions printed thereon and return it to the Depositary, at Proxy Tabulator for SkillSoft PLC, P.O. Box 8016, Cary, North Carolina 27512-9903, United States, as soon as possible but, in any event, so that it is received by the Depositary by 5.00 p.m. (United States Eastern Time) on 27 April 2010. Alternatively, you may submit your voting instructions via telephone by calling the number printed at the top of your ADS Voting Instruction Card or via the Internet at www.proxypush.com/skil. To dial in or log in please make sure that you have your ADS Voting Instruction Card available. Any new voting instructions properly and timely submitted will supersede any previous voting instructions submitted by you.

For SkillSoft Shareholders:

If you have already completed and returned the BLUE Form of Proxy distributed with the scheme circular that was posted on 12 March 2010, this Form of Proxy will remain valid for the Adjourned Extraordinary General Meeting unless you complete and return a new Form of Proxy. SkillSoft Shareholders who wish their existing BLUE Form of Proxy to remain in place should take no action.

SkillSoft Shareholders, who have not already completed and returned a BLUE Form of Proxy or who wish to change their proxy or voting instructions, should complete, date and sign the enclosed BLUE Form of Proxy in accordance with the instructions printed thereon and return it to Computershare Investor Services (Ireland) Limited, at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland, as soon as possible but, in any event, so as to be received by post or, during normal business hours, by hand, by 9.15 a.m. (Irish Standard Time) on 1 May 2010. Any BLUE Form of Proxy so returned will supersede any BLUE Form of Proxy previously submitted by you.

Q15: If my SkillSoft ADSs or SkillSoft Shares are held in street name by my broker, will my broker vote my SkillSoft ADSs or SkillSoft Shares for me?

A: Depending on any relevant arrangements in respect of such matters, your broker will be permitted to vote your SkillSoft ADSs or SkillSoft Shares only if you instruct your broker how to vote. If you are a SkillSoft Shareholder (but not a SkillSoft ADS holder) and have previously provided your broker with absolute discretion to vote at all times on SkillSoft Shareholder votes, then your broker will be able to vote your SkillSoft Shares unless you instruct your broker otherwise. If your broker does not have absolute discretion to vote on your behalf, or if you are a SkillSoft ADS holder and you wish to instruct your broker to vote on your behalf, you should follow the procedures provided by your broker regarding the voting of your SkillSoft ADSs or SkillSoft Shares. **If your broker does not have absolute discretion and you do not provide instructions to your broker to vote in favour of the Scheme, your SkillSoft ADSs or SkillSoft Shares (as the case may be) will not be voted, which will increase the likelihood of the Scheme being defeated and the Revised Acquisition not proceeding.**

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Q16: If I am a SkillSoft ADS holder, do I need to present my SkillSoft ADSs to the Depository for cancellation and delivery of SkillSoft Shares in order to be able to vote in favour of the Scheme or to receive the Consideration?

A: No. As a SkillSoft ADS holder, you may vote in favour of the Scheme by completing and signing the enclosed ADS Voting Instruction Card and, if the Scheme is made effective, and you continue to hold your SkillSoft ADSs, you will receive the Consideration.

Q17: May I vote in person?

A: For SkillSoft ADS holders:

No. SkillSoft ADS holders will not be entitled to attend or vote or speak at the Adjourned Meetings or to be represented at the Court Hearing. However, SkillSoft ADS holders may instruct the Depository how to vote such holders' SkillSoft ADSs at the Adjourned Meetings and the Depository will vote in accordance with the instructions it receives. Details of how SkillSoft ADS holders can instruct the Depository to vote at the Adjourned Court Meeting and the Adjourned Extraordinary General Meeting are contained in the enclosed ADS Voting Instruction Card.

SkillSoft ADS holders who wish to attend or vote or speak at the Adjourned Court Meeting and/or the Adjourned Extraordinary General Meeting or to be represented at the Court Hearing should take steps to present their SkillSoft ADSs to the Depository for cancellation and delivery of SkillSoft Shares so as to become holders of record of SkillSoft Shares on the register of members of SkillSoft prior to the relevant Voting Record Time for the Adjourned Court Meeting or the Adjourned Extraordinary General Meeting or prior to the Court Hearing (as the case may be).

For Scheme Shareholders and SkillSoft Shareholders:

Yes. If you are a holder of Scheme Shares you may attend and vote and speak at the Adjourned Court Meeting in person. If you are a holder of SkillSoft Shares you may attend and vote and speak at the Adjourned Extraordinary General Meeting and vote your SkillSoft Shares in person. If you hold your Scheme Shares or SkillSoft Shares (as the case may be) in street name, you must provide a legal proxy executed by your bank or broker to vote your Scheme Shares or SkillSoft Shares in person at the Adjourned Court Meeting and/or the Adjourned Extraordinary General Meeting.

Q18: What if I do not vote in favour?

A: The failure to vote in favour of the Scheme and the resolutions to be proposed at the Adjourned Extraordinary General Meeting (by proxy or in person) will increase the likelihood of (i) the Scheme being defeated at the Adjourned Court Meeting; (ii) the resolutions to be proposed at the Adjourned Extraordinary General Meeting not being approved; and (iii) the Revised Acquisition not proceeding. If the Scheme is defeated and the Revised Acquisition does not proceed, you will not receive the consideration of US\$11.25 in cash per SkillSoft ADS or SkillSoft Share that is payable pursuant to the terms of the Revised Acquisition and Scheme. Your vote is important regardless of the number of SkillSoft ADSs or SkillSoft Shares that you own.

Q19: Who is soliciting my proxy?

A: This proxy is being solicited by the Board of SkillSoft. The Board of SkillSoft considers the terms of the Revised Acquisition to be fair and reasonable. The Board of SkillSoft unanimously recommends that SkillSoft Securityholders vote in favour of the Revised Acquisition and Scheme.

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Q20: May holders of SkillSoft ADSs or SkillSoft Shares be represented at the Court Hearing?

A: SkillSoft ADS holders will not be entitled to be represented at the Court Hearing. SkillSoft ADS holders who wish to be represented at the Court Hearing should take steps to present their SkillSoft ADSs to the Depositary for cancellation and delivery of SkillSoft Shares so as to become holders of record of SkillSoft Shares in the register of members of SkillSoft prior to the Court Hearing. All SkillSoft Shareholders (but not SkillSoft ADS holders) are entitled to be represented by counsel or a solicitor (at their own expense) to support or oppose the sanctioning of the Scheme at the Court Hearing.

Q21: What should I do now?

A: For SkillSoft ADS holders:

After carefully reading and considering the information contained in this document, please vote your SkillSoft ADSs if you have not previously done so, or if you wish to change your voting instructions, by returning the enclosed ADS Voting Instruction Card to the Depositary or by submitting your ADS voting instructions via the Internet or by telephone as explained on your ADS Voting Instruction Card. If you are a beneficial SkillSoft ADS holder, you should follow the instructions provided by your bank or broker.

Do **not** enclose or return your SkillSoft ADS certificates with your ADS Voting Instruction Card.

For Scheme Shareholders and SkillSoft Shareholders:

After carefully reading and considering the information contained in this document, please vote your SkillSoft Shares if you have not already done so, or if you wish to change your voting instructions, by returning the enclosed PINK Form of Proxy and BLUE Form of Proxy to SkillSoft's Registrar by post, by hand or by fax. SkillSoft Shareholders (but not SkillSoft ADS holders) may also attend the Adjourned Court Meeting and/or the Adjourned Extraordinary General Meeting and vote in person.

Do **not** enclose or return your share certificate(s) with your Forms of Proxy.

Q22: When should I send in my ADS Voting Instruction Card and/or Forms of Proxy?

A: SkillSoft ADS holders who have not already completed and returned an ADS Voting Instruction Card, or who wish to change their voting instructions, should complete, sign, date and return their ADS Voting Instruction Card as soon as possible, and in any event, so that it is received by the Depositary by 5.00 p.m. (United States Eastern Time) on 27 April 2010, so that their SkillSoft ADSs will be voted at the Adjourned Court Meeting and/or Adjourned Extraordinary General Meeting. If you are a beneficial SkillSoft ADS holder, you should follow the instructions provided by your bank or broker.

SkillSoft Shareholders who have not already completed and returned their Forms of Proxy, or who wish to change their proxy or voting instructions, should complete, sign, date and return their Forms of Proxy (in the manner set out in the section headed "Action to be Taken" on page 29 of this document) as soon as possible, and in any event by 1 May 2010, so that their SkillSoft Shares will be voted at the Adjourned Court Meeting and/or Adjourned Extraordinary General Meeting.

Q23: May I change my vote after I have mailed my signed ADS Voting Instruction Card and/or Forms of Proxy?

A: For SkillSoft ADS holders:

Yes. Registered holders of SkillSoft ADSs may change their vote at any time before 5.00 p.m. (United States Eastern Time) on 27 April 2010. You may do this by sending a written, dated notice to the Depositary, at Proxy Tabulator for SkillSoft PLC, P.O. Box 8016, Cary, North

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Carolina 27512-9903, stating that you would like to revoke your voting instructions, which must be received by the Depositary by 5.00 p.m. (United States Eastern Time) on 27 April 2010. Any new voting instructions properly and timely submitted will supersede any previous voting instructions submitted by you. Beneficial SkillSoft ADS holders should contact their bank or broker.

If you have questions regarding your ADS Voting Instruction Card after you have returned it to the Depositary, you should contact Georgeson or the Depositary at the addresses provided below.

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For Scheme Shareholders and SkillSoft Shareholders:

Scheme Shareholders may change their vote at any time before the start of the Adjourned Court Meeting in the case of the PINK Form of Proxy and SkillSoft Shareholders may change their vote at any time up to 9.15 a.m. (Irish Standard Time) on 1 May 2010 in the case of the BLUE Form of Proxy for the Adjourned Extraordinary General Meeting. You may do this in one of three ways. First, you may send a written, dated notice to the Registrar of SkillSoft stating that you would like to revoke your proxy. Second, you may complete, sign, date and submit a new Form of Proxy. Third, you may attend the Adjourned Court Meeting and/or the Adjourned Extraordinary General Meeting and vote in person. Your attendance alone will not revoke your proxy. Any new Form(s) of Proxy properly and timely submitted will supersede any previous Form(s) of Proxy submitted by you. If you have instructed a broker to vote your SkillSoft Shares, you must follow the directions received from your broker relating to changing those instructions.

If you have questions regarding your Forms of Proxy after you have returned them to the Registrar, you should contact the Registrar at the address provided below.

Q24: When and where is the Court Hearing?

A: Subject to the approval of the resolutions proposed at the Meetings, it is anticipated that the Court Hearing will be held at The Four Courts, Inns Quay, Dublin, Ireland on 20 May 2010.

The Revised Acquisition and the Scheme of Arrangement

Q25: What is the Scheme of Arrangement?

A: The Scheme of Arrangement is an arrangement made between SkillSoft and the Scheme Shareholders under Irish law and is subject to the approval of the High Court. If the Scheme of Arrangement becomes effective, all Scheme Shares currently held by Scheme Shareholders will be cancelled or transferred to SSI Investments. SkillSoft will then issue New SkillSoft Shares to SSI Investments in place of the Scheme Shares cancelled pursuant to the Scheme of Arrangement and SSI Investments will pay US\$11.25 per SkillSoft Share in cash (without interest and less any applicable withholding taxes) to the former Scheme Shareholders. As a result of these arrangements, SkillSoft will become a wholly owned subsidiary of SSI Investments.

Q26: What will I receive in the Revised Acquisition?

For SkillSoft ADS holders:

As a SkillSoft ADS holder, you will receive US\$11.25 in cash (without interest and less any applicable withholding taxes and ADS cancellation fees) for each SkillSoft ADS that you own. For example, if you own 100 SkillSoft ADSs, after the Scheme becomes effective, you will receive US\$1,125.00 in cash (without interest and less any applicable withholding taxes and ADS cancellation fees).

For SkillSoft Shareholders:

As a SkillSoft Shareholder, you will receive US\$11.25 in cash (without interest and less any applicable withholding taxes) for each SkillSoft Share that you own. For example, if you own 100 SkillSoft Shares, within 14 days of the Scheme becoming effective, you will receive US\$1,125.00 in cash (without interest and less any applicable withholding taxes).

Q27: What rights do I have if I oppose the Revised Acquisition and the Scheme of Arrangement?

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A: For SkillSoft ADS holders:

You can vote against approval of the Scheme by completing, signing, dating and returning your ADS Voting Instruction Card or by submitting your ADS voting instructions via the Internet or by telephone to the Depositary for the Adjourned Court Meeting and/or the Adjourned Extraordinary General Meeting.

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For Scheme Shareholders and SkillSoft Shareholders:

You can vote against approval of the Scheme by completing, signing, dating and returning your Forms of Proxy or voting in person at the Adjourned Court Meeting and/or the Adjourned Extraordinary General Meeting. Each SkillSoft Shareholder is entitled to be represented by counsel or a solicitor (at their own expense) at the Court Hearing to oppose the sanctioning of the Scheme.

Q28: Am I entitled to appraisal rights in connection with the Scheme?

A: If the Scheme is approved by the Scheme Shareholders and sanctioned by the High Court, then, subject to the Scheme becoming effective in accordance with its terms and the right of a Scheme Shareholder to appeal the High Court's decision to sanction the Scheme, the Scheme will be binding on all SkillSoft Shareholders, including those Scheme Shareholders who did not vote or who voted against it at the Adjourned Court Meeting. Only those Scheme Shareholders who attend and are heard at the Court Hearing will have the right to appeal the High Court's decision to sanction the Scheme to the Irish Supreme Court. SkillSoft Shareholders will have no right to seek a court appraisal of the value of SkillSoft Shares. **If the Scheme becomes effective, all SkillSoft ADS holders will receive US\$11.25 per SkillSoft ADS (without interest and less any applicable withholding taxes and ADS cancellation fees) and all SkillSoft Shareholders will receive US\$11.25 per SkillSoft Share (without interest and less any applicable withholding taxes).**

Q29: If the Revised Acquisition is consummated, when can I expect to receive the consideration for my SkillSoft Shares and/or SkillSoft ADSs?

A: After the Scheme becomes effective, the Depositary will forward to each SkillSoft ADS holder the US\$11.25 in cash per SkillSoft ADS (without interest and less any applicable withholding taxes and ADS cancellation fees) to which he/she/it is entitled under the terms of the Scheme. Holders of SkillSoft ADSs will be required to surrender their SkillSoft ADSs in order to receive their entitlement under the Scheme. Following the Scheme becoming effective, The Bank of New York Mellon, as Depositary, will mail a notice to registered holders of SkillSoft ADSs regarding the mechanics of the exchange of their existing SkillSoft ADSs for the consideration. Instructions for the exchange of SkillSoft ADS certificates will be set out in the letter of transmittal. If you hold your SkillSoft ADSs indirectly, you must rely on the procedures of the bank, broker or financial institution through which you hold your SkillSoft ADSs for completion of the exchange.

After the Scheme becomes effective, SkillSoft Shareholders will receive the Consideration to which they are entitled under the terms of the Scheme within 14 days of the Effective Date. For more information on the details related to the payment of the Consideration, please see paragraph 10.1 of Part III (Explanatory Statement) of this document.

Q30: Why is the Board of SkillSoft recommending the Revised Acquisition?

A: The Board of SkillSoft, which has been so advised by Credit Suisse, considers the terms of the Revised Acquisition to be fair and reasonable. In providing its advice, Credit Suisse has taken into account the commercial assessments of the Board of SkillSoft. Accordingly, the Board of SkillSoft intends unanimously to recommend to SkillSoft Securityholders to vote in favour of the Revised Acquisition and Scheme, as the directors of SkillSoft who are SkillSoft Securityholders have irrevocably undertaken (subject to certain exceptions) to do in respect of their own beneficial holdings, amounting to, in aggregate 5,877 SkillSoft Shares, which represents approximately 0.006 per cent. of the issued share capital of SkillSoft, and any SkillSoft Shares such directors may acquire or subscribe for upon exercise of their SkillSoft Options. To review the SkillSoft Board's reasons for recommending the Revised Acquisition, see paragraph 4 of Part I (Letter of Recommendation from the Board of SkillSoft) of this document entitled "Background to and Reasons For Recommending the Revised Acquisition."

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Q31: What are the tax consequences of the Revised Acquisition to me?

A: Your receipt of the Consideration will be a taxable transaction for US federal income tax and Irish CGT purposes. For a more detailed explanation of the tax consequences, see paragraphs 8 and 9 of Part VIII (Additional Information) of this document entitled Irish Taxation and US Federal Income Tax Consequences, respectively. Your tax consequences will depend on your personal situation. You should consult your personal tax advisors for a full explanation of the tax consequences of the Scheme to you.

Q32: When does the Board of SkillSoft expect the Revised Acquisition to be consummated?

A: SkillSoft currently expects the Revised Acquisition and the Scheme to become effective during June 2010. SkillSoft cannot, however, require SSI Investments to proceed with the Scheme until all of the Conditions described in paragraph 3 of Part I (Letter of Recommendation from the Board of SkillSoft) and set out in full in Part V (Conditions of the Revised Acquisition and the Scheme) are waived or satisfied at or prior to the Effective Date in accordance with their respective terms, including the approval of the Scheme at the Adjourned Court Meeting and the Adjourned Extraordinary General Meeting. The Scheme requires approval by the High Court and regulatory approvals, including the approval of Relevant Authorities pursuant to the HSR Act and the equivalent laws of Germany and Austria, which regulatory approvals SkillSoft has received. SkillSoft cannot assure you as to when, or if, all of the Conditions of the Revised Acquisition will be met, and it is possible the parties will not complete the Revised Acquisition.

Q33: What happens if I sell my SkillSoft Shares before the Adjourned Court Meeting and the Adjourned Extraordinary General Meeting?

A: For SkillSoft ADS holders:

The Record Date for SkillSoft ADS holders for the Adjourned Court Meeting and the Adjourned Extraordinary General Meeting is earlier than the expected Effective Time of the Revised Acquisition. If you held your SkillSoft ADSs on the Record Date (3 March 2010) but transfer those SkillSoft ADSs after the Record Date and before the Effective Time, you may retain your right to submit voting instructions to be represented by the Depositary at the Adjourned Court Meeting and the Adjourned Extraordinary General Meeting, but not the right to receive the consideration. This right to receive the consideration will pass to the person who owns the SkillSoft ADSs you transferred as of the Scheme Record Time (10.00 p.m. (Irish Standard Time) on the Business Day before the Effective Date of the Revised Acquisition).

For SkillSoft Shareholders:

The Voting Record Time for SkillSoft Shareholders for the Adjourned Court Meeting and the Adjourned Extraordinary General Meeting is earlier than the expected Effective Time of the Revised Acquisition. If you hold your SkillSoft Shares on the Voting Record Time (9.00 a.m. (Irish Standard Time) on 1 May 2010 or, if either the Adjourned Court Meeting or the Adjourned EGM is adjourned, 9.00 a.m. (Irish Standard Time) on the day which is two days before the date set for the relevant adjourned meeting) but transfer those SkillSoft Shares after the Voting Record Time and before the Effective Time, you may retain your right to vote at the Adjourned Court Meeting and the Adjourned Extraordinary General Meeting but not the right to receive the Consideration. This right to receive the Consideration will pass to the person who owns the SkillSoft Shares you transferred as of the Scheme Record Time (10.00 p.m. (Irish Standard Time) on the Business Day before the Effective Date of the Revised Acquisition).

Q34: What should I do if I have questions?

A: For SkillSoft ADS holders:

If you have questions about the Revised Acquisition, the Scheme of Arrangement, the Adjourned Court Meeting, the Adjourned Extraordinary General Meeting, the Court Hearing or this document, or would like additional copies of this document or the ADS Voting Instruction Card, you should contact SkillSoft's proxy solicitor, Georgeson, at 1-866-357-4029 (if calling within the United States) or at 001 212-806- 6859

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(if calling from outside the United States) between 9.00 a.m. and 5.00 p.m. (United States Eastern Time) on any Business Day. If calling from outside the United States, please call collect. Banks and brokers should contact Georgeson at 1-212-440-9800. For legal reasons, SkillSoft's proxy solicitor cannot provide advice on the benefits of the Revised Acquisition or the Scheme or recommend how you vote or give any financial or tax advice.

For SkillSoft Shareholders:

If you have questions about the Revised Acquisition, the Scheme of Arrangement, the Adjourned Court Meeting, the Adjourned Extraordinary General Meeting, the Court Hearing or this document, or would like additional copies of this document or the Forms of Proxy, you should contact SkillSoft's Registrar, Computershare Investor Services (Ireland) Limited, on 01 447 5518 (if calling within Ireland) or on +353 1 447 5518 (if calling from outside Ireland) between 9.00 a.m. and 5.00 p.m. (Irish Standard Time) on any Business Day. For legal reasons, SkillSoft's Registrar cannot provide advice on the benefits of the Scheme or Revised Acquisition or recommend how you should vote or give any financial advice or tax advice.

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SUMMARY

*This summary highlights selected information from this document and may not contain all of the information that is important to SkillSoft Securityholders. To understand the Scheme fully, you should carefully read this entire document, as well as the other documents to which this document refers. Page references are included in parentheses to direct you to a more complete summary of the topics presented in this summary. The information incorporated by reference into this document may be obtained without charge by following the instructions in the paragraph entitled *Where You Can Find More Information* beginning on page 164 of this document.*

Information on SkillSoft, SSI Investments and the Investor Group (Pages 54-57)

SkillSoft Public Limited Company

107 Northeastern Boulevard

Nashua, New Hampshire 03062, United States

+1 603-324-3000

www.skillssoft.com

SkillSoft, an Irish incorporated public limited company, is a leading provider of on-demand e-learning and performance support solutions for global enterprises, government, education and small to medium-sized businesses. SkillSoft helps its customers to maximize performance through a combination of content, online information resources, flexible technologies and support services. SkillSoft is headquartered in Dublin, Ireland, with US headquarters in Nashua, New Hampshire, and offices worldwide. SkillSoft has approximately 1,100 employees worldwide.

SkillSoft ADSs, each of which represents one SkillSoft Share deposited with the Depository pursuant to the Deposit Agreement, have been traded in the United States on NASDAQ since 13 April 1995. SkillSoft ADSs are traded on NASDAQ under the symbol SKIL .

SSI Investments III Limited

Block 3

The Harcourt Centre

Harcourt Road

Dublin 2, Ireland

+353 1 4161290

SSI Investments, a company formed by funds sponsored by each of Berkshire, Advent and Bain Capital Partners, was incorporated in Ireland on 3 February 2010. SSI Investments' share capital is not publicly traded and SSI Investments has no employees. SSI Investments has not conducted any business prior to the date of this document (except for entering into agreements relating to the Revised Acquisition). The principal executive offices of SSI Investments are located in Dublin, Ireland.

Berkshire Partners LLC

200 Clarendon Street, 35th Floor

Boston, Massachusetts 02116, United States

+1 617-227-0050

www.berkshirepartners.com

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Berkshire Partners LLC, a Massachusetts limited liability company is an active investor in the private equity market, managing approximately US\$6.5 billion of capital over seven funds. The principal executive offices of Berkshire Partners LLC are located in Boston, Massachusetts.

Advent International Corporation

75 State Street

Boston, Massachusetts 02109, United States

+1 617-951-9400

www.adventinternational.com

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Advent International Corporation, a Delaware corporation is a leading global private equity firm with investment professionals in more than 16 countries. The principal executive offices of Advent International Corporation are located in Boston, Massachusetts.

Bain Capital Partners, LLC

111 Huntington Avenue

Boston, Massachusetts 02199, United States

+1 617-516-2000

www.baincapital.com

Bain Capital Partners, LLC, a Delaware limited liability company, is a private investment firm that manages several private equity funds. Bain Capital Partners, LLC is a subsidiary of Bain Capital, LLC, which is a global investment firm whose other affiliates manage pooled investment vehicles including venture capital, public equity, high-yield assets and mezzanine capital. In total, Bain Capital, LLC and its affiliates manage approximately US\$65 billion in assets and have a team of over 300 professionals dedicated to investing and to supporting its portfolio companies. The principal executive offices of Bain Capital Partners, LLC are located in Boston.

The Revised Acquisition (Page 62)

On 31 March 2010, SkillSoft and SSI Investments announced that they had reached agreement on the terms of a revised recommended acquisition for cash for the increased price of US\$11.25 per SkillSoft Share or SkillSoft ADS of the entire issued and to be issued share capital of SkillSoft by SSI Investments, to be implemented by means of a scheme of arrangement under Irish law. SkillSoft and SSI Investments had previously announced on 12 February 2010 that they had reached agreement on the terms of a recommended acquisition of SkillSoft by SSI Investments for cash at a price of US\$10.80 per SkillSoft Share.

At the Effective Time, the Scheme Shares will be cancelled pursuant to Sections 72 and 74 of the Act or transferred to SSI Investments. SkillSoft will then issue New SkillSoft Shares to SSI Investments in place of those Scheme Shares cancelled pursuant to the Scheme, and SSI Investments will pay the Consideration to former Scheme Shareholders in consideration for the Revised Acquisition. As a result of the Scheme, SkillSoft will become a wholly owned subsidiary of SSI Investments.

The Transaction Agreement, as amended by the First Amending Agreement to the Transaction Agreement (Page 47)

SkillSoft and SSI Investments have entered into a Transaction Agreement, as amended by the First Amending Agreement to the Transaction Agreement on 31 March 2010. The amended Transaction Agreement contains, among other things, certain assurances in relation to the implementation of the Scheme and the conduct of SkillSoft's business up to the Effective Time.

Under the terms of the Transaction Agreement, SkillSoft and SSI Investments each have agreed to, among other things:

take such steps as are necessary, proper or advisable and provide each other with such other cooperation and assistance as may reasonably be requested of it to implement the Revised Acquisition and the Scheme;

afford such cooperation as may reasonably be requested of it for the purposes of preparing and verifying documents for the Revised Acquisition and the Scheme; and

use its reasonable efforts to achieve satisfaction of the Conditions as soon as practicable before 16 July 2010.

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Pursuant to the First Amending Agreement to the Transaction Agreement, SkillSoft and SSI Investments have additionally agreed that:

no expenses reimbursement agreement shall be entered into by SkillSoft with a party other than SSI and this obligation will continue in force for a period of one year, irrespective of any earlier termination of the Transaction Agreement;

SSI shall have additional rights under the non-solicitation provision of the Transaction Agreement, including a matching right in connection with any Third Party Transaction Proposal; and

if SSI wishes to switch from a scheme of arrangement to an offer (which is similar to a US-style tender offer, and is also regulated by the Panel, but not by the High Court), SkillSoft will use all reasonable efforts to facilitate implementation of the Revised Acquisition by this method.

The Consideration (Page 57)

At the Effective Time, each Scheme Share will be cancelled or transferred to SSI Investments and Scheme Shareholders will be entitled to receive the Consideration. Settlement of any Consideration due to SkillSoft Shareholders (without interest and less any applicable withholding taxes) will be despatched by ordinary prepaid post (or by such other manner as the Panel may approve). The Depositary will then arrange for the distribution directly to SkillSoft ADS holders of the consideration to which they are entitled under the terms of the Scheme (without interest and less any applicable withholding taxes and ADS cancellation fees). All documents and remittances sent to SkillSoft ADS holders or SkillSoft Shareholders (or in accordance with their directions) will be despatched at their own risk.

Treatment of SkillSoft ADSs (Page 71)

Each SkillSoft ADS represents one SkillSoft Share. The Depositary holds the SkillSoft Shares underlying the SkillSoft ADSs on behalf of the SkillSoft ADS holders. Accordingly, the Depositary, as a SkillSoft Shareholder, will be entitled to US\$11.25 for every SkillSoft Share held by it at the Scheme Record Time. After the Effective Date, the Scheme Shares underlying the SkillSoft ADSs will be cancelled, and the American Depositary Receipts evidencing the SkillSoft ADSs will be required to be surrendered to the Depositary in order for the holders thereof to receive their entitlement under the Scheme (without interest and less any applicable withholding taxes, and net of the ADS cancellation fee).

The Adjourned Court Meeting (Page 64)

Following the Increase Announcement, the previously adjourned Court Meeting has been reconvened for 9.00 a.m. (Irish Standard Time) on 3 May 2010 to enable Scheme Shareholders to consider and, if thought fit, approve the Scheme. The Adjourned Court Meeting will be held at Fitzwilton House, Wilton Place, Dublin 2, Ireland.

It is important that as many votes as possible are cast at the Adjourned Court Meeting so that the appropriate resolution approving the Scheme can be passed and that the High Court may be satisfied that there is a fair representation of Scheme Shareholder opinion when it is considering whether to sanction the Scheme. If you are the registered holder of any SkillSoft ADSs and you have not previously submitted your voting instructions, or if you wish to change your voting instructions, you are strongly urged to complete and return the enclosed ADS Voting Instruction Card as soon as possible to ensure that the Depositary represents your ADSs and votes the corresponding Scheme Shares at the Adjourned Court Meeting. If you are the beneficial holder of SkillSoft ADSs, you should follow the voting instructions provided by your bank or broker. If you are the registered holder of any Scheme Shares and you have not previously submitted your PINK Form of Proxy, or if you wish to change your proxy or voting instructions, you are strongly urged to complete and return the enclosed PINK Form of Proxy for the Adjourned Court Meeting as soon as possible. Any new voting instructions or PINK Form of Proxy properly and timely submitted will supersede any previous voting instructions or PINK Form of Proxy submitted by you.

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The Adjourned Extraordinary General Meeting (Pages 64-65)

Following the Increase Announcement, the previously adjourned EGM has been reconvened for 9.15 a.m. (Irish Standard Time) on 3 May 2010 (or, if later, as soon thereafter as the Adjourned Court Meeting is concluded or adjourned) to enable SkillSoft Shareholders to consider and, if thought fit, pass the following resolutions:

to approve the Scheme and to authorise the directors of SkillSoft to take such action as they consider necessary or appropriate to carry the Scheme into effect;

to approve the cancellation of the Cancellation Shares and the application of the reserve in SkillSoft's books arising upon such cancellation in paying up in full at par the new SkillSoft Shares;

to approve certain amendments to SkillSoft's Articles of Association designed to avoid any person (other than SSI Investments) being left with SkillSoft Shares after completion of the Revised Acquisition; and

to approve a proposal to adjourn the Adjourned EGM, if necessary, to solicit additional proxies in favour of approval of the resolutions to be considered at the Adjourned EGM.

It is also intended that the Chairman will move an ordinary resolution at the Adjourned EGM substantially in the terms set out in Note 1 to the Notice of Adjourned Extraordinary General Meeting set out in Part XI of this document.

The Adjourned EGM will be held at Fitzwilton House, Wilton Place, Dublin 2, Ireland.

It is important that as many votes as possible are cast at the Adjourned EGM. If you are the registered holder of any SkillSoft ADSs and you have not previously submitted your voting instructions, or if you wish to change your voting instructions, you are strongly urged to complete and return the enclosed ADS Voting Instruction Card as soon as possible to ensure that the Depositary represents your SkillSoft ADSs and votes the corresponding SkillSoft Shares at the Adjourned EGM. If you are the beneficial holder of SkillSoft ADSs, you should follow the voting instructions provided by your bank or broker. If you are the registered holder of any SkillSoft Shares and you have not previously submitted your BLUE Form of Proxy, or if you wish to change your proxy or voting instructions, you are strongly urged to complete and return the enclosed BLUE Form of Proxy for the Adjourned EGM as soon as possible. Any new voting instructions or BLUE Form of Proxy properly and timely submitted will supersede any previous voting instructions or BLUE Form of Proxy submitted by you.

The Court Hearing (Page 66)

In order for the Scheme to become effective, the sanction of the High Court at the Court Hearing is required in addition to the approval by Scheme Shareholders at the Adjourned Court Meeting and the passing of the necessary resolutions by SkillSoft Shareholders at the Adjourned EGM. All Scheme Shareholders (but not SkillSoft ADS holders) are entitled to be represented by counsel or a solicitor (at their own expense) at the Court Hearing to support or oppose the sanctioning of the Scheme.

Subject to the approval of the resolutions proposed at the Adjourned Meetings, it is anticipated that the Court Hearing will take place on 20 May 2010 at the Four Courts, Inns Quay, Dublin, Ireland.

SkillSoft ADS Holders May Not Attend the Adjourned Meetings or the Court Hearing (Page 71)

SkillSoft ADS holders will not be entitled to attend or vote at the Adjourned Meetings or to be represented at the Court Hearing. However, SkillSoft ADS holders may instruct the Depositary how to vote such holders' SkillSoft ADSs at the Adjourned Meetings and the Depositary will vote in accordance with the instructions it receives. Details of how SkillSoft ADS holders can instruct the Depositary to vote at the Adjourned Meetings are contained in the enclosed ADS Voting Instruction Card.

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Holders of SkillSoft ADSs who wish to attend the Adjourned Court Meeting and/or the Adjourned EGM or to be represented at the Court Hearing should take steps to present their SkillSoft ADSs to the Depositary for

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cancellation and delivery of SkillSoft Shares so as to become holders of record of SkillSoft Shares prior to the relevant Voting Record Time for the Adjourned Court Meeting and/or the Adjourned EGM or prior to the Court Hearing (as the case may be).

Voting Record Time and Voting Procedures (Page 30)

SkillSoft ADS holders may not attend or vote at the Adjourned Court Meeting or the Adjourned EGM; however, the Depositary is required by the Deposit Agreement to vote the SkillSoft Shares deposited thereunder in accordance with the instructions of the SkillSoft ADS holders. Details of how registered SkillSoft ADS holders can instruct the Depositary to vote at the Adjourned Meetings are contained in the enclosed ADS Voting Instruction Card. Beneficial holders of SkillSoft ADSs should follow the voting instructions provided by their bank or broker.

Only registered SkillSoft Shareholders whose names are registered in the register of members of SkillSoft as of the Voting Record Time will be entitled to attend and vote at the Adjourned Court Meeting and the Adjourned EGM in respect of the number of Scheme Shares and SkillSoft Shares, respectively, registered in their name at such time.

Quorum and Vote Required (Pages 63-66)

The Adjourned Court Meeting:

In order to conduct business at the Adjourned Court Meeting, a quorum must be present. The presence at the Adjourned Court Meeting (either in person or by proxy) of three persons entitled to vote at such meeting who together hold not less than one-third (33 1/3 per cent.) of SkillSoft's voting share capital in issue, each being a holder of SkillSoft Shares, a proxy for a holder of SkillSoft Shares, or a duly authorised representative of a corporate holder of SkillSoft Shares, will constitute a quorum for the transaction of business at the Adjourned Court Meeting. At the Adjourned Court Meeting, voting will be by poll and not a show of hands and each holder of Scheme Shares who is present (in person or by proxy) will be entitled to one vote for each Scheme Share held. The approval required at the Adjourned Court Meeting is that those voting in favour of the Scheme must represent a simple majority (more than 50 per cent.) in number of those Scheme Shareholders present and voting (in person or by proxy) and also represent three-fourths (75 per cent.) in value of the Scheme Shares held by those Scheme Shareholders present and voting (in person or by proxy).

Failure to vote in favour of the Scheme or failure to vote your proxy in favour of the Scheme by post, hand, fax, or in person, in the case of the Scheme Shareholders, or failure to submit your vote in favour of the Scheme by the Internet, telephone or post in the case of the SkillSoft ADS holders, will increase the likelihood of the Scheme being defeated at the Adjourned Court Meeting and the Revised Acquisition not proceeding.

The Adjourned Extraordinary General Meeting:

A quorum must be present in order to conduct any business at the Adjourned EGM. The SkillSoft Articles provide that the presence at the Adjourned EGM (either in person or by proxy) of three persons entitled to vote at such meeting who together hold not less than one-third (33 1/3 per cent.) of SkillSoft's voting share capital in issue, each being a holder of SkillSoft Shares, a proxy for a holder of SkillSoft Shares, or a duly authorised representative of a corporate holder of SkillSoft Shares, constitutes a quorum for the transaction of business.

A majority (more than 50 per cent.) of the votes cast is required to pass an ordinary resolution, and three-fourths (75 per cent.) or greater of the votes cast are required to pass a special resolution. A special resolution is required to effect certain actions, including alterations to SkillSoft's Articles of Association and the cancellation of the Cancellation Shares.

Proxies and Voting (Page 30)

The Adjourned Court Meeting:

SkillSoft ADS holders

To vote at the Adjourned Court Meeting, registered SkillSoft ADS holders who have not previously submitted voting instructions, or who wish to change their voting instructions, are requested to complete and return the

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enclosed ADS Voting Instruction Card to the Depositary, at Proxy Tabulator for SkillSoft PLC, P.O. Box 8016, Cary, North Carolina 27512-9903, United States, as soon as possible but, in any event, so that it is received by 5.00 p.m. (United States Eastern Time) on 27 April 2010. Alternatively, you may submit your voting instructions via telephone by calling the number printed at the top of your ADS Voting Instruction Card or via the Internet at www.proxypush.com/skil. To dial in or log in please make sure that you have your ADS Voting Instruction Card available. If the Depositary does not receive your ADS Voting Instruction Card by such date, the Depositary will not vote the Scheme Shares represented by your SkillSoft ADSs. It is important that, for the Adjourned Court Meeting, as many votes as possible are cast so that the High Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion. Therefore, if you have not previously submitted your voting instructions, or if you wish to change your voting instructions, you are strongly urged to complete, sign and return the enclosed ADS Voting Instruction Card as soon as possible to ensure that the Depositary represents your SkillSoft ADSs and votes the corresponding Scheme Shares at the Adjourned Court Meeting. If you are a beneficial SkillSoft ADS holder, you should follow the voting instructions provided by your bank or broker.

