

AVG Technologies N.V.
Form SC 14D9
July 29, 2016
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14D-9

(RULE 14d-101)

SOLICITATION/RECOMMENDATION STATEMENT

UNDER SECTION 14(D)(4) OF THE SECURITIES 1934 ACT OF 1934

AVG TECHNOLOGIES N.V.

(Name of Subject Company)

AVG TECHNOLOGIES N.V.

(Name of Person(s) Filing Statement)

Ordinary Shares, Nominal Value 0.01 Per Share

(Title of Class of Securities)

N07831105

(CUSIP Number of Class of Securities)

Harvey J. Anderson

AVG Technologies N.V.

Gatwickstraat 9-39

1043 GL Amsterdam

The Netherlands

+31-20-5226210

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications

on Behalf of the Person(s) Filing Statement)

With a copy to:

Peter M. Lamb

Richard V. Smith

Orrick, Herrington & Sutcliffe LLP

1000 Marsh Road

Menlo Park, California 94205

(650) 614-7400

- “ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

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Item 1. Subject Company Information

(a) Name and Address

The name of the subject company to which this Solicitation/Recommendation Statement on Schedule 14D-9 (together with any exhibits and annexes attached hereto, this **Schedule 14D-9**) relates is AVG Technologies N.V., a public limited liability company (*naamloze vennootschap*) organized under the laws of The Netherlands (the **Company** or **AVG**). The Company's principal executive offices are located at Gatwickstraat 9-39 1043, GL Amsterdam, The Netherlands, and the Company's telephone number at this address is +31-20-5226210.

(b) Class of Securities

The title of the class of equity securities to which this Schedule 14D-9 relates is the ordinary shares, nominal value 0.01 per share, of the Company (the **Shares**). As of the close of business on July 25, 2016, there were 120,000,000 Shares authorized, of which 50,730,029 Shares (not including treasury Shares) were outstanding.

Item 2. Identity and Background of Filing Person

(a) Name and Address

The name, address and telephone number of the Company, which is the person filing this Schedule 14D-9, are set forth in Item 1(a) above.

(b) Tender Offer

This Schedule 14D-9 relates to the tender offer by Avast Software B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) (**Purchaser**) organized under the laws of The Netherlands and a direct wholly owned subsidiary of Avast Holding B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of The Netherlands (**Parent** or **Avast**), to purchase all outstanding Shares of the Company at a purchase price of \$25.00 per Share (the **Offer Price**), in cash, without interest and less any applicable withholding taxes or other taxes, upon the terms and subject to the conditions set forth in the Offer to Purchase dated July 29, 2016 (as may be amended or supplemented from time to time, the **Offer to Purchase**) and the related Letter of Transmittal (as may be amended and supplemented from time to time, the **Letter of Transmittal**), which, together with the Offer to Purchase, constitute the **Offer**). The Offer to Purchase and the Letter of Transmittal are filed as Exhibits (a)(1)(A) and (a)(1)(B) hereto, respectively, and are incorporated herein by reference. The Offer is described in a Tender Offer Statement on Schedule TO filed with the United States Securities and Exchange Commission (the **SEC**) on July 29, 2016 by Purchaser and Parent (as amended or supplemented from time to time, the **Schedule TO**).

The Offer is being made pursuant to a Purchase Agreement dated as of July 6, 2016 (the **Purchase Agreement**) among the Company, Parent and Purchaser. The Offer is conditioned upon, among other things: (i) there having been validly tendered in accordance with the terms of the Offer and not validly withdrawn on or prior to 11:59 p.m. (New York City time) on August 31, 2016 (the **Expiration Time**, unless Purchaser has extended the period during which the Offer is open in accordance with the Purchase Agreement, in which event **Expiration Time** will mean the latest time and date at which the Offer, as so extended by Purchaser, will expire), a number of Shares (excluding Shares tendered pursuant to guaranteed delivery procedures that have not yet been delivered in settlement or satisfaction of such guarantee prior to the expiration of the Offer) that, together with the Shares then owned by Parent and/or Purchaser or their subsidiaries, represents at least 95% of the outstanding Shares immediately prior to the Expiration