Scheme Shareholders

To vote at the Adjourned Court Meeting, Scheme Shareholders, who have not already completed and returned the PINK Form of Proxy, or who wish to change their proxy or voting instruction, are requested to submit the enclosed PINK Form of Proxy to the Registrar, Computershare Investor Services (Ireland) Limited, at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland as soon as possible and, in any event, not less than 48 hours before the time appointed for the Adjourned Court Meeting but, if forms are not so lodged, they may be handed to the Chairman of the Adjourned Court Meeting before the start of the Adjourned Court Meeting and will still be valid. It is important that, for the Adjourned Court Meeting, as many votes as possible are cast (whether in person or by proxy) so that the High Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion. Therefore, if you have not previously submitted your PINK Form of Proxy, or if you wish to change your proxy or voting instructions, you are strongly urged to complete, sign and return the enclosed PINK Form of Proxy as soon as possible.

Scheme Shares represented at the Adjourned Court Meeting by properly executed proxies received prior to or at the Adjourned Court Meeting, and not revoked, will be voted at the Adjourned Court Meeting, and at any and all adjournments or postponements of that meeting, in accordance with the instructions on the proxies. **If a proxy is duly executed appointing the Chairman of the Adjourned Court Meeting, and submitted without instructions, the Scheme Shares represented by that proxy will be voted in favour of approval of the Scheme.**

The Adjourned Extraordinary General Meeting:

SkillSoft ADS holders

To vote at the Adjourned EGM, registered SkillSoft ADS holders who have not previously submitted their voting instructions, or who wish to change their voting instructions, must complete the enclosed ADS Voting Instruction Card in accordance with the instructions printed thereon and return it to the Depositary, at Proxy Tabulator for SkillSoft PLC, P.O. Box 8016, Cary, North Carolina 27512-9903, United States, as soon as possible but, in any event, so that it is received by 5.00 p.m. (United States Eastern Time) on 27 April 2010. Alternatively, you may submit your voting instructions via telephone by calling the number printed at the top of your ADS Voting Instruction Card or via the Internet at www.proxypush.com/skil. To dial in or log in please make sure that you have your ADS Voting Instruction Card available. If the Depositary does not receive your ADS Voting Instruction Card by the date above, the Depositary will not vote the SkillSoft Shares represented by your SkillSoft ADSs. If you are a beneficial SkillSoft ADS holder, you should follow the voting instructions provided by your bank or broker.

SkillSoft Shareholders

For the Adjourned EGM, SkillSoft Shareholders who have not already completed and returned a BLUE Form of Proxy, or who wish to change their proxy or voting instruction, must complete and sign the BLUE Form of Proxy, in accordance with the instructions printed thereon and return it to the Registrar, Computershare Investor

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Services (Ireland) Limited, at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland, as soon as possible and, in any event, not less than 48 hours before the time appointed for the Adjourned EGM.

SkillSoft Shares represented at the Adjourned EGM by properly executed proxies received prior to or at the Adjourned EGM, and not revoked, will be voted at the Adjourned EGM, and at any and all adjournments or postponements of that meeting, in accordance with the instructions on the proxies. **If a proxy is duly executed appointing the Chairman of the Adjourned EGM, and submitted without instructions, the SkillSoft Shares represented by that proxy will be voted in favour of the resolutions to be considered at the Adjourned EGM.**

Revocation of Proxies (Page 31)

Registered holders of SkillSoft ADSs may change their vote at any time before 5.00 p.m. (United States Eastern Time) on 27 April 2010. You may do this by sending a written, dated notice to the Depositary, at Proxy Tabulator for SkillSoft PLC, P.O. Box 8016, Cary, North Carolina 27512-9903, United States stating that you would like to revoke your voting instructions, which must be received by the Depositary by 5.00 p.m. (United States Eastern Time) on 27 April 2010. Beneficial holders of SkillSoft ADSs should contact their bank or broker.

Scheme Shareholders may revoke or amend the PINK Form of Proxy at any time up to 9.00 a.m. (Irish Standard Time) on 1 May 2010 in the case of the Adjourned Court Meeting, or Scheme Shareholders may attend the Adjourned Court Meeting and vote in person. SkillSoft Shareholders may revoke or amend the BLUE Form of Proxy at any time up to 9.15 a.m. (Irish Standard Time) on 1 May 2010 in the case of the Adjourned EGM, or SkillSoft Shareholders may attend the Adjourned EGM and vote in person. You may do this in one of three ways. First, you may send a written, dated notice to the Registrar of SkillSoft stating that you would like to revoke your proxy. Second, you may complete, sign, date and submit a new Form of Proxy. Third, you may attend the Adjourned Court Meeting and/or the Adjourned EGM and vote in person. Your attendance alone will not revoke your proxy. If you have instructed a broker to vote your SkillSoft Shares, you must follow the directions received from your broker relating to changing those instructions.

If you wish to amend or revoke your Forms of Proxy after you have returned them to SkillSoft's Registrar, you should contact the Registrar at the address given below.

Submission of a Form of Proxy does not preclude you from attending and voting in person at the Adjourned Meeting in question.

Recommendation of the Board of SkillSoft and Reasons for the Scheme (Page 42)

The Board of SkillSoft unanimously recommends to SkillSoft Securityholders to vote in favour of the Revised Acquisition and the Scheme. In support of this recommendation, the members of the Board of SkillSoft who are SkillSoft Securityholders have irrevocably undertaken (subject to certain exceptions) to vote their own beneficial holdings, amounting to, in aggregate, 5,877 SkillSoft Shares, which represents approximately 0.006 per cent. of the issued share capital of SkillSoft, and any SkillSoft Shares such directors may acquire or subscribe for upon exercise of their SkillSoft Options, in favour of the Revised Acquisition and the Scheme.

Appraisal Rights (Page 160)

If the Scheme is approved by Scheme Shareholders at the Adjourned Court Meeting and sanctioned by the High Court, then, subject to the Scheme becoming effective in accordance with its terms and the right of a Scheme Shareholder to appeal the High Court's decision to sanction the Scheme, the Scheme will be binding on all SkillSoft Shareholders, including those Scheme Shareholders who did not vote or who voted against it at the Adjourned Court Meeting. Only those Scheme Shareholders who attend and are heard at the Court Hearing will have the right to appeal the High Court's decision to sanction the Scheme to the Irish Supreme Court. SkillSoft Shareholders will have no right to seek a court appraisal of the value of SkillSoft Shares. If the Scheme becomes effective, all Scheme Shareholders will receive the same Consideration per Scheme Share.

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Exchange of ADSs and Return of Share Certificates (Page 71)

If the Scheme is approved by the High Court, a request will be made to cancel the quotation of SkillSoft ADSs on NASDAQ. The last day of dealings in SkillSoft ADSs on NASDAQ will be the last Business Day before the Effective Time, and is expected to be on or about 21 May 2010.

No transfers of SkillSoft Shares (other than transfers to SSI Investments) will be registered after the Scheme Record Time. At the Effective Time, share certificates in respect of SkillSoft Shares will cease to be valid and should, if so requested by SkillSoft or its agents, be sent to SkillSoft for cancellation.

Holders of SkillSoft ADSs will be required to surrender their SkillSoft ADSs in order to receive their entitlement under the Scheme. Following the Scheme becoming effective, the Depositary will mail a notice to registered holders of SkillSoft ADSs regarding the mechanics of the exchange of their ADSs. Instructions for the exchange of SkillSoft ADS certificates will be set out in the letter of transmittal. Beneficial ADS holders should receive instructions from their bank or broker.

Financing of the Revised Acquisition (Page 58)

The Revised Acquisition will be financed from debt financing provided by Morgan Stanley Senior Funding, Inc. (an affiliate of Morgan Stanley) and Barclays Bank PLC (an affiliate of Barclays Capital), together with equity commitments from each member of the Investor Group. Full payment of the consideration to SkillSoft Securityholders and SkillSoft Optionholders involves a maximum cash payment of approximately US\$1.2 billion. Morgan Stanley & Co. Limited, an affiliate of Morgan Stanley, is satisfied that resources are available to SSI Investments sufficient to satisfy in full the cash consideration payable under the Scheme.

Conditions of the Revised Acquisition and the Scheme (Page 34)

The implementation of the Scheme is conditional, amongst other things, upon:

the approval by a majority in number of Scheme Shareholders representing three-fourths (75 per cent.) or more in value of the Scheme Shares held by such holders present and voting (either in person or by proxy) at the Adjourned Court Meeting (or at any adjournment of such meeting);

the passing by the requisite majority of such resolutions as are required to approve or implement the Scheme at the Adjourned EGM and are set out in the notice of the Adjourned EGM;

the sanction of the Scheme and confirmation of the reduction of capital involved therein by the High Court and the delivery of an office copy of the Court Order and the minute required by Section 75 of the Act to the Registrar of Companies and the registration of such Court Order and minute by the Registrar of Companies;

the expiration of the applicable waiting periods under the HSR Act and the equivalent laws of Germany and Austria. The US authorities terminated the mandatory waiting period under the HSR Act on 5 March 2010. The German and Austrian authorities have also issued the relevant clearances;

the Irish Revenue Commissioners not having confirmed in writing that they do not recognise that certain intellectual property rights transferred to SkillSoft Ireland Limited on 9 February 2009 attract Irish capital allowances on the entire acquisition price under (A) Section 291 of the Taxes Consolidation Act 1997 as computer software or (B) Sections 291 and 755 of that Act as computer software and patent rights, respectively. The Irish Revenue Commissioners issued a letter on 17 February 2010 confirming that the acquisition of [such intellectual property rights] will be treated as constituting part of SkillSoft Ireland Limited's continuing trade and that, on the basis of the information provided and subject to Revenue's usual right to audit or carry out an enquiry and anything which

may arise therefrom, the [intellectual property rights] acquired will qualify for capital allowances under Section 291 ; and

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the Conditions, which are not otherwise identified above and which are set out in full in Part V (Conditions of the Revised Acquisition and the Scheme) of this document, being satisfied or waived on or before the sanction of the Scheme by the High Court pursuant to Section 201 of the Act.

Further, for the Revised Acquisition to proceed, the Scheme must become effective by not later than 16 July 2010 or such later date, if any, as SkillSoft and SSI Investments may, with, if required, the consent of the Panel, agree and, if required, the High Court may allow.

The Conditions of the Revised Acquisition and the Scheme are set out in full in Part V (Conditions of the Revised Acquisition and the Scheme) of this document.

Solicitation of Proposals from Other Parties (Page 53)

Except in limited circumstances, the directors of SkillSoft have agreed not to withdraw or adversely modify their recommendation to SkillSoft Shareholders regarding the Scheme.

Notwithstanding the foregoing, during the period beginning on the date of the Transaction Agreement and continuing until 11.59 p.m. (United States Eastern Time) on 6 March 2010, SkillSoft and its Subsidiaries (and their respective Representatives, as defined in the Transaction Agreement) had the right to:

initiate, solicit and encourage, including by way of providing access to non-public information, any discussions with, or enquiries or proposals from, any person other than SSI Investments in respect of or in connection with a Third Party Transaction Proposal; and

enter into and maintain discussions or negotiations with respect to a Third Party Transaction Proposal or otherwise cooperate with or assist or participate in, or facilitate any such inquiries, proposals, discussions or negotiations.

SkillSoft agreed that it would give SSI Investments not less than four days' advance notice of any meeting of the SkillSoft Board or other forum or the occurring of any other means at which any withdrawal of the Scheme Recommendation would be considered. A discussion of the go-shop period appears in paragraph 9 of Part I, (Letter of Recommendation from the Board of SkillSoft) of the document.

Termination of the Transaction Agreement (Page 52)

Either SSI Investments or SkillSoft may terminate the Transaction Agreement at or prior to the Effective Time of the Scheme if any of the following occurs:

the resolutions are not passed at the Adjourned Court Meeting and the Adjourned EGM (other than resolution 4);

the Conditions are not satisfied or waived by 11.59 p.m. (United States Eastern Time) on 16 July 2010 (or such later date as SkillSoft and SSI Investments may agree to in writing subject to the consent of the Panel and/or the High Court (if required));

the High Court declines or refuses to sanction the Scheme, unless both SkillSoft and SSI Investments agree that the decision of the High Court will be appealed;

the Board of SkillSoft (or any member thereof) withdraws, adversely modifies or qualifies its recommendation to SkillSoft Shareholders to vote in favour of the Scheme; or

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SkillSoft wilfully takes or omits to take any action, such as failing to post this document, preventing SkillSoft Shareholders from voting at any meetings to approve the Scheme, unilaterally altering the terms and conditions of the Scheme, or failing to deliver the Court Order and minute of reduction of capital to the Registrar of Companies (in any such case without the consent of SSI Investments).

Either SSI Investments or SkillSoft may terminate the Transaction Agreement if, prior to the Scheme being withdrawn by SkillSoft or lapsing in accordance with its terms, a Competing Offer (as defined in the Restated Expenses Reimbursement Agreement) is announced and subsequently made and that Competing Offer, or a Competing Offer in which that competing party is interested or participates, subsequently becomes effective or unconditional within the 18 months of such lapse or withdrawal.

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Restated Expenses Reimbursement Agreement (Page 47)

Under the Restated Expenses Reimbursement Agreement, SkillSoft has agreed to pay specific quantifiable third party costs and expenses incurred by SSI Investments in connection with the Revised Acquisition up to a maximum amount equal to 1 per cent. of the total value of the entire issued share capital of SkillSoft (excluding any interest in such share capital (including in the form of SkillSoft ADSs) held by Stockbridge) as ascribed by the terms of the Revised Acquisition in the following circumstances:

the Board of SkillSoft (or any member thereof) withdraws, adversely modifies or qualifies its recommendation to SkillSoft ADS holders or SkillSoft Shareholders to vote in favour of the Scheme;

SkillSoft wilfully takes or omits to take any action, such as failing to post the Scheme Document, preventing SkillSoft Shareholders from voting at any meetings to approve the Scheme, unilaterally altering the terms and conditions of the Scheme, or failing to deliver the Court Order and minute of reduction of capital to the Registrar of Companies (in any such case without the consent of SSI Investments);

prior to the Scheme being withdrawn by SkillSoft or lapsing in accordance with its terms, a Competing Offer is announced and subsequently made and that Competing Offer or a Competing Offer in which that competing party is interested or participates subsequently becomes effective or unconditional within the 18 months of such lapse or withdrawal; or

the Scheme is not approved at the Adjourned Court Meeting by the requisite majorities required by Section 201 of the Companies Act 1963 or if any other resolutions of SkillSoft Shareholders necessary to implement the Scheme are not passed at the Adjourned EGM convened for the purposes of proposing such resolutions to SkillSoft Shareholders.

SkillSoft Executive Officers and Non-Executive Directors and the Effects of the Scheme on their Interests (Pages 68-69)

In considering the recommendations of the Board of SkillSoft with respect to the approval of the Scheme, SkillSoft Securityholders should be aware that SkillSoft Non-Executive Directors and SkillSoft executive officers have interests in the Scheme that may be in addition to, or different from, the interests of SkillSoft Shareholders. These interests may create potential conflicts of interest but the Board of SkillSoft is satisfied they do not. The Board of SkillSoft was aware of these interests, which include those summarized below, and considered them, among other matters, in making its decision to recommend that SkillSoft Securityholders vote in favour of the Revised Acquisition and the Scheme.

SkillSoft Options held by SkillSoft Non-Executive Directors and SkillSoft executive officers will be treated under the Scheme in the same manner as all other SkillSoft Options (including the vesting of all unvested SkillSoft Options in connection with the Scheme). SkillSoft Non-Executive Directors and executive officers holding SkillSoft Options will receive cash payments upon the consummation of the Scheme in an aggregate amount (before withholding for applicable taxes) of approximately US\$40,538,036 (based on their respective holdings of SkillSoft Options on the Latest Practicable Date).

Voting Undertakings (Page 45)

SSI Investments and SkillSoft have received a voting undertaking in connection with the Revised Acquisition from Columbia, which provides (subject to certain exceptions) that Columbia will vote, or procure that voting instructions are given to vote, in favour of the Revised Acquisition and the Scheme with respect to the SkillSoft ADSs and SkillSoft Shares that Columbia owns or controls, which represent approximately 21.5 per cent. of the entire issued share capital of SkillSoft.

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In addition, SSI Investments has received voting undertakings, in respect of approximately 0.022 per cent. of the entire issued share capital of SkillSoft (subject to certain exceptions), and any SkillSoft Shares or SkillSoft ADSs that may be acquired upon the exercise of their SkillSoft Options, to vote, or to procure that voting instructions are given to vote, in favour of the Revised Acquisition and the Scheme from:

(i) the members of the Board of SkillSoft who are SkillSoft Securityholders;

(ii) Gregory J. Porto (Vice President (Administration) of SkillSoft); and

(iii) Susan Moran (the spouse of SkillSoft's CEO and President, Charles E. Moran); in respect of the 21,219 SkillSoft Shares and SkillSoft ADSs, in aggregate, they own or control. In addition, each of the SkillSoft directors, Gregory J. Porto and Susan Moran has also undertaken that, if SSI Investments requests that he or she do so, he or she will serve the necessary notices on the Depositary (within one Business Day of being requested to do so) so as to procure that the SkillSoft Shares underlying his or her SkillSoft ADSs are vested in his or her respective nominees. Mr. Porto has transferred legal (but not beneficial) title to one SkillSoft Share to each of nine separate nominees and Mr. Porto has been registered as the holder of one thousand SkillSoft Shares in the register of members of SkillSoft.

Stockbridge, an affiliate of Berkshire, owns or controls 170,625 SkillSoft Shares and SkillSoft ADSs in total, representing approximately 0.179 per cent. of the entire issued share capital of SkillSoft. Stockbridge has irrevocably undertaken (subject to certain exceptions) to SSI Investments and SkillSoft, in respect of the SkillSoft Shares and SkillSoft ADSs which it owns or controls, not to vote such SkillSoft Shares and SkillSoft ADSs at the Adjourned Court Meeting but to vote such SkillSoft Shares and SkillSoft ADSs in favour of the resolutions to be considered at the Adjourned EGM. Stockbridge Partners, an affiliate of Berkshire, manages investments for its clients and has limited discretionary voting power in respect of 110,319 SkillSoft ADSs, representing approximately 0.116 per cent. of the entire issued share capital of SkillSoft. Stockbridge Partners has similarly undertaken (subject to certain exceptions) so to vote, subject to the prior rights of those clients to exercise voting power themselves.

SkillSoft Share Option Plans and SkillSoft Employee Share Purchase Plan (Page 53)

All unvested SkillSoft Options will become fully vested and exercisable in connection with the Scheme, in accordance with the provisions of the SkillSoft Share Option Plans. SkillSoft and SSI Investments will offer all SkillSoft Optionholders an opportunity to elect to exercise their SkillSoft Options immediately upon the making of the Court Order and conditional upon the Scheme becoming effective. The SkillSoft Shares issued upon such exercise will then be transferred to SSI Investments under the Scheme. In so doing, SkillSoft Optionholders may exercise their SkillSoft Options with a cashless exercise facility under which they may direct that the exercise price of their SkillSoft Options be paid to SkillSoft out of the proceeds of the sale to SSI Investments under the Scheme of the SkillSoft Shares issued to them upon exercise of their SkillSoft Options.

All SkillSoft Options that remain outstanding on the Effective Date will be cancelled with effect from the Effective Time in consideration for the payment to the relevant SkillSoft Optionholder of a cash payment per SkillSoft Share subject to a SkillSoft Option equal to the excess, if any, of the Consideration per SkillSoft Share over the exercise price per SkillSoft Share applicable to such SkillSoft Option (net of any applicable withholding taxes). Under the Transaction Agreement, SkillSoft has agreed, subject to certain conditions, to use all reasonable efforts to inform SkillSoft Optionholders who are resident in the United States of the advantages, subject to their individual circumstances, of electing to avail themselves of the cancellation of options.

SkillSoft Options outstanding on the Effective Date having an exercise price per SkillSoft Share that is equal to or greater than the Consideration per SkillSoft Share will terminate in accordance with the applicable provisions of the SkillSoft Share Option Plans, without payment of consideration, and the SkillSoft Share Option Plans will terminate at the Effective Time.

The most recent offering period under the SkillSoft Employee Share Purchase Plan ended on 31 March 2010, and on such date each participant in the SkillSoft Employee Share Purchase Plan was issued the number of

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SkillSoft Shares purchased for his or her account under such plan in respect of the applicable offering period, in accordance with the terms of the SkillSoft Employee Share Purchase Plan. No new offering periods will commence under the SkillSoft Employee Share Purchase Plan before the Effective Time, and the SkillSoft Employee Share Purchase Plan will terminate at the Effective Time. The SkillSoft Shares issued to participants under the SkillSoft Employee Share Purchase Plan are subject to the Scheme.

Effective Time of the Scheme (Page 62)

Assuming the necessary approvals from the Scheme Shareholders and SkillSoft Shareholders (as the case may be) have been obtained and all conditions have been satisfied or (where applicable) waived, the Scheme will become effective upon delivery to the Registrar of Companies of an office copy of the Court Order together with the minute required by Section 75 of the Act confirming the capital reduction and registration of the Court Order and minute by the Registrar of Companies. Upon the Scheme becoming effective, it will be binding on all SkillSoft Shareholders, irrespective of whether or not they attended or voted at the Adjourned Court Meeting or the Adjourned EGM. Assuming as above, it is expected that the Scheme will become effective during May 2010.

Irish Taxation (Page 155)

Irish Holders who, under the Scheme, dispose of their SkillSoft ADSs or SkillSoft Shares will be subject to Irish capital gains tax (in the case of individuals) or Irish corporation tax (in the case of companies) to the extent that the proceeds realised from such disposition exceed the base cost (indexation may apply to increase the base cost of acquisitions of shares made prior to 1 January 2003 of their SkillSoft ADSs or SkillSoft Shares) plus incidental expenses. The current rate of tax applicable to such chargeable gains is 25 per cent.

Irish Holders who have unused capital losses from other sources in current, or any previous, tax year can generally apply such losses to reduce gains realised on the disposal of their SkillSoft ADSs or SkillSoft Shares.

No Irish Stamp Duty will be payable by a holder of SkillSoft ADSs or SkillSoft Shares in relation to the disposal of SkillSoft ADSs or SkillSoft Shares under the Scheme.

US SkillSoft ADS holders and US SkillSoft Shareholders will not be subject to Irish CGT on the disposal of SkillSoft ADSs or SkillSoft Shares provided at the time of disposal: (i) SkillSoft ADSs are quoted on NASDAQ or (ii) SkillSoft Shares do not derive the greater part of their value from land, buildings, minerals, or mineral or exploration rights in Ireland.

Holders of SkillSoft ADSs or SkillSoft Shares are advised to consult their own tax advisors with respect to the application of Irish taxation laws to their particular circumstances in relation to the Scheme.

US Federal Income Tax Consequences (Page 156)

A sale of SkillSoft ADSs or SkillSoft Shares (as the case may be) for cash pursuant to the Scheme will be treated as a taxable transaction for federal income tax purposes under the Internal Revenue Code, and may be taxable for US state and local purposes as well. Holders of SkillSoft ADSs or SkillSoft Shares (as the case may be) are advised to consult their own tax advisors with respect to the application of US federal, state, local and other laws to their particular circumstances in relation to the Scheme.

Regulatory Approvals (Page 160)

Under the provisions of the HSR Act and the equivalent laws of Germany and Austria, SkillSoft and SSI Investments must not complete the Revised Acquisition until SkillSoft and SSI Investments have made certain filings with the Federal Trade Commission and the United States Department of Justice and with the respective trade commissions of Germany and Austria, and the applicable waiting period(s) have expired or been terminated.

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SkillSoft and SSI Pooling, L.P. filed pre-merger notifications with the US antitrust authorities pursuant to the HSR Act on 25 February 2010. The US antitrust authorities terminated the mandatory waiting period under the HSR Act on 5 March 2010.

The parties have made similar filings with the equivalent German and Austrian authorities. On 26 March 2010, the German Federal Cartel Office issued a clearance letter regarding the Original Acquisition, which also applies to the Revised Acquisition, and on 3 April 2010, the Austrian Federal Competition Authority terminated the mandatory waiting period. On 5 March 2010 SkillSoft and SSI Investments made a notice filing in Brazil and the Brazilian Secretariat of Economic Monitoring and the Secretariat of Economic Law of the Ministry of Justice issued a report on 16 March 2010 recommending that the Original Acquisition be approved without conditions. SkillSoft and SSI Investments do not believe that any other foreign antitrust approvals are required to consummate the Revised Acquisition.

In addition, under the Act, the High Court must sanction the Scheme and confirm the reduction of SkillSoft's capital.

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ADVISORS TO SKILLSOFT, SSI INVESTMENTS AND THE INVESTOR GROUP

**SkillSoft
Financial Advisor to
SkillSoft**

Credit Suisse Securities (USA) LLC

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New York, NY 10010

**Legal Advisors to
SkillSoft**

United States

As to Irish law

As to US law

William Fry

WilmerHale LLP

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Dublin 2

United States

Auditors to SkillSoft

Ireland

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Boston, MA 02116-5072

Registrar

United States

Computershare Investor Services (Ireland) Limited

Heron House

Corrig Road

Sandyford Industrial Estate

Dublin 18

Depository

Ireland

The Bank of New York Mellon Corporation

101 Barclay Street

New York, NY 10286

**Proxy Solicitor for
SkillSoft**

United States

Georgeson Inc.

199 Water Street

26th Floor

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New York, NY 10038

United States

SSI Investments and

**the Investor Group
Financial Advisors to
SSI Investments and
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Morgan Stanley & Co. Incorporated

1585 Broadway, 36th Floor

New York, NY 10036

United States

Barclays Capital Inc.

745 Seventh Avenue

New York, NY 10019

United States

As to Irish law

Mason Hayes+Curran

South Bank House

Barrow Street

Dublin 4

Ireland

As to US law

Ropes & Gray LLP

One International Place

Boston, MA 02110

United States

**Legal Advisors to SSI
Investments and the
Investor
Group**

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Event	Time and/or Date(1)
Date of this document	8 April 2010
Latest time for receipt by the Depositary of completed ADS	
Voting Instruction Cards for the Adjourned Court Meeting and the Adjourned EGM(2)	5.00 p.m. on 27 April 2010
Latest time for receipt of PINK Forms of Proxy for the Adjourned Court Meeting(3)	9.00 a.m. on 1 May 2010
Latest time for receipt of BLUE Forms of Proxy for the Adjourned EGM	9.15 a.m. on 1 May 2010
Voting Record Time(4)	9.00 a.m. on 1 May 2010
Adjourned Court Meeting(5)	9.00 a.m. on 3 May 2010
Adjourned Extraordinary General Meeting(6)	9.15 a.m. on 3 May 2010
Anticipated date for Court Hearing (of the petition to sanction the Scheme)	20 May 2010
Anticipated last day of dealings in SkillSoft ADSs on NASDAQ	21 May 2010
Anticipated Scheme Record Time	10.00 p.m. on 21 May 2010
Anticipated Effective Date	24 May 2010
Anticipated despatch of cheques/electronic transfers in respect of the Consideration (as appropriate)	No later than 11 June 2010

Notes:

- (1) The dates and times are indicative only and will depend on, inter alia, the date upon which the Conditions are satisfied or (if capable of waiver) waived, and the dates upon which the High Court sanctions the Scheme and confirms the reduction of capital that forms part of the Scheme and the Court Order sanctioning the Scheme and confirming the reduction of capital is delivered to and registered by the Registrar of Companies. Unless otherwise noted, all time references are to Irish Standard Time.
 - (2) United States Eastern Time.
 - (3) If the PINK Form of Proxy for the Adjourned Court Meeting is not returned by this time, a PINK Form of Proxy may be handed to the Chairman of the Adjourned Court Meeting before the start of the Adjourned Court Meeting and will still be valid.
 - (4) If either the Adjourned Court Meeting and/or the Adjourned EGM are adjourned, the Voting Record Time will be 9.00 a.m. (Irish Standard Time) on the day which is two days before the date set for the relevant adjourned meeting.
 - (5) On application to the High Court made by SkillSoft on 7 April 2010, the High Court directed that the Adjourned Court Meeting be held on 3 May 2010 at 9.00 a.m. (Irish Standard Time).
 - (6) To commence at 9.15 a.m. (Irish Standard Time), or, if later, immediately after the conclusion or adjournment of the Adjourned Court Meeting.
- * These dates are based on SkillSoft's current expectations and may be subject to change. If the anticipated date for the Court Hearing of the petition to sanction the Scheme is changed, SkillSoft will give adequate notice of the change by issuing an announcement through the Regulatory Information Service.

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ENCLOSURES AND CONTACT INFORMATION

Enclosures

SkillSoft ADS holders will receive the following enclosures with a copy of this document:

Depository's Notice of the Adjourned Court Meeting and the Adjourned EGM of SkillSoft, ADS Voting Instruction Card for the Adjourned Court Meeting and the Adjourned EGM

SkillSoft Shareholders will receive the following enclosures with a copy of this document:

PINK Form of Proxy for the Adjourned Court Meeting

BLUE Form of Proxy for the Adjourned EGM

Contact Information

If you have any queries in relation to the ADS Voting Instruction Card, Forms of Proxy or actions to be taken at the Adjourned Meetings, please contact:

IF A SKILLSOFT SHAREHOLDER

SkillSoft's Registrar

Computershare Investor Services (Ireland) Limited

01 447 5518 (if calling within Ireland)
or
+353 1 447 5518 (if calling from outside Ireland)
between 9.00 a.m. and 5.00 p.m. (Irish Standard Time) on any
Business Day

IF A SKILLSOFT ADS HOLDER

SkillSoft's Proxy Solicitor

Georgeson

1-866-357-4029 (if calling within the United States) or
001 212-806-6859 (if calling from outside the United States)
between 9.00 a.m. and 5.00 p.m. (United States Eastern Time) on any
Business Day

If calling from outside the United States, please call collect.

Banks and brokers should call 1-212-440-9800.

OR

SkillSoft's Depository

For Registered Holders:

The Bank of New York Mellon Corporation

BNY Mellon Shareowner Services
PO Box 358516
Pittsburgh, PA 15252-8516

1-866-247-3849 (if calling within the United States)
001-201-680-6825 (if calling from outside the United States)
between 8.00 a.m. and 8.00 p.m. (United States Eastern Time) on any
Business Day
e-mail queries: shrrelations@bnymellon.com

Beneficial ADS holders should follow the voting instructions
provided by your bank or broker.

For legal reasons, none of the Registrar, Georgeson, nor the Depository will be able to provide advice on the benefits of the Revised Acquisition or the Scheme or the merits of the Revised Acquisition itself or give financial advice or tax advice.

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ACTION TO BE TAKEN

ADJOURNED MEETINGS TO BE HELD ON 3 MAY 2010

The Scheme requires approval by Scheme Shareholders at the Adjourned Court Meeting to be held at Fitzwilton House, Wilton Place, Dublin 2, Ireland, at 9.00 a.m. (Irish Standard Time) on 3 May 2010. In addition to approval at the Adjourned Court Meeting, implementation of the Scheme also requires various approvals by SkillSoft Shareholders at an Adjourned EGM to be held at Fitzwilton House, Wilton Place, Dublin 2, Ireland, at 9.15 a.m. (Irish Standard Time) on 3 May 2010 or, if later, immediately after the conclusion or adjournment of the Adjourned Court Meeting.

SIGN AND RETURN THE ACCOMPANYING ADS VOTING INSTRUCTION CARD OR FORMS OF PROXY

For SkillSoft ADS holders:

Registered ADS holders who have not already submitted their ADS voting instructions, or who wish to change their voting instructions, are encouraged to sign and return the enclosed ADS Voting Instruction Card as soon as possible and in any event so as to be received by the Depositary, at Proxy Tabulator for SkillSoft PLC, P.O. Box 8016, Cary, North Carolina 27512-9903 United States, as soon as possible but, in any event, so that it is received by 5.00 p.m. (United States Eastern Time) on 27 April 2010. Alternatively, you may submit your ADS voting instructions via telephone by calling the number printed at the top of your ADS Voting Instruction Card or via the Internet at www.proxypush.com/skil. To dial in or log in please make sure that you have your ADS Voting Instruction Card available. Beneficial SkillSoft ADS holders should follow the voting instructions provided by your bank or broker.

It is important that, for the Adjourned Court Meeting, as many votes as possible are cast (whether in person or by proxy) so that the High Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion. Therefore, if you have not previously submitted your voting instructions, or if you wish to change your voting instructions, you are strongly urged to complete, sign and return the enclosed ADS Voting Instruction Card as soon as possible.

If you have any questions relating to this document or the completion and return of the ADS Voting Instruction Card, please contact the helpline at the telephone numbers provided on page 32.

For Scheme Shareholders and SkillSoft Shareholders:

Scheme Shareholders who have not already completed and returned a PINK Form of Proxy, or who wish to change their proxy or voting instructions, are encouraged to sign and return the enclosed PINK Form of Proxy for the Adjourned Court Meeting and SkillSoft Shareholders who have not already completed and returned a BLUE Form of Proxy, or who wish to change their proxy or voting instructions, are encouraged to sign and return the enclosed BLUE Form of Proxy for the Adjourned EGM as soon as possible and in any event so as to be received by SkillSoft's Registrar, Computershare Investor Services (Ireland) Limited, at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland, no later than 9.00 a.m. (Irish Standard Time) and 9.15 a.m. (Irish Standard Time), respectively, on 1 May 2010. The PINK Form of Proxy for the Adjourned Court Meeting (but NOT the BLUE Form of Proxy for the Adjourned EGM) may also be handed to the Chairman of the Adjourned Court Meeting before the start of the Adjourned Court Meeting on 3 May 2010 and will still be valid.

The completion and return of the Forms of Proxy either for the Adjourned Court Meeting or for the Adjourned EGM will not prevent you from attending and voting at either Adjourned Meeting (or any adjournment thereof) in person if you wish to do so.

It is important that, for the Adjourned Court Meeting, as many votes as possible are cast (whether in person or by proxy) so that the High Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion. Therefore, if you have not previously submitted your Forms of Proxy, or if you wish to change your proxy or your voting instructions, you are strongly urged to complete, sign and return the enclosed Forms of Proxy as soon as possible.

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If you have any questions relating to this document or the completion and return of the Forms of Proxy, please contact the helpline at the telephone numbers provided on page 32.

Overseas Shareholders should refer to paragraph 11 in Part III (Explanatory Statement) of this document. Details relating to settlement are included in paragraph 10 in Part III (Explanatory Statement) of this document.

RECOMMENDATION

The directors of SkillSoft unanimously recommend that you vote in favour of all resolutions at the Adjourned Meetings using the ADS Voting Instruction Card or Forms of Proxy (as the case may be) enclosed with this document.

VOTING PROCEDURES

Voting of SkillSoft Shares Underlying SkillSoft ADSs pursuant to the Deposit Agreement

Generally. Holders of SkillSoft ADSs representing SkillSoft Shares may not attend or speak or vote at the Adjourned Meetings; however, subject to certain limitations set out in the Deposit Agreement, the Depositary has the right to vote all SkillSoft Shares deposited under the Deposit Agreement. The Depositary, however, is required by the Deposit Agreement to vote the SkillSoft Shares deposited thereunder in accordance with the instructions of the SkillSoft ADS holders and is prohibited from exercising voting discretion with respect to such SkillSoft Shares.

Notice of Meetings. As soon as practicable after receipt from SkillSoft of the Notice of Adjourned Court Meeting and the Notice of Adjourned EGM, the Depositary will mail to the registered SkillSoft ADS holders as of the close of business on 3 March 2010 a notification of the Adjourned Meetings indicating: (a) the date, time and place of each of the Meetings, (b) that each SkillSoft ADS holder at the close of business on 3 March 2010 will be entitled to instruct the Depositary as to the exercise of voting rights pertaining to the SkillSoft Shares represented by the SkillSoft ADSs, and (c) the manner in which such instructions must be given.

Voting of SkillSoft Shares Underlying SkillSoft ADSs. Upon the timely receipt of voting instructions from a SkillSoft ADS holder, the Depositary will vote or cause to be voted the SkillSoft Shares represented by the relevant SkillSoft ADSs in accordance with such instructions. Any new voting instructions properly and timely submitted will supersede any previous voting instructions submitted by the SkillSoft ADS holder.

Voting of SkillSoft Shares

Voting at the Adjourned Court Meeting. Voting at the Adjourned Court Meeting is on a poll (i.e. each holder of Scheme Shares who is present (in person or by proxy) will be entitled to one vote for each Scheme Share held). For the Scheme to be approved at the Adjourned Court Meeting, Scheme Shareholders voting in favour of the Scheme must represent a simple majority (more than 50 per cent.) in number of those Scheme Shareholders present and voting (in person or by proxy) and must also represent three-fourths (75 per cent.) in value of the Scheme Shares held by those Scheme Shareholders present and voting (in person or by proxy). All PINK Forms of Proxy should be completed and returned so as to be received by the Registrar not less than 48 hours before the Adjourned Court Meeting. If the PINK Form of Proxy for the Adjourned Court Meeting is not lodged by the relevant time, it may be handed to the Chairman of the Adjourned Court Meeting before the start of the Adjourned Court Meeting.

Voting at the Adjourned EGM. Votes may be given either in person or by proxy. Each Member will have one vote for each SkillSoft Share held by such Member. Where there is a tie, the Chairman of the meeting is entitled to cast the deciding vote in addition to any other vote the Chairman may have. Under Irish law, an abstention or a vote that is withheld will not be counted in the calculation of the proportion of the votes for or against a proposed resolution.

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A majority (more than 50 per cent.) of votes cast is required to pass an ordinary resolution and three-fourths (75 per cent.) or greater of the votes cast are required to pass a special resolution. On 8 April 2010, there were 19 registered SkillSoft Shareholders entitled to attend and vote at the Adjourned EGM and, therefore, 19 votes on a show of hands (or, if a poll is demanded, 95,330,356 votes) capable of being cast at the Adjourned EGM. The number of members entitled to attend and vote at the Adjourned EGM will be equal to the total number of registered SkillSoft Shareholders as of 9.15 a.m. (Irish Standard Time) on 1 May 2010. The maximum number of votes capable of being cast on a show of hands at the Adjourned EGM will be equal to the total number of registered SkillSoft Shareholders (or, if a poll is demanded, the total number of SkillSoft Shares in issue) as of 9.15 a.m. (Irish Standard Time) on 1 May 2010.

Voting by Proxy. Each proxy which is properly executed and returned to the Registrar will be voted in the manner directed by the Member executing it or, if no directions are given, will be voted (or withheld) at the discretion of the Chairman of the relevant meeting or any other person duly appointed as proxy by the Member. All Forms of Proxy should be completed and returned so as to be received by the Registrar not less than 48 hours before the relevant Meeting. Any new Forms of Proxy properly and timely submitted will supersede any previous Forms of Proxy submitted by the SkillSoft Shareholder.

REVOCATION OF PROXIES

For SkillSoft ADS holders:

Registered holders of SkillSoft ADSs may change their vote at any time before 5.00 p.m. (United States Eastern Time) on 27 April 2010. You may do this by sending a written, dated notice to the Depositary at Proxy Tabulator for SkillSoft PLC, P.O. Box 8016, Cary, North Carolina 27512-9903, United States stating that you would like to revoke your voting instructions, which must be received by the Depositary by 5.00 p.m. (United States Eastern Time) on 27 April 2010. Beneficial holders of SkillSoft ADSs should contact their bank or broker.

If you desire to send any notice of revocation of your ADS Voting Instruction Card or have questions regarding your ADS Voting Instruction Card after you have returned it to the Depositary, you should contact the Depositary at:

The Bank of New York Mellon Corporation

BNY Mellon Shareowner Services

P.O. Box 358516

Pittsburgh, PA 15252-8516

Toll free tel.: 1-866-247-3849 (if calling within the United States) or

International tel.: 001-201-680-6825 (if calling from outside the United States)

For Scheme Shareholders and SkillSoft Shareholders:

Scheme Shareholders may change their vote at any time before the start of the Adjourned Court Meeting in the case of the PINK Form of Proxy, and SkillSoft Shareholders may change their vote at any time up to 9.15 a.m. (Irish Standard Time) on 1 May 2010 in the case of the BLUE Form of Proxy for the Adjourned EGM. You may do this in one of three ways. First, you may send a written, dated notice to the Registrar stating that you would like to revoke your proxy. Second, you may complete, sign, date and submit a new Form of Proxy. Third, you may attend the Adjourned Court Meeting and/or the Adjourned EGM and vote in person. Your attendance alone will not revoke your proxy. If you have instructed a broker to vote your SkillSoft Shares, you must follow the directions received from your broker relating to changing those instructions.

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If you desire to send any notice of revocation of your Forms of Proxy or have questions regarding your Forms of Proxy after you have returned them to the Registrar, you should contact the Registrar at the following address:

ComputerShare Investor Services (Ireland) Limited

Heron House

Corrig Road

Sandyford Industrial Estate

Dublin 18

Ireland

Tel.: 01 447 5518 (if calling within Ireland) or

Tel.: +353 1 447 5518 (if calling from outside Ireland)

Fax: 01 216 3183 (if calling within Ireland) or

Fax: +353 1 216 3183 (if calling from outside Ireland)

SOLICITATION OF PROXIES AND EXPENSES

The cost of preparing, assembling, printing and mailing this document, the Notice of Adjourned Court Meeting, the Notice of Adjourned EGM, ADS Voting Instruction Card, and the enclosed Forms of Proxy, as well as the cost of soliciting proxies relating to the Adjourned Court Meeting and the Adjourned EGM, will be borne by SkillSoft. SkillSoft will request banks, brokers, dealers and voting trustees or other nominees, including the Depositary in the case of SkillSoft ADSs, to solicit their customers who are owners of SkillSoft ADSs and/or SkillSoft Shares listed of record and names of nominees, and will reimburse them for the reasonable out-of-pocket expenses of such solicitation. The original solicitation of proxies by mail may be supplemented by telephone, e-mail, telegram and personal solicitation by officers and other regular employees or agents of SkillSoft. No additional compensation will be paid for such services. SkillSoft has retained Georgeson to assist in the solicitation of proxies from SkillSoft ADS holders by mail, telephone or other electronic means, or in person, for a fee of approximately US\$50,000 plus reasonable out-of-pocket expenses relating to the solicitation.

HELPLINE

If you are a SkillSoft ADS holder and have any queries in relation to actions to be taken at the Adjourned Meetings, please contact SkillSoft's proxy solicitor, Georgeson, at 1-866-357-4029 (if calling within the United States) or at 001 212-806-6859 (if calling from outside the United States) between 9.00 a.m. and 5.00 p.m. (United States Eastern Time) on any Business Day. If calling from outside the United States, please call collect. For legal reasons, Georgeson will not be able to provide advice on the merits of the Revised Acquisition itself or give financial advice or tax advice.

If you are a registered SkillSoft ADS holder and have any queries in relation to your ADS Voting Instruction Card, please contact BNY Mellon Shareowner Services, P.O. Box 358516, Pittsburgh, PA 15252-8516, 1-866-247-3849 (if calling within the United States), and 001-201-680-6825 (if calling from outside the United States). Beneficial SkillSoft ADS holders should contact their bank or broker. For legal reasons, the Depositary will not be able to provide advice on the merits of the Revised Acquisition itself or give financial advice or tax advice.

If you are a SkillSoft Shareholder and have any queries in relation to actions to be taken at the Adjourned Meetings, please contact SkillSoft's Registrar, Computershare Investor Services (Ireland) Limited, on 01 447 5518 (if calling within Ireland) or on +353 1 447 5518 (if calling from outside Ireland) between 9.00 a.m. and 5.00 p.m. (Irish Standard Time) on any Business Day. For legal reasons, the

Registrar will not be able to provide advice on the merits of the Revised Acquisition itself or give financial advice or tax advice.

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PART I LETTER OF RECOMMENDATION FROM THE BOARD OF SKILLSOFT

SkillSoft Public Limited Company

(Incorporated and registered in Ireland under the Companies Acts with registered number 148294)

Board:

Charles E. Moran (Chairman)
James S. Krzywicki
Dr. Ferdinand von Prondzynski
P. Howard Edelstein
William F. Meagher, Jr.
William J. Boyce

Registered Office
Belfield Office Park
Clonskeagh
Dublin 4
Ireland

8 April 2010

To SkillSoft Securityholders and, for information only, to SkillSoft Optionholders

REVISED RECOMMENDED ACQUISITION OF SKILLSOFT PUBLIC LIMITED COMPANY

Dear SkillSoft Securityholder,

1. INTRODUCTION

On 31 March 2010, the Board of SkillSoft and the Board of SSI Investments announced that they had reached agreement on the terms of a revised recommended acquisition for cash at the increased price of US\$11.25 per SkillSoft Share or SkillSoft ADS of the entire issued and to be issued share capital of SkillSoft by SSI Investments, a company formed by funds sponsored by each of Berkshire, Advent and Bain Capital Partners. SkillSoft and SSI Investments had previously announced on 12 February 2010 that they had reached agreement on the terms of a recommended acquisition of SkillSoft by SSI Investments for cash at a price of US\$10.80 per SkillSoft Share.

The Revised Acquisition will be effected by way of a scheme of arrangement between SkillSoft and the Scheme Shareholders under Section 201 of the Act, the terms of which are set out in Part IV (The Scheme of Arrangement) of this document and an explanation of which is given by Credit Suisse in Part III (Explanatory Statement) of this document. The Revised Acquisition and the Scheme are subject to the Conditions and further terms set out in Part V (Conditions of the Revised Acquisition and the Scheme) of this document. It is anticipated that, subject to the satisfaction or waiver of these conditions, the Revised Acquisition will become effective during May 2010.

I am writing to you to set out the background to the Revised Acquisition and the reasons why the Board of SkillSoft considers the terms of the Revised Acquisition to be fair and reasonable to SkillSoft Securityholders taken as a whole, and is unanimously recommending that SkillSoft Securityholders vote in favour of the Revised Acquisition and the Scheme.

2. SUMMARY OF THE TERMS OF THE REVISED ACQUISITION

Subject to the conditions and further terms set out in Part V (Conditions of the Revised Acquisition and the Scheme) of this document, under the terms of the Revised Acquisition, Scheme Shareholders will receive:

US\$11.25 in cash for each SkillSoft Share

After the Scheme becomes effective, SkillSoft ADS holders will receive the consideration to which they are entitled directly from the Depositary upon surrender of their SkillSoft ADSs. You should note that if there is

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insufficient Scheme Shareholder support for the Scheme at the Adjourned Court Meeting, the Scheme will not become effective. The Revised Acquisition will not proceed and the cash Consideration of US\$11.25 per SkillSoft Share will not become payable unless a majority in number of the Scheme Shareholders voting at the Adjourned Court Meeting vote in favour of the proposed Revised Acquisition and the Scheme Shares voted by those Scheme Shareholders represent at least 75 per cent. in value of the Scheme Shares voted at that meeting.

The Revised Acquisition values the entire issued and to be issued share capital of SkillSoft at approximately US\$1.2 billion.

The Consideration represents a:

premium of approximately 31 per cent. over US\$8.56, being the average daily Closing Price of a SkillSoft ADS over the 12 months up to and including 11 February 2010, being the last Business Day prior to the Rule 2.5 Announcement;

premium of approximately 15 per cent. over US\$9.76, being the Closing Price of a SkillSoft ADS on 11 February 2010; and

higher price than any Closing Price of a SkillSoft ADS over the 12 months up to and including 11 February 2010.

3. THE CONDITIONS

The implementation of the Scheme is conditional, amongst other things, upon:

the Scheme becoming effective by no later than 16 July 2010 (or such later date as SkillSoft and SSI Investments may, with (if required) the consent of the Panel, agree and (if required) the High Court may allow);

the approval by a majority in number of Scheme Shareholders representing three-fourths (75 per cent.) or more in value of the Scheme Shares held by such holders present and voting (either in person or by proxy) at the Adjourned Court Meeting (or at any adjournment of such meeting);

the passing by the requisite majority of such resolutions as are required to approve or implement the Scheme at the Adjourned EGM and are set out in the notice of the Adjourned EGM;

the sanction of the Scheme and confirmation of the reduction of capital involved therein by the High Court and the delivery of an office copy of the Court Order and the minute required by Section 75 of the Act to the Registrar of Companies and the registration of such Court Order and minute by the Registrar of Companies;

the expiration of the applicable waiting periods under the HSR Act and the equivalent laws of Germany and Austria. The US authorities terminated the mandatory waiting period under the HSR Act on 5 March 2010. The German and Austrian authorities have also issued the relevant clearances;

the Irish Revenue Commissioners not having confirmed in writing that they do not recognise that certain intellectual property rights transferred to SkillSoft Ireland Limited on 9 February 2009 attract Irish capital allowances on the entire acquisition price under (A) Section 291 of the Taxes Consolidation Act 1997 as computer software or (B) Sections 291 and 755 of that Act as computer software and patent rights, respectively. The Irish Revenue Commissioners issued a letter on 17 February 2010 confirming that the

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acquisition of [such intellectual property rights] will be treated as constituting part of SkillSoft Ireland Limited's continuing trade and that, on the basis of the information provided and subject to Revenue's usual right to audit or carry out an enquiry and anything which may arise therefrom, the [intellectual property rights] acquired will qualify for capital allowances under Section 291 ; and

the Conditions, which are not otherwise identified above and which are set out in full in Part V (Conditions of the Revised Acquisition and the Scheme) of this document, being satisfied or waived on or before the sanction of the Scheme by the High Court pursuant to Section 201 of the Act.

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4. BACKGROUND TO AND REASONS FOR RECOMMENDING THE REVISED ACQUISITION

Background to the Revised Acquisition

The SkillSoft Board has on an ongoing basis considered the long-term strategy of SkillSoft and strategic opportunities that might be available to enhance shareholder value, including additional investments in new growth opportunities, potential acquisitions, recapitalization options, and the sale of SkillSoft. Acquisitions are viewed by the SkillSoft Board as an important part of SkillSoft's growth strategy, and SkillSoft has consummated several successful acquisitions, most recently NETg. The SkillSoft Board has also explored opportunities for investments in SkillSoft, which might be used to fund acquisitions, incremental investments in its business, or share repurchases or a leveraged recapitalization (subject to applicable legal requirements) to provide additional liquidity to shareholders. In addition, the Board has always been willing to entertain a proposal to acquire SkillSoft, which would be considered based not only on the purchase price offered but also on the Board's and management's views of SkillSoft's future earnings and growth prospects. As part of this process of exploring alternatives to enhance shareholder value, SkillSoft management has from time to time engaged in discussions with both private equity firms and operating companies to assess whether any of those parties had an interest in acquiring or investing in SkillSoft, and has kept the SkillSoft Board apprised of those discussions. In addition, the SkillSoft Board has at various times requested Credit Suisse and other financial advisors to assist in exploring opportunities for acquisitions by SkillSoft and opportunities for an acquisition of or an investment in SkillSoft.

At different times commencing in the fall of 2007, several different private equity firms contacted SkillSoft management and expressed an interest in exploring an acquisition of, or investment in, SkillSoft. The SkillSoft Board concluded that management should engage in exploratory discussions, on a sequential basis, to determine whether any of these might lead to a transaction proposal that the Board believed was in the best interests of SkillSoft shareholders. I and other members of SkillSoft management, with the assistance of financial advisory firms, held meetings and discussions with a number of different private equity firms over the next several months, to allow them to conduct due diligence on SkillSoft for the purpose of evaluating a potential acquisition of, or investment in, SkillSoft. All of those discussions were preliminary in nature, focusing on those firms' due diligence review of SkillSoft, and none led to a discussion of potential acquisition or investment terms. By the spring of 2008, each of the private equity firms with which SkillSoft had held discussions had informed SkillSoft that, due primarily to unfavourable debt market conditions and uncertainty regarding the broader economy, it was not interested in proceeding with a transaction with SkillSoft at that time.

At a Board meeting in March 2009, the SkillSoft Board considered whether it was advisable to again explore potential opportunities for an acquisition of, or an investment in, SkillSoft. The SkillSoft Board agreed that management should pursue such opportunities.

Beginning in March 2009, I and other members of SkillSoft management, often with the participation of Mr. William Boyce, a non-executive director of SkillSoft, held several meetings and discussions with a private equity firm, which is referred to in this document as PEF #1. At a Board meeting in May 2009, management updated the SkillSoft Board on the status of discussions with PEF #1. The SkillSoft Board also discussed with Credit Suisse the merger and acquisition market in general, the views of the analyst and investment community on SkillSoft's market positioning and future prospects, and strategies for optimizing the purchase price in the event the Board elected to proceed with a proposal for the acquisition of SkillSoft. William Fry, SkillSoft's Irish counsel, advised the Board on the relevant provisions of Irish law that would apply to an acquisition of SkillSoft. WilmerHale, SkillSoft's US counsel, also reviewed with the Board relevant considerations under US law, including applicable SEC rules. After additional meetings and discussions over the next several months, in August 2009 the SkillSoft Board, after discussion with Credit Suisse and SkillSoft's legal advisors, decided to terminate discussions with PEF #1 based largely on difficulties PEF #1 was encountering in securing debt financing to proceed with an acquisition or investment proposal for SkillSoft as well as questions raised by PEF #1 regarding the broader economic environment and SkillSoft's performance in the challenging global economic conditions. Discussions with PEF#1 largely ended at this time.

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In May 2009, SkillSoft was contacted by another private equity firm, which is referred to in this document as PEF #2, which expressed an interest in learning more about SkillSoft's business to determine whether it was interested in an investment in SkillSoft. The SkillSoft Board elected not to pursue discussions with PEF #2 at that time. SkillSoft management commenced discussions with PEF #2 in August 2009 and held a series of meetings and discussions with PEF #2 (often with the participation of Mr. Boyce) over the next several months so that PEF #2 could conduct a due diligence review of SkillSoft's business. PEF #2 indicated to SkillSoft that its primary focus was an investment transaction. In early November 2009, PEF #2 proposed an investment in SkillSoft. The Board, after considering SkillSoft's financial position and cash needs and trading liquidity concluded that SkillSoft should not proceed with investment discussions with PEF #2 at that time.

During this same period of time, SkillSoft continued to explore growth opportunities, including both organic growth and growth via acquisitions. In October 2009, SkillSoft entered into an engagement letter with a boutique investment banking firm under which that firm was charged with identifying acquisition opportunities for SkillSoft within a particular market segment. While SkillSoft has considered several acquisition candidates, it has not identified any companies that it could acquire on acceptable terms.

Throughout the fiscal year ended 31 January 2010 (referred to as fiscal 2010), SkillSoft's business continued to be affected by the weak global economic climate, increased price competition from a broad array of competitors and a slower overall market adoption rate for e-learning solutions. As a result of those challenges, SkillSoft's revenue during fiscal 2010 was slightly down from fiscal 2009 and its bookings (which SkillSoft has not historically publicly disclosed) during fiscal 2010 were also down from fiscal 2009. SkillSoft's fiscal 2010 net income was above fiscal 2009 net income, which was due to cost-cutting initiatives and expenses deferrals implemented by SkillSoft management rather than to growth in SkillSoft's business.

In early September 2009, Berkshire met with representatives from SkillSoft, including myself and Mr. Boyce, to conduct a general discussion of SkillSoft's business, based entirely on public information. Several weeks later, in late October 2009, Berkshire contacted me and expressed an interest in conducting due diligence on SkillSoft for the purpose of evaluating a potential acquisition of or investment in SkillSoft. After consulting with Mr. Boyce, who was by that time the Lead Director of SkillSoft, and informing other members of the Board, I along with Mr. Boyce and other members of SkillSoft management held a series of meetings and discussions with Berkshire, following execution of the Confidentiality Agreement on 2 November 2009. Mr. Boyce and I updated the other SkillSoft directors on the discussions with Berkshire at the 18 November 2009 Board meeting.

In mid-December 2009, Berkshire conveyed to me that, based on its due diligence to date, it was considering making an acquisition proposal for SkillSoft, but that it had more work to do with respect to obtaining financing and conducting additional due diligence before it would be in a position to make an acquisition proposal for SkillSoft. I reported this to the SkillSoft Board at a meeting held on 18 December 2009. At that meeting, the Board also received an update from management on SkillSoft's business performance. In addition, Credit Suisse participated in a discussion with the Board with respect to SkillSoft's valuation. Based on those discussions, the SkillSoft Board concluded that management, with Mr. Boyce's involvement, should continue its discussions with Berkshire to determine whether Berkshire was willing to make an acquisition proposal for SkillSoft and the price it was willing to offer. Credit Suisse and SkillSoft's legal advisors then provided input to the Board on the process that the Board could elect to follow in those discussions. Credit Suisse further advised on the steps that could be taken to determine whether a purchase price offered by Berkshire was fair and the highest reasonably attainable acquisition price for SkillSoft.

Meetings and discussions between SkillSoft management and Berkshire continued into January 2010. The Panel was consulted as to contacting potential participants in, and debt providers to, the Investor Group. Subsequently, at Berkshire's request, SkillSoft management met with Advent and Bain Capital Partners, which were considering partnering with Berkshire in making an acquisition proposal for SkillSoft. SkillSoft

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management also met, at Berkshire's request, with Morgan Stanley and Barclays Bank, potential providers of debt financing for the transaction. During this time period, numerous discussions also took place between Credit Suisse and Morgan Stanley.

At a meeting held on 11 January 2010, the SkillSoft Board received an update from management and Mr. Boyce on the discussions with Berkshire, and an update from management on SkillSoft's business. In addition, Credit Suisse participated in a discussion with the SkillSoft Board on considerations relating to the valuation of SkillSoft and potential processes to follow to optimize shareholder value in such a transaction. The SkillSoft directors requested that a subsequent Board meeting be held at which the directors could consider in more detail management's financial outlook for the fiscal year ending 31 January 2011 (referred to as fiscal 2011) as well as growth strategies available to SkillSoft, so the Board would be better prepared to evaluate any acquisition proposal that might be received by comparing it to the prospects for enhancing shareholder value if SkillSoft were not acquired; that meeting was subsequently scheduled for 29 January 2010. The SkillSoft Board also discussed the possibility of forming a special committee to oversee discussions with Berkshire in light of the potential conflict of interest that I may have, arising from the possibility that I and other members of the management team might receive an offer of employment or other compensatory arrangements from Berkshire if Berkshire were to acquire SkillSoft. After discussion, the SkillSoft directors (other than me) concluded that a special committee should not be established at that time, based primarily on their belief that this matter warranted the participation and input of all members of the SkillSoft Board and that my potential conflict of interest could be addressed by excusing me from discussions and decisions where appropriate.

The SkillSoft Board met again on 18 January 2010. At that meeting, the Board again received an update on the discussions with Berkshire. In addition, management and Credit Suisse reported that PEF #1 and PEF #2 had each contacted either management or Credit Suisse and asked to again engage in due diligence discussions with SkillSoft to assess their interest in potentially making an acquisition proposal for SkillSoft. The SkillSoft directors discussed whether it was advisable to seek permission under the Takeover Rules to engage in discussions with one or both of such firms without the requirement for a public announcement, in addition to Berkshire and its investing partners. The SkillSoft Board decided that it was not in the best interests of SkillSoft and its shareholders, based primarily on the following factors:

The views of William Fry that such a request was unlikely to be granted under the Takeover Rules without the requirement for SkillSoft to publicly announce that it was in acquisition discussions, and the belief of the SkillSoft Board and management that such an announcement could cause the loss of key employees and customers due to concern over the uncertain future of SkillSoft;

The Board's view, after receiving input from SkillSoft management and discussion with Credit Suisse, that the results of the additional due diligence undertaken by those firms may be unlikely to satisfactorily assuage the concerns those firms were seeking to address in their due diligence; and

The Board's belief that if PEF #1 or PEF #2 had a legitimate interest in making an acquisition proposal for SkillSoft at a price in excess of what Berkshire was willing to pay, those firms would have the opportunity to do so after the announcement of an agreement with Berkshire regarding the proposed acquisition of SkillSoft, due in large part to the Takeover Rules (which provide subsequent bidders with equal access to the information provided to Berkshire and significantly limit the amount of the expense reimbursement that SkillSoft could agree to with Berkshire), and the fact that prior due diligence conducted by those two firms would permit them to react quickly if they so desired.

On the evening of Wednesday, 27 January 2010, the Investor Group sent a letter to SkillSoft stating that, subject to confirmatory due diligence, the Investor Group was willing to acquire SkillSoft for US\$10.50 per SkillSoft Share in cash. This letter also set out the primary terms and conditions of such an acquisition, including a covenant of SkillSoft not to solicit any competing acquisition proposals. The letter from the Investor Group stated that it was an indicative proposal only and not a firm intention to make an offer under the Takeover Rules. The letter was forwarded to each member of the SkillSoft Board.

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On Friday, 29 January 2010, the SkillSoft Board held a meeting that had been previously scheduled to consider various strategic alternatives. The directors agreed at the outset of the meeting that discussion of the Investor Group's proposal would be deferred until a subsequent Board meeting to be held over the weekend of 30/31 January 2010, to ensure there was adequate time at this meeting to cover the scheduled agenda items and to enable the SkillSoft directors to evaluate the Investor Group's proposal with the benefit of the information presented and discussions held at this meeting. During the 29 January 2010 Board meeting, SkillSoft management, with participation from Credit Suisse, made a presentation to the SkillSoft Board on the following topics:

The e-learning market and SkillSoft's positioning within that market;

Factors impacting the valuation of SkillSoft ADSs;

Management's preliminary base operating plan for fiscal 2011, which indicated that fiscal 2011 will be a more challenging year than is reflected in consensus analysts' estimates, in part because SkillSoft's bookings (which SkillSoft has not historically publicly disclosed) during fiscal 2010 were down from fiscal 2009;

Potential growth strategies for SkillSoft including more aggressive investments in its business, growth via acquisitions and entry into adjacent markets and illustrative short-term and long-term financial outlooks associated with each alternative; and

Analysis of the potential short-term and long-term trading prices of SkillSoft ADSs based on pursuing each of the growth strategies discussed.

Following this presentation and extensive discussion, the SkillSoft directors were concerned about a potential decrease in the near-term trading price of SkillSoft ADSs, and felt that while there were opportunities for enhancing shareholder value over the longer term, there were significant risks associated with each strategy identified and an extended period of time required to execute those strategies.

On Sunday, 31 January 2010, the SkillSoft Board met to discuss the Investor Group's proposal. The SkillSoft directors, with input from Credit Suisse, William Fry and WilmerHale, discussed the acquisition proposal put forward by the Investor Group, including the purchase price, along with the other terms and conditions of the Investor Group's proposal. At the conclusion of the discussion, the SkillSoft directors were in agreement that the proposal (including the US\$10.50 purchase price) was attractive on its current terms, but that SkillSoft should attempt to negotiate more favourable terms. The SkillSoft Board directed Credit Suisse to present a counterproposal to the Investor Group, through Morgan Stanley, that included a purchase price of US\$11.25 per share, a right to affirmatively solicit competing acquisition proposals for a specified period of time following announcement of an agreement with the Investor Group (referred to as a go-shop provision), and several other changes to the terms of the Investor Group's proposal. In addition, in response to another request from PEF #1 to re-engage in due diligence discussions with SkillSoft, the Board again decided against approaching the Panel with that request, primarily for the reasons cited at the 18 January 2010 Board meeting.

On Monday, 1 February 2010, Credit Suisse delivered to Morgan Stanley the SkillSoft Board's counterproposal to the Investor Group's letter.

On Tuesday, 2 February 2010, Morgan Stanley delivered a response on behalf of the Investor Group, which included a purchase price of US\$10.65 per share, acceptance of the go-shop concept (though not all of its terms) and certain other changes to the terms of SkillSoft's counterproposal, including a request for a contractual matching right in the event SkillSoft received a superior proposal.

After discussions among SkillSoft management, members of the SkillSoft Board, and SkillSoft's financial and legal advisors, SkillSoft directed Credit Suisse to respond with a proposed purchase price of US\$11.00 per share and other proposed modifications to the Investor Group's terms, including a rejection of the matching right. Credit Suisse delivered this response to Morgan Stanley on the morning of Wednesday, 3 February 2010.

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Later in the day on 3 February 2010, Morgan Stanley informed Credit Suisse that the Investor Group would only agree to proceed to complete the steps necessary to make a formal offer, such as confirmatory due diligence and implementing financing arrangements, on the basis of receiving a SkillSoft Board recommendation at a price of US\$10.80 per share. Morgan Stanley also indicated that the Investor Group was generally in agreement with the other terms in SkillSoft's latest counterproposal (including the elimination of the matching right), subject to some of the finer points being worked out between the parties' respective legal advisors. Credit Suisse communicated this response to the SkillSoft Board and a Board meeting was scheduled for the following morning.

The SkillSoft Board held a meeting on the morning of Thursday, 4 February 2010. At that meeting, the Board first discussed the potential conflicts of interest of three of its directors – myself, Mr. Boyce and Mr. Edelstein. I might receive an offer of employment or other compensatory arrangement from the Investor Group if the Investor Group were to acquire SkillSoft. Mr. Boyce's daughter is employed by Berkshire in its marketing department. She has no involvement in the Original Acquisition (or the Revised Acquisition) and had limited knowledge of it prior to its public announcement. Mr. Edelstein has been engaged by Advent to perform consulting services in connection with one of the companies in which Advent is considering making an investment. Mr. Edelstein's consulting services are unrelated to Advent's participation in the Original Acquisition (or the Revised Acquisition). Mr. Edelstein began performing this consulting work in late January 2010, and it is unclear for how long it will continue. Mr. Edelstein's total compensation for this consulting work through 15 February 2010 is less than US\$20,000.

Based on input from its legal advisors, the Board decided to form an independent committee (referred to as the Independent Committee). Although the Board felt that both Mr. Boyce and Mr. Edelstein could serve as effective, independent committee members, the Board determined that it was in the best interest of SkillSoft and the SkillSoft Shareholders, in order to avoid any appearance of a conflict of interest, for the Independent Committee to be comprised of Mr. Krzywicki, Mr. Meagher and Dr. von Prondzynski, the three Board members with no potential conflicts of interest. The SkillSoft Board delegated to the Independent Committee the authority to approve or disapprove and recommend to the Board approval or disapproval of the proposed acquisition of SkillSoft by the Investor Group, and resolved that the Board shall not approve the proposed acquisition by the Investor Group without the prior approval of such acquisition by the Independent Committee.

The SkillSoft Board then discussed the 3 February 2010 proposal from the Investor Group, and also discussed it with Credit Suisse and SkillSoft's legal advisors. Each member of the SkillSoft Board concluded that the 3 February 2010 proposal from the Investor Group was acceptable and that it was in the best interests of SkillSoft's shareholders to have the opportunity to consider that proposal. The Board authorized Credit Suisse to communicate that to Morgan Stanley and directed its legal advisors to work as expeditiously as possible to prepare and negotiate the definitive acquisition documents. It was agreed that another meeting of the Board would be held to review the definitive acquisition documents, to discuss the proposal with Credit Suisse and to consider formal approval of the Original Acquisition.

Over the course of the next week, SkillSoft management and the Investor Group continued to hold meetings and discussions concerning due diligence items and other acquisition-related matters. There were also numerous discussions between Credit Suisse and Morgan Stanley, as well as discussions between the respective legal advisors of SkillSoft and the Investor Group concerning the definitive acquisition documents.

On Tuesday, 9 February 2010, William Fry submitted a draft Expenses Reimbursement Agreement to the Panel for review and approval. On 10 February 2010, the Panel sent a letter to William Fry stating that it had approved the draft Expenses Reimbursement Agreement.

On Wednesday, 10 February 2010, the SkillSoft Board and the Independent Committee met to further consider and vote upon the proposed Original Acquisition and related matters. During that meeting:

I presented my views on the competitive environment and SkillSoft's prospects as a stand-alone company, including two revised versions of management's preliminary fiscal 2011 operating plan;

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The William Fry representatives outlined the fiduciary duties and responsibilities of the SkillSoft Board under applicable Irish law;

The William Fry representatives summarized the principal terms of the Original Transaction Agreement, the Expenses Reimbursement Agreement, the Directors' Voting Undertakings, the conditions to the Original Acquisition and Scheme, and the Rule 2.5 Announcement;

The SkillSoft Board discussed the terms of the acquisition documents;

The Credit Suisse representatives discussed with the Board the financial terms of the Original Acquisition; and

I informed the SkillSoft Board that no equity or compensation arrangements had been discussed between the Investor Group and any member of SkillSoft management.

After discussion and deliberation, the Independent Committee, meeting in executive session, unanimously voted to approve the Original Acquisition by SSI Investments (the company formed by the Investor Group for purposes of the Original Acquisition) and the Original Acquisition agreements presented at that meeting, and to recommend that the full SkillSoft Board do the same. The SkillSoft Board then approved the Original Acquisition and Original Acquisition-related documents, contingent upon certain final open issues being resolved and the Original Acquisition agreements being executed before the opening of the US stock markets on Thursday, 11 February 2010. However, not all open items were resolved and the Original Acquisition agreements were not executed by such time.

On the afternoon of Thursday, 11 February 2010, the SkillSoft Board and the Independent Committee met to further consider and vote upon the proposed Original Acquisition and related matters. During that meeting:

Credit Suisse and SkillSoft's legal representatives updated the directors on the status of the Original Acquisition agreements and the resolution of open issues; and

The Credit Suisse representatives assisted the Board in the review of the financial terms of the Original Acquisition.

After discussion and deliberation, the Independent Committee, meeting in executive session, unanimously voted to approve the Original Acquisition by SSI Investments (the company formed by the Investor Group for purposes of the Original Acquisition) and the Original Acquisition agreements presented at that meeting, and to recommend that the full SkillSoft Board do the same. The Board then unanimously determined that it was fair to and in the best interests of SkillSoft Securityholders to have the opportunity to consider the Original Acquisition proposal, unanimously voted to approve the Original Acquisition by SSI Investments and the Original Transaction Agreement, the Expenses Reimbursement Agreement, the Directors' Voting Undertaking, the Rule 2.5 Announcement and other Original Acquisition-related documents and unanimously resolved to recommend that the SkillSoft Securityholders vote to approve the Original Acquisition in accordance with the applicable provisions of Irish law.

On the evening of Thursday, 11 February 2010, the parties executed the Original Transaction Agreement, the Expenses Reimbursement Agreement and the Directors' Voting Undertakings. The parties issued both the Rule 2.5 Announcement and a press release announcing the Original Acquisition on the morning of Friday, 12 February 2010.

During the week of Monday, 22 March 2010, Columbia, SkillSoft's largest shareholder, indicated to SkillSoft that it was planning to vote against the Original Acquisition because it did not believe the consideration was sufficient. Because Columbia owns or controls approximately 21.5% of the issued share capital of SkillSoft, a negative vote from Columbia presented a significant risk of preventing the Original Acquisition from receiving the requisite approval of SkillSoft Securityholders. On Saturday, 27 March 2010, representatives of SkillSoft and SSI Investments, along with their respective financial advisors, engaged in discussions with Columbia to exchange perspectives on the merits of the transaction and the

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attractiveness of the \$10.80 proposed purchase price. On Monday, 29 March 2010, Columbia indicated that it would vote in favour of the Original Acquisition if SSI Investments increased the consideration to US\$11.25 per SkillSoft Share. Columbia executed a Shareholder's Voting Undertaking confirming this position on Wednesday, 31 March 2010.

SSI Investments informed SkillSoft that its willingness to increase the consideration to US\$11.25 per SkillSoft Share was contingent upon the execution of the Shareholder's Voting Undertaking and the following:

SkillSoft adjourning the Court Meeting and EGM, scheduled for 6 April 2010, in order to permit the revision to the consideration in accordance with Irish law and to provide sufficient time for the preparation and circulation of this revised Scheme Document and for SkillSoft Securityholders to consider this revised Scheme Document and vote their SkillSoft Shares or SkillSoft ADSs;

SkillSoft agreeing to certain changes to the Original Transaction Agreement, including a prohibition on SkillSoft entering into an expenses reimbursement agreement with another party for one year following termination of the Transaction Agreement and SkillSoft's commitment to provide SSI Investments with additional information concerning, and a matching right with respect to, any Third Party Transaction Proposal subsequently received by SkillSoft;

SkillSoft entering into the Restated Expenses Reimbursement Agreement, which adds the failure of the Revised Acquisition to receive the requisite approval of the SkillSoft Securityholders to the events that trigger SkillSoft's obligation to pay the expense reimbursement payment to SSI Investments; and

the SkillSoft directors executing affirmations of the Voting Undertakings previously executed by them.

On Wednesday, 31 March 2010, the Panel granted its consent (subject to certain conditions) to permit SkillSoft to announce that it proposed to adjourn the Court Meeting and, simultaneously with that announcement, for SkillSoft and SSI Investments to announce a firm intention to increase the consideration payable under the Revised Acquisition. On 31 March 2010, the Panel also granted its consent to permit SkillSoft to enter into the Restated Expenses Reimbursement Agreement.

Also, on 31 March 2010, the SkillSoft Board and the Independent Committee met to consider the Revised Acquisition offer from SSI Investments, the requested changes to the Original Transaction Agreement and the proposed entry into the Restated Expenses Reimbursement Agreement. During that meeting,

I and other members of management updated the other directors of SkillSoft about recent developments;

the William Fry representative outlined the fiduciary duties and responsibilities of the SkillSoft Board under applicable Irish law;

the William Fry representative summarized the proposed changes to the Original Transaction Agreement and the Restated Expenses Reimbursement Agreement; and

the Credit Suisse representative discussed with the SkillSoft Board the financial terms of the Revised Acquisition. After discussion and deliberation, the Independent Committee, meeting in executive session, unanimously voted to approve the Revised Acquisition, the amendments to the Original Transaction Agreement and entry into the Restated Expenses Reimbursement Agreement presented at the meeting, and to recommend that the full SkillSoft Board do the same. The SkillSoft Board then unanimously:

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determined that it was in the best interests of SkillSoft Securityholders to have the opportunity to consider the Revised Acquisition;

voted to approve the Revised Acquisition by SSI Investments at the revised price of US\$11.25 per SkillSoft Share;

authorized SkillSoft to enter into the First Amending Agreement to the Transaction Agreement and the Restated Expenses Reimbursement Agreement and to issue a public announcement of the Revised Acquisition terms;

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resolved to recommend that the SkillSoft Securityholders vote to approve the Revised Acquisition, as so revised, in accordance with the applicable provisions of Irish law; and

resolved to adjourn the Court Meeting and to seek the consent of SkillSoft Shareholders to the adjournment of the EGM to provide sufficient time for the preparation and circulation of this revised Scheme Document and for SkillSoft Securityholders to consider this revised Scheme Document and vote their SkillSoft Shares or SkillSoft ADSs.

On the evening of Wednesday, 31 March 2010, the parties executed the First Amending Agreement to the Transaction Agreement, the Restated Expenses Reimbursement Agreement and the Affirmation of Undertakings. Following that, the parties issued a public announcement of the Revised Acquisition terms and the adjournment of the Court Meeting and the intention to seek the consent of SkillSoft Shareholders to the adjournment of the EGM.