Time (the **Minimum Condition**), provided that if shareholders approve the Asset Sale (as defined below) and related actions at the extraordinary general meeting of shareholders (the **EGM**) that has been called for that purpose and described below, the reference to 95% in the foregoing definition of Minimum Condition shall be deemed to be a reference to 80% ; (ii) the expiration

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or termination of any applicable waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder (the **HSR Act**) and the expiration or termination of the applicable waiting periods or receipt of approvals (which approvals are in full force and not subject to appeal) under the antitrust laws of Austria and Germany; (iii) no transnational, domestic or foreign federal, state or local law, code, rule, regulation, order, injunction, judgment, bylaw, ordinance, decree, ruling or other similar requirement issued by any transnational, domestic or foreign federal, state or local governmental, regulatory or administrative authority, department, court, agency or official, including any political subdivision thereof (**Governmental Authority**), making illegal or otherwise prohibiting the consummation of the transactions contemplated by the Purchase Agreement being in effect, other than the applicable waiting periods under the HSR Act or other antitrust laws with respect to the transactions contemplated by the Purchase Agreement (excluding any antitrust laws under which criminal sanctions would be imposed if the Offer were to be consummated); (iv) approval of the Committee on Foreign Investment in the United States (**CFIUS**), as described in the Purchase Agreement, having been obtained; and (v) the Purchase Agreement having not been terminated in accordance with its terms. A copy of the Purchase Agreement is filed as Exhibit (e)(1) to this Schedule 14D-9 and is incorporated herein by reference.

The Purchase Agreement provides, among other things, that, upon the terms set forth in the Purchase Agreement, following the Expiration Time, Purchaser will provide a subsequent offering period (the **Subsequent Offering Period**) in accordance with Rule 14d-11 of the U.S. Securities Exchange Act of 1934, as amended (together with the rules and regulations promulgated thereunder, the **1934 Act**) of not less than 10 business days. The Purchase Agreement further provides that on the terms and subject to the conditions therein, Purchaser will make the Offer and accept for payment at or as promptly as practicable following the Expiration Time (the **Acceptance Time**) and pay for all Shares validly tendered and not withdrawn pursuant to the Offer at or as promptly as practicable following the Acceptance Time (the **Closing** and, the date on which the Closing occurs, the **Closing Date**).

The Purchase Agreement provides, among other things, that, as promptly as practicable following the closing of the Subsequent Offering Period (which includes the Minority Exit Offering Period (as defined below), if applicable), Purchaser may complete a corporate reorganization of AVG and its subsidiaries (the **Subsequent Reorganization**). The Subsequent Reorganization will utilize processes available to Purchaser under Dutch law so that (a) Purchaser becomes the owner of all of AVG's business operations from and after the consummation of the Subsequent Reorganization and (b) any shareholders who do not tender their Shares pursuant to the Offer (or during the Subsequent Offering Period, which includes the Minority Exit Offering Period, if applicable) are offered or receive the same consideration for their Shares as those shareholders who tendered their Shares pursuant to the Offer (or during the Subsequent Offering Period, which includes the Minority Exit Offering Period, if applicable), without interest and less applicable withholding taxes (including Dutch dividend withholding tax (*dividendbelasting*)) or other taxes. As a result of the Subsequent Reorganization, it is anticipated that AVG will be liquidated or become wholly owned by Purchaser. The Subsequent Reorganization may also include the conversion of AVG from a public limited liability company (*naamloze vennootschap*) to a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*).