Reasons for the Transaction and Recommendation of the SkillSoft Board

In reaching its determination to approve the Original Acquisition and the Revised Acquisition, the Board of SkillSoft consulted with SkillSoft management and its financial and legal advisors, drew on its knowledge of SkillSoft's business, assets, financial condition, operating results, prospects and historical share trading prices, and considered the following factors in particular:

Characteristics of the trading market for SkillSoft ADSs, including:

historical and current trading prices of SkillSoft ADSs;

the significant ownership concentration among SkillSoft's top institutional shareholders; and

the limited liquidity of the trading market for SkillSoft ADSs, which has led to frustration among some significant SkillSoft shareholders and (in SkillSoft management's opinion) has dissuaded other institutional investors from purchasing SkillSoft ADSs.

The e-learning market in which SkillSoft competes, including:

the characteristics and projected growth of the market, including a reduction in forecasted growth rates due to global economic conditions, thus impacting revenue growth of all market participants;

trends related to the recessionary environment, such as a more discretionary view on training, budget pressure and pricing sensitivity; and

a customary competitive analysis, including SkillSoft's strengths, weaknesses, opportunities and competitive threats.

SkillSoft's operating results for fiscal 2010 and its preliminary operating plan for fiscal 2011, which anticipates that fiscal 2011 will be a more challenging year than is reflected in the fiscal 2011 mean estimates of securities analysts published with Institutional Brokers' Estimate System (I/B/E/S) in part because SkillSoft's bookings (which SkillSoft has not historically publicly disclosed) during fiscal 2010 were down from fiscal 2009, and SkillSoft recognizes revenue ratably in the periods following client bookings. As a result, the SkillSoft Board had concerns about the potential near-term trading price of SkillSoft ADSs.

The SkillSoft Board's review of strategies available to SkillSoft, and its conclusion following that review that:

each of the strategies, in the Board's judgment, involved risk and uncertain likelihood of success, and involved execution challenges as well as the potential to disrupt SkillSoft's existing business plan and prospects;

continuing to operate the business with a view to maximizing profitability, while a viable alternative, was unlikely to result in meaningful change to SkillSoft's existing growth profile;

each of the growth strategies considered could potentially have a negative impact on the trading price of SkillSoft ADSs in the short term due to the natural delay that occurs between when incremental investments are made and subsequent growth is achieved; and

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those growth strategies that offered the greatest potential for a long-term positive impact on the trading price of SkillSoft ADSs involved increased levels of execution risk, long-term horizons, and lacked reasonable certainty in their ability to yield meaningful increases in the value of SkillSoft ADSs relative to the underlying risk.

The efforts undertaken by SkillSoft directly or by various investment banks and intermediaries over the past several years to determine whether any party was interested in making an acquisition proposal for SkillSoft, which did not yield any definitive acquisition proposal other than the one from the Investor Group.

The value of the purchase price to be received by SkillSoft Securityholders in the Original Acquisition and the Revised Acquisition, including:

with respect to the Original Acquisition only, the fact that the consideration of US\$10.80 per SkillSoft Share in cash represents approximately an 11 per cent. premium to the Closing Price of a SkillSoft ADS on 11 February 2010 (the last Business Day prior to the Rule 2.5 Announcement of the Original Acquisition offer from SSI Investments), approximately a 26 per cent. premium to the average closing price of a SkillSoft ADS over the one-year period ending on 11 February 2010 and approximately a 49 per cent. premium to the average Closing Price of a SkillSoft ADS over the five-year period ending on 11 February 2010;

with respect to the Revised Acquisition only, the fact that the consideration of US\$11.25 per SkillSoft Share in cash represents approximately a 15 per cent. premium to the Closing Price of a SkillSoft ADS on 11 February 2010 (the last Business Day prior to the Rule 2.5 Announcement of the Original Acquisition offer from SSI Investments), approximately a 31 per cent. premium to the average closing price of a SkillSoft ADS over the one-year period ending on 11 February 2010 and approximately a 55 per cent. premium to the average Closing Price of a SkillSoft ADS over the five-year period ending on 11 February 2010; and

the fact that SkillSoft Securityholders will receive the Consideration in cash, which provides certainty of value to SkillSoft Securityholders as compared to a transaction in which they would receive stock or other non-cash consideration.

The discussions undertaken with Credit Suisse.

The terms and conditions of the Original Acquisition and the Revised Acquisition, including:

the conditions to the closing of the acquisition and the likelihood of their being satisfied, including the absence of any financing condition to SSI Investments' obligation to consummate the acquisition;

with respect to the Original Acquisition only, the right of SkillSoft to affirmatively solicit acquisition proposals from other parties during the 22-day period following the date of the Rule 2.5 Announcement, and the right of SkillSoft following the expiration of that period to furnish information to and conduct negotiations with third parties that make an unsolicited acquisition proposal, subject in either case to SkillSoft's obligation to make an expenses-reimbursement payment of up to 1 per cent. of the total value of the entire issued share capital of SkillSoft (excluding any interest in such share capital (including in the form of SkillSoft ADSs) held by Stockbridge) as ascribed by the terms of the Original Acquisition, under certain circumstances;

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with respect to the Revised Acquisition only, the results of this solicitation process, which yielded no proposals other than a conditional preliminary proposal that was subsequently withdrawn; and

the Board of SkillSoft's belief that the expenses-reimbursement payment to be made to SSI Investments in the circumstances set forth in the Expenses Reimbursement Agreement would not be likely to preclude another party from making a superior acquisition proposal.

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In the course of its deliberations, the Board of SkillSoft also considered a variety of risks and other countervailing factors with respect to the Original Acquisition and the Revised Acquisition, including:

The fact that SkillSoft will no longer exist as an independent, publicly-traded company and that SkillSoft Securityholders will no longer benefit from the future financial performance or any appreciation in the value of SkillSoft;

The risk that the acquisition might not be completed due to failure to satisfy the Conditions, some of which are outside of SkillSoft's control;

If the acquisition is not completed, the potential adverse effect of the public announcement of the acquisition on SkillSoft's business, including its customer and partner relationships, SkillSoft's ability to attract and retain key personnel and SkillSoft's overall competitive position; and

The fact that gains from an all-cash transaction will be taxable to SkillSoft Securityholders for US federal income tax purposes and Irish capital gains tax purposes.

The foregoing discussion of the factors considered by the SkillSoft Board is not intended to be exhaustive, but does set forth all of the material factors considered by the SkillSoft Board. The SkillSoft Board collectively reached the unanimous conclusion to approve the Original Acquisition and the Revised Acquisition in light of the various factors described above and other factors that each member of the SkillSoft Board deemed relevant. In view of the wide variety of factors considered by the members of the SkillSoft Board in connection with their evaluation of the Original Acquisition and the Revised Acquisition and the complexity of these matters, the SkillSoft Board did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. The SkillSoft Board made its decision based on the totality of information presented to and considered by it. In considering the factors discussed above, individual directors may have given different weights to different factors.

Based on its evaluation of the above factors, **the SkillSoft Board unanimously recommends that SkillSoft Securityholders vote in favour of the Revised Acquisition.**

5. EFFECTS OF THE REVISED ACQUISITION

Upon the Scheme becoming effective, (i) the Scheme Shares will be cancelled pursuant to Sections 72 and 74 of the Act or transferred to SSI Investments, (ii) SkillSoft will then issue New SkillSoft Shares to SSI Investments in place of the Cancellation Shares, and (iii) SSI Investments will pay the Consideration to former Scheme Shareholders in consideration for the Revised Acquisition. As a result of the Scheme, SkillSoft will become a wholly owned subsidiary of SSI Investments. It is intended that, subject to and following the Scheme becoming effective and subject to applicable requirements of NASDAQ, SSI Investments will procure that SkillSoft applies for cancellation of the quotation of SkillSoft ADSs on NASDAQ. The last day of dealing in SkillSoft ADSs on NASDAQ will be the last Business Day before the Effective Date. After this time, price quotations for SkillSoft ADSs and SkillSoft Shares will no longer be available and SkillSoft will cease filing periodic reports under the Exchange Act. Since its initial public offering, SkillSoft has not paid cash dividends on the SkillSoft Shares and, if the Scheme becomes effective, no dividend will be paid to SkillSoft ADS holders or SkillSoft Shareholders in respect of the current SkillSoft financial year. In addition, SkillSoft intends to terminate the Deposit Agreement through which the ADS programme is operated, the SkillSoft Employee Share Purchase Plan and the SkillSoft Share Option Plans at the Effective Time.

The Views of the Board of SkillSoft on SSI Investments' Plans for SkillSoft and its Employees

The Board of SSI Investments has confirmed that:

it intends that the business of SkillSoft will continue in the same manner in which it currently operates;

it has no plans to change the locations of the places of business or to redeploy the fixed assets of the SkillSoft Group;

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the existing employment rights of employees of the SkillSoft Group (including pension rights) under applicable laws will be fully safeguarded following the Scheme becoming effective;

it attaches great importance to the skills and experience of the existing management and employees of SkillSoft who it sees as critical to the business going forward; and

it will aim, through SkillSoft's compensation and reward package, to ensure high levels of performance and to reward and retain key employees.

Following consideration of the information referred to above, the Board of SkillSoft views positively the commitment of SSI Investments to continue the business of SkillSoft in the same manner in which it currently operates. The Board of SkillSoft is pleased to note that SSI Investments will fully safeguard the existing employment rights of employees of the SkillSoft Group and that it has no plans to change the location of the places of business of the SkillSoft Group. The Board of SkillSoft recognizes that SkillSoft has a skilled workforce, who are crucial to the future success of the business, and is pleased that SSI Investments is of the same view.

6. VOTING UNDERTAKINGS

Columbia Wanger Asset Management, L.P.

SSI Investments and SkillSoft have received a voting undertaking in connection with the Revised Acquisition from Columbia, which provides (subject to certain exceptions) that Columbia vote, or procure that voting instructions are given to vote, in favour of the resolutions to be proposed at the Adjourned Court Meeting and the Adjourned EGM with respect to the SkillSoft ADSs and SkillSoft Shares that Columbia owns or controls, which represent approximately 21.5 per cent. of the entire issued share capital of SkillSoft. Together with the voting undertakings previously received, SSI Investments has now received voting undertakings in respect of approximately 21.8 per cent. of the entire issued share capital of SkillSoft. Columbia's voting undertaking will lapse if:

the Scheme lapses for want of the requisite majorities on the resolutions (save as a result of the breach by Columbia of its voting undertaking) or is withdrawn at the request of SSI Investments;

the Transaction Agreement is terminated by either party thereto in accordance with its terms without breach on the part of SkillSoft;

a higher competing offer (as defined in Columbia's voting undertaking) is announced (pursuant to Rule 2.5 of the Takeover Rules) or a higher competing offer is made following termination of the Transaction Agreement in accordance with its terms without breach on the part of SkillSoft;

the directors of SkillSoft withdraw their recommendation to shareholders of SkillSoft to vote in favour of the Scheme following termination of the Transaction Agreement in accordance with its terms without breach on the part of SkillSoft;

the Scheme does not become effective by 16 July 2010 (or such later date as SkillSoft and SSI Investments agree, with the consent of the Panel and the High Court);

the High Court declines or refuses to sanction the Scheme, unless SkillSoft and SSI Investments agree that the decision of the High Court shall be appealed and, if so appealed, a final non-appealable order, decree, judgment, or ruling has been issued; or

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SSI Investments announces that it will not proceed to make the Revised Acquisition.

The foregoing summary of the voting undertaking by Columbia is qualified by reference to the complete text of Columbia's voting undertaking, which is attached to this document as Annex F.

Members of the Board of SkillSoft and Others

The directors of SkillSoft have given irrevocable undertakings to SSI Investments (subject to certain exceptions) to vote, or to procure that voting instructions are given to vote, in favour of any resolutions

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required to approve and implement the Revised Acquisition and the Scheme at the Adjourned EGM in respect of their entire beneficial holdings (and that of their family trusts) amounting to, in aggregate, 5,877 SkillSoft ADSs, representing approximately 0.006 per cent. of the issued share capital of SkillSoft, and any SkillSoft Shares or SkillSoft ADSs such directors may acquire or subscribe for upon exercise of their SkillSoft Options. Under the voting undertakings, each member of the Board of SkillSoft has agreed (subject to certain exceptions) not to sell, transfer, encumber or otherwise dispose of any of his SkillSoft Share or SkillSoft ADSs. In addition, each of the directors has also undertaken that, if SSI Investments requests that he do so, he will serve the necessary notices on the Depositary (within one Business Day of being requested to do so) so as to procure that the SkillSoft Shares underlying his SkillSoft ADSs are vested in nominees of each such director.

The foregoing summary of the voting undertakings by the directors of SkillSoft is qualified by reference to the complete text of the form of voting undertaking and the form of affirmation of voting undertaking, which are attached to this document as Annex D and E, respectively.

SSI Investments has also received similar voting undertakings from Mr. Gregory J. Porto in respect of his entire beneficial holding (and that of his family) amounting to 8,978 SkillSoft Shares and SkillSoft ADSs in total, representing approximately 0.009 per cent. of SkillSoft's issued share capital, and from Mr. Charles E. Moran's wife, Mrs. Susan Moran, in respect of her entire beneficial holding (and that of her family trusts) of SkillSoft ADSs amounting to 6,364 SkillSoft ADSs, representing approximately 0.007 per cent. of SkillSoft's issued share capital. Under his voting undertaking, Mr. Porto undertook to procure the transfer of one SkillSoft Share to each of three nominees by 18 February 2010 and, if requested to do so by SSI Investments, to serve the necessary notices on the Depositary (within five Business Days of being requested to do so) so as to procure that one SkillSoft Share (underlying a SkillSoft ADS) would vest in each of six separate nominees of Mr. Porto and that one thousand SkillSoft Shares (underlying SkillSoft ADSs) would vest in Mr. Porto. Mr. Porto has transferred legal (but not beneficial) title to one SkillSoft Share to each of nine separate nominees and one thousand SkillSoft Shares (underlying SkillSoft ADSs) have vested in Mr. Porto.

These voting undertakings will lapse in the event that:

the Scheme lapses or is withdrawn;

the Transaction Agreement is terminated by either party thereto;

a higher competing offer (as defined in the form of affirmation of voting undertakings) is announced (pursuant to Rule 2.4 or Rule 2.5 of the Takeover Rules) or a higher competing offer is made;

the Scheme does not become effective by 16 July 2010 (or such later date as SkillSoft and SSI Investments agree, with (if required) the consent of the Panel and the High Court);

the resolutions are not passed at the Adjourned EGM (other than resolution 4) or the Adjourned Court Meeting;

the Board of SkillSoft withdraws its recommendation to SkillSoft Securityholders to vote in favour of the Scheme;

the High Court declines or refuses to sanction the Scheme, unless SkillSoft and SSI Investments agree that the decision of the High Court will be appealed and, if so appealed, a final non-appealable order, decree, judgment, or ruling has been issued; or

SSI Investments announces that it will not proceed to make the Revised Acquisition.

Stockbridge and Stockbridge Partners LLC

Stockbridge has undertaken (subject to certain exceptions) to SSI Investments and SkillSoft to vote in favour of the resolutions proposed at the Adjourned EGM in respect of the 170,625 SkillSoft Shares and SkillSoft ADSs in total it owns or controls, representing approximately 0.179 per

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cent. of the entire issued share capital of SkillSoft. Stockbridge Partners has limited discretionary voting power in respect of 110,319 SkillSoft ADSs, representing approximately 0.116 per cent. of the entire issued share capital of SkillSoft. Stockbridge Partners has similarly undertaken (subject to certain exceptions) so to vote, subject to the prior rights of its clients to exercise voting power themselves.

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7. RESTATED EXPENSES REIMBURSEMENT AGREEMENT

SkillSoft entered into a restated expenses reimbursement agreement with SSI Investments, dated 31 March 2010, the terms of which were approved by the Panel. Under the Restated Expenses Reimbursement Agreement, SkillSoft has agreed to pay specific, quantifiable third party costs and expenses incurred by SSI Investments in connection with the Revised Acquisition in the circumstances outlined below. The liability of SkillSoft to pay these amounts is limited to a maximum amount equal to 1 per cent of the total value of the entire issued share capital of SkillSoft (excluding any interest in such share capital (including in the form of SkillSoft ADSs) held by Stockbridge) as ascribed by the terms of the Revised Acquisition. The amount payable by SkillSoft to SSI Investments will not include any Value Added Tax attributable to such third party costs to the extent it is recoverable by SSI Investments.

The circumstances in which such payment will be made are if:

the Board of SkillSoft (or any member thereof) withdraws, adversely modifies or qualifies its recommendation to SkillSoft Securityholders to vote in favour of the Scheme;

SkillSoft wilfully takes or omits to take any action, such as failing to post this document, preventing SkillSoft Shareholders from voting at any meetings to approve the Scheme, unilaterally altering the terms and conditions of the Scheme, or failing to deliver the Court Order and minute of reduction of capital to the Registrar of Companies (in any such case without the consent of SSI Investments);

prior to the Scheme being withdrawn by SkillSoft or lapsing in accordance with its terms, a Competing Offer is announced and subsequently made and that Competing Offer or a Competing Offer in which that competing party is interested or participates subsequently becomes effective or unconditional within the 18 months of such lapse or withdrawal; or

the Scheme is not approved at the Adjourned Court Meeting by the requisite majorities required by Section 201 of the Companies Act 1963 or if any other resolutions of SkillSoft Shareholders necessary to implement the Scheme are not passed at the Adjourned EGM(s) convened for the purposes of proposing such resolutions to SkillSoft Shareholders.

As required by the Takeover Rules, the SkillSoft Board and Credit Suisse (independent financial advisor to the SkillSoft Board) have confirmed in writing to the Panel that, in their opinion, in the context of the Revised Acquisition, the Restated Expenses Reimbursement Agreement is in the best interests of SkillSoft and SkillSoft Shareholders.

The foregoing summary of the Restated Expenses Reimbursement Agreement is qualified by reference to the complete text of the Restated Expenses Reimbursement Agreement, which is attached to this document as Annex C.

8. TRANSACTION AGREEMENT, AS AMENDED BY THE FIRST AMENDING AGREEMENT TO THE TRANSACTION AGREEMENT

SkillSoft and SSI Investments entered into a Transaction Agreement, dated 11 February 2010, as amended by the First Amending Agreement to the Transaction Agreement, which contains, among other things, certain obligations and commitments in relation to the implementation of the Scheme and the conduct of SkillSoft's business until the Effective Time.

Under the terms of the Transaction Agreement, SkillSoft and SSI Investments each agree to, amongst other things:

- (a) take such steps as are necessary, proper or advisable, and provide each other with such cooperation and assistance as may reasonably be requested of it, to implement the Revised Acquisition and the Scheme;

- (b) afford such cooperation as may reasonably be requested of it for the purposes of preparing and verifying documents for the Revised Acquisition and the Scheme; and

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- (c) use its reasonable efforts to achieve satisfaction of all the Conditions as soon as practicable before 16 July 2010.

Conduct of Business

Under the Transaction Agreement, SkillSoft has agreed that from the date of the Transaction Agreement until the Effective Time or the date, if any, on which the Transaction Agreement is terminated, except as may be required by law, or as expressly required elsewhere in the Transaction Agreement, SkillSoft will (and will use all reasonable efforts to cause each member of the SkillSoft Group to) (x) conduct its business in the ordinary course consistent with past practice in all material respects and in compliance in all material respects with all applicable laws and regulations and to use all reasonable efforts to preserve substantially intact its business and goodwill and keep available the services of its executive officers and key employees and preserve the relationships with those persons having business dealings with SkillSoft and (y) maintain the SkillSoft Group's cash management policies in existence on the date of the Transaction Agreement and not engage in any intercompany transactions outside the Ordinary Course of Business, except to the extent SSI Investments has given its prior written consent. Furthermore, SkillSoft has agreed not to take any of the following actions (and to cause every member of the SkillSoft Group not to take such actions) except as required by law or regulation or by agreements in effect on the date of the Transaction Agreement, as expressly required by the Transaction Agreement or by the Scheme, or to the extent SSI Investments has given its prior written consent, such consent not to be unreasonably withheld, conditioned or delayed in the cases of all the sub-clauses below (except for paragraphs (a), (b), (d), (h), (n) and (o) below):

- (a) amend the memorandum and articles of association or equivalent organisational documents of SkillSoft or any member of the SkillSoft Group;
- (b)
- (i) except (x) pursuant to the exercise of SkillSoft Options granted prior to the date of the Transaction Agreement (and listed in the Options Schedule to the Transaction Agreement) and then only in accordance with the existing terms of the SkillSoft Share Option Plans and (y) pursuant to the purchase of up to 210,000 SkillSoft Shares by participants in the SkillSoft Employee Share Purchase Plan as part of the offering period ending on or around 31 March 2010, issue, or agree to issue, any shares, or any rights or securities convertible or exchangeable into, or grant the right to call for the issue of, any shares, effect any share split, share combination, reverse share split, share dividend, recapitalisation, alter the rights attaching to any shares, or effect any reduction, repayment or cancellation of share capital or share premium or capitalise any reserves or redeem or buy-back any shares or other similar transaction; and
- (ii) grant, confer or award any option, right, warrant, deferred stock unit, conversion right or other right not existing on the date of the Transaction Agreement to acquire any of its shares whether or not pursuant to the SkillSoft Share Option Plans or the SkillSoft Employee Share Purchase Plan;
- (c) except as required to comply with written employment agreements, plans or other arrangements existing on the date of the Transaction Agreement:
- (i) increase any compensation or enter into or amend any employment or severance agreement, except for annual increases in salaries as permitted by sub-paragraphs (iv) or (v) below or severance agreements that do not exceed, individually, US\$50,000, it being understood (for the avoidance of doubt) that SkillSoft and its Subsidiaries may hire new employee(s) in the Ordinary Course of Business;
- (ii) grant any bonus in excess of US\$50,000 to any one individual, provided that this shall not in any way restrict the payment of bonuses to newly hired employees or to existing employees in the Ordinary Course of Business;

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- (iii) save pursuant to any annual review in the Ordinary Course of Business, adopt any new material employee benefit plan (including any stock option, stock benefit or stock purchase plan) or

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pension scheme or amend in any material respect any existing employee benefit plan or pension scheme (including, without prejudice to the generality of the foregoing, changing the entitlements to benefits under a pension scheme, or the benefits that accrue under a pension scheme, or the amounts payable thereunder, or the basis of calculation of such amounts, or the basis on which any pension scheme is funded), except for changes which are less favourable to participants in such plans or are required to implement the Scheme;

- (iv) except for annual increases in salaries or pursuant to disciplinary action, in each case in the Ordinary Course of Business, commence, terminate or vary in any material respect, or agree to vary in any material respect the terms of employment, including, without limitation, compensation, of any employee or proposed employee whose annual remuneration exceeds US\$300,000 (excluding members of SkillSoft's sales force), it being understood (for the avoidance of doubt) that SkillSoft and its Subsidiaries may hire new employee(s) and promote employee(s) in the Ordinary Course of Business;
 - (v) increase the base salary of any member of the SkillSoft senior management team or increase the base salary of any employee unless the aggregate of all such increases is equal to or less than 5% of the aggregate base salaries of all SkillSoft Group employees;
 - (vi) enter into any new agreement with persons that are Affiliates or amend or otherwise modify in any material respect any agreement or arrangement with persons that are Affiliates, provided that the foregoing will not apply to any new or existing agreements between members of the SkillSoft Group;
 - (vii) enter into any material new agreement with another member or members of the SkillSoft Group or amend or otherwise modify in any material respect any material agreement or arrangement between any members of the SkillSoft Group;
 - (viii) save for the entry into new executive compensation plans in substantially the form (as to terms and conditions) disclosed to SSI Investments at any time up to the date of the Transaction Agreement, enter into or amend or otherwise modify any agreement or arrangement with officers or directors of SkillSoft;
- (d)
- (i) recommend, announce, declare, set aside, pay or make or propose the recommendation, announcement, declaration, setting aside of any payment or making of any dividend, make any bonus issue or make any other distribution or payment (whether in cash, securities or other property) with respect to any SkillSoft shares or allow any member of the SkillSoft Group to pay or make any such dividend, distribution or payment (other than dividends from a wholly-owned subsidiary of SkillSoft to another wholly-owned subsidiary of SkillSoft or to SkillSoft); or
 - (ii) directly or indirectly redeem, purchase or otherwise acquire any of SkillSoft's shares or any equity interest of any member of the SkillSoft Group, other than in connection with: (A) the acquisition of SkillSoft Shares from holders of SkillSoft Options in full or partial payment of the exercise price payable by such holders upon exercise of SkillSoft Options outstanding as of the date of the Transaction Agreement, and (B) tax withholdings upon the exercise of SkillSoft Options;
- (e) except in connection with a Third Party Transaction Proposal after a change in Scheme Recommendation or any other transaction having an aggregate value of not more than US\$5,000,000, merge with, enter into a consolidation with, enter into a scheme of arrangement with or acquire an interest in any person or acquire the whole or a substantial portion of the assets or business of any person or any division or line of business thereof, acquire any assets or enter into any agreement or arrangement for any of the above;

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- (f) sell, lease, licence, pledge, transfer, or otherwise dispose of or encumber any properties or assets of SkillSoft or of any member of the SkillSoft Group (including any accounts, leases, contracts or intellectual property or any assets or the shares in any subsidiary) for consideration in an aggregate amount of US\$1,000,000 or more (or its equivalent in any currency);

- (g)
 - (i) enter into any joint venture or profit sharing agreement (which, for the avoidance of doubt, shall not include sales commission plans in the Ordinary Course of Business);

 - (ii) licence any intellectual property rights from any third party which obliges the SkillSoft Group to make payments in excess of US\$1,000,000 during its fiscal year or that cannot be terminated at will by the SkillSoft Group within three years after the date of the Transaction Agreement without payment or penalty; or

 - (iii) enter into any agreement the effect of which would be to impose any material non-compete, exclusivity or similar restrictive covenants on SkillSoft or any material member of the SkillSoft Group or which would, following the Effective Date, bind SSI Investments or any member of the Investor Group (other than SkillSoft and members of the SkillSoft Group);

- (h)
 - (i) create, incur or suffer to exist any indebtedness for borrowed money other than (i) such indebtedness which existed as of 31 October 2009 as reflected on the balance sheet included in SkillSoft's interim results published in its Quarterly Report on Form 10-Q for the quarterly period ended 31 October 2009 filed with the SEC, or (ii) any indebtedness owed to SkillSoft by any of its direct or indirect wholly owned Subsidiaries;

 - (ii) guarantee indebtedness of another person (other than another member of the SkillSoft Group);

 - (iii) issue, sell or amend any debt securities or warrants or other rights to acquire any debt securities of SkillSoft or any member of the SkillSoft Group, or guarantee any debt securities of another person (other than another member of the SkillSoft Group);

 - (iv) be a creditor in respect of any financial indebtedness; or

 - (v) enter into, modify, amend or terminate any commodity hedging agreement, and any other agreement, involving credit exposure for SkillSoft or any member of the SkillSoft Group;

- (i) make any material change to its methods, principles or practices of accounting currently in effect, except:
 - (i) as required by generally accepted accounting principles;

 - (ii) as required by a Relevant Authority or quasi-Relevant Authority (including the Financial Accounting Standards Board or any similar organisation); or

- (iii) as required by a change in applicable law;

- (j) make or materially change any material tax election, settle or compromise any material tax claim or amend any tax return in excess of US\$500,000;

- (k) open or expand any facility or office where the annual cost thereof is in excess of US\$1,000,000 in the aggregate;

- (l) settle or compromise any litigation or other dispute (whether or not commenced prior to the date of the Transaction Agreement) for an amount of US\$250,000 or more;

- (m) make any material changes to the insurance policies of the SkillSoft Group, or settle or compromise any claim under such policies (whether or not commenced prior to the date of the Transaction Agreement) for an amount of US\$500,000 or more;

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- (n) authorise, recommend, propose or announce an intention to adopt a plan of complete or partial liquidation or dissolution of SkillSoft or any member of the SkillSoft Group provided that this does not apply to the liquidation or dissolution of Fidalco Limited, Stargazer Productions, SmartForce Business Skills Limited or Knowledge Well Group Limited that commenced prior to the date of the Transaction Agreement;
- (o) incur, or agree to incur, any capital expenditure in excess of US\$1,000,000 individually or US\$5,000,000 in the aggregate;
- (p) take any action after the date of the Transaction Agreement that would result in the early repayment, acceleration or otherwise amend the terms of any indebtedness outstanding between members of the SkillSoft Group otherwise than in the Ordinary Course of Business or cancel any facilities available to SkillSoft; or
- (q) authorise any of, or commit or agree to take any of, the foregoing actions.

Ordinary Course of Business for the purposes of the foregoing paragraph headed Conduct of Business means, in the case of each of SkillSoft and any of its Subsidiaries, such reasonable actions taken in the ordinary course of its normal operations and consistent in all material respects with its past practices.

Solicitation

SkillSoft and SSI Investments agreed that, from the date of the Transaction Agreement until 11.59 p.m. (United States Eastern Time) on 6 March 2010, SkillSoft and its Subsidiaries (and their respective Representatives) would have the right to: (i) initiate, solicit and encourage, including by way of providing access to non-public information, any discussions with, or enquiries or proposals from, any person other than SSI Investments in respect of or in connection with a Third Party Transaction Proposal and (ii) enter into and maintain discussions or negotiations with respect to a Third Party Transaction Proposal or otherwise cooperate with or assist or participate in, or facilitate any such enquiries, proposals, discussions or negotiations. SkillSoft agreed that prior to 7 March 2010, it would give SSI Investments not less than four days' advance notice of any meeting of the Board of SkillSoft or other forum or the occurring of any other means by which any withdrawal of the Scheme Recommendation would be considered.

Non-Solicitation

SkillSoft agreed that, from 7 March 2010 until the earliest of (i) 11.59 p.m. (United States Eastern Time) on 16 July 2010, (ii) the date on which the Transaction Agreement is terminated in accordance with its terms, and (iii) the date on which the Scheme becomes effective (or lapses or is withdrawn), no member of the SkillSoft Group (or any of their respective Representatives) would directly or indirectly solicit, or initiate any discussions with or proposals from, any person with respect to or in connection with a Third Party Transaction Proposal. Subject to the Takeover Rules, SkillSoft has also agreed from and after the date of the First Amending Agreement to the Transaction Agreement and ending on the earlier of the dates specified in (i), (ii) and (iii) above, to promptly advise SSI Investments orally, with written confirmation to follow within one Business Day, of (i) receipt of any Third Party Transaction Proposal or request for non-public information in connection with any Third Party Transaction Proposal from any person and (ii) the material terms and conditions of any such Third Party Transaction Proposal (including, for the avoidance of doubt, the identity of the person making such Third Party Transaction Proposal). Subject to the Takeover Rules, SkillSoft also agreed:

to keep SSI Investments reasonably informed, on a reasonably current basis, of the status and material terms and conditions (including updating SSI Investments of any material change to such terms within one Business Day of SkillSoft receiving or becoming aware of such change) of any such Third Party Transaction Proposal from any person;

to provide to SSI Investments as soon as practicable after receipt or delivery thereof copies of any proposals received by SkillSoft with respect to such Third Party Transaction Proposal from any person and any draft or final version of any acquisition agreement relating to such Third Party Transaction Proposal;

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to give SSI Investments not less than four days advance written notice of any meeting of the Board, or other forum or the occurring of any other means by which any withdrawal of the Scheme Recommendation is to be considered;

to deliver to SSI Investments, not less than four days prior to any withdrawal of the Scheme Recommendation, a written notice (the Superior Proposal Notice) stating that SkillSoft (or the Board of SkillSoft) intends to make a change in the Scheme Recommendation and withdraw the Scheme and intends to join with such person in the issue of a recommended announcement of such Third Party Transaction Proposal pursuant to Rule 2.5 of the Takeover Rules;

to make, during the four day period commencing on the date of such Superior Proposal Notice, its Representatives reasonably available for the purpose of engaging in negotiations with SSI Investments (to the extent SSI Investments desires to negotiate) regarding a possible amendment of the Transaction Agreement or the Scheme to effect an increase in the price payable under the Scheme or the implementation of the Revised Acquisition at such increased price by way of a general offer so that the Third Party Transaction Proposal that is the subject of the Superior Proposal Notice ceases to be superior to that available to the SkillSoft Shareholders pursuant to the Scheme; and

that if, after the expiration of the negotiation period described in Clause 5.5.3(f) of the Transaction Agreement, the Board of SkillSoft shall have in good faith determined, after consultation with SkillSoft's outside legal counsel and financial advisers, that such amendment as described in such Clause 5.5.3(f) does not constitute a proposal which is itself superior to that available to the SkillSoft Shareholders pursuant to the Third Party Transaction Proposal, there is an amendment to the financial or other material terms of the Third Party Transaction Proposal, SkillSoft shall be obliged to deliver a further Superior Proposal Notice and the period of negotiation pursuant to Clause 5.5.3(f) of the Transaction Agreement, in respect of such further Superior Proposal Notice, shall be a period of two (2) Business Days from the date of receipt by SSI Investments of such further Superior Proposal Notice.

Notwithstanding the foregoing, the Transaction Agreement does not preclude, restrict or hinder the SkillSoft Group (or any of their respective Representatives) from considering and engaging with any unsolicited Third Party Transaction Proposal, but only if and only to the extent that the SkillSoft Board has determined, in good faith after consultation with its outside legal counsel and its financial advisers, that it is required to do so to satisfy the fiduciary duties of the Board of SkillSoft or to comply with the Takeover Rules.

Termination of the Transaction Agreement

Either SkillSoft or SSI Investments may terminate the Transaction Agreement at or prior to the Effective Time of the Scheme if any of the following occurs:

the resolutions are not passed at the Adjourned Court Meeting or the Adjourned EGM (other than resolution 4);

the Conditions are not satisfied or waived by 11.59 p.m. (United States Eastern Time) on 16 July 2010 (or such later date as SkillSoft and SSI Investments may agree to in writing, subject to the consent of the Panel and/or the High Court (if required));

the High Court declines or refuses to sanction the Scheme, unless both SkillSoft and SSI Investments agree that the decision of the High Court will be appealed;

the Board of SkillSoft (or any member thereof) withdraws, adversely modifies or qualifies its recommendation to SkillSoft Shareholders to vote in favour of the Scheme;

SkillSoft wilfully takes or omits to take any action, such as failing to post this document, preventing SkillSoft Shareholders from voting at any meetings to approve the Scheme, unilaterally altering the terms and conditions of the Scheme, or failing to deliver the

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Court Order and minute of reduction of capital to the Registrar of Companies (in any such case without the consent of SSI Investments); or

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the Scheme is not approved at the Adjourned Court Meeting by the requisite majorities required by section 201 of the Companies Act 1963 or if any other resolutions of SkillSoft Shareholders required to implement the Scheme are not passed by the requisite majorities at the Adjourned EGM(s).

Either SkillSoft or SSI Investments may also terminate the Transaction Agreement if, prior to the Scheme being withdrawn by SkillSoft or lapsing in accordance with its terms, a Competing Offer (as defined in the Restated Expenses Reimbursement Agreement) is announced and subsequently made and that Competing Offer, or a Competing Offer in which that competing party is interested or participates, subsequently becomes effective or unconditional within 18 months of such lapse or withdrawal.

The foregoing summary of the Transaction Agreement is qualified by reference to the complete text of the Transaction Agreement and the First Amending Agreement to the Transaction Agreement, which are attached to this document as Annex A and Annex B, respectively.

9. SOLICITATION OF PROPOSALS FROM OTHER PARTIES

Beginning on 12 February 2010 and up until 6 March 2010, Credit Suisse, on behalf of and at the request of SkillSoft, contacted 45 parties (including both private equity firms and operating companies) that SkillSoft, after discussion with Credit Suisse, believed might have an interest in considering an acquisition of SkillSoft. Based on feedback from these parties, Credit Suisse, on behalf of SkillSoft, sent 15 parties a go-shop process instruction letter and a form of Confidentiality Agreement. SkillSoft entered into Confidentiality Agreements with 10 of these parties and subsequently granted each of them access to the electronic data room containing the documents that had been made available to the Investor Group. All of those parties conducted some level of due diligence on SkillSoft.

SkillSoft received an indicative conditional preliminary proposal from one of those parties to acquire all of the outstanding shares of SkillSoft at a price per SkillSoft Share in excess of the price payable under the proposed Original Acquisition of SkillSoft by SSI Investments. This proposal was preliminary in nature and subject to certain conditions. Subsequent to submitting this proposal to SkillSoft and after further work relating to those conditions, the third party informed SkillSoft that it would not be submitting a more formal or unconditional offer and withdrew its preliminary proposal. No further approaches from interested parties have been received up to the date of this document.

The remaining nine parties that signed a Confidentiality Agreement informed Credit Suisse that they will not pursue an acquisition of SkillSoft.

10. INTERESTS OF SKILLSOFT OFFICERS AND DIRECTORS IN THE TRANSACTION

SSI Investments expects to retain the current management team of SkillSoft to operate the company after the completion of the Revised Acquisition by SSI Investments. No equity or compensation arrangements have been discussed between the Investor Group and any member of SkillSoft management.

SkillSoft has employment agreements with each of its named executive officers. The employment agreements provide that the executive is entitled to specified severance benefits in the event such executive's employment is terminated by SkillSoft without cause or by the executive for good reason (each as defined in the employment agreement). In addition, all of SkillSoft's executive officer employment agreements provide that the executive may elect to extend the vesting and exercisability of such officer's share options for a period of six months or one year (depending on the executive) following employment termination, in some cases in exchange for a non-competition covenant or a non-solicitation covenant or the performance of consulting services.

11. SKILLSOFT SHARE OPTION PLANS AND SKILLSOFT EMPLOYEE SHARE PURCHASE PLAN

All unvested SkillSoft Options will become fully vested and exercisable in connection with the Scheme, in accordance with the provisions of the SkillSoft Share Option Plans. SkillSoft and SSI Investments will offer

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all SkillSoft Optionholders an opportunity to elect to exercise their SkillSoft Options immediately upon the making of the Court Order and conditional upon the Scheme becoming effective. The SkillSoft Shares issued upon such exercise will then be acquired by SSI Investments under the Scheme. In so doing, SkillSoft Optionholders may exercise their SkillSoft Options with a cashless exercise facility under which they may direct that the exercise price of their SkillSoft Options be paid to SkillSoft out of the proceeds of the sale to SSI Investments under the Scheme of the SkillSoft Shares issued to them upon exercise of their SkillSoft Options. All SkillSoft Options that remain outstanding on the Effective Date will be cancelled with effect from the Effective Time in consideration for the payment to the relevant SkillSoft Optionholder of a cash payment per SkillSoft Share subject to a SkillSoft Option equal to the excess, if any, of the Consideration per SkillSoft Share over the exercise price per SkillSoft Share applicable to such SkillSoft Option (without interest and less any applicable withholding taxes). Under the Transaction Agreement, SkillSoft has agreed, subject to certain conditions, to use all reasonable efforts to inform SkillSoft Optionholders who are resident in the United States of the advantages, subject to their individual circumstances, of electing to avail themselves of the cancellation of options.

SkillSoft Options outstanding on the Effective Date having an exercise price per SkillSoft Share that is equal to or greater than the Consideration per SkillSoft Share will terminate in accordance with the applicable provisions of the SkillSoft Share Option Plans, without payment of consideration and the SkillSoft Share Option Plans will be terminated at the Effective Time.

The most recent offering period under the SkillSoft Employee Share Purchase Plan ended on 31 March 2010. No new offering periods will commence under the SkillSoft Employee Share Purchase Plan before the Effective Time, and the Employee Share Purchase Plan will be terminated at the Effective Time. The SkillSoft Shares issued to participants under the SkillSoft Employee Share Purchase Plan are subject to the Scheme.

12. ACTION TO BE TAKEN

Your attention is drawn to the summary of the action to be taken on page 29 of this document.

13. FURTHER INFORMATION

Your attention is drawn to the information set out in the rest of this document. You are advised to read this document in its entirety and not to rely solely on the information in this Part I (Letter of Recommendation from the Board of SkillSoft).

14. ADDITIONAL INFORMATION ON SKILLSOFT

SkillSoft, an Irish incorporated public limited company, is a leading Software as a Service (SaaS) provider of on-demand e-learning and performance support solutions for global enterprises, government, education and small to medium-sized businesses. SkillSoft helps its customers to maximize performance through a combination of content, online information resources, flexible technologies and support services. SkillSoft is headquartered in Dublin, Ireland with its US headquarters in Nashua, New Hampshire and offices worldwide. SkillSoft has approximately 1,100 employees worldwide.

SkillSoft ADSs, which represent SkillSoft Shares deposited with the Depositary pursuant to the Deposit Agreement, have been traded in the United States on NASDAQ since 13 April 1995. SkillSoft ADSs are traded on NASDAQ under the symbol SKIL .

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15. RECOMMENDATION

The Board of SkillSoft, which has been so advised by Credit Suisse, considers the terms of the Revised Acquisition to be fair and reasonable. In providing its advice, Credit Suisse has taken into account the commercial assessments of the Board of SkillSoft. Accordingly, the Board of SkillSoft unanimously recommends to SkillSoft Securityholders to vote in favour of the Revised Acquisition and the Scheme. The members of the Board of SkillSoft have irrevocably undertaken to vote in favour of the Revised Acquisition and the Scheme in respect of their own beneficial holdings, amounting to, in aggregate 5,877 SkillSoft Shares, which represent approximately 0.006 per cent. of the issued share capital of SkillSoft, and any SkillSoft Shares the directors may acquire or subscribe for upon exercise of their SkillSoft Options.

Yours faithfully,

Charles E. Moran
Chairman

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PART II LETTER FROM SSI INVESTMENTS

SSI Investments III Limited

(Incorporated and registered in Ireland under the Companies Acts

with registered number 480477)

Board:

Michael C. Ascione
Mark Commins
Tim Franks
David Humphrey
Imelda Shine

Registered Office
Block 3
The Harcourt Centre
Harcourt Road
Dublin 2, Ireland

8 April 2010

To SkillSoft Securityholders and, for information only, to SkillSoft Optionholders

RECOMMENDED REVISED ACQUISITION FOR CASH BY SSI INVESTMENTS III LIMITED OF THE ENTIRE ISSUED AND TO BE ISSUED SHARE CAPITAL OF SKILLSOFT PLC

Dear SkillSoft Securityholder,

1. BACKGROUND TO AND REASONS FOR THE REVISED ACQUISITION

On 31 March 2010, the Board of SkillSoft and the Board of SSI Investments announced that they had reached agreement on the terms of a revised recommended acquisition for cash for the increased price of \$11.25 per SkillSoft Share or SkillSoft ADS of the entire issued and to be issued share capital of SkillSoft by SSI Investments, a company formed by funds sponsored by each of Berkshire, Advent and Bain Capital Partners. SkillSoft and SSI Investments had previously announced on 12 February 2010 that they had reached agreement on the terms of a recommended acquisition of SkillSoft by SSI Investments for cash at a price of \$10.80 per SkillSoft Share.

SSI Investments and the Investor Group believe that the Revised Acquisition represents a compelling opportunity for SkillSoft and its shareholders that maximizes value and certainty and provides an attractive liquidity event for SkillSoft Securityholders.

2. INFORMATION ON SSI INVESTMENTS

SSI Investments is a private limited company, which was incorporated in Ireland on 3 February 2010. The directors of SSI Investments are Michael Ascione, Mark Commins, Tim Franks, David Humphrey and Imelda Shine. SSI Investments has not conducted any business prior to the date of this document (except for entering into transactions relating to the Original Acquisition and the Revised Acquisition). SSI Investments is a company formed by the Investor Group and has no employees. Further information on SSI Investments is set out in Part VI of this document.

Morgan Stanley is acting as lead financial advisor to SSI Investments and the Investor Group.

Barclays Capital is acting as financial advisor to SSI Investments and the Investor Group.

Ropes & Gray LLP and Mason Hayes+Curran are acting as legal advisors to SSI Investments and the Investor Group.

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3. INFORMATION ON THE INVESTOR GROUP

Berkshire Partners LLC

Berkshire Partners is an active investor in the private equity market, managing approximately US\$6.5 billion of capital over seven funds. Berkshire is currently investing from its seventh fund, which totals US\$3.1 billion in committed capital, and has completed more than 90 acquisitions or growth capital investments during its nearly 25-year investment history. Berkshire has a long history of successfully investing in business services companies, including NEW/Asurion (a provider of extended service plans and value added wireless subscription services) and Acosta (a provider of sales and marketing services to the consumer packaged goods industry).

Advent International Corporation

Advent International Corporation is a leading global private equity firm with more than 150 investment professionals in 16 countries around the world. Over its 25-year history, Advent has raised US\$24 billion of cumulative capital and currently manages buyout portfolios comprising more than 50 companies. Advent has backed numerous management teams in knowledge-based industries including: Financial Dynamics, an international business communications consultancy; Alexander Mann, a specialist staffing company focused on information technology and financial markets; HumanGroup, a provider of temporary and outsourced staffing services; and Kroton (Bovespa: KROT11), one of Brazil's largest private education companies.

Bain Capital Partners, LLC

Bain Capital, LLC is a global private investment firm whose affiliates, including Bain Capital Partners, manage several pools of capital including private equity, venture capital, public equity, high-yield assets and mezzanine capital with approximately US\$65 billion in assets under management. Bain Capital has a team of over 300 professionals dedicated to investing and to supporting its portfolio companies. Since its inception in 1984, funds sponsored by Bain Capital have made private equity investments and add-on acquisitions in over 300 companies in a variety of industries around the world. Bain Capital has a long history of investments in the software, business services and education industries, including SunGard, Applied Systems, Houghton Mifflin, Gartner Group, UGS, LinkedIn, The Princeton Review, SolarWinds, and FleetCor. Headquartered in Boston, Bain Capital has offices in New York, London, Munich, Hong Kong, Shanghai, Tokyo and Mumbai.

Further information on the Investor Group is set out in Part VI of this document.

4. THE CONSIDERATION

Under the terms of the Revised Acquisition, SkillSoft Shareholders who are Scheme Shareholders will be entitled to receive:

US\$11.25 per SkillSoft Share in cash

The Consideration values the entire issued and to be issued share capital of SkillSoft at approximately US\$1.2 billion. Under the terms of the Revised Acquisition, SkillSoft ADS holders will receive US\$11.25 in cash for each SkillSoft ADS they own (less any applicable withholding taxes and ADS cancellation fees).

The Consideration represents:

a premium of approximately 31 per cent. over US\$8.56, being the average daily Closing Price of a SkillSoft ADS over the 12 months up to and including 11 February 2010, being the last Business Day prior to the Rule 2.5 Announcement;

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a premium of approximately 15 per cent. over US\$9.76, being the Closing Price of a SkillSoft ADS on 11 February 2010; and

a higher price than any Closing Price of a SkillSoft ADS over the 12 months up to and including 11 February 2010.

5. FINANCING OF THE REVISED ACQUISITION

The Revised Acquisition will be financed from debt financing provided by Morgan Stanley Senior Funding, Inc. (an affiliate of Morgan Stanley) and Barclays Bank PLC (an affiliate of Barclays Capital), together with equity commitments from each member of the Investor Group. The debt financing is expected to consist of a senior secured revolving credit facility of US\$40 million, a senior secured term loan facility of US\$325 million, and a senior unsecured interim loan of US\$240 million (collectively, the Facilities).

Debt Financing

The Facilities agreements, as amended, were originally entered into on 11 February 2010. The credit agreement governing the senior secured revolving credit facility and term loan facility (together, the Senior Secured Facilities) were entered into among SSI Luxco II, S.à.r.l. (SSI Luxco), SSI Investments II Limited, the Issuing Bank and Lenders (each as defined therein) party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent. The senior unsecured interim loan agreement was entered into among SSI Luxco, the Lenders (as defined therein) party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent. The revolving credit facility has a term of five years, and the term loan facility has a term of six years. The unsecured interim loan has an initial term of one year and may, subject to the satisfaction of certain conditions, be converted into an extended term loan with a term of an additional seven years.

The Facilities are being provided for the purpose of paying part of the Scheme Consideration and fees, and expenses, as well as for working capital and other general corporate purposes.

The Senior Secured Facilities initially benefit from security over the shares of SSI Investments and the shares of certain parent companies of SSI Investments. Following consummation of the Revised Acquisition and, to the extent applicable, completion of certain statutory procedures in Ireland, the Senior Secured Facilities will benefit from security over the shares of SkillSoft issued in connection with re-registering SkillSoft as a private limited company and over substantially all of the assets of SkillSoft and its material subsidiaries. The ability of the borrowers to repay the Facilities will depend on the performance of the businesses of SkillSoft and its subsidiaries.

The Facilities agreements contain certain customary representations and warranties, ongoing conditions, affirmative and negative covenants, financial covenants and events of default. Additionally, the initial drawdown under each of the Facilities is subject to certain representations being true in all material respects and there being no major default continuing or occurring as a result of the drawdown. The initial drawdown of the Facilities is also conditional on, among other things, the Scheme becoming effective.

Equity Financing

Pursuant to equity commitment letters provided by each of Berkshire Fund VII (OS), L.P., Bain Capital Fund X, L.P., and Advent International GPE VI Limited Partnership, Advent International GPE VI-A Limited Partnership, Advent International GPE VI-B Limited Partnership, Advent International GPE VI-C Limited Partnership, Advent International GPE VI-D Limited Partnership, Advent International GPE VI-E Limited Partnership, Advent International GPE VI-F Limited Partnership, Advent International GPE VI-G Limited Partnership, Advent Partners GPE VI 2008 Limited Partnership, Advent Partners GPE VI 2009 Limited Partnership, and Advent Partners GPE VI-A Limited Partnership (collectively, the Advent Funds), such investors have severally agreed to contribute up to an aggregate of US\$679.9 million in cash, directly or indirectly, to SSI Investments, which amount would constitute the equity portion of the financing for the Scheme. This amount may be reduced and replaced by equity contributions made by other affiliated funds of such investors who participate as equity investors in the transaction with the Investor Group,

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directly or indirectly, in SSI Investments. The commitment of each member of the Investor Group pursuant to the equity commitment letters is as follows:

Equity Investor	Commitment
Berkshire Fund VII (OS), L.P.	up to US\$ 271,972,000
Bain Capital Fund X, L.P.	up to US\$ 203,979,000
Advent Funds	up to US\$ 203,979,000
Total:	up to US\$ 679,930,000

The commitment of each member of the Investor Group is subject to satisfaction of all conditions precedent to the obligations of SSI Investments to consummate the Scheme under the Transaction Agreement and the Rule 2.5 Announcement (as supplemented by the Increase Announcement on 31 March 2010), and to the substantially contemporaneous funding of the debt and equity financing. Each member of the Investor Group may allocate all or a portion of its investment to affiliated funds. Neither SkillSoft nor any other person or entity other than SSI Investments has any rights under the equity commitment letters.

Each equity commitment will terminate upon the earliest of:

the conclusion of the certain funds period, if the Scheme is not completed by that date;

the consummation of the Scheme;

termination of the Transaction Agreement pursuant to its terms; and

such time as any claim is asserted against any Non-Recourse Parties, which are defined in the equity commitment letters as persons and entities that are associated with the members of the Investor Group.

Morgan Stanley & Co. Limited, an affiliate of Morgan Stanley, is satisfied that resources are available to SSI Investments sufficient to satisfy in full the cash consideration payable under the Scheme.

6. DIRECTORS, MANAGEMENT, EMPLOYEES AND SKILLSOFT'S BUSINESS

SSI Investments intends that, following the Revised Acquisition, the business of SkillSoft will continue in the same manner in which it currently operates. SSI Investments has no plans to change the locations of the places of business, or redeploy the fixed assets, of the SkillSoft Group.

SSI Investments attaches great importance to the skills and experience of the existing management and employees of SkillSoft who will be critical to SkillSoft's business going forward. SSI Investments believes that employees are crucial to the future success of the business and recognises that SkillSoft has a skilled workforce. In a competitive international marketplace, SSI Investments will seek to retain and develop the best people for SkillSoft's business. SSI Investments will also aim through SkillSoft's compensation and reward packages to ensure high levels of performance and to reward and retain key employees.

The Board of SSI Investments confirms that, following the Scheme becoming effective, the existing employment rights, including pension rights, under applicable law, of all employees of the SkillSoft Group will be fully safeguarded.

Upon the Scheme becoming effective, the non-executive directors of SkillSoft have indicated that they intend to resign from the Board of SkillSoft.

Pursuant to the Transaction Agreement, SSI Investments is obliged for a period of twelve months commencing on the Effective Date to maintain certain benefits at levels that are, in the aggregate, comparable to those in effect for SkillSoft employees on the Effective Date (not including

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equity compensation or defined benefit plans), and thereafter has the right, in its sole discretion, to maintain SkillSoft's employee benefit plans. SSI Investments has agreed to use all reasonable efforts to cause SkillSoft's employees to receive full credit for service with SkillSoft for purposes of eligibility, vesting and other appropriate benefits, including applicability of minimum waiting periods for participation, but excluding benefit accrual, with respect to any employee benefit plans or arrangements maintained by SSI

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Investments. SSI Investments has also agreed to use all reasonable efforts to waive all pre-existing conditions, limitations or eligibility waiting periods under any health or similar plan of SSI Investments for SkillSoft's employees and their eligible dependents, to the extent that SkillSoft's employees had satisfied any similar limitations or requirements under the corresponding plan in which SkillSoft's employees participated immediately prior to the Effective Date. In addition, SSI Investments will use all reasonable efforts to cause any deductibles paid by SkillSoft's employees under SkillSoft's health plans in the plan year in which the Effective Date of the Scheme occurs to be credited towards the deductibles under the health plans of SSI Investments.

Pursuant to the Transaction Agreement, SSI Investments and SkillSoft have agreed to certain indemnification rights in favour of each of the former and present directors and officers of SkillSoft.

7. UNDERTAKINGS TO VOTE IN FAVOUR OF THE REVISED ACQUISITION AND THE SCHEME

SSI Investments has received voting undertakings, in respect of approximately 21.8 per cent. of the entire issued share capital of SkillSoft, (subject to certain exceptions) to vote, or to procure that voting instructions are given to vote, in favour of the Revised Acquisition and the Scheme.

Columbia Wanger Asset Management, L.P.

SSI Investments and SkillSoft have received a voting undertaking in connection with the Revised Acquisition from Columbia, which provides (subject to certain exceptions) that Columbia vote, or procure that voting instructions are given to vote, in favour of the resolutions to be proposed at the Adjourned Court Meeting and the Adjourned EGM with respect to the SkillSoft ADSs and SkillSoft Shares that Columbia owns or controls, which represent approximately 21.5 per cent. of the entire issued share capital of SkillSoft.

Columbia's voting undertaking will lapse if:

the Scheme lapses for want of the requisite majorities on the resolutions (save as a result of the breach by Columbia of the additional voting undertaking) or is withdrawn at the request of SSI Investments;

the Transaction Agreement is terminated by either party thereto in accordance with its terms without breach on the part of SkillSoft;

a higher competing offer (as defined in Columbia's voting undertaking) is announced (pursuant to Rule 2.5 of the Takeover Rules) or a higher competing offer is made following termination of the Transaction Agreement in accordance with its terms without breach on the part of SkillSoft;

the directors of SkillSoft withdraw their recommendation to shareholders of SkillSoft to vote in favour of the Scheme following termination of the Transaction Agreement in accordance with its terms without breach on the part of SkillSoft;

the Scheme does not become effective by 16 July 2010 (or such later date as SkillSoft and SSI Investments agree, with the consent of the Panel and the High Court);

the High Court declines or refuses to sanction the Scheme, unless SkillSoft and SSI Investments agree that the decision of the High Court shall be appealed and, if so appealed, a final non-appealable order, decree, judgment, or ruling has been issued; or

SSI Investments announces that it will not proceed to make the Revised Acquisition.

Members of the Board of SkillSoft and Others

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SSI Investments has received voting undertakings to vote, or to procure that voting instructions are given to vote, in favour of the Revised Acquisition and the Scheme from:

the members of the Board of SkillSoft who are SkillSoft Securityholders;

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Gregory Porto (Vice President (Administration) of SkillSoft); and

Susan Moran (the spouse of SkillSoft CEO, President and Chairman, Charles E. Moran), in respect of the 21,219 SkillSoft Shares and SkillSoft ADSs and 3,707,157 SkillSoft Options, in aggregate, they own or control. Mr. Porto has transferred legal (but not beneficial) title to one SkillSoft Share to each of nine separate nominees and one thousand SkillSoft Shares (underlying SkillSoft ADSs) have vested in Mr. Porto.

Stockbridge and Stockbridge Partners LLC

Stockbridge, an affiliate of Berkshire, owns or controls 170,625 SkillSoft Shares and SkillSoft ADSs in total, representing approximately 0.179 per cent. of the entire issued share capital of SkillSoft, and has irrevocably undertaken (subject to certain exceptions) to SSI Investments and SkillSoft in respect of the SkillSoft Shares and SkillSoft ADSs which it owns or controls, not to vote such SkillSoft Shares and SkillSoft ADSs at the Adjourned Court Meeting but to vote such SkillSoft Shares and SkillSoft ADSs in favour of the resolutions to be considered at the Adjourned EGM. Stockbridge Partners LLC, an affiliate of Berkshire that manages investments for its clients, has limited discretionary voting power in respect of 110,319 SkillSoft ADSs, representing approximately 0.116 per cent. of the entire issued share capital of SkillSoft. Stockbridge Partners LLC has similarly undertaken (subject to certain exceptions) so to vote, subject to the prior rights of those clients to exercise voting power themselves.

Lapse of Undertakings

The voting undertakings of Stockbridge, Stockbridge Partners LLC and the directors and officers of SkillSoft described above will lapse if:

the Scheme lapses or is withdrawn;

the Transaction Agreement is terminated by either party thereto;

a higher competing offer (as defined in the form of affirmation of voting undertakings) is announced (whether pursuant to Rule 2.4 or Rule 2.5 of the Takeover Rules) or a higher competing offer is made;

the Scheme does not become effective by 16 July 2010 (or such later date as SkillSoft and SSI Investments agree, with (if required) the consent of the Panel and the High Court);

the resolutions are not passed at the Adjourned EGM (other than resolution 4) or the Adjourned Court Meeting;

the Board of SkillSoft withdraws its recommendation to SkillSoft Securityholders to vote in favour of the Scheme;

the High Court declines or refuses to sanction the Scheme, unless SkillSoft and SSI Investments agree that the decision of the High Court will be appealed and, if so appealed, a final non-appealable order, decree, judgment, or ruling has been issued; or

SSI Investments announces that it will not proceed to make the Revised Acquisition.

8. PAYMENT OF SCHEME CONSIDERATION

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Upon completion of the Scheme, settlement of the Consideration to which any Scheme Shareholder is entitled under the Revised Acquisition will be effected within 14 days of the Effective Date. Full details of arrangements in connection with the payment of the Consideration are set out at paragraphs 3 and 4 of Part IV (The Scheme of Arrangement) of this document.

Yours faithfully,

Michael C. Ascione

Acting Chairman

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**PART III EXPLANATORY STATEMENT
(IN COMPLIANCE WITH SECTION 202 OF THE ACT)**

CREDIT SUISSE

11 Madison Avenue

New York, NY 10010

United States

8 April 2010

To SkillSoft Securityholders and, for information only, to SkillSoft Optionholders

RECOMMENDED REVISED ACQUISITION OF SKILLSOFT PLC

Dear SkillSoft Securityholder,

1. INTRODUCTION

On 31 March 2010, the Board of SkillSoft and the Board of SSI Investments announced that they had reached agreement on the terms of a revised recommended acquisition for cash of the entire issued and to be issued share capital of SkillSoft by SSI Investments by way of a Scheme of Arrangement under Section 201 of the Act for the increased price of \$11.25 per SkillSoft Share. SkillSoft and SSI Investments had previously announced on 12 February 2010 that they had reached agreement on the terms of a recommended acquisition of SkillSoft by SSI Investments for cash at a price of \$10.80 per SkillSoft Share.

Your attention is drawn to the letter of recommendation from the Board of SkillSoft in Part I (Letter of Recommendation from the Board of SkillSoft) of this document, which sets forth the reasons why the directors of SkillSoft, who have been so advised by Credit Suisse, consider the terms of the Revised Acquisition to be fair and reasonable to SkillSoft Securityholders taken as a whole and why the Board of SkillSoft unanimously recommends that all SkillSoft Securityholders vote in favour of the Revised Acquisition and the Scheme at both the Adjourned Court Meeting and the Adjourned EGM, as the directors of SkillSoft intend to do in respect of their own beneficial holdings of 5,877 SkillSoft Shares, in aggregate, which represent approximately 0.006 per cent. of the existing issued share capital of SkillSoft, and any SkillSoft Shares such directors may acquire or subscribe for upon exercise of their SkillSoft Options. In providing its advice to the Board of SkillSoft, Credit Suisse has taken into account the commercial assessments of the Board of SkillSoft.

2. THE REVISED ACQUISITION

The Revised Acquisition is to be effected by way of a Scheme of Arrangement between SkillSoft and the Scheme Shareholders under Section 201 of the Act. The Scheme is set out in full in Part IV (The Scheme of Arrangement) of this document. Under the terms of the Scheme, SSI Investments will pay the Consideration to Scheme Shareholders in consideration for the cancellation of their Cancellation Shares and/or the transfer to SSI Investments of their Transfer Shares.

If the Scheme is implemented at the Effective Time, all Cancellation Shares will be cancelled pursuant to Sections 72 and 74 of the Act and all Transfer Shares will be transferred to SSI Investments in accordance with the Scheme. SkillSoft will then issue New SkillSoft Shares to SSI Investments in place of the Cancellation Shares and SSI Investments will pay the Consideration to former Scheme Shareholders in consideration for the Revised Acquisition. After the Scheme becomes effective, SkillSoft ADS holders will receive that proportion of the Consideration to which they are entitled directly from the Depository. As a result of the Scheme, SkillSoft will become a wholly-owned subsidiary of SSI Investments.

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The Scheme will require approval by Scheme Shareholders at the Adjourned Court Meeting, approval by SkillSoft Shareholders at the Adjourned EGM and the sanction of the High Court at the Court Hearing.

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The Adjourned Court Meeting and the Adjourned EGM and the nature of the approvals required to be given at the Adjourned Meetings are described in more detail in paragraph 4 below. All SkillSoft Shareholders (but not SkillSoft ADS holders) are entitled to be represented by counsel or a solicitor (at their own expense) at the Court Hearing to support or oppose the sanctioning of the Scheme.

The Revised Acquisition is subject to a number of Conditions (summarised in paragraph 3 below and set out in full in Part V (Conditions of the Revised Acquisition and the Scheme) of this document). The Revised Acquisition can only become effective if the Conditions of the Revised Acquisition have been satisfied or waived on or before the Effective Date in accordance with their respective terms. The Scheme will become effective upon the delivery to the Registrar of Companies of an office copy of the Court Order together with the minute required by Section 75 of the Act and registration of such Court Order by the Registrar of Companies, which, subject to the sanction of the Scheme by the High Court, is expected to occur during May 2010.

3. THE CONDITIONS

The Revised Acquisition is conditional on, amongst other things, the Scheme becoming effective. The Conditions of the Revised Acquisition and the Scheme are set out in full in Part V (Conditions of the Revised Acquisition and the Scheme) of this document. The implementation of the Scheme is conditional upon, amongst other things:

the Scheme becoming effective by no later than 16 July 2010 (or such later date as SkillSoft and SSI Investments may, with (if required) the consent of the Panel, agree and (if required) the High Court may allow);

the approval by a majority in number of Scheme Shareholders present and voting (either in person or by proxy), representing three-fourths (75 per cent.) or more in value of the SkillSoft Shares held by such holders, at the Adjourned Court Meeting (or at any adjournment of such meeting);

the passing of such resolutions as are required to approve or implement the Scheme at the Adjourned EGM;

the sanction of the Scheme and confirmation of the reduction of capital involved therein by the High Court and the delivery of an office copy of the Court Order and the minute required by Section 75 of the Act to the Registrar of Companies and the registration of such Court Order and minute by the Registrar of Companies;

the expiration of the applicable waiting periods under the HSR Act and the equivalent laws of Germany and Austria. The US authorities terminated the mandatory waiting period under the HSR Act on 5 March 2010. The German and Austrian authorities have also issued the relevant clearances;

the Irish Revenue Commissioners not having confirmed in writing that they do not recognise that certain intellectual property rights transferred to SkillSoft Ireland Limited on 9 February 2009 attract Irish capital allowances on the entire acquisition price under (A) Section 291 of the Taxes Consolidation Act 1997 as computer software or (B) Sections 291 and 755 of that Act as computer software and patent rights, respectively. The Irish Revenue Commissioners issued a letter on 17 February 2010 confirming that the acquisition of [such intellectual property rights] will be treated as constituting part of SkillSoft Ireland Limited's continuing trade and that, on the basis of the information provided and subject to Revenue's usual right to audit or carry out an enquiry and anything which may arise therefrom, the [intellectual property rights] acquired will qualify for capital allowances under Section 291; and

the Conditions, which are not otherwise identified above, and which are set out in full in Part V (Conditions of the Revised Acquisition and the Scheme) of this document being satisfied or waived on or before the sanction of the Scheme by the High Court pursuant to Section 201 of the Act.

4. CONSENTS AND ADJOURNED MEETINGS

The Scheme is subject to the approval by Scheme Shareholders at the Adjourned Court Meeting as more fully described in paragraph 4.1 of this Part III (Explanatory Statement) and its implementation will also

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require various approvals of SkillSoft Shareholders at the separate Adjourned EGM, as more fully described in paragraph 4.2 of this Part III (Explanatory Statement), both of which will be held at Fitzwilton House, Wilton Place, Dublin 2, Ireland on 3 May 2010. The Adjourned Court Meeting will start at 9.00 a.m. (Irish Standard Time) and the Adjourned EGM will start at 9.15 a.m. (Irish Standard Time) (or, if later, as soon thereafter as the Adjourned Court Meeting is concluded or adjourned) on that date. The Adjourned Court Meeting is being held at the direction of the High Court to seek the approval of the Scheme by Scheme Shareholders. The Adjourned EGM is being convened to enable the directors of SkillSoft to implement the Scheme and to amend the SkillSoft Articles, as described below.

Notices of both the Adjourned Court Meeting and the Adjourned EGM are set out in Part X (Notice of Adjourned Court Meeting) and Part XI (Notice of Adjourned Extraordinary General Meeting of SkillSoft Public Limited Company), respectively, of this document. Entitlement to attend and vote at each Adjourned Meeting and the number of votes which may be cast at each Adjourned Meeting will be determined by reference to the register of members of SkillSoft at the Voting Record Time.

On 8 April 2010, 95,330,356 SkillSoft Shares were issued and outstanding and there were 19 registered SkillSoft Shareholders whose names were registered in the register of members of SkillSoft.

4.1 Adjourned Court Meeting

The Adjourned Court Meeting has been convened for 9.00 a.m. (Irish Standard Time) on 3 May 2010 to enable Scheme Shareholders to consider and, if thought fit, approve the Scheme. At the Adjourned Court Meeting, voting will be by poll and not a show of hands and each holder of Scheme Shares who is present (in person or by proxy) will be entitled to one vote for each Scheme Share held for the purposes of sub-paragraph (b) below. In order to conduct business at the Adjourned Court Meeting a quorum must be present. The presence (either in person or by proxy) of three persons entitled to vote at such meeting and together holding not less than one-third of the SkillSoft Shares in issue, each being a holder of SkillSoft Shares, a proxy for a holder of SkillSoft Shares or a duly authorised representative of a corporate holder of SkillSoft Shares, will constitute a quorum for the transaction of business at the Adjourned Court Meeting. The approval required at the Adjourned Court Meeting is that those voting to approve the Scheme must:

- (a) represent a simple majority (more than 50 per cent.) in number of those Scheme Shareholders present and voting in person or by proxy; and
- (b) also represent three-fourths (75 per cent.) in value of the Scheme Shares held by those Scheme Shareholders present and voting (in person or by proxy).

It is important that as many votes as possible are cast at the Adjourned Court Meeting so that the appropriate resolution approving the Scheme can be passed and that the High Court may be satisfied that there is a fair representation of Scheme Shareholder opinion when it is considering whether to sanction the Scheme. If you are the registered holder of any SkillSoft ADSs and you have not previously submitted your voting instructions, or if you wish to change your voting instructions, you are strongly urged to complete and return the enclosed ADS Voting Instruction Card as soon as possible to ensure that the Depositary represents your ADSs and votes the corresponding Scheme Shares at the Adjourned Court Meeting in accordance with your voting instructions. If you are the beneficial holder of SkillSoft ADSs, you should follow the voting instructions provided by your bank or broker. If you are the registered holder of any Scheme Shares and you have not previously submitted your proxy or voting instructions, or if you wish to change your proxy or voting instructions, you are strongly urged to complete and return the enclosed PINK Form of Proxy for the Adjourned Court Meeting as soon as possible. Any new voting instructions or PINK Form of Proxy properly and timely submitted will supersede any previous voting instructions or PINK Form of Proxy submitted by you.

4.2 Adjourned Extraordinary General Meeting

In addition, the Adjourned EGM has been convened for 9.15 a.m. (Irish Standard Time) on 3 May 2010 (or, if later, as soon thereafter as the Adjourned Court Meeting is concluded or adjourned). A quorum must

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be present in order to conduct any business at the Adjourned EGM. SkillSoft's Articles provide that the presence at the Adjourned EGM (either in person or by proxy) of three persons entitled to vote at such meeting and together holding not less than one-third ($33\frac{1}{3}$ per cent.) of the SkillSoft Shares in issue, each being a holder of SkillSoft Shares, a proxy for a holder of SkillSoft Shares, or a duly authorised representative of a corporate holder of SkillSoft Shares, constitutes a quorum for the transaction of business. At the Adjourned EGM, the SkillSoft Shareholders will consider and, if thought fit, pass the following resolutions (which in the case of special resolutions requires a vote in favour of not less than three-fourths (75 per cent.) of the votes cast and in the case of ordinary resolutions requires a majority (more than 50 per cent.) of the votes cast):

Resolution 1 Ordinary Resolution

To approve the Scheme and to authorise the directors of SkillSoft to take such action as they consider necessary or appropriate to carry the Scheme into effect.

Resolution 2 Special Resolution

To approve the cancellation of the Cancellation Shares and to apply the reserve in SkillSoft's books arising upon such cancellation in paying up in full at par New SkillSoft Shares.

Resolution 3 Special Resolution

To amend the SkillSoft Articles to ensure that any SkillSoft Shares issued under the SkillSoft Share Option Plans or otherwise between the Voting Record Time and the Scheme Record Time will be subject to the Scheme. It is also proposed to amend the SkillSoft Articles so that any other SkillSoft Shares issued to any person (other than to SSI Investments) will become transferable to SSI Investments on the same terms as under the Scheme (i.e. the person will receive US\$11.25 in cash for each SkillSoft Share issued to them and acquired by SSI Investments).

These amendments are designed to avoid any person (other than SSI Investments) being left with SkillSoft Shares after dealings in SkillSoft Shares have ceased on NASDAQ (which will occur at the close of business on the Business Day before the Effective Time). Resolution 3, set out in the notice of Adjourned EGM in Part XI (Notice of Adjourned Extraordinary General Meeting) of this document, seeks the approval of SkillSoft Shareholders for such amendments.

Resolution 4 Ordinary Resolution

To approve a proposal to adjourn the Adjourned EGM, if necessary, to solicit additional proxies in favour of approval of the resolutions to be considered at the Adjourned EGM. SkillSoft is submitting a proposal for consideration at the Adjourned EGM to authorise the Chairman of the Adjourned EGM to approve one or more adjournments of the Adjourned EGM if there are not sufficient votes to approve the resolutions to be considered at the Adjourned EGM at the time of the Adjourned EGM. Even though a quorum may be present at the Adjourned EGM, it is possible that SkillSoft may not have received sufficient votes to approve the resolutions to be considered at the Adjourned EGM by the time of the Adjourned EGM. In that event, SkillSoft would determine to adjourn the Adjourned EGM in order to solicit additional proxies. The adjournment proposal relates only to an adjournment of the EGM for purposes of soliciting additional proxies to obtain the requisite SkillSoft Shareholder approval to approve the resolutions to be considered at the Adjourned EGM. Any other adjournment of the Adjourned EGM would be voted upon pursuant to the discretionary authority granted by the proxy. To approve the adjournment proposal, a majority of the outstanding SkillSoft Shares present or represented at the Adjourned EGM and entitled to vote, which includes abstentions, must vote in favour of the proposal. This resolution is not required to be passed in order to implement the Scheme.

It is also intended that the Chairman will move an ordinary resolution at the Adjourned EGM substantially in the terms set out in Note 1 to the Notice of Adjourned Extraordinary General Meeting set out in Part XI of this document.

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It is important that as many votes as possible are cast at the Adjourned EGM. If you are the registered holder of any SkillSoft ADSs and you have not previously submitted your voting instructions, or if you wish to change your voting instructions, you are strongly urged to complete and return the enclosed ADS Voting Instruction Card as soon as possible to ensure that the Depository represents your SkillSoft ADSs and votes the corresponding SkillSoft Shares at the Adjourned EGM. If you are the beneficial holder of SkillSoft ADSs, you should follow the voting instructions provided by your bank or broker. If you are the registered holder of any SkillSoft Shares and you have not previously submitted your proxy or voting instructions, or if you wish to change your proxy or voting instructions, you are strongly urged to complete and return the enclosed BLUE Form of Proxy for the Adjourned EGM as soon as possible. Any new voting instructions or BLUE Form of Proxy properly and timely submitted will supersede any previous voting instructions or BLUE Form of Proxy submitted by you.

4.3 Court Hearing

Subject to the approval of the resolutions proposed at the Adjourned Meetings, it is anticipated that the Court Hearing will take place on 20 May 2010. Each SkillSoft Shareholder (but not a SkillSoft ADS holder) is entitled to be represented by counsel or a solicitor (at their own expense) at the Court Hearing to support or oppose the sanctioning of the Scheme.

4.4 Form of ADS Voting Instruction Card and Forms of Proxy

SkillSoft ADS holders who have not already submitted their ADS voting instructions or who wish to change their voting instructions are strongly urged to complete and return the enclosed ADS Voting Instruction Card as soon as possible and, in any event, no later than 27 April 2010. If you have not already submitted an ADS Voting Instruction Card, and the Depository does not receive your ADS Voting Instruction Card by such date, the Depository will not vote your SkillSoft ADSs.

Scheme Shareholders and SkillSoft Shareholders have been sent a PINK Form of Proxy for the Adjourned Court Meeting and a BLUE Form of Proxy for the Adjourned EGM. Scheme Shareholders and SkillSoft Shareholders who have not already completed and submitted their Forms of Proxy or who wish to change their proxy or voting instructions are strongly urged to complete and return their Forms of Proxy, as soon as possible and, in any event, no later 9.00 a.m. (Irish Standard Time) on 1 May 2010 in the case of the PINK Form of Proxy for the Adjourned Court Meeting and 9.15 a.m. (Irish Standard Time) on 1 May 2010 in the case of the BLUE Form of Proxy for the Adjourned EGM. The PINK Form of Proxy for the Adjourned Court Meeting (but NOT the BLUE Form of Proxy for the Adjourned EGM) may also be handed to the Chairman of the Adjourned Court Meeting before the start of the Adjourned Court Meeting on 3 May 2010 and will still be valid.