If the number of Shares tendered pursuant to the Offer and not properly withdrawn (including Shares validly tendered during the Subsequent Offering Period, which includes the Minority Exit Offering Period, if applicable, but excluding Shares tendered pursuant to guaranteed delivery procedures that have not yet been delivered in settlement or satisfaction of such guarantee prior to the expiration of the Offer), together with the Shares then owned by Parent, Purchaser and their respective subsidiaries, represents at least 95% of the then outstanding Shares, Purchaser intends to effect the Subsequent Reorganization by means of compulsory acquisition (the **Compulsory Acquisition**) of Shares held by non-tendering shareholders in accordance with Section 2:92a or Section 2:201a of the Dutch Civil Code.

If the number of Shares tendered pursuant to the Offer and not properly withdrawn (including Shares validly tendered during the Subsequent Offering Period, which includes the Minority Exit Offering Period, if applicable,

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but excluding Shares tendered pursuant to guaranteed delivery procedures that have not yet been delivered in settlement or satisfaction of such guarantee prior to the expiration of the Offer), together with the Shares then owned by Parent, Purchaser and their respective subsidiaries, represents fewer than 95% but at least 80% of the then outstanding Shares, Purchaser intends to, or intends to cause its designee to, subject to the approval of shareholders at the EGM, promptly after the closing of the Subsequent Offering Period (which includes the Minority Exit Offering Period), effect the Subsequent Reorganization by means of a sale of all or substantially all of the assets of AVG to Purchaser or its designee pursuant to an asset sale agreement (the **Asset Sale Agreement**) in exchange for (a) cash and a note payable in an aggregate amount equal to the Offer Price multiplied by the total number of Shares outstanding as of the Closing and (b) the assumption by Purchaser or its designee of substantially all liabilities of AVG (the **Asset Sale**).

If Parent determines it is not reasonably practicable (which will be deemed to include adverse tax consequences) to cause the Compulsory Acquisition or the Asset Sale, Dissolution (as defined below) and Liquidation Distribution (as defined below), it will use reasonable best efforts to cause a Subsequent Reorganization in a different manner with the prior approval of the independent directors of AVG. The Compulsory Acquisition and the Asset Sale, Dissolution and Liquidation Distribution have been approved by AVG's Supervisory Board and Management Board (the **Boards**) (including the contemplated Independent Directors (as defined below)).

Upon consummation of the Asset Sale, Purchaser would own all of AVG's business operations and would be the principal shareholder in AVG, and the non-tendering shareholders would continue to own Shares representing, in the aggregate, a minority of the Shares then outstanding. Upon completion of the Asset Sale, AVG would be dissolved and liquidated in accordance with applicable Dutch liquidation procedures (the **Dissolution**). Purchaser would then provide an indemnity or guarantee to the liquidator for any deficit in the estate of AVG to enable the liquidator to make an advance liquidation distribution in cash (the **Liquidation Distribution**) to each non-tendering shareholder in an amount equal to the Offer Price, without interest and less applicable withholding taxes (including Dutch dividend withholding tax) or other taxes, for each Share then owned.

The applicable withholding taxes (including Dutch dividend withholding tax) and other taxes, if any, imposed on shareholders in respect of the Liquidation Distribution may be different from, and may be greater than, the taxes imposed upon such shareholders had they tendered their Shares pursuant to the Offer (or during the Subsequent Offering Period, which includes the Minority Exit Offering Period, if applicable).

It is possible that Purchaser may not be able to implement any proposed Subsequent Reorganization promptly after the consummation of the Offer, that such Subsequent Reorganization may be delayed or that such Subsequent Reorganization may not be able to take place at all. Any Subsequent Reorganization could be the subject of litigation, and a court could delay the Subsequent Reorganization or prohibit it from occurring on the terms described in the Offer to Purchase and this Schedule 14D-9, or from occurring at all. Moreover, even if Purchaser is able to effect any proposed Subsequent Reorganization, the consideration that shareholders receive therefrom may be substantially lower and/or different in form than the consideration that they would have received had they tendered their Shares in the Offer (and the consideration may also be subject to additional taxes).