4.5 Abstentions and Broker Non-Votes

Your broker will be permitted to vote your SkillSoft ADSs or SkillSoft Shares only if you instruct your broker how to vote. If you are a SkillSoft Shareholder (but not a SkillSoft ADS holder) and have previously provided your broker with absolute discretion to vote at all times on SkillSoft Shareholder votes, then your broker will be able to vote your SkillSoft Shares unless you instruct your broker otherwise. If your broker does not have absolute discretion to vote on your behalf, or you are a SkillSoft ADS holder and you wish to instruct your broker to vote on your behalf, you should follow the procedures provided by your broker regarding the voting of your SkillSoft ADSs or SkillSoft Shares. If your broker does not have absolute discretion and you do not provide instructions to your broker to vote in favour of the Scheme, your SkillSoft ADSs or SkillSoft Shares (as the case may be) will not be voted in favour of the Scheme, which will increase the likelihood of the Scheme being defeated and the Revised Acquisition not proceeding. Under Irish law, an abstention or a vote that is withheld will not be counted in the calculation of the proportion of the votes for or against a proposed resolution.

5. STRUCTURE OF THE SCHEME

Under the Scheme, the Cancellation Shares will be cancelled pursuant to Sections 72 and 74 of the Act and all Transfer Shares will be transferred to SSI Investments. New SkillSoft Shares will be issued to SSI

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Investments (and/or its nominee(s)) by the capitalisation of the reserve arising from the cancellation of the Cancellation Shares. As a result of these arrangements, SkillSoft will become a wholly-owned subsidiary of SSI Investments.

SkillSoft Shareholders who are subject to the Scheme will receive the Consideration. SkillSoft Shares issued after 10.00 p.m. (Irish Standard Time) on the day before the Effective Date will not be subject to the Scheme. Accordingly, it is proposed that the SkillSoft Articles be amended so that SkillSoft Shares issued after 10.00 p.m. (Irish Standard Time) on the day before the Effective Date (other than to SSI Investments) will be automatically transferred to SSI Investments on the same terms as under the Scheme.

It is expected that the Scheme will become effective and that the Revised Acquisition will be completed during May 2010. The Scheme can only become effective if all the Conditions to which the Scheme is subject have been satisfied or waived by no later than 16 July 2010 or such later date (if any) as SkillSoft and SSI Investments may, with (if required) the consent of the Panel, agree and (if required) the High Court may allow. The Scheme will become effective upon the registration by the Registrar of Companies of an official copy of the Court Order together with the minute approved by the High Court in respect of the capital reduction and the issue by the Registrar of Companies of a certificate of registration of the Court Order. Once the Scheme becomes effective, its terms will be binding on all SkillSoft Shareholders, irrespective of whether they attended the Adjourned Court Meeting or Adjourned EGM and irrespective of the manner in which they voted.

6. BOARD, MANAGEMENT AND EMPLOYEES

6.1 Generally

The Board of SSI Investments has confirmed that, where employees of SkillSoft have existing employment rights, including pension rights, under applicable laws, those rights will be fully safeguarded following the Scheme becoming effective.

6.2 Employee Matters

Pursuant to the Transaction Agreement, SSI Investments is obliged for a period of twelve months commencing on the Effective Date to maintain certain benefits at levels that are, in the aggregate, comparable to those in effect for SkillSoft employees on the Effective Date (not including equity compensation or defined benefit plans), and thereafter has the right, in its sole discretion, to maintain SkillSoft's employee benefit plans. SSI Investments has agreed to use all reasonable efforts to cause SkillSoft's employees to receive full credit for service with SkillSoft for purposes of eligibility, vesting and other appropriate benefits, including applicability of minimum waiting periods for participation, but excluding benefit accrual, with respect to any employee benefit plans or arrangements maintained by SSI Investments. SSI Investments has also agreed to use all reasonable efforts to waive all pre-existing conditions, limitations or eligibility waiting periods under any health or similar plan of SSI Investments for SkillSoft's employees and their eligible dependents, to the extent that SkillSoft's employees had satisfied any similar limitations or requirements under the corresponding plan in which SkillSoft's employees participated immediately prior to the Effective Date. In addition, SSI Investments will use all reasonable efforts to cause any deductibles paid by SkillSoft's employees under SkillSoft's health plans in the plan year in which the Effective Date of the Scheme occurs to be credited towards the deductibles under the health plans of SSI Investments.

6.3 Indemnification and Insurance

Pursuant to the Transaction Agreement, SSI Investments and SkillSoft have agreed to certain indemnification rights in favour of each of the former and present directors and officers of SkillSoft.

7. SKILLSOFT SHARE OPTION PLANS AND SKILLSOFT EMPLOYEE SHARE PURCHASE PLAN

SSI Investments will make appropriate proposals to SkillSoft Optionholders to implement the requirements of the Transaction Agreement. The Transaction Agreement provides that:

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- (i) SkillSoft Optionholders will be given an opportunity to elect to exercise their SkillSoft Options immediately upon the making of the Court Order and conditional upon the Scheme becoming effective. The SkillSoft Shares issued upon such exercise will then be transferred to SSI Investments under the Scheme;
- (ii) SkillSoft Optionholders who so elect may exercise their SkillSoft Options with a cashless exercise facility under which they may direct that the exercise price of their SkillSoft Options be paid to SkillSoft out of the proceeds of the sale to SSI Investments under the Scheme of the SkillSoft Shares issued to them upon exercise of their SkillSoft Options; and
- (iii) all SkillSoft Options that remain outstanding on the Effective Date will be cancelled with effect from the Effective Time in consideration for a cash payment per SkillSoft Share subject to such SkillSoft Option to the SkillSoft Optionholder equal to the excess, if any, of the Consideration per SkillSoft Share over the exercise price applicable to such SkillSoft Option (net of applicable withholding taxes).

Under the Transaction Agreement, SkillSoft has agreed, subject to certain conditions, to use all reasonable efforts to inform SkillSoft Optionholders who are resident in the United States of the advantages, subject to their individual circumstances, of electing to avail themselves of the cancellation of options.

SkillSoft Options outstanding on the Effective Date having an exercise price per SkillSoft Share that is equal to or greater than the Consideration per SkillSoft Share will terminate in accordance with the applicable provisions of the SkillSoft Share Option Plans, without payment of consideration, and the SkillSoft Share Option Plans will terminate at the Effective Time.

The most recent offering period under the SkillSoft Employee Share Purchase Plan ended on 31 March 2010. No new offering periods will commence under the SkillSoft Employee Share Purchase Plan before the Effective Time. The SkillSoft Shares issued to participants under the SkillSoft Employee Share Purchase Plan are subject to the Scheme, and the SkillSoft Employee Share Purchase Plan will terminate at the Effective Time.

8. THE SKILLSOFT EXECUTIVE OFFICERS AND NON-EXECUTIVE DIRECTORS AND THE EFFECT OF THE SCHEME ON THEIR INTERESTS

8.1 Interests Held by Executive Officers and Non-Executive Directors

The effect of the Scheme on the interests of SkillSoft’s executive officers and of the SkillSoft Non-Executive Directors does not differ from its effect on the like interests of other persons, except as disclosed in this paragraph 8.

The names of SkillSoft’s current executive officers and the SkillSoft Non-Executive Directors are listed below. The address of each person listed in the table below is c/o SkillSoft plc, Belfield Office Park, Clonskeagh, Dublin 4, Ireland.

Name	Title
Charles E. Moran	President and Chief Executive Officer
Thomas J. McDonald	Chief Financial Officer, Executive Vice-President and Assistant Secretary
Jerald A. Nine, Jr.	Chief Operating Officer
Mark A. Townsend	Executive Vice-President, Technology
Colm M. Darcy	Executive Vice-President, Content Development
Anthony P. Amato	Vice-President, Finance and Chief Accounting Officer
James S. Krzywicki	Non-Executive Director
Dr. Ferdinand von Prondzynski	Non-Executive Director
P. Howard Edelstein	Non-Executive Director
William F. Meagher, Jr.	Non-Executive Director
William J. Boyce	Non-Executive Director

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The interests of SkillSoft's executive officers and SkillSoft Non-Executive Directors in the share capital of SkillSoft and in the SkillSoft Share Option Plans are set out in paragraphs 4 and 5 of Part VIII (Additional Information) of this document.

SkillSoft Options held by SkillSoft's executive officers and SkillSoft Non-Executive Directors will be treated in a similar manner to all other SkillSoft Optionholders (including the vesting of all unvested options in connection with the Scheme), as set out in paragraph 7 of this Part III (Explanatory Statement).

SkillSoft's executive officers holding unexercised SkillSoft Options as of the Effective Date will receive cash payments upon the consummation of the Scheme in the approximate amounts (before withholding for applicable taxes) indicated in the following table (based on their respective holdings of SkillSoft Options on the Latest Practicable Date):

Name	Title	Number of SkillSoft Options	SkillSoft Option Exercise Price	Approximate SkillSoft Option Settlement Amount
Charles E. Moran	President and Chief Executive Officer	2,954,657	US\$4.06-US\$6.41	US\$ 14,910,480
Thomas J. McDonald	Chief Financial Officer, Executive Vice-President and Assistant Secretary	1,638,698	US\$4.06-US\$6.41	US\$ 9,426,739
Jerald A. Nine, Jr.	Chief Operating Officer	1,278,359	US\$6.36-US\$6.41	US\$ 6,191,176
Mark A. Townsend	Executive Vice-President, Technology	1,020,890	US\$4.06-US\$6.41	US\$ 6,342,920
Colm M. Darcy	Executive Vice-President, Content Development	297,556	US\$6.41-US\$19.06	US\$ 1,198,171
Anthony P. Amato	Vice-President, Finance and Chief Accounting Officer	145,000	US\$3.66-US\$12.50	US\$ 805,950
Total		7,335,160		US\$ 38,875,436

The SkillSoft Non-Executive Directors holding unexercised SkillSoft Options will receive cash payments upon the consummation of the Scheme in the approximate amounts (before withholding for applicable taxes) indicated in the following table (based on their respective holdings of SkillSoft Options on the Latest Practicable Date):

Name	Title	Number of SkillSoft Options	SkillSoft Option Exercise Price	Approximate SkillSoft Option Settlement Amount
James S. Krzywicki	Non-Executive Director	115,000	US\$6.21-US\$27.81	US\$ 207,800
Dr. Ferdinand von Prondzynski	Non-Executive Director	125,000	US\$5.50-US\$20.68	US\$ 321,300
P. Howard Edelstein	Non-Executive Director	125,000	US\$4.25-US\$10.48	US\$ 496,300
William F. Meagher, Jr.	Non-Executive Director	115,000	US\$5.50-US\$10.75	US\$ 307,800
William J. Boyce	Non-Executive Director	70,000	US\$4.97-US\$10.48	US\$ 329,400
Total		550,000		US\$ 1,662,600

8.2 Change in Control Arrangements with Executive Officers and Non-Executive Directors of SkillSoft

SkillSoft has employment agreements with each of its named executive officers. The employment agreements provide that the executive is entitled to specified severance benefits in the event such executive's employment is terminated by SkillSoft without cause or by the executive for good reason (each as defined in the employment agreement). In addition, all of SkillSoft's executive officer employment agreements provide that the executive may elect to extend the vesting and exercisability of such officer's share options for a period of six months or one year (depending

on the executive) following employment termination, in some cases in exchange for a non-competition and non-solicitation covenant or the performance of consulting services.

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9. TAXATION

Your attention is drawn to paragraphs 8 and 9 of Part VIII (Additional Information) of this document, headed Irish Taxation and US Federal Income Tax Consequences, respectively. If you are in any doubt as to your own tax position, or if you require more detailed information or if you are subject to taxation in any jurisdiction other than Ireland or the United States, you should consult an independent financial advisor or tax advisor immediately.

10. SETTLEMENT, LISTING AND DEALINGS

If the Scheme is approved by the High Court, a request will be made to cancel the quotation of SkillSoft ADSs on NASDAQ. The last day of dealings in SkillSoft ADSs on NASDAQ will be the last Business Day before the Effective Time, and is expected to be on or about 21 May 2010.

No transfers of SkillSoft Shares (other than transfers to SSI Investments) will be registered after the Scheme Record Time. At the Effective Time, share certificates in respect of Scheme Shares will cease to be of value and should, if so requested by SkillSoft or its agents, be sent to SkillSoft for cancellation.

10.1 Consideration

Subject to the Revised Acquisition becoming effective, settlement of the Consideration to which any SkillSoft Shareholder is entitled under the Revised Acquisition will be despatched within 14 days of the Effective Date by ordinary post (or by such other manner as the Panel may approve). Such payments will be made in US dollars by cheque drawn on a branch of a State of New York clearing bank.

Except with the consent of the Panel, settlement of the Consideration to which any Scheme Shareholder is entitled under the Revised Acquisition will be implemented in full in accordance with the terms of the Revised Acquisition without regard to any lien, right of set-off, counterclaim or other analogous right.

SkillSoft Securityholders at the Scheme Record Time will receive their relevant proportion of the consideration in US dollars. All payments will be rounded down to the nearest whole US cent and will be reduced by the amount of any withholding taxes and ADS cancellation fees, if applicable.

SSI Investments has confirmed that, except as provided for in the Scheme or otherwise with the consent of the Panel, any payment to which a SkillSoft Shareholder is entitled to receive from SSI Investments will be implemented in full without regard to any lien, right of set-off, counterclaim or other analogous right to which SSI Investments may be, or claim to be, entitled against such SkillSoft Shareholder.

All documents and remittances sent to SkillSoft ADS holders or SkillSoft Shareholders (or in accordance with their directions) will be despatched at their own risk.

SkillSoft ADS holders should read paragraph 12 of this Part III (Explanatory Statement), which contains further important information which is relevant to them.

10.2 Certain Effects of the Scheme

If the Scheme becomes effective, SkillSoft will become a wholly owned subsidiary of SSI Investments and SkillSoft Securityholders will not have an opportunity to continue their equity interest in SkillSoft as an ongoing corporation and, therefore, will not have the opportunity to share in its future earnings, dividends or growth, if any.

11. OVERSEAS SHAREHOLDERS

As regards Overseas Shareholders, the Revised Acquisition may be affected by the laws of the relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of Overseas Shareholders to

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satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

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This document has been prepared for the purposes of complying with the laws of Ireland and the United States and the Takeover Rules and the rules of the Securities Exchange Commission, respectively (to the extent applicable), and the information disclosed may be different from that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside Ireland and the United States.

Overseas Shareholders are encouraged to consult their local tax advisor.

12. TREATMENT OF SKILLSOFT ADSs

Each SkillSoft ADS represents one SkillSoft Share. The Bank of New York Mellon, as Depositary, holds the SkillSoft Shares underlying the SkillSoft ADSs. Accordingly, the Depositary, as a SkillSoft Shareholder, will be entitled to US\$11.25 for every SkillSoft Share held by it at the Scheme Record Time.

After the Effective Date, the Depositary will arrange for the distribution directly to SkillSoft ADS holders of the consideration to which they are entitled in the proportion of US\$11.25 for every one SkillSoft ADS held by them at the Scheme Record Time. SkillSoft ADS holders will receive their relevant proportion of the consideration (without interest and less any withholding taxes and ADS cancellation fees, if applicable) in US dollars. All payments will be rounded down to the nearest whole US cent.

Holders of SkillSoft ADSs will be required to surrender their SkillSoft ADSs in order to receive their entitlement under the Scheme. Following the Scheme becoming effective, The Bank of New York Mellon, as Depositary, will mail a notice to registered holders of SkillSoft ADSs regarding the mechanics of the exchange of their existing SkillSoft ADSs. Instructions for the exchange of SkillSoft ADS certificates will be set out in the letter of transmittal. If you hold your SkillSoft ADSs indirectly, you must rely on the procedures of the bank, broker or financial institution through which you hold your SkillSoft ADSs for completion of the exchange.

Cheques will be despatched to SkillSoft ADS holders after the Effective Date. All cheques will be sent to SkillSoft ADS holders at their own risk and will be sent by post either to the holder's address as set out on the register of SkillSoft ADS holders at the Scheme Record Time or to such other address of the holder as is notified as a change in writing by SkillSoft ADS holders to the Depositary prior to the Effective Date and in the case of joint holders, to the holder whose name stands first in such register in respect of the joint holdings concerned.

It should be noted that holders of SkillSoft ADSs will not be entitled to attend the Adjourned Meetings or to be represented at the Court Hearing. The Depositary will vote in accordance with the instructions it receives from SkillSoft ADS holders. Details of how SkillSoft ADS holders can instruct the Depositary to vote are contained in the enclosed ADS Voting Instruction Card. It is important that, for the Adjourned Court Meeting in particular, as many votes as possible are cast so that the High Court may be satisfied that there is a fair representation of Scheme Shareholder opinion. Therefore, if you have not previously submitted your voting instructions, or if you wish to change your voting instructions, you are strongly urged to complete, date, sign and return the enclosed ADS Voting Instruction Card as soon as possible to ensure that the Depositary represents your SkillSoft ADSs at the Adjourned Meetings.

Holders of SkillSoft ADSs who wish to attend the Adjourned Court Meeting and/or the Adjourned EGM or to be present at the Court Hearing should take steps to present their SkillSoft ADSs to the Depositary for cancellation and delivery of SkillSoft Shares so as to become holders of record of SkillSoft Shares prior to the relevant Voting Record Time for the Adjourned Court Meeting or the Adjourned EGM or prior to the Court Hearing (as the case may be). The date for the Adjourned Court Meeting and the Adjourned EGM is 3 May 2010. If SkillSoft ADS holders wish to attend the Adjourned Court Meeting and/or the Adjourned EGM, they must present their SkillSoft ADSs to the Depositary for cancellation as early as possible, although, regardless of the time of such presentation, no guarantee can be given by the Depositary that it will be able to procure that the relevant SkillSoft ADS holder becomes a holder of record of SkillSoft Shares in time for the relevant Adjourned Meetings or the Court Hearing. Subject to the approval of the resolutions proposed at the Adjourned Meetings, it is anticipated that the Court Hearing will take place on 20 May 2010.

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13. ACTION TO BE TAKEN

Your attention is drawn to the summary of the action to be taken on page 29 of this document.

14. FURTHER INFORMATION

Your attention is drawn to the conditions and further terms of the Revised Acquisition set out in the remaining parts of this document, all of which form part of this document.

Yours faithfully,

Storm Duncan

For and on behalf of

Credit Suisse

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PART IV THE SCHEME OF ARRANGEMENT

THE HIGH COURT

IN THE MATTER OF SKILLSOFT PUBLIC LIMITED COMPANY

AND IN THE MATTER OF THE COMPANIES ACTS 1963 TO 2009

SCHEME OF ARRANGEMENT

(UNDER SECTION 201 OF THE COMPANIES ACT 1963)

BETWEEN

SKILLSOFT PUBLIC LIMITED COMPANY

AND

THE HOLDERS OF THE SCHEME SHARES

(AS HEREINAFTER DEFINED)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings: the **Act** , the Companies Act 1963 of Ireland, as amended;

Adjourned Court Meeting the meeting of the Scheme Shareholders (and any adjournment thereof) convened for 6 April 2010 and adjourned sine die and reconvened for 3 May 2010 by order of the High Court pursuant to Section 201 of the Act to consider and, if thought fit, approve the Scheme (with or without amendment);

Advent , Advent International Corporation;

Bain Capital Partners , Bain Capital Partners, LLC;

Berkshire , Berkshire Partners LLC;

Business Day , any day other than a Saturday, Sunday or public holiday in Ireland or the State of New York;

Cancellation Record Time , 10.00 p.m. (Irish Standard Time) on the day before the High Court hearing to sanction this Scheme;

Cancellation Shares ,

(i) the SkillSoft Shares in issue at the date of the Circular;

(ii) any SkillSoft Shares issued after the date of the Circular and before the Voting Record Time; and

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(iii) any SkillSoft Shares issued at or after the Voting Record Time and before the Cancellation Record Time on terms that the Holder thereof shall be bound by this Scheme, or in respect of which the original or any subsequent Holder thereof agrees in writing to be bound by this Scheme;
but excluding the Transfer Shares and the Designated Shares;

Circular , the document dated 8 April 2010 sent to SkillSoft Shareholders and holders of SkillSoft ADSs (and, for information only, to SkillSoft Optionholders);

Consideration , the cash consideration of US\$11.25 per SkillSoft Share payable to Scheme Shareholders for each SkillSoft Share cancelled or transferred pursuant to this Scheme;

Court Meeting , the meeting or meetings of the Scheme Shareholders (and any adjournment thereof) convened by order of the High Court pursuant to Section 201 of the Act to consider and, if thought fit, approve this Scheme (with or without amendment);

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Court Order , the order or orders of the High Court sanctioning this Scheme under Section 201 of the Act and confirming the reduction of share capital which forms part of it under Sections 72 and 74 of the Act;

Designated Shares , means the seven SkillSoft Shares to be held by nominees appointed by SSI Investments on behalf of SSI Investments, in each case from a date prior to the date on which the Court Meeting is held;

Effective Date , the date on which this Scheme becomes effective in accordance with its terms;

Extraordinary General Meeting or **EGM** , the extraordinary general meeting of the SkillSoft Shareholders (and any adjournment thereof) in connection with this Scheme, convened for 6 April 2010 and adjourned sine die and reconvened for 3 May 2010, expected to be held as soon as the preceding Adjourned Court Meeting shall have been concluded or adjourned;

Forms of Proxy , the PINK form of proxy for the Court Meeting, and the BLUE form of proxy for the EGM, as the context may require;

High Court , the High Court of Ireland;

Holder , in relation to any SkillSoft Share, the Member whose name is entered in the Register of Members as the holder of the Share and **Joint Holders** shall mean the Members whose names are entered in the Register of Members as the joint holders of the Share, and includes any person(s) entitled by transmission;

Irish Standard Time , Irish Standard Time, as set out in the Standard Time (Amendment) Act 1971 and the Standard Time Act 1968;

Member , a member of the Company on its Register of Members at any relevant date;

New SkillSoft Shares , the SkillSoft Shares to be issued credited as fully paid up to SSI Investments and/or its nominees pursuant to this Scheme;

Reduction of Capital , the reduction of the issued share capital of the Company by the cancellation of the Cancellation Shares to be effected as part of this Scheme as referred to in Clause 1.1 of this Scheme;

Register of Members , the register of members maintained by the Company pursuant to the Act;

Registrar of Companies , the Registrar of Companies, Ireland;

Restricted Jurisdiction , any jurisdiction in respect of which it would be unlawful for the Circular or the related Forms of Proxy to be released, published or distributed, in whole or in part, including for the avoidance of doubt, Canada, South Africa, Australia and Japan;

Restricted Overseas Shareholder , a Shareholder (including an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in, or resident in, or any Shareholder whom the Company believes to be in, or resident in, a Restricted Jurisdiction;

Scheme or **Scheme of Arrangement** , the proposed scheme of arrangement under Section 201 of the Act and the capital reduction under Sections 72 and 74 of the Act with or subject to any modifications, additions or conditions approved or imposed by the High Court and agreed by SSI Investments and SkillSoft being the Scheme set forth in the proxy statement of SkillSoft dated 10 March 2010, with modifications set forth in this document reflecting the increase to the consideration and the adjournment on 6 April 2010 of the originally-convened Court Meeting;

Scheme Record Time , 10.00 p.m. (Irish Standard time) on the last Business Day before the Effective Date;

Scheme Shareholder , a Holder of Scheme Shares;

Scheme Shares , the Cancellation Shares and the Transfer Shares;

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SkillSoft or the **Company** , SkillSoft plc, a company incorporated in Ireland with registered number 148294;

SkillSoft ADSs , American Depositary Shares, each representing one SkillSoft Share;

SkillSoft Optionholders , the holders of SkillSoft Options;

SkillSoft Options , options to subscribe for SkillSoft Shares pursuant to the SkillSoft Share Option Plans;

SkillSoft Share or **SkillSoft Shares** , ordinary shares of 0.11 each in the share capital of the Company;

SkillSoft Share Option Plans , the Books24X7.com 1994 Stock Option Plan, the 1994 Share Option Plan, the 1996 Supplemental Stock Plan, the SkillSoft Corporation 1998 Stock Incentive Plan, the SkillSoft Corporation 2001 Stock Incentive Plan, the SkillSoft plc 2002 Share Option Plan and the SkillSoft Public Limited Company 2001 Outside Director Plan;

SkillSoft Shareholders or **Shareholders** , Holders of SkillSoft Shares;

SSI Investments , SSI Investments III Limited, a company incorporated in Ireland with registered number 480477;

Stockbridge , Stockbridge Fund, L.P., a Delaware Limited partnership;

Stockbridge Partners , Stockbridge Partners LLC, a Delaware limited liability company;

Transfer Shares , the SkillSoft Shares issued at or after the Cancellation Record Time and at or before the Scheme Record Time excluding, for the avoidance of doubt, the Designated Shares;

US or **United States** , the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and any other territory subject to its jurisdiction;

US\$, United States dollars; and

Voting Record Time , 9.00 a.m. (Irish Standard time) on 1 May 2010 or, if the Court Meeting is adjourned, 9.00 a.m. (Irish Standard Time) on the day which is two days before the date set for the relevant adjourned Court Meeting.

(B) The authorised share capital of the Company at the date of this Scheme is 27,500,000 divided into 250,000,000 SkillSoft Shares. As at the date hereof, 95,330,356 SkillSoft Shares have been issued and are credited as fully paid.

(C) SSI Investments is a company formed by funds sponsored by each of Berkshire, Advent and Bain Capital Partners.

(D) On 8 April 2010, Stockbridge, an affiliate of Berkshire, owned or controlled 170,625 SkillSoft Shares. Stockbridge has irrevocably undertaken to SkillSoft and SSI Investments, in respect of the SkillSoft Shares which it owns or controls, not to vote such SkillSoft Shares at the Court Meeting. Stockbridge Partners, an affiliate of Berkshire, manages investments for its clients and, as of 8 April 2010, had limited discretionary voting power in respect of 110,319 SkillSoft Shares. Stockbridge Partners has irrevocably undertaken (subject to the prior rights of its clients to exercise voting powers themselves) to SkillSoft and SSI Investments not to vote such SkillSoft Shares at the Court Meeting.

(E) The purpose of the Scheme is to provide for the cancellation and transfer of the Scheme Shares in consideration for the payment by SSI Investments of the Consideration to the Scheme Shareholders.

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- (F) SSI Investments has agreed to appear by counsel on the hearing of the petition to sanction this Scheme and to submit thereto. SSI Investments undertakes to the High Court to be bound by and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

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- (G) The Scheme as set forth in this document is the Scheme set forth in the proxy statement of SkillSoft dated 10 March 2010, with modifications set forth in this document reflecting the increase to the consideration and the adjournment on 6 April 2010 of the originally-convened Court Meeting.

THE SCHEME

1. Cancellation of the Cancellation Shares

- 1.1 Pursuant to sections 72 and 201 of the Act and Article 41 of the Articles of Association of the Company, the issued share capital of the Company shall be reduced by cancelling and extinguishing all of the Cancellation Shares without thereby reducing the authorised share capital of the Company.
- 1.2 Forthwith and contingently upon the Reduction of Capital referred to in Clause 1.1 taking effect:
- 1.2.1 the issued share capital of the Company shall be increased to its former amount by the allotment of such number of New SkillSoft Shares as shall be equal to the number of Cancellation Shares, with each such New SkillSoft Share having the same rights as the Cancellation Shares so cancelled; and
- 1.2.2 the reserve arising in the Company's books of account as a result of the said Reduction of Capital shall be capitalised and applied in paying up in full at par the New SkillSoft Shares allotted pursuant to Clause 1.2.1, which shall be allotted and issued credited as fully paid to SSI Investments and/or its nominee(s) (to hold on bare trust for SSI Investments).
- 1.3 Such New SkillSoft Shares shall be allotted and issued to SSI Investments and/or its nominee(s) (to hold on bare trust for SSI Investments) credited as fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever.

2. Acquisition of Transfer Shares

Contingently upon and immediately following the cancellation of the Cancellation Shares becoming effective in accordance with the terms of this Scheme, the allotment of the New SkillSoft Shares referred to in Clause 1.2.1 of this Scheme and the registration of such New SkillSoft Shares in the name of SSI Investments and/or its nominee(s) (to hold on bare trust for SSI Investments), SSI Investments shall automatically, and without any further action required, acquire the Transfer Shares (including the legal and beneficial interest therein) of each Holder appearing in the Register of Members at the Scheme Record Time as the Holder of Transfer Shares fully paid, free from all liens, equities, charges, encumbrances and other interests and together with all and any rights at the date of this Scheme or thereafter attached thereto including voting rights and the right to receive and retain in full all dividends and other distributions declared, paid or made thereon, on the Effective Date.

3. Consideration for the Cancellation Shares, the Transfer Shares and the allotment of the New SkillSoft Shares

- 3.1 In consideration for the cancellation of the Cancellation Shares pursuant to Clause 1.1, the transfer of the Transfer Shares pursuant to Clause 2 and the allotment and issue of the New SkillSoft Shares as provided in Clause 1.2, SSI Investments shall pay the Consideration to each Holder appearing in the Register of Members at the Scheme Record Time as the Holder of Scheme Shares in accordance with the provisions of Clause 4 below.

- 3.2 Neither SSI Investments nor the Company shall be liable to any Scheme Shareholder for any cash payment, dividend or distribution with respect to Scheme Shares delivered to a public official in compliance with any abandoned property, escheat or law permitting attachment of money or property or similar law.

4. Settlement of Consideration

- 4.1 Not later than 14 days after the Effective Date, SSI Investments shall deliver or procure the delivery to the persons entitled thereto, or otherwise as they may direct, cheques for the Consideration payable to them in accordance with Clause 3.1. All payments shall be made in US dollars (\$).

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4.2 All deliveries of cheques required to be made pursuant to this Scheme shall be effected by sending the same through the post in prepaid envelopes addressed to the persons entitled thereto at their respective registered addresses as appearing in the Register of Members at the Scheme Record Time (or, in the case of Joint Holders, at the registered address, as appearing in the said Register at such time, of that one of the Joint Holders whose name then stands first in the said Register in respect of such joint holding) or in accordance with any special instructions regarding communications, and neither the Company nor SSI Investments shall be responsible for any loss or delay in the transmission of any cheques sent in accordance with this Clause, which shall be sent at the risk of the persons entitled thereto.

4.3 All cheques shall be made payable to the Holder or, in the case of Joint Holders, to the first named Holder of the Scheme Shares concerned and the encashment of any such cheque shall be a complete discharge to the Company and SSI Investments for the moneys represented thereby.

5. Overseas Shareholders

5.1 The provisions of Clauses 2, 3 and 4 shall be subject to any prohibition or condition imposed by law.

5.2 Notwithstanding the provisions of Clause 5.1, the Company retains the right to permit the release, publication or distribution of the Circular or the Forms of Proxy to any Restricted Overseas Shareholder who satisfies the Company (in its sole discretion) that doing so will not infringe the laws of the relevant Restricted Jurisdiction, or require compliance with any governmental or other consent or any registration, filing or other formality that the Company is unable to comply with or regards as unduly onerous to comply with.

6. The Effective Date

6.1 This Scheme shall become effective as soon as an office copy of the Court Order and a copy of the minute required by Section 75 of the Act shall have been duly delivered by the Company to the Registrar of Companies for registration and registered by him, all of which deliveries shall be subject to Clause 6.3.

6.2 Unless this Scheme shall have become effective on or before 16 July 2010, or such later date (if any) as the Company and SSI Investments may agree, with the consent of the Panel and/or the High Court (where required), it shall not proceed and all undertakings given to the Court in respect of this Scheme shall be deemed to have lapsed with immediate effect.

6.3 The Company and SSI Investments have agreed that in certain circumstances the necessary actions to seek sanction of this Scheme may not be taken.

7. Modification

The Company and SSI Investments may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or any condition that the High Court may approve or impose.

8. Costs

The Company is authorised and permitted to pay all the costs and expenses relating to the negotiation, preparation, approval and implementation of this Scheme.

9. Governing Law

This Scheme shall be governed by, and construed in accordance with, the laws of Ireland. The Company and the Scheme Shareholders hereby agree that the High Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding or to settle any dispute which may arise in relation thereto.

Dated: 10 March 2010 and restated with modifications on 8 April 2010.

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PART V CONDITIONS OF THE REVISED ACQUISITION AND THE SCHEME

Terms used in this Part V and defined in paragraph 2(viii) below shall have the meanings ascribed to them in paragraph 2(viii). Capitalized terms used in this Part V and not defined in paragraph 2(viii) below shall have the meanings ascribed to them in Part IX (Definitions) of this document.

The Revised Acquisition and the Scheme comply with the Takeover Rules and, where relevant, the Securities Act, the Exchange Act, the respective rules and regulations of NASDAQ and the Securities and Exchange Commission and are subject to the terms and conditions set out in this document. The Revised Acquisition and the Scheme are governed by the laws of Ireland and subject to the exclusive jurisdiction of the courts of Ireland, which exclusivity will not limit the right to seek provisional or protective relief in the courts of another state after any substantive proceedings have been instituted in Ireland, nor will it limit the right to bring enforcement proceedings in another state on foot of an Irish judgment.

1. The Revised Acquisition will be conditional upon the Scheme becoming effective and unconditional by not later than 16 July 2010 (or such later date as SSI Investments and SkillSoft may, with (if required) the consent of the Panel, agree and (if required) the High Court may allow). The Scheme will be conditional upon:
 - (i) the approval of the Scheme by a majority in number of the Scheme Shareholders representing three-fourths (75 per cent.) or more in value of the SkillSoft Shares held by such holders, present and voting (either in person or by proxy) at the Adjourned Court Meeting (or at any adjournment of such meeting);
 - (ii) such resolution(s) required to approve or implement the Scheme and set out in the notice convening the Adjourned Extraordinary General Meeting being duly passed by the requisite majority at the Adjourned Extraordinary General Meeting (or at any adjournment of such meeting);
 - (iii) the sanction by the High Court (with or without modification) of the Scheme pursuant to Section 201 of the Act and the confirmation of the reduction of capital involved therein by the High Court; and
 - (iv) office copies of the Court Order and the minute required by Section 75 of the Act in respect of the reduction (referred to in paragraph 1(iii)) being delivered for registration to the Registrar of Companies and registration of the Court Order and minute confirming the reduction of capital involved in the Scheme by the Registrar of Companies.
2. SkillSoft and SSI Investments have agreed that, subject to paragraph 3 of this Part V, the Revised Acquisition will also be conditional upon the following matters having been satisfied or waived on or before the sanction of the Scheme by the High Court pursuant to Section 201 of the Act:
 - (i)
 - (a) all filings having been made and all or any applicable waiting periods (including any extensions thereof) under the HSR Act and the equivalent laws of Germany and Austria shall have terminated, lapsed or expired, as appropriate, in each case in connection with the Revised Acquisition (it being understood that neither SkillSoft nor SSI Investments shall be required to make any material payments other than as contemplated by the Transaction Agreement, other than filing or other fees payable to a Relevant Authority for seeking the relevant Clearance, all such Clearances remaining in full force and effect, there being no notified intention to revoke or vary or not to renew the same at the time at which the Revised Acquisition becomes otherwise unconditional);

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- (b) the Irish Revenue Commissioners not having confirmed in writing to the SkillSoft Group that they do not recognize that certain intellectual property rights transferred to SkillSoft Ireland Limited on 9 February 2009 attract Irish capital allowances on the entire acquisition price under (A) Section 291 of the Taxes Consolidation Act 1997 as computer software or (B) Sections 291 and 755 of that Act as computer software and patent rights, respectively. Where the Revenue

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Commissioners confirm their position in writing, this condition will be satisfied where the Revenue Commissioners have effectively confirmed that capital allowances will be available on the entire acquisition price under either (A) or (B);

- (c) except (x) pursuant to the exercise of SkillSoft Options in respect of not more than 11,987,958 shares granted prior to 12 February 2010 (being the date of the Rule 2.5 Announcement) and then only in accordance with the existing terms of the existing SkillSoft Share Option Plans and (y) not more than 210,000 Shares issued pursuant to the SkillSoft Employee Share Purchase Plan as part of the offering period occurring in or around 31 March 2010, there not having been issued, granted, conferred or awarded by SkillSoft or any other member of the SkillSoft Group other than to any other member of the SkillSoft Group (it being understood that SkillSoft shall not issue, grant, confer or award any shares or any rights or convertible securities to any other member of the SkillSoft Group or agree to do any of the foregoing), or agreed to be issued, granted, conferred or awarded, any shares, or any rights or securities convertible or exchangeable into, or granted the right, option, warrant, deferred stock unit, conversion right or other right to call for the issue of, any shares, or effected any share split, share combination, reverse share split, share dividend, recapitalisation, or altered the rights attaching to any shares, or effected any reduction, repayment or cancellation of share capital or share premium or capitalisation of any reserves or redeemed or repurchased any shares or other similar transaction (and in any of the foregoing cases, whether or not pursuant to the existing SkillSoft Share Option Plans);
 - (d) save as disclosed and/or save as publicly disclosed by SkillSoft by the delivery of filings to the Securities and Exchange Commission (other than with respect to risk factors or any forward looking information) or by the delivery of an announcement to NASDAQ at any time up to 12 February 2010 (being the date of the Rule 2.5 Announcement) which is publicly available, no litigation, arbitration proceedings, prosecution, legal proceedings or, so far as SkillSoft is actually aware at the date of the Rule 2.5 Announcement, no investigation by any Relevant Authority or agency to which any member of the Wider SkillSoft Group is a party (whether as plaintiff or defendant or otherwise) having been instituted at any time up to 12 February 2010 (being the date of the Rule 2.5 Announcement) that was not disclosed (save where the consequences of such litigation, arbitration proceedings, prosecution or other legal proceedings or investigation do not or would not have a material adverse effect (in value terms or otherwise) in the context of the Wider SkillSoft Group taken as a whole); or
 - (e) otherwise than as required by applicable law or regulation, pursuant to the Transaction Agreement or with the consent of SSI Investments, the cash management policies of the SkillSoft Group not having materially changed from such policies as applied by the SkillSoft Group prior to 12 February 2010 (being the date of the Rule 2.5 Announcement) and, other than in the ordinary course of business, having used since 12 February 2010 (being the date of the Rule 2.5 Announcement) all reasonable efforts such as to maximize available cash balances in the United States as at the Effective Date;
- (ii) no Relevant Authority having instituted or implemented any action, proceeding, or suit or having made, enforced, enacted, issued or deemed applicable to the Revised Acquisition any statute, regulation or order or having withheld any consent which would reasonably be expected to:
- (a) make the Revised Acquisition or its implementation, or the acquisition or proposed acquisition by SSI Investments of any shares in, or control of, SkillSoft, or any material assets of SkillSoft, void, illegal or unenforceable or otherwise, directly or indirectly, restrain, revoke, prohibit, materially restrict or delay beyond 15 July 2010 the same or impose additional or different material conditions or obligations with respect thereto;
 - (b) result in a delay beyond 15 July 2010 in the ability of SSI Investments, or render SSI Investments unable, to acquire some or all of the SkillSoft Shares or result in or effect any divestiture of, or requirement to hold separate (including by establishing a trust or otherwise), or agree to restrict in

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any material respect its ownership or operation of, any material portion of the business or assets of SkillSoft, or to enter into any material adverse settlement or consent decree, or agree to any material adverse undertaking, with respect to any material portion of the business or assets of SkillSoft;

- (c) impose any limitation lasting beyond 15 July 2010 or result in a delay beyond 15 July 2010 in the ability of SSI Investments to acquire, or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership of shares, SkillSoft Shares, (or the equivalent) in, or to exercise voting or management control over, SkillSoft or any material subsidiary or subsidiary undertaking of SkillSoft or on the ability of any member of the Wider SkillSoft Group to hold or exercise effectively, directly or indirectly, rights of ownership of shares (or the equivalent) in, or to exercise rights of voting or management control over, any material member of the Wider SkillSoft Group;
 - (d) require any member of the SSI Group or any member of the Wider SkillSoft Group to acquire or offer to acquire any shares or other securities (or the equivalent) in, or any interest in any asset owned by, any member of the Wider SkillSoft Group owned by any third party;
 - (e) except where the consequences thereof would not be material in value terms or otherwise in the context of the Wider SkillSoft Group taken as a whole, impose any limitation on the ability of any member of the SkillSoft Group to integrate or co-ordinate its business, or any part of it, with the businesses of any member of the Wider SkillSoft Group;
 - (f) except where the consequences thereof would not be material in value terms or otherwise in the context of the Wider SkillSoft Group taken as a whole, result in any member of the Wider SkillSoft Group ceasing to be able to carry on business in any jurisdiction;
 - (g) except where the consequences thereof would not be material in value terms or otherwise in the context of the Wider SkillSoft Group taken as a whole, cause any member of the Wider SkillSoft Group to cease to be entitled to any authorisation, order, recognition, grant, consent, clearance, confirmation, license, permission or approval used by it in the carrying on of its business in any jurisdiction; or
 - (h) except where the consequences thereof would not be material in value terms or otherwise in the context of the Wider SkillSoft Group taken as a whole, otherwise adversely affect the business, financial condition or results of operations of the Wider SkillSoft Group taken as a whole;
- (iii) save as disclosed and/or save as publicly disclosed by SkillSoft by the delivery of filings to the Securities and Exchange Commission (other than with respect to risk factors or any forward looking information) or by the delivery of an announcement to NASDAQ at any time up to 12 February 2010 (being the date of the Rule 2.5 Announcement) which is publicly available and except where the consequences thereof would not be material (in value terms or otherwise) in the context of the Wider SkillSoft Group taken as a whole, to the knowledge and belief of the directors of SkillSoft (which knowledge shall be tested as of the time at which this condition is measured), none of the (i) products (excluding products supplied to any member of the SkillSoft Group by a third party) previously or currently sold by any member of the SkillSoft Group or (ii) business or activities previously or currently conducted by any member of the SkillSoft Group infringes or constitutes a misappropriation of, any Intellectual Property of any third party;
- (iv) save as disclosed and/or save as publicly disclosed by SkillSoft by the delivery of filings to the Securities and Exchange Commission (other than with respect to risk factors or any forward looking information) or by the delivery of an announcement to NASDAQ at any time up to 12 February 2010 (being the date of the Rule 2.5 Announcement) which is publicly available, there being no provision of any arrangement, agreement, licence, permit, franchise, facility, lease or other instrument to which any member of the SkillSoft Group is a party or by or to which any such member or any of its respective

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assets may be bound, entitled or be subject and which, in consequence of the Revised Acquisition or the acquisition or proposed acquisition by SSI Investments of any shares or other securities (or the equivalent) in or control of SkillSoft or any member of the SkillSoft Group or because of a change of control or management of SkillSoft or otherwise, would be reasonably expected to result (except where, in any of the following cases, the consequences thereof would not be material (in value terms or otherwise) in the context of the Wider SkillSoft Group taken as whole) in:

- (a) any monies borrowed by, or any indebtedness or liability (actual or contingent) of, or any grant available to any member of the Wider SkillSoft Group becoming, or becoming capable of being declared, repayable immediately or prior to their or its stated maturity;
- (b) the creation or enforcement of any mortgage, charge or other security interest wherever existing or having arisen over the whole or any part of the business, property or assets of any member of the Wider SkillSoft Group or any such mortgage, charge or other security interest becoming enforceable;
- (c) any such arrangement, agreement, licence, permit, franchise, facility, lease or other instrument or the rights, liabilities, obligations or interests of any member of the Wider SkillSoft Group thereunder, or the business of any such members with any person, firm or body (or any arrangement or arrangements relating to any such interest or business), being terminated or adversely modified or any adverse action being taken or any obligation or liability arising thereunder;
- (d) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider SkillSoft Group being or falling to be disposed of or charged, or ceasing to be available to any member of the Wider SkillSoft Group or any right arising under which any such asset or interest would be required to be disposed of or charged or would cease to be available to any member of the Wider SkillSoft Group otherwise than in the ordinary course of business;
- (e) any member of the Wider SkillSoft Group ceasing to be able to carry on business, being prohibited from carrying on business or being subject to a restriction imposing a non-compete, exclusivity or similar restrictive covenant on the Wider SkillSoft Group, in each case, in any jurisdiction in which it currently carries on business;
- (f) the value of, or financial or commercial position of, any member of the Wider SkillSoft Group being prejudiced or adversely affected; or
- (g) the creation of any liability or liabilities (actual or contingent) by any member of the Wider SkillSoft Group;

unless, if any such provision exists, such provision shall have been waived, modified or amended on terms reasonably satisfactory to SSI Investments;

- (v) save as disclosed and/or save as publicly disclosed by SkillSoft by the delivery of filings to the Securities and Exchange Commission (other than with respect to risk factors or any forward looking information) or by the delivery of an announcement to NASDAQ at any time up to 12 February 2010 (being the date of the Rule 2.5 Announcement) which is publicly available and except where the consequences thereof would not be material (in value terms or otherwise) in the context of the Wider SkillSoft Group taken as a whole, the Wider SkillSoft Group (A) conducting its business in the ordinary course consistent with past practice in all respects and in compliance in all respects with all applicable laws and regulations, and (B) using reasonable endeavours to preserve substantially intact its business organisation and goodwill and to keep available the services of its executive officers and key employees and preserve the relationships with those persons having business dealings with the SkillSoft Group, and no member of the SkillSoft Group taking or agreeing to take, at any time after 12 February 2010 (being the date of the Rule 2.5 Announcement), any of the following actions (except as expressly required by applicable law or regulation, the Transaction Agreement or by the Scheme, or

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to the extent SSI Investments shall consent in writing (which consent shall not be unreasonably withheld, conditioned or delayed)):

- (a) amending its memorandum and articles of association or its equivalent organisational documents;
- (b) except as required to comply with written employment agreements, plans or other arrangements existing at the date of the Transaction Agreement:
 - (i) increasing the base salary of any member of the SkillSoft senior management team or increasing the base salary of any employee unless the aggregate of all such increases is equal to or less than 5% of the aggregate base salaries of all employees of the SkillSoft Group;
 - (ii) enter into any new material agreement with persons that are Affiliates or amend or otherwise modify in any material respect any material agreement or arrangement with persons that are Affiliates; and
 - (iii) save for the entry into new executive compensation plans in substantially the form (as to terms and conditions) disclosed to SSI Investments at any time up to 12 February 2010 (being the date of the Rule 2.5 Announcement), entering into or amending or otherwise modifying any agreement or arrangement with officers or directors of SkillSoft, unless the aggregate cost attributable to all such amendments or modifications is equal to or less than 5% of the aggregate compensation of all officers and directors of the SkillSoft Group;
- (c) except in connection with a Third Party Transaction Proposal after a change in Scheme Recommendation or any other transaction having an aggregate value of not more than US\$5,000,000, (A) merging with, entering into a consolidation with, entering into a scheme of arrangement with or acquiring an interest in any person or acquiring the whole or a substantial portion of the assets or business of any person or any division or line of business thereof, (B) acquiring any assets having an aggregate value of more than US\$1,000,000, except in the ordinary course of business, or (C) entering into any agreement or arrangement for any of the above;
- (d) entering into any agreement the effect of which would be to impose any non-compete, exclusivity or similar restrictive covenants on SkillSoft which are material and adverse to the business of the Wider SkillSoft Group or any material member of the SkillSoft Group or which would, following the Effective Date, bind any member of the Investor Group (other than SkillSoft and members of the SkillSoft Group);
- (e) incurring any indebtedness in a sum greater than US\$5,000,000 for money borrowed by any member of the SkillSoft Group other than (i) such indebtedness or lines of credit which existed as of 31 October 2009 as reflected on the balance sheet included in SkillSoft's interim results published in its Quarterly Report on Form 10-Q for the quarterly period ended 31 October 2009 filed with the SEC, or (ii) any indebtedness owed to any member of the SkillSoft Group by any member of the SkillSoft Group;
- (f) guaranteeing indebtedness of another person (other than another member of the SkillSoft Group);
- (g) issuing, selling or amending any debt securities or warrants or other rights to acquire any debt securities of SkillSoft or any member of the SkillSoft Group, or guaranteeing any debt securities of another person (other than another member of the SkillSoft Group);

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- (h) other than in the ordinary course of business, being a creditor in respect of any financial indebtedness (it being understood that the provision of credit to customers of any member of the Wider SkillSoft Group shall not constitute financial indebtedness);
- (i) entering into, modifying, amending or terminating any commodity hedging agreement, and any other agreement, involving credit exposure for SkillSoft or any member of the SkillSoft Group;
- (j) materially changing any material tax planning strategy of the SkillSoft Group; and

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- (k) authorising, recommending, proposing or announcing an intention to adopt a plan of complete or partial liquidation or dissolution of SkillSoft or any member of the SkillSoft Group provided that this does not apply to the liquidation or dissolution of Fidalco Limited, Stargazer Productions, SmartForce Business Skills Limited or KnowledgeWell Group Limited that has commenced prior to the date of the Transaction Agreement;

- (vi) save as disclosed and/or save as publicly disclosed by SkillSoft by the delivery of filings to the Securities and Exchange Commission (other than with respect to risk factors or any forward looking information) or by the delivery of an announcement to NASDAQ at any time up to 12 February 2010 (being the date of the Rule 2.5 Announcement) which is publicly available:
 - (a) there not having arisen any adverse change or adverse deterioration in the business, financial condition or results of operations or profits of SkillSoft or any member of the Wider SkillSoft Group (save to an extent which would not have a material adverse effect (in value terms or otherwise) in the context of the Wider SkillSoft Group taken as a whole);

 - (b) save as disclosed and/or save as publicly disclosed by SkillSoft by the delivery of filings to the Securities and Exchange Commission (other than with respect to risk factors or any forward looking information) or by the delivery of an announcement to NASDAQ at any time up to 12 February 2010 (being the date of the Rule 2.5 Announcement) which is publicly available SSI Investments not having discovered that any financial, business or other information concerning the SkillSoft Group which has been disclosed is misleading, contains a misrepresentation of fact or omits to state a fact necessary, in light of the circumstances in which it was made, to make the information contained therein not misleading (save to an extent which would not have a material adverse effect (in value terms or otherwise) in the context of the Wider SkillSoft Group taken as a whole); and

 - (c) no contingent or other liability existing at any time up to 12 February 2010 (being the date of the Rule 2.5 Announcement) of which SkillSoft is actually aware at the date of the Rule 2.5 Announcement that was not disclosed which would reasonably be expected to affect adversely any member of the Wider SkillSoft Group (save to an extent which would not have a material adverse effect (in value terms or otherwise) in the context of the Wider SkillSoft Group taken as a whole);

- (vii) save as disclosed and/or save as publicly disclosed by SkillSoft by the delivery of filings to the Securities and Exchange Commission (other than with respect to risk factors or any forward looking information) or by the delivery of an announcement to NASDAQ at any time up to 12 February 2010 (being the date of the Rule 2.5 Announcement) which is publicly available:
 - (a) no member of the SkillSoft Group being in default under the terms or conditions of any facility or agreement or arrangement for the provision of loans, credit or drawdown facilities, or of any security, surety or guarantee in respect of any facility or agreement or arrangement for the provision of loans, credit or drawdown facilities to any member of the SkillSoft Group (save where such default is not or would not be material (in value terms or otherwise) in the context of the Wider SkillSoft Group taken as a whole);

 - (b) no member of the SkillSoft Group having recommended, announced, declared, set aside, paid or made or proposed the recommendation, announcement, declaration, setting aside of any payment or making of any dividend, any bonus issue or make any other distribution or payment (whether in cash, securities or other property) (other than dividends from a wholly-owned subsidiary of SkillSoft to another wholly-owned subsidiary of SkillSoft or to SkillSoft); or

 - (c) no member of the SkillSoft Group having directly or indirectly redeemed, purchased or otherwise acquired any of its shares or any equity interest of any member of the SkillSoft Group other than as permitted pursuant to the Transaction Agreement;

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(viii) for the purposes of the conditions set out above:

- (a) disclosed means (i) fairly disclosed in writing by or on behalf of SkillSoft to the SSI Group or its Representatives at any time up to 3.00 p.m. (United States Eastern Time) on 11 February 2010 or (ii) contained, as of 3.00 p.m. (United States Eastern time) on 11 February 2010, in the ftp (file transfer protocol) site maintained by SkillSoft to share due diligence materials with the SSI Group;
- (b) Intellectual Property means (A) patents, trademarks, service marks, trade names, domain names, copyrights and designs, (B) applications for and registrations of such patents, trademarks, service marks, trade names, domain names, copyrights and designs, and (C) rights under applicable trade secret laws as are applicable to processes, formulae, methods, schematics, technology, know-how, computer software programs and applications, and other tangible or intangible proprietary or confidential information and materials;
- (c) parent undertaking , subsidiary undertaking , associated undertaking and undertaking have the meanings given by the European Communities (Companies: Group Accounts) Regulations, 1992;
- (d) SkillSoft Group means SkillSoft and its subsidiaries and subsidiary undertakings;
- (e) SSI Group means SSI Investments and its parent undertakings and its subsidiaries and subsidiary undertakings and any other subsidiary or subsidiary undertaking of its parent undertakings;
- (f) substantial interest means an interest in 20 per cent. or more of the voting equity capital of an undertaking;
- (g) Wider SkillSoft Group means the SkillSoft Group, its associated undertakings and any entities in which any member of the SkillSoft Group holds a substantial interest; and
- (h) Wider SSI Group means the SSI Group, its associated undertakings and any entities in which any member of the SSI Group holds a substantial interest.

- 3. Subject to the requirements of the Panel, SSI Investments reserves the right (but shall be under no obligation) to waive, in whole or in part, all or any of the Conditions except for 1(i), (ii), (iii), (iv), and 2(i)(a).
- 4. The Revised Acquisition will lapse unless all of the Conditions set out above have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by SSI Investments in its discretion to be or to remain satisfied on the Effective Date.
- 5. If SSI Investments is required to make an offer for SkillSoft Shares under the provisions of Rule 9 of the Takeover Rules, SSI Investments shall make such alterations to any of the above Conditions as are necessary to comply with the provisions of that rule.
- 6. SSI Investments reserves the right, with the consent of the Panel, to effect the Revised Acquisition by way of a takeover offer. In such event, such offer will be implemented on the same terms (subject to appropriate amendments, including (without limitation) an acceptance condition set at 80 per cent. of the nominal value and voting rights of the SkillSoft Shares to which such an offer relates and which are not

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already in the beneficial ownership of SSI Investments within the meaning of Section 204 of the Act), so far as applicable, as those which would apply to the Scheme.

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PART VI INFORMATION ON SSI INVESTMENTS AND THE INVESTOR GROUP

1. INCORPORATION AND REGISTERED OFFICE

SSI Investments was formed on 3 February 2010 as a private limited company under Irish law. The registered office of SSI Investments is Block 3, Harcourt Centre, Harcourt Road, Dublin 2 Ireland and its registered number is 480477. SSI Investments is a wholly owned subsidiary of SSI Investments II Limited. The ultimate holding company of SSI Investments is SSILuxCo S.à.r.l.

SSI Investments has no employees.

2. DIRECTORS

The names of the directors of SSI Investments are as follows:

Michael C. Ascione (USA)

Mark Commins (Ireland)

Timothy Franks (United Kingdom)

David Humphrey (USA)

Imelda Shine (Ireland)

The names of the directors (managers) of SSILuxCo S.à.r.l. are as follows:

Michael C. Ascione (USA)

Cedric Carnoye (Belgium)

Hugo Froment (France)

3. FINANCIAL INFORMATION AND ACTIVITIES

Neither SSI Investments nor SSILuxCo S.à.r.l. has conducted any business at any time since it was formed, nor has it entered into any obligations other than in connection with the Original Acquisition and the Revised Acquisition and the financing thereof. The financial and trading prospects of SSI Investments and SSILuxCo S.à.r.l., if the Scheme becomes effective, will depend on the strength of SkillSoft's business and the sector in which SkillSoft operates in general.

4. INTERESTS IN THE SHARE CAPITAL OF SSI INVESTMENTS AND, FOLLOWING THE EFFECTIVE DATE, SKILLSOFT
100 per cent. of the relevant securities of SSI Investments are held by SSI Investments II Limited.

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Following the Effective Date, the following persons as shareholders of SSI Investments will have a direct or indirect interest in 5 per cent. or more of the relevant securities of SkillSoft:

Name	Address
SSI Investments II Limited	Block 3, the Harcourt Centre, Harcourt Road, Dublin 2, Ireland
SSI Investments I Limited	Block 3, the Harcourt Centre, Harcourt Road, Dublin 2, Ireland
SSILuxCo II S.à.r.l.	65, boulevard Grande Duchesse Charlotte, L-1331 Luxembourg, Grand Duchy of Luxembourg
SSILuxCo S.à.r.l.	65, boulevard Grande Duchesse Charlotte, L-1331 Luxembourg, Grand Duchy of Luxembourg
SSI Pooling, L.P.	87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands
Funds sponsored by Advent International Corporation	75 State Street, Boston, MA 02109, United States
Funds sponsored by Bain Capital Partners, LLC	111 Huntington Avenue, Boston, MA 02199, United States
Funds sponsored by Berkshire Partners LLC	200 Clarendon Street, Boston, MA 02116, United States

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PART VII FINANCIAL INFORMATION RELATING TO SKILLSOFT

The financial information included in this Part VII (Financial Information Relating to SkillSoft) reproduces the audited financial statements and accounting policies of SkillSoft for the fiscal years ended 31 January 2008, 2009 and 2010, prepared under US GAAP.

The financial information as of 31 January 2008, 31 January 2009 and 31 January 2010 has been extracted without material adjustment from SkillSoft's Annual Reports on Form 10-K for the fiscal years ended 31 January 2009 and 2010, which were filed with the SEC on 1 April 2009 and 25 March 2010, respectively and are available on the SEC website (www.sec.gov).

SkillSoft's auditors, Ernst & Young LLP, have reported without qualification in respect of the financial statements prepared in accordance with US GAAP for the fiscal years ended 31 January 2008, 2009 and 2010. The financial information contained in this Part VII (Financial Information Relating to SkillSoft) does not constitute statutory accounts with the meaning of Section 4 of the Companies (Amendment) Act 1986 of Ireland.

To view the full documents from which the financial statements have been reproduced in this Part VII (Financial Information Relating to SkillSoft) please refer to SkillSoft's Annual Report on Form 10-K for the fiscal year ended 31 January 2010.

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FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and

Shareholders of SkillSoft Public Limited Company:

We have audited the accompanying consolidated balance sheets of SkillSoft Public Limited Company as of January 31, 2008, 2009 and 2010, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended January 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of SkillSoft Public Limited Company at January 31, 2008, 2009 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended January 31, 2010, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Boston, Massachusetts

March 25, 2010

Table of Contents**SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

	2008	January 31, 2009	2010
	(In thousands, except per share data)		
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 76,059	\$ 37,853	\$ 76,682
Short-term investments	13,525	1,099	3,559
Restricted cash	3,963	3,790	2,786
Accounts receivable, less reserves of approximately \$446, \$391 and \$369 as of January 31, 2008, 2009 and 2010, respectively	171,708	146,362	141,828
Prepaid expenses and other current assets	29,061	18,286	23,447
Deferred tax assets	13,476	26,444	28,902
Total current assets	307,792	233,834	277,204
Property and equipment, net	7,210	7,661	6,288
Intangible assets, net	29,887	13,472	5,227
Goodwill	256,196	238,550	238,550
Deferred tax assets	87,866	78,223	49,127
Other assets	7,730	3,360	9,835
Total assets	\$ 696,681	\$ 575,100	\$ 586,231
LIABILITIES AND SHAREHOLDERS EQUITY			
Current liabilities:			
Current maturities of long term debt	\$ 2,000	\$ 1,253	\$ 865
Accounts payable	2,139	5,648	4,519
Accrued compensation	24,577	13,513	18,287
Accrued expenses	29,507	23,760	23,099
Deferred revenue	219,161	201,518	200,369
Total current liabilities	277,384	245,692	247,139
Long term debt	197,000	122,131	83,500
Other long term liabilities	9,209	3,221	4,432
Total long term liabilities	206,209	125,352	87,932
Commitments and contingencies (Note 8)			
Shareholders' equity:			
Ordinary shares, 0.11 par value per share: 250,000,000 shares authorized; 111,663,813, 98,892,249 and 94,905,067 shares issued at January 31, 2008, 2009 and 2010, respectively	12,397	10,600	9,983
Additional paid-in capital	591,303	509,177	482,592
Treasury stock, at cost, 6,533,884, 830,802 and 249,368 ordinary shares at January 31, 2008, 2009 and 2010, respectively	(24,524)	(5,317)	(2,471)
Accumulated deficit	(361,663)	(310,874)	(239,506)
Accumulated other comprehensive income	(4,425)	470	562
Total shareholders' equity	213,088	204,056	251,160
Total liabilities and shareholders' equity	\$ 696,681	\$ 575,100	\$ 586,231

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME**

	Years Ended January 31,		
	2008	2009	2010
	(In thousands, except per share data)		
Revenues	\$ 281,223	\$ 328,494	\$ 314,968
Cost of revenues(1)	32,637	35,992	29,436
Cost of revenues amortization of intangible assets	5,423	5,203	128
Gross profit	243,163	287,299	285,404
Operating expenses:			
Research and development(1)	49,612	49,540	43,764
Selling and marketing(1)	97,493	108,416	95,594
General and administrative(1)	34,630	36,774	34,724
Amortization of intangible assets	11,237	11,212	8,117
Merger and integration related expenses	12,283	761	
Restructuring	34	1,523	49
SEC investigation	1,346	49	
Total operating expenses	206,635	208,275	182,248
Operating income	36,528	79,024	103,156
Other income (expense), net	295	1,480	(943)
Interest income	3,948	1,550	269
Interest expense	(12,630)	(14,218)	(7,553)
Income before (benefit) provision for income taxes from continuing operations	28,141	67,836	94,929
(Benefit) provision for income taxes	(31,587)	18,959	23,561
Income from continuing operations	59,728	48,877	71,368
Income from discontinued operations, net of income taxes of \$181 in fiscal 2008 and \$1,281 in fiscal 2009	270	1,912	
Net income	\$ 59,998	\$ 50,789	\$ 71,368
Net income per share:			
Basic continuing operations	\$ 0.57	\$ 0.47	\$ 0.74
Basic discontinued operations	\$	\$ 0.02	\$
	\$ 0.57	\$ 0.49	\$ 0.74
Basic weighted average common shares outstanding	104,391	103,870	96,090
Diluted continuing operations	\$ 0.55	\$ 0.46	\$ 0.72
Diluted discontinued operations	\$	\$ 0.02	\$
	\$ 0.55	\$ 0.47	\$ 0.72
Diluted weighted average common shares outstanding	108,289	107,034	98,708

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Does not add due to rounding.

(1) The following summarizes the allocation of stock-based compensation:

	2008	2009	2010
		(In thousands)	
Cost of revenues	\$ 203	\$ 225	\$ 92
Research and development	958	926	986
Selling and marketing	1,911	1,977	2,344
General and administrative	2,879	3,004	2,878

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY AND COMPREHENSIVE INCOME**

(In thousands except number of shares)

	Ordinary Shares Number of Shares	0.11 Par Value	Additional Paid-In Capital	Treasury Stock Number of Shares	Cost	Accumulated Deficit	Accumulated Other Comprehensive Income(Loss)	Total Stockholder Equity	Total Comprehensive Income
BALANCE, JANUARY 31, 2007	109,255,366	\$ 12,039	\$ 573,394	6,533,884	\$ (24,524)	\$ (421,661)	\$ (1,319)	\$ 137,929	
Exercise of stock options	1,928,374	287	8,833					9,120	
Issuance of ordinary shares under employee stock purchase plan	480,073	71	2,712					2,783	
Stock-based compensation			5,951					5,951	
Tax benefit from non-qualified stock options			413					413	
Unrealized loss on marketable securities, net of tax of \$0							(45)	(45)	(45)
Unrealized loss on financial derivatives, net of tax effect of \$1,387							(2,080)	(2,080)	(2,080)
Translation adjustment							(981)	(981)	(981)
Net income						59,998		59,998	59,998

Comprehensive income for the
year ended January 31, 2008 \$ 56,892

BALANCE, JANUARY 31, 2008	111,663,813	\$ 12,397	\$ 591,303	6,533,884	\$ (24,524)	\$ (361,663)	\$ (4,425)	\$ 213,088	
Exercise of stock options	3,653,650	613	15,842					16,455	
Issuance of ordinary shares under employee stock purchase plan	375,183	64	2,999					3,063	
Repurchase of ordinary shares				11,097,315	(91,860)			(91,860)	
Retirement of ordinary shares	(16,800,397)	(2,474)	(108,593)	(16,800,397)	111,067				
Stock-based compensation			6,132					6,132	
Tax benefit from non-qualified stock options			1,494					1,494	
Unrealized loss on marketable securities, net of tax of \$0							(23)	(23)	(23)
Unrealized gain on financial derivatives, net of tax effect of (\$755)							1,132	1,132	1,132
Translation adjustment							3,786	3,786	3,786
Net income						50,789		50,789	50,789

Comprehensive income for the
year ended January 31, 2009 \$ 55,684

BALANCE, JANUARY 31, 2009	98,892,249	\$ 10,600	\$ 509,177	830,802	\$ (5,317)	\$ (310,874)	\$ 470	\$ 204,056	
Exercise of stock options	464,882	73	2,319					2,392	
Issuance of ordinary shares under employee stock purchase plan	389,018	59	2,133					2,192	
Repurchase of ordinary shares				4,259,648	(35,148)			(35,148)	
Retirement of ordinary shares	(4,841,082)	(749)	(37,245)	(4,841,082)	37,994				
Stock-based compensation			6,300					6,300	
Tax expense from non-qualified stock options			(92)					(92)	
Unrealized gain on financial derivatives, net of tax effect of							948	948	948

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(\$632)									
Translation adjustment						(856)	(856)	(856)	(856)
Net income						71,368	71,368	71,368	71,368
Comprehensive income for the									
year ended January 31, 2010									\$ 71,460
BALANCE, JANUARY 31, 2010	94,905,067	\$ 9,983	\$ 482,592	249,368	\$ (2,471)	\$ (239,506)	\$ 562	\$ 251,160	

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended January 31,		
	2008	2009	2010
	(In thousands)		
Cash flows from operating activities:			
Net income	\$ 59,998	\$ 50,789	\$ 71,368
Adjustments to reconcile net income to net cash provided by operating activities:			
Share-based compensation	5,951	6,132	6,300
Depreciation and amortization	6,935	5,277	4,564
Amortization of intangible assets	16,660	16,415	8,245
Provision for (recovery of) bad debts	237	(130)	(36)
(Benefit) provision for income taxes non-cash	(33,958)	15,102	17,001
Gain on sale of discontinued operations		(3,386)	
Non-cash interest expense	735	1,197	1,104
Realized loss on sale of assets, net	(58)		
Tax effect related to exercise of non-qualified stock options	(413)	(1,494)	92
Discontinued operations	(1,357)		
Changes in current assets and liabilities, net of acquisitions:			
Accounts receivable	(43,261)	17,006	9,236
Prepaid expenses and other current assets	884	8,494	(2,479)
Accounts payable	(2,584)	3,446	(1,161)
Accrued expenses and other long-term liabilities	(33,101)	(14,271)	4,959
Deferred revenue	45,490	(6,890)	(7,846)
Net cash provided by operating activities	22,158	97,687	111,347
Cash flows from investing activities:			
Purchases of property and equipment	(2,968)	(5,748)	(3,195)
Cash paid for business acquisitions	(261,330)	(250)	
Purchases of investments	(18,437)	(19,645)	(9,272)
Maturities of investments	63,928	32,137	6,812
Decrease in restricted cash, net	16,138	173	1,004
Cash received from sale of discontinued operations		6,903	
Net cash (used in) provided by investing activities	(202,669)	13,570	(4,651)
Cash flows from financing activities:			
Borrowings under long term debt, net of debt financing costs	194,133		
Exercise of stock options	9,120	16,455	2,392
Proceeds from employee stock purchase plan	2,783	3,063	2,192
Principal payment on long term debt	(1,000)	(75,616)	(39,019)
Acquisition of treasury stock		(91,860)	(35,148)
Tax effect related to exercise of non-qualified stock options	413	1,494	(92)
Net cash provided by (used in) financing activities	205,449	(146,464)	(69,675)
Effect of exchange rate changes on cash and cash equivalents	2,509	(2,999)	1,808
Net increase (decrease) in cash and cash equivalents	27,447	(38,206)	38,829
Cash and cash equivalents, beginning of period	48,612	76,059	37,853
Cash and cash equivalents, end of period	\$ 76,059	\$ 37,853	\$ 76,682

Supplemental disclosure of cash flow information:

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Cash paid for interest	\$ 10,308	\$ 13,252	\$ 4,656
Cash paid for income taxes	\$ 2,867	\$ 4,550	\$ 8,682

The accompanying notes are an integral part of these consolidated financial statements.

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SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation

SkillSoft PLC (the Company or SkillSoft) was incorporated in Ireland on August 8, 1989. The Company is a leading Software as a Service (SaaS) provider of on-demand e-learning and performance support solutions for global enterprises, government, education and small to medium-sized businesses. SkillSoft helps its customers to maximize performance through a combination of content, online information resources, flexible technologies and support services. SkillSoft is the surviving corporation in a merger between SmartForce PLC and SkillSoft Corporation on September 6, 2002 (the SmartForce Merger). On May 14, 2007, the Company acquired NETg from The Thompson Corporation for approximately \$254.7 million in cash (See Note 3). References in this Form 10-K to the Company's fiscal year refer to the fiscal year ended January 31 of that year (e.g., fiscal 2010 is the fiscal year ended January 31, 2010).

(2) Summary of Significant Accounting Policies

The accompanying consolidated financial statements reflect the application of certain significant accounting policies, as described in this note and elsewhere in these notes.

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although the Company regularly assesses these estimates, actual results could differ materially from these estimates. Changes in estimates are recorded in the period in which they become known. The Company bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances. Actual results could differ from management's estimates if past experience or other assumptions do not turn out to be substantially accurate.

(c) Revenue Recognition

The Company generates revenue primarily from the license of its products, the provision of professional services and from the provision of hosting/application service provider (ASP) services.

The Company follows the provisions of the FASB Accounting Standards Codification (ASC) 605 to account for revenue derived pursuant to license agreements under which customers license the Company's products and services. The pricing for the Company's courses varies based upon the content offering selected by a customer, the number of users within the customer's organization and the term of the license agreement (generally one, two or three years). License agreements permit customers to exchange course titles, generally on the contract anniversary date. Hosting services are sold separately for an additional fee. A license can provide customers access to a range of learning products including courseware, Referenceware[®], simulations, mentoring and prescriptive assessment.

The Company offers discounts from its ordinary pricing, and purchasers of licenses for a larger number of courses, larger user bases or longer periods of time generally receive discounts. Generally, customers may amend

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SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

their license agreements, for an additional fee, to gain access to additional courses or product lines and/or to increase the size of the user base. The Company also derives revenue from hosting fees for customers that use its solutions on an ASP basis and from the provision of professional services. In selected circumstances, the Company derives revenue on a pay-for-use basis under which some customers are charged based on the number of courses accessed by its users.

The Company recognizes revenue ratably over the license period if the number of courses that a customer has access to is not clearly defined, available, or selected at the inception of the contract, or if the contract has additional undelivered elements for which the Company does not have vendor specific objective evidence (VSOE) of the fair value of the various elements. This may occur if the customer does not specify all licensed courses at the outset, the customer chooses to wait for future licensed courses on a when and if available basis, the customer is given exchange privileges that are exercisable other than on the contract anniversaries, or the customer licenses all courses currently available and to be developed during the term of the arrangement. Revenue from nearly all of the Company's contractual arrangements is recognized on a subscription or straight-line basis over the contractual period of service.

The Company also derives revenue from extranet hosting/ASP services, which is recognized on a straight-line basis over the period the services are provided. Upfront fees are recorded as revenue over the contract period.

The Company generally bills the annual license fee for the first year of a multi-year license agreement in advance and license fees for subsequent years of multi-year license arrangements are billed on the anniversary date of the agreement. Occasionally, the Company bills customers on a quarterly basis. In some circumstances, the Company offers payment terms of up to six months from the initial shipment date or anniversary date for multi-year license agreements to its customers. To the extent that a customer is given extended payment terms (defined by the Company as greater than six months), revenue is recognized as payments become due, assuming all of the other elements of revenue recognition have been satisfied.

The Company typically recognizes revenue from resellers over the commitment period when both the sale to the end user has occurred and the collectibility of cash from the reseller is probable. With respect to reseller agreements with minimum commitments, the Company recognizes revenue related to the portion of the minimum commitment that exceeds the end user sales at the expiration of the commitment period provided the Company has received payment. If a definitive service period can be determined, revenue is recognized ratably over the term of the minimum commitment period, provided that payment has been received or collectibility is probable.

The Company provides professional services, including instructor led training, customized content development, website development/hosting and implementation services. If the Company determines that the professional services are not separable from an existing customer arrangement, revenue from these services is recognized over the existing contractual terms with the customer; otherwise the Company typically recognizes professional service revenue as the services are performed.

Multiple contracts with a single customer or amendments to existing contracts with the same customer are evaluated as to whether they should be recognized as separated accounting arrangements from other contracts with the customer based on an evaluation of several factors including but not limited to the timing of when contracts were negotiated and executed, whether the software is interdependent in terms of design, technology or function and whether payment terms coincide. If contracts are considered linked for accounting purposes and accounted for as one arrangement, fees are recognized over the longest service periods. If contracts are considered separable, fees in each arrangement are recognized over the respective service period.

Table of Contents**SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Company records reimbursable out-of-pocket expenses in both revenue and as a direct cost of revenue, as applicable. Out-of-pocket expenses were immaterial for each of the three years in the period ended January 31, 2010.

The Company records revenue net of applicable sales tax collected. Taxes collected from customers are recorded as part of accrued expenses on the balance sheet and are remitted to state and local taxing jurisdictions based on the filing requirements of each jurisdiction.

The Company records as deferred revenue amounts that have been billed in advance for products or services to be provided. Deferred revenue includes the unamortized portion of revenue associated with license fees for which the Company has received payment or for which amounts have been billed and are due for payment in 90 days or less for resellers and 180 days or less for direct customers.

SkillSoft contracts often include an uptime guarantee for solutions hosted on the Company's servers whereby customers may be entitled to credits in the event of non-performance. The Company also retains the right to remedy any nonperformance event prior to issuance of any credit. Historically, the Company has not incurred substantial costs relating to this guarantee and the Company currently accrues for such costs as they are incurred. The Company reviews these costs on a regular basis as actual experience and other information becomes available; and should these costs become substantial, the Company would accrue an estimated exposure and consider the potential related effects of the timing of recording revenue on its license arrangements. The Company has not accrued any costs related to these warranties in the accompanying consolidated financial statements.

(d) Deferred Commissions

The Company defers the recognition of commission expense until such time as the revenue related to the arrangement for which the commission was paid is recognized. Deferred commissions for each contract are amortized in a manner consistent with how revenue is recognized for such contract, often resulting in straight-line recognition of expense over the contractual term. Unamortized commission expense of \$18.6 million, \$11.6 million and \$12.2 million for the fiscal years ended January 31, 2008, 2009 and 2010, respectively, is included in prepaid expenses and other current assets in the accompanying consolidated balance sheets.