The Subsequent Reorganization, including the Asset Sale and subsequent Dissolution and liquidation of AVG, requires approval from AVG's Boards and shareholders. On July 6, 2016, the Boards approved the transactions contemplated by the Purchase Agreement, including the Asset Sale and subsequent Dissolution and Liquidation Distribution. Also on July 6, 2016, the Supervisory Board resolved to hold an extraordinary general meeting of shareholders for the purpose of voting on, among other things, the approval of the Asset Sale and subsequent Dissolution and Liquidation Distribution and the appointment of certain directors designated by Parent to the Boards (collectively, the **Shareholder Approvals**). On July 13, 2016, AVG notified its

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shareholders that this extraordinary general meeting of shareholders will be held at 10:00 am CET on August 23, 2016 at the offices of Allen & Overy LLP at Apollolaan 15, 1077 AB Amsterdam, The Netherlands (the **EGM**). In accordance with Dutch law, the EGM was announced in a Dutch newspaper on July 14, 2016.

The Purchase Agreement also provides that at the Acceptance Time, each option to purchase Shares (**Option**) that is vested and outstanding as of immediately prior to the Acceptance Time and that has an exercise price per Share that is less than the Offer Price will be converted into the right to receive a cash payment, without interest, from Parent at the Acceptance Time (less applicable withholdings) equal to the product of (i) the excess of the Offer Price over the applicable per Share exercise price of such Option multiplied by (ii) the number of vested Shares subject to such Option. Each Option that has not vested as of the Acceptance Time or has an exercise price per Share that is equal to or greater than the Offer Price will be cancelled for no consideration. However, with respect to certain unvested Options specifically identified on the disclosure schedules to the Purchase Agreement, which have a vesting acceleration provision and an exercise price per Share that is less than the Offer Price, the holder of such Option may be entitled to a cash payment after the date of the qualifying event or termination triggering the vesting acceleration, as discussed further below in *Item 3. Past Contracts, Transactions, Negotiations and Agreements (a) Arrangements with Non-Executive Directors, Executive Officers and Affiliates of AVG Treatment of Equity Awards*.

In addition, the Purchase Agreement provides that at the Acceptance Time, each performance stock unit (**PSU**) or restricted stock unit (**RSU**) covering Shares which is vested and outstanding as of immediately prior to the Acceptance Time will automatically be cancelled and converted into the right to receive an amount in cash from Parent at the Acceptance Time (less applicable withholdings) equal to the product of (i) the Offer Price multiplied by (ii) the number of Shares subject to such vested PSU or RSU. Any PSU or RSU which is unvested as of the Acceptance Time will be cancelled for no consideration. However, with respect to certain PSUs or RSUs specifically identified on the disclosure schedules to the Purchase Agreement which are unvested at the Acceptance Time and which have a vesting acceleration provision, the holder of such PSU or RSU may be entitled to a cash payment after the date of the qualifying event or termination triggering the vesting acceleration, as discussed further below in *Item 3. Past Contracts, Transactions, Negotiations and Agreements (a) Arrangements with Non-Executive Directors, Executive Officers and Affiliates of AVG Treatment of Equity Awards*.

Following completion of the Offer, the Supervisory Board of AVG will consist of three individuals designated by Purchaser and two individuals who currently serve on the Supervisory Board. Colin Tenwick and Jan G. Haars (or such individuals as otherwise mutually agreed by Purchaser and AVG) will remain on the Supervisory Board as independent members of the Supervisory Board (each, an **Independent Director**). The Independent Directors will remain in office until the earliest of (i) Purchaser acquiring all of the Shares or (ii) AVG having ceased to exist following the liquidation. The two Independent Directors will, in accordance with Dutch practice, act as independent supervisory directors and will as such look after the corporate interest of AVG and the interest of all stakeholders of AVG, including the interests of any non-tendering AVG shareholders.

The affirmative vote of the Independent Directors will be required for approving (a) any restructuring which could reasonably be expected to lead to a dilution of the shareholdings of the non-tendering