(e) Net Income Per Share

The Company computes basic earnings per share by dividing net income (the numerator) by the weighted-average number of common shares outstanding (the denominator) for the period. The computation of diluted earnings per share is similar to basic earnings per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued, calculated using the treasury stock method.

The reconciliation of basic and diluted shares is as follows (in thousands):

	Years Ended January 31,		
	2008	2009	2010
Basic weighted average shares outstanding	104,391	103,870	96,090
Effect of incremental diluted shares outstanding	3,898	3,164	2,618
Diluted weighted average common shares outstanding	108,289	107,034	98,708

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SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Approximately 8.7 million, 2.9 million and 2.5 million shares have been excluded from the computation of diluted weighted average shares outstanding as of January 31, 2008, 2009 and 2010, respectively, as they would be anti-dilutive.

(f) Foreign Currency Translation

The reporting currency for the Company is the U.S. dollar (dollar) and the functional currency of the Company's subsidiaries in the United States, the United Kingdom, Canada, Germany, Australia, the Netherlands, France, New Zealand, Singapore and India are the currencies of those countries. The functional currency of the Company's subsidiaries in Ireland, the Commonwealth of the Bahamas and the Grand Cayman is the U.S. dollar. Assets and liabilities are translated to the U.S. dollar from the local functional currency at current exchange rates, and income and expense items are translated to the U.S. dollar using the average rates of exchange prevailing during the year. Gains and losses arising from translation are recorded in other comprehensive income (loss) as a separate component of shareholders' equity. Foreign currency gains or losses on transactions denominated in a currency other than an entity's functional currency are recorded in the results of the operations. Gains (losses) arising from transactions denominated in foreign currencies other than an entity's functional currency were approximately \$(0.1) million, \$0.8 million and \$(1.1) million for the years ended January 31, 2008, 2009 and 2010, respectively, and are included in other income (expense), net in the accompanying consolidated statements of income.

(g) Cash, Cash Equivalents, Restricted Cash and Short-term Investments

The Company considers all highly liquid investments with original maturities of 90 days or less at the time of purchase to be cash equivalents. At January 31, 2010, cash equivalents consisted mainly of high-grade commercial paper and corporate debt securities. At January 31, 2008 and 2009, cash equivalents consisted mainly of commercial paper and federal agency notes.

At January 31, 2010, the Company had approximately \$2.8 million of restricted cash; approximately \$2.7 million is held voluntarily to defend named former executives and board members of SmartForce PLC for actions arising out of an SEC investigation and litigation related to the 2002 securities class action and approximately \$0.1 million is held in certificates-of-deposits with a commercial bank pursuant to terms of certain facilities lease agreements.

Table of Contents**SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Securities that the Company does not intend to hold to maturity or for trading purposes are reported at market value, and are classified as available for sale. At January 31, 2008, 2009 and 2010, the Company's investments were classified as available for sale and had an average maturity of approximately 29, 17 and 47 days, respectively. Cash and cash equivalents and available for sale short-term investments as of January 31, 2008, 2009 and 2010, were as follows (in thousands):

2008

Description	Contracted Maturity	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents:					
Cash	N/A	\$ 32,576	\$	\$	\$ 32,576
Commercial paper	0-3 months	16,680			16,680
Federal agency notes	0-3 months	26,800	3		26,803
		\$ 76,056	\$ 3	\$	\$ 76,059
Short-term investments:					
Commercial paper	4-12 months	7,396			7,396
Corporate debt securities	4-12 months	4,709	20		4,729
Certificates of deposit	4 months	1,400			1,400
		\$ 13,505	\$ 20	\$	\$ 13,525

2009

Description	Contracted Maturity	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents:					
Cash	N/A	\$ 34,653	\$	\$	\$ 34,653
Commercial paper	0-3 months	2,199	1		2,200
Federal agency notes	2 months	1,000			1,000
		\$ 37,852	\$ 1	\$	\$ 37,853
Short-term investments:					
Commercial paper	4 months	\$ 1,099	\$	\$	\$ 1,099
		\$ 1,099	\$	\$	\$ 1,099

Table of Contents**SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Cash and cash equivalents and available for sale short-term investments as of January 31, 2010, were as follows (in thousands):

2010

Description	Contracted Maturity	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents:					
Cash	N/A	\$ 76,321	\$	\$	\$ 76,321
Commercial paper	0-3 months	160			160
Corporate debt securities	1 month	201			201
		\$ 76,682	\$	\$	\$ 76,682
Short-term investments:					
Commercial paper	4 12 months	\$ 1,199			\$ 1,199
Treasury bills	4 12 months	1,649			1,649
Certificate of deposit	4 12 months	711			711
		\$ 3,559	\$	\$	\$ 3,559

Realized gains and losses and declines in value determined to be other-than-temporary on available-for-sale securities are included in investment income. Gross realized gains totaled approximately \$107,000 and \$7,000 for the years ended January 31, 2008 and 2009, respectively and were nominal for the year ended January 31, 2010. Gross realized losses for the years ended January 31, 2008, 2009 and 2010 were nominal. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in other income.

(h) Property and Equipment

The Company records property and equipment at cost. Depreciation and amortization is charged to operations based on the cost of property and equipment over their respective estimated useful lives on a straight-line basis using the half year convention, as follows:

	Estimated Useful Lives
Computer equipment	2 - 3 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of estimated useful life or life of lease

Expenditures for maintenance and repairs are expensed as incurred. Expenditures for renewals or betterments are capitalized.

Table of Contents**SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****(i) Research and Development Expenses***

The Company expenses all research and development costs, which include course content development fees, to operations as incurred, except for costs of internally developed or externally purchased software that qualify for capitalization. Generally accepted accounting principles (GAAP) requires the capitalization of certain computer software development costs incurred after technological feasibility is established. Given the Company's operations, once technological feasibility of a software product has been established, the additional development costs incurred to bring the product to a commercially acceptable level has not been and is not expected to be significant. No software development costs incurred during fiscal 2008, 2009 and 2010 met the requirements for capitalization; however developed courseware was added through the acquisition of NETg.

Capitalized software development costs (including acquired software development costs), net of accumulated amortization, were approximately \$5.5 million, \$0.3 million and \$0.1 million as of January 31, 2008, 2009 and 2010, respectively. The Company recognized approximately \$5.4 million, \$5.2 million and \$0.1 million of amortization expense related to capitalized software development costs in the fiscal years ended January 31, 2008, 2009 and 2010, respectively.

The Company enters into agreements with content providers for published content, the Company's policy is to expense these costs to research and development in proportion to services being completed.

(j) Other Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions, other events and circumstances from non-owner sources. The components of accumulated comprehensive income as of January 31, 2008, 2009 and 2010, are as follows (in thousands):

	Year Ended January 31,		
	2008	2009	2010
Unrealized holdings gains	\$ 23	\$ (948)	\$ 562
Change in fair value of interest rate hedge, net of tax	(2,080)	(948)	
Foreign currency translation adjustment	(2,368)	1,418	562
Total accumulated other comprehensive income	\$ (4,425)	\$ 470	\$ 562

(k) Fair Value of Financial Instruments

Financial instruments consist mainly of cash and cash equivalents, derivative financial instrument contracts, investments, restricted cash, accounts receivable and debt. The Company determines fair value for short-term investments based on quoted market values. The carrying amount of accounts receivable is net of an allowance for doubtful accounts, which is based on historical collections and known credit risks. The Company believes the fair value of its variable rate debt approximates its carrying value based on comparable market terms and conditions.

(l) Deferred Financing Costs

The Company amortizes deferred debt financing costs as interest expense over the terms of the underlying obligations using the effective interest method.

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SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(m) Derivative Financial Instruments

The Company recognizes all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. The Company classifies cash inflows and outflows from derivatives within net income on the statement of cash flows.

The Company's objective for utilizing derivative instruments is to reduce its exposure to fluctuations in cash flows due to changes in the variable interest rates of certain borrowings issued under its credit facility. The Company's strategy to achieve that objective involves entering into interest rate swaps that are specifically designated to certain variable rate instruments and accounted for as cash flow hedges.

All the interest rate swap agreements were considered highly effective as cash flow hedges for a portion of the Company's variable rate debt, and the Company applied hedge accounting to account for these instruments. The notional amounts and all other significant terms of the swap agreements were matched to the provisions and terms of the variable rate debt being hedged.

The Company's interest rate swap agreement matured on December 31, 2009. See Note 11 for further discussion.

(n) Concentrations of Credit Risk and Off-Balance-Sheet Risk

For the years ended and as of January 31, 2008, 2009 and 2010, no customer individually comprised greater than 10% of total revenue or accounts receivable.

The Company performs continuing credit evaluations of its customers' financial condition and generally does not require collateral.

The Company maintains a reserve for an allowance for doubtful accounts and sales credits that is the Company's best estimate of potentially uncollectible trade receivables. Provisions are made based upon a specific review of all significant outstanding invoices that are considered potentially uncollectible in whole or in part. For those invoices not specifically reviewed or considered uncollectible, provisions are provided at different rates, based upon the age of the receivable, historical experience, and other currently available evidence. The reserve estimates are adjusted as additional information becomes known or payments are made.

The Company has no significant off-balance-sheet arrangements nor concentration of credit risks such as foreign exchange contracts, option contracts or other foreign hedging arrangements. The Company's cash, cash equivalents and investments are subject to the guidelines of the Company's investment policy. The primary objective of the policy with regard to the Company's portfolio is to provide with minimal risk as high a level of current income as is consistent with the preservation of capital and the maintenance of liquidity. Approved Instruments include U.S. Government and Agency securities as well as fixed income instruments rated AAA, A1/P1 or better.

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SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(o) Amortization and Impairment of Goodwill and Intangible Assets

The Company records intangible assets at cost and amortizes its finite-lived intangible assets including customer contracts and internally developed software. The Company reviews intangible assets subject to amortization at least annually to determine if any adverse conditions exist or a change in circumstances has occurred that would indicate impairment or a change in remaining useful life. Conditions that would indicate an impairment and trigger a more frequent impairment assessment include, but are not limited to, a significant adverse change in legal factors or business climate that could affect the value of an asset, or an adverse action or assessment by a regulator. In addition, the Company reviews its indefinite-lived intangible assets, including goodwill and certain trademarks, during the fourth quarter of each year for impairment, or more frequently if certain indicators are present or changes in circumstances suggest that impairment may exist and reassesses their classification as indefinite-lived assets.

(p) Restructuring Charges

Liabilities related to an exit or disposal activity should be recognized at fair value in the period in which it is incurred. Costs include, but are not limited to, the following: (1) one-time involuntary termination benefits provided to employees under the terms of a benefit arrangement that, in substance, are not an ongoing benefit arrangement or a deferred compensation contract, (2) certain contract termination costs, including operating lease termination costs and (3) other associated costs. As such, when the Company identifies restructuring charges that fulfill the requirements, it records the charges in its statement of income.

(q) Merger and Integration Related Costs

Certain former NETg employees continued employment during a transition period and certain former NETg facilities to be vacated were used as the Company transitioned operations to other locations. These costs were expensed as incurred and included in merger and integration related expenses in the accompanying statements of income.

(r) Business Combinations

The Company records tangible and intangible assets acquired and liabilities assumed in recent business combinations under the purchase method of accounting. Amounts paid for each acquisition are allocated to the assets acquired and liabilities assumed based on their fair values at the dates of acquisition. The Company then allocates the purchase price in excess of net tangible assets acquired to identifiable intangible assets based on detailed valuations that use information and assumptions provided by management. Excess purchase price over the fair value of the net tangible and intangible assets acquired and liabilities assumed is recorded as goodwill.

Significant management judgments and assumptions are required in determining the fair value of acquired assets and liabilities, particularly acquired intangible assets. The valuation of purchased intangible assets is based upon estimates of the future performance and cash flows from the acquired business. The Company uses the income approach to determine the estimated fair value of certain other identifiable intangible assets including developed technology, customer relationships and tradenames. This approach determines fair value by estimating the after-tax cash flows attributable to an identified asset over its useful life and then discounting these after-tax cash flows back to a present value. Developed technology represents patented and unpatented technology and know-how. Customer contracts and relationships represent established relationships with customers, which provides a ready channel for the sale of additional content and services. Tradenames represent acquired product names that the Company intends to continue to utilize.

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SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(s) Advertising Costs

Costs incurred for production and communication of advertising initiatives are expensed when incurred. Advertising expenses amounted to approximately \$0.8 million, \$0.6 million, and \$0.3 million for the fiscal years ended January 31, 2008, 2009 and 2010, respectively.

(t) Accounting for Share-Based Compensation

The Company has several share-based compensation plans under which employees, officers, directors and consultants may be granted options to purchase the Company's ordinary shares, generally at the market price on the date of grant.

Share-based compensation expense reflects the fair value of share-based awards measured at the grant date and recognized over the relevant service period. The Company uses the Black-Scholes option pricing model to estimate the fair value of share option grants. The Black-Scholes option pricing model incorporates assumptions as to stock price volatility, the expected life of options, a risk-free interest rate and dividend yield. The Company recognizes share-based compensation expense on a straight-line basis over the service period of the award, which is generally four years.

(u) Recent Accounting Pronouncements

In June 2009, the FASB issued the FASB Accounting Standards Codification (ASC), which was effective for the Company in the third quarter ended October 31, 2009. The Codification became the single authoritative source for U.S. generally accepted accounting principles (GAAP). Accordingly, previous references to U.S. GAAP accounting standards are no longer used by the Company in its disclosures including these Notes to the condensed consolidated financial statements. The ASC does not change U.S. GAAP and does not affect the Company's consolidated financial position, cash flows, or results of operations.

In December 2007, the FASB issued updated guidance on business combinations, incorporated into ASC 805, which includes the measurement of acquirer shares issued in consideration for a business combination, the recognition of contingent consideration, the accounting for pre-acquisition gain and loss contingencies, the recognition of capitalized in-process research and development, the accounting for acquisition-related restructuring cost accruals, the treatment of acquisition related transaction costs and the recognition of changes in the acquirer's income tax valuation allowance. Adoption of this guidance on February 1, 2009 did not have a material impact on the Company's financial position or results of operations. The adoption of this guidance will have an impact on the Company's accounting for business combinations occurring on or after the adoption date, but the effect will be dependent on the acquisitions at that time.

In December 2007, the FASB issued updated guidance on non-controlling interest in consolidated financial statements, incorporated into ASC 810-10-65-1, which includes the requirements to classify noncontrolling interests as a component of consolidated stockholders' equity, and the elimination of minority interest accounting in results of operations with earnings attributable to noncontrolling interests reported as part of consolidated earnings. Additionally, this guidance revises the accounting for both increases and decreases in a parent's controlling ownership interest. Adoption of this guidance on February 1, 2009 did not have a material impact on the Company's financial position or results of operations.

In April 2008, the FASB issued updated guidance on recognition and presentation of other-than-temporary impairments, incorporated into ASC 350-30-65-1, which requires companies estimating the useful life of a

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SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

recognized intangible asset to consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, to consider assumptions that market participants would use about renewal or extension as adjusted for entity-specific factors. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2009. Adoption of this statement is not expected to have a material impact on the Company's consolidated financial statements when it becomes effective.

In May 2009, the FASB issued updated guidance on subsequent events, incorporated into ASC 855, which does not require significant changes regarding recognition or disclosure of subsequent events, but does require disclosure of the date through which subsequent events have been evaluated for disclosure and recognition. This guidance is effective for financial statements issued after June 15, 2009. On February 24, 2010, the FASB issued Accounting Standards Update (ASU) 2010-09 to amend ASC 855. As a result of the ASU, SEC registrants will not disclose the date through which management evaluated subsequent events in the financial statements. The implementation of this standard did not have a significant impact on the financial statements of the Company. Subsequent events through the date these financial statements were available for filing this Annual Report on Form 10-K have been evaluated for disclosure and recognition.

In October 2009, the FASB issued ASU 2009-13, Multiple-Deliverable Revenue Arrangements a consensus of the FASB Emerging Issues Task Force to amend certain guidance in ASC 605-25, Revenue Recognition, 25 Multiple-Element Arrangements. The amended guidance in ASC 605-25 (1) modifies the separation criteria by eliminating the criterion that requires objective and reliable evidence of fair value for the undelivered item(s), and (2) eliminates the use of the residual method of allocation and instead requires that arrangement consideration be allocated, at the inception of the arrangement, to all deliverables based on their relative selling price.

In October 2009, the FASB also issued ASU 2009-14, Certain Revenue Arrangements That Include Software Elements a consensus of the FASB Emerging Issues Task Force, to amend the scope of arrangements under ASC 985-605, Software, 605, Revenue Recognition to exclude tangible products containing software components and non-software components that function together to deliver a product's essential functionality.

The amended guidance in ASC 605-25 and ASC 985-605 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early application and retrospective application permitted. The Company has not yet determined when it will apply the amended guidance in ASC 985-605 or the amended guidance in ASC 605-25. Adoption of these statements is not expected to have a material impact on the Company's consolidated financial statements when it becomes effective.

(v) Income Taxes

The Company accounts for income taxes utilizing an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. A tax position must be more likely than not to be sustained before being recognized in the financial statements. The interpretation also requires the accrual of interest and penalties as applicable on unrecognized tax positions.

(w) Subsequent Events

On February 12, 2010, the Company, announced that it had reached agreement on the terms of a recommended acquisition of the Company by SSI Investments III Limited (SSI Investments), a company formed by funds

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sponsored by each of Berkshire Partners LLC, Advent International Corporation and Bain Capital Partners, LLC (collectively, the Investor Group) (the proposed acquisition by SSI Investments of the Company is referred to as the Acquisition).

The Acquisition will be effected by means of a scheme of arrangement (the Scheme) under Section 201 of the Irish Companies Act 1963 (the Companies Act), pursuant to which SSI Investments will acquire all of the outstanding securities of the Company not already owned by the Investor Group from Company shareholders or American Depositary Share (ADS) holders for \$10.80 in cash per ADS or ordinary share. As a result of these arrangements, the Company will become an indirect wholly-owned subsidiary of SSI Investments. The Scheme is subject to the conditions and the terms to be set forth in the Scheme Document to be delivered to the Company's shareholders. To become effective, the Scheme requires, among other things, the approval at an Irish Court Meeting of a majority in number of the Company's shareholders, present and voting either in person or by proxy, representing 75% or more in value of the Company's shares held by the Company's shareholders, as well as the approval by the Company's shareholders of resolutions relating to the implementation of the Scheme at an Extraordinary General Meeting to be held directly after the Court Meeting. It is expected that the Acquisition and the Scheme will become effective prior to July 16, 2010. Assuming the necessary approvals are obtained and all conditions have been satisfied, the Acquisition will become effective upon delivery to the Registrar of Companies in Ireland of the court order of the Irish High Court sanctioning the Scheme. Upon the Acquisition becoming effective, it will be binding on all of the Company's shareholders and ADS holders.

After announcing that it had reached an agreement on the terms of a recommended acquisition of the Company by SSI Investments, the Company made a \$45.0 million voluntary prepayment of its long-term debt on February 25, 2010. The prepayment of debt was not contemplated by the Company as of January 31, 2010.

(3) Acquisitions**Fiscal 2008 Transactions:****(a) NETg**

On May 14, 2007, the Company acquired NETg from The Thomson Corporation for approximately \$254.7 million in cash. The combined entity offers a more robust multi-modal solution that includes online courses, simulations, digitized books and an on-line video library as well as complementary learning technologies. The acquisition supports SkillSoft's mission to deliver comprehensive and high quality learning solutions and positions the Company to serve the demands of this growing marketplace.

The results of NETg have been included in the Company's consolidated financial statements since the date of acquisition.

In addition, the Company paid direct transaction costs related to this acquisition of \$7.3 million. The Company paid the purchase price in cash, which was financed through available cash balances and bank financing of approximately \$200 million. The components of the consideration paid are as follows (in thousands):

Cash paid	\$ 254,737
Transaction cost incurred	7,288
Total purchase price	\$ 262,025

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The final allocation of the total purchase price of NETg's assets acquired and net tangible and identifiable intangible assets is as follows (in thousands):

	Total
Current assets	\$ 37,869
Deferred tax asset	10,194
Property and equipment	1,470
Goodwill	225,654
Amortizable intangible assets	43,050
Current liabilities*	(30,727)
Deferred revenue	(25,485)
Total	\$ 262,025

* Includes exit costs of \$12.5 million.

Intangible assets related to the NETg acquisition and their estimated useful lives consist of the following (in thousands):

Description	Ascribed Fair Value	Life	Accumulated Amortization as of January 31, 2010	Net Book Value as of January 31, 2010
Non-compete agreement	\$ 6,900	2.5 years	\$ (6,900)	\$
Trademark/tradename	2,700	2 years	(2,700)	
Developed software/courseware	9,950	1.5 years	(9,950)	
Customer contractual relationships	1,000	1 year	(1,000)	
Customer non-contractual relationships	22,500	4 years	(18,300)	4,200
	\$ 43,050		\$ (38,850)	\$ 4,200

Intangible assets are amortized over a weighted average life of 36 months.

The non-compete agreement, trademark/tradename and customer relationships were valued using the income approach and the developed software/courseware was valued using the cost approach. Values and useful lives assigned to intangible assets were determined using management's estimates. Acquired intangible assets are reviewed for impairment upon the occurrence of any events or changes in circumstances that indicate the carrying amount of an asset may not be recoverable. The useful life of each intangible asset is evaluated for each reporting period to determine whether events and circumstances warrant a revision to the remaining useful life.

Goodwill represents the excess of the purchase price over the net identifiable tangible and intangible assets acquired. The Company determined that the acquisition of NETg resulted in the recognition of goodwill primarily because the acquisition is expected to help SkillSoft reach critical mass and shorten its timeframe to approach its long term operating profitability objectives through incremental scalability and significant cost synergies. The goodwill recorded as a result of this acquisition is deductible for tax purposes.

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Goodwill is subject to review for impairment annually and when there are any interim indicators of impairment. The Company performs its goodwill impairment tests as of November 1st each year.

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The Company assumed certain liabilities in the acquisition including deferred revenue that was ascribed a fair value of \$25.5 million using a cost-plus profit approach. The Company amortized deferred revenue over the average remaining term of the contracts, which reflects the estimated period to satisfy these customer obligations. In allocating the purchase price, the Company recorded an adjustment to reduce the carrying value of NETg's deferred revenue by \$22.2 million, which was fully amortized as of January 31, 2009.

In connection with the acquisition, the Company's management approved and initiated plans to integrate NETg into its operations and to eliminate redundant facilities and headcount, reduce cost structure and better align operating expenses with existing economic conditions, business requirements and the Company's operating model. The Company accrued for certain liabilities incurred directly related to the NETg acquisition and accounted for those in the allocation of the purchase price. The items accounted for primarily relate to severance related costs incurred in association with workforce reductions and totaled approximately \$8.9 million for employee separation costs for approximately 360 employees. The Company also estimated a liability of \$1.8 million representing the estimated fair value of abandoned lease obligations. The Company estimated a liability of \$0.2 million and \$0.5 million for NETg content re-branding and legal and outplacement services, respectively. All amounts accrued in relation to the NETg acquisition were paid as of January 31, 2009.

(b) Targeted Learning Corporation

On February 9, 2007, the Company acquired the assets of Targeted Learning Corporation (TLC), an on-line video library business, for approximately \$4.6 million in cash plus liabilities assumed of \$0.8 million. The acquisition resulted in tangible assets acquired of approximately \$1.0 million and an allocation of the purchase price to goodwill and identified intangible assets of \$3.3 million and \$0.9 million, respectively. The acquisition of TLC was accounted for as a business combination using the purchase method. Accordingly, the results of TLC have been included in the Company's consolidated financial statements since the date of acquisition.

As part of the purchase price allocation, all intangible assets that were a part of the acquisition were identified and valued. It was determined that only contractual customer relationships, trade name and developed software had separately identifiable values.

Intangible assets related to the TLC acquisition and their estimated useful lives consist of the following (in thousands):

Description	Ascribed Fair Value	Life	Accumulated Amortization as of January 31, 2010	Net Book Value as of January 31, 2010
Trademark/tradename	\$ 20	2 years	\$ (20)	\$
Developed software/courseware	510	4 years	(383)	127
Customer contractual relationships	330	3 years	(330)	
	\$ 860		\$ (733)	\$ 127

Values and useful lives assigned to intangible assets were determined using management's estimates. The Company concluded that the acquisition of TLC does not represent a material business combination and therefore no pro forma financial information has been provided herein.

Goodwill represents the excess of the purchase price over the net identifiable tangible and intangible assets acquired. The Company determined that the acquisition of TLC resulted in the recognition of goodwill primarily

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because the acquisition provided new offerings that fit the Company's business model and can be effectively sold within the Company's existing customer base. The goodwill recorded as a result of this acquisition is deductible for tax purposes.

The following table reflects supplemental cash flow investing activities related to the acquisitions of TLC and NETg (in thousands):

Business Acquisitions, Net of Cash Acquired:	
Fair value of tangible assets acquired	\$ 50,553
Liabilities assumed	(57,050)
Cost in excess of fair value (goodwill)	229,229
Fair value of acquired identifiable intangible assets	43,910
	\$ 266,642
Less cash acquired	(2,181)
Net cash paid for acquisitions*	\$ 264,461

* Includes \$2.9 million and \$0.3 million paid for acquisition costs in the fiscal year ended January 31, 2007 and 2009, respectively.

(4) Special Charges***(a) Merger and Exit Costs Recognized as Liabilities in Purchase Accounting***

In connection with the closing of the NETg acquisition on May 14, 2007 (the Acquisition), the Company's management effected a merger integration effort to eliminate redundant facilities and employees and reduce the overall cost structure of the acquired business to better align the Company's operating expenses with existing economic conditions, business requirements and the Company's operating model.

Pursuant to this restructuring, the Company recorded \$12.5 million of costs related to severance and related benefits, costs to vacate leased facilities and other pre-Acquisition liabilities. These costs, which were recognized as a liability assumed in the purchase business combination, were included in the allocation of the purchase price.

The reductions in employee headcount totaled approximately 360 employees from the administrative, sales, marketing and development functions, and amounted to a liability of approximately \$8.9 million, which was paid against the exit plan accrual through January 31, 2009.

In connection with the NETg exit plan, the Company abandoned certain leased facilities resulting in a facilities consolidation liability of \$1.8 million, which was paid as of January 31, 2009, consisting of lease termination costs, broker commissions and other facility costs. As part of the plan, two sites were vacated. The fair value of the lease termination costs was calculated with certain assumptions related to the Company's estimated cost recovery efforts from subleasing vacated space, including (i) the time period over which the property will remain vacant, (ii) the sublease terms and (iii) the sublease rates.

In connection with the SmartForce Merger, the Company's management effected a restructuring to eliminate redundant facilities and headcount, reduce the cost structure of the business and better align the Company's operating expenses with existing economic conditions. Pursuant to this restructuring, the Company recorded

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\$30.3 million of costs in 2002 relating to exiting activities of pre-Merger SmartForce PLC such as severance and related benefits, costs to vacate leased facilities and other pre-Merger liabilities. These costs, which were recognized as a liability assumed in the purchase business combination, were included in the allocation of the purchase price and increased goodwill.

The reductions in employee headcount totaled approximately 632 employees from the administrative, sales, marketing and development functions, and amounted to a liability of approximately \$14.5 million in 2002. This liability was paid out against the exit plan accrual through January 31, 2009.

In connection with the SmartForce exit plan, the Company abandoned or downsized certain leased facilities resulting in a facilities consolidation liability consisting of sublease losses, broker commissions and other facility costs. The net present value of the obligation under this exit plan, as adjusted, was approximately \$15.3 million, of which \$0.5 million remains. The Company anticipates that the remainder of the merger and exit accrual will be paid in fiscal 2011.

Activity in the Company's merger and exit costs and long-term liabilities related to the NETg acquisition and the SmartForce Merger, was as follows (in thousands):

	Employee Severance and Related Costs	Closedown of Facilities	Other	Total
Merger and exit accrual January 31, 2007	\$ 878	\$ 2,278	\$ 121	\$ 3,277
Payments made during the year	(7,993)	(1,282)	(328)	(9,603)
Adjustment to provision for merger and exit costs in connection with the acquisition of NETg	8,761	1,957	1,753	12,471
Adjustment to provision for merger and exit costs in connection with the SmartForce merger		271	(176)	95
Merger and exit accrual January 31, 2008	\$ 1,646	\$ 3,224	\$ 1,370	\$ 6,240
Payments made during the year	(959)	(1,851)	(207)	(3,017)
Adjustment to provision for merger and exit costs in connection with the acquisition of NETg	212	(45)	(1,086)	(919)
Adjustment to provision for merger and exit costs in connection with the SmartForce merger	(899)	266		(633)
Merger and exit accrual January 31, 2009	\$	\$ 1,594	\$ 77	\$ 1,671
Payments made during the year		(931)	11	(920)
Adjustment to provision for merger and exit costs in connection with the acquisition of NETg		(31)		(31)
Adjustment to provision for merger and exit costs in connection with the SmartForce merger		(118)	(88)	(206)
Merger and exit accrual January 31, 2010	\$	\$ 514	\$	\$ 514

Other merger accruals primarily include payments under operating equipment leases, content rebranding and legal costs.

The Company anticipates that the remainder of the merger and exit accrual will be paid out by October 2010.

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SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(b) Discontinued Operations

In connection with the NETg acquisition, the Company discontinued four businesses acquired from NETg because the Company believed those product offerings did not represent areas that could grow in a manner consistent with the Company's operating model or be consistent with the Company's profit model or strategic initiatives. The businesses that were identified as discontinued operations were Financial Campus, NETg Press, Interact Now and Wave.

NETg Press

On October 26, 2007, the Company entered into an Asset Purchase Agreement pursuant to which it agreed to sell to AXZO Press LLC the NETg Press assets. The Company classified the NETg Press business as discontinued operations in the second quarter of fiscal 2008. The Company received a note receivable for the sales price, subject to discounts for pre-payment. The note receivable was valued at \$3.5 million at the time of divestiture, reflecting uncertainty relating to the buyer's ability to repay the note in full in accordance with its terms.

Since the NETg Press operations were acquired through the acquisition of NETg, its carrying value was adjusted to its fair value. When NETg Press was classified as held for sale, the assets and liabilities were recorded at fair value less costs to sell the business. At the time of the agreement with AXZO Press, the fair value of these assets and liabilities were adjusted to equal expected proceeds from the sale of the business. This refinement to the fair value estimate was recorded as a purchase accounting adjustment to goodwill and therefore no gain or loss was recorded in the operations for the period ended January 31, 2008.

The continuing cash flows were attributable to payments toward the note receivable and potential inventory reseller revenue cash flows. The Company concluded that continuing involvement with the disposed component does not constitute significant continuing involvement.

In the second quarter of fiscal 2009, the note receivable was paid in full, resulting in a pre-tax gain of \$3.4 million, representing amounts received in excess of the carrying value of the note receivable at that time.

Financial Campus

On August 21, 2007, the Company entered into an Asset Purchase Agreement pursuant to which it agreed to sell to SmartPros, LTD, the Financial Campus assets. The Company classified the Financial Campus business as discontinued operations in the second quarter of fiscal 2008. The closing of the sale of the Financial Campus assets occurred on August 21, 2007, resulting in nominal cash proceeds and potential earnout payments for three years from the date of the sale based on SmartPros' gross revenue from the Financial Campus business line. Due to the purchase price being contingent and not fixed or currently determinable, future payments were not considered in calculating the gain on the sale of these assets.

The continuing cash flows are attributable to customer contracts retained by the Company and potential earn out payments for three years from the date of the sale. The Company concluded that these cash flows are not direct cash flows of the disposed component and continuing involvement with the disposed component does not constitute significant continuing involvement.

As of January 31, 2010, the Company has not received any additional cash proceeds from the sale of Financial Campus. If the Company receives any future earnout payments they will be classified as gain from discontinued operations.

Table of Contents**SKILLSOFT PUBLIC LIMITED COMPANY AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Interact Now*

The Company determined it would not be feasible to sell the Interact Now business line and the Company abandoned that business.

Wave

The Company exited the Wave business in October 2007. There are no continuing incoming or outgoing cash flows following the period in which the Company exited this business.

The summarized discontinued operations results for the fiscal years ended January 31, 2008 and 2009 are as follows (in thousands):

	Year Ended January 31,	
	2008	2009
Revenue from discontinued operations	\$ 7,226	\$ 172
Income from discontinued operations before income tax	451	3,193
Income tax provision	181	1,281
 Income from discontinued operations	 \$ 270	 \$ 1,912

The income from discontinued operations before income tax for the fiscal year ended January 31, 2009 primarily consists of a \$3.4 million gain resulting from proceeds received during the second quarter of fiscal 2009 from the Company's sale of the assets related to the NETg Press business in October 2007, offset by a \$0.2 million loss from discontinued operations.

(c) Restructuring

On January 19, 2009, the Company committed to a reduction in force with respect to approximately 120 employees in the U.S., Ireland and the United Kingdom. The decision was based on a review of various cost savings initiatives undertaken in connection with the development of the Company's budget and operating plan for fiscal 2010. The Company recorded a \$1.5 million restructuring charge for the fiscal year ended January 31, 2009, which is included in the statement of income as restructuring. Substantially all of this charge represents the severance cost of terminated employees.

Activity in the Company's restructuring accrual was as follows (in thousands):

	Employee Severance and Related Costs	Contractual Obligations	Total
Total restructuring accrual as of January 31, 2007	\$ 88	\$ 1,333	\$ 1,421
Payments and write downs made during the year	(122)	(372)	(494)
Restructuring provision	34		34
 Total restructuring accrual as of January 31, 2008	 \$	 \$ 961	 \$ 961
Restructuring provision	1,523		1,523
Payments and write downs made during the year	(411)	(961)	(1,372)

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Total restructuring accrual as of January 31, 2009	1,112		1,112
Restructuring provision	49		49
Payments and write downs made during the year	(1,161)		(1,161)
Total restructuring accrual as of January 31, 2010	\$	\$	\$

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The net restructuring charges for the fiscal years ended January 31, 2008, 2009 and 2010 would have been allocated as follows had the Company recorded the expense and adjustments within the functional department of the restructured activities (in thousands):

	Years Ended January 31,		
	2008	2009	2010
Cost of revenues	\$	\$ 138	\$
Research and development		645	
Selling and marketing	34	535	49
General and administrative		205	
Total	\$ 34	\$ 1,523	\$ 49

(5) Goodwill and Intangible Assets

Intangible assets are as follows (in thousands):

	January 31, 2008			January 31, 2009			January 31, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Internally developed software/courseware	\$ 38,717	\$ 33,259	\$ 5,458	\$ 38,717	\$ 38,462	\$ 255	\$ 38,717	\$ 38,590	\$ 127
Customer contracts	36,848	19,846	17,002	36,848	26,938	9,910	36,848	32,648	4,200
Non-compete agreement	6,900	2,070	4,830	6,900	4,830	2,070	6,900	6,900	
Trademarks and trade names	2,725	1,028	1,697	2,725	2,388	337	2,725	2,725	
Books 24X7 trademark	900		900	900		900	900		900
	\$ 86,090	\$ 56,203	\$ 29,887	\$ 86,090	\$ 72,618	\$ 13,472	\$ 86,090	\$ 80,863	\$ 5,227

Customer contracts are existing contracts that relate to underlying customer relationships pertaining to the services provided by the acquired company. The Company amortizes the fair value of customer contracts on an accelerated basis over their estimated useful lives ranging from 12 to 60 months with a weighted average estimated useful life of 51 months. Internally developed software/courseware relates to the Books24x7 platform, GoTrain Corp. content and platform, the SmartForce PLC content, the NETg content and costs incurred subsequent to technological feasibility and prior to general release for the development of SkillSoft Dialogue and SkillView were capitalized. Course content includes courses in both the business skills and information technology skills subject areas. All courseware is deployable via the Internet or corporate intranets. The Company amortizes internally developed or purchased software/courseware, including SkillSoft Dialogue and SkillView costs, over their estimated useful lives ranging from 18 to 48 months with a weighted average useful life of 39 months. The non-compete agreement relates to terms stated in the NETg acquisition agreement and has an estimated useful life of 30 months. Trademarks and trade names relate to those acquired under the NETg and TLC acquisitions and have estimated useful lives of 24 months. The weighted average useful life for all finite-lived intangible assets is 43 months.

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Amortization expense related to the existing finite-lived intangible assets is expected to be as follows (in thousands):

Fiscal Year	Amortization Expense
2011	\$ 3,711
2012	616
Total	\$ 4,327

Trademarks of \$0.9 million relating to Books24X7 are considered indefinite-lived and accordingly no amortization expense is recorded.

(6) Related Party Transactions

In connection with the NETg acquisition, the Company paid a special bonus of \$0.5 million to one of the members of its Board of Directors for his assistance in negotiating and completing the transaction. This bonus payment is included in general and administrative expense in the accompanying statements of income for the fiscal year ended January 31, 2008.

(7) Income Taxes

Income from continuing operations before provision (benefit) for income taxes consists of the following (in thousands):

	Years Ended January 31,		
	2008	2009	2010
Ireland	\$ 6,236	\$ 8,128	\$ 64,540
United States	20,476	54,437	28,134
Rest of World	1,429	5,271	2,255
	\$ 28,141	\$ 67,836	\$ 94,929

The provision (benefit) for income taxes consists of the following (in thousands):

	Years Ended January 31,		
	2008	2009	2010
Current:			
Ireland	\$	\$	\$ 393
United States	2,966	4,884	8,343
Rest of World	580	1,323	(1,275)
	\$ 3,546	\$ 6,207	\$ 7,461
Deferred:			
Ireland	\$	\$ (5,095)	\$ 7,611

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United States	(35,206)	17,816	9,720
Rest of World	73	31	(1,231)
	\$ (35,133)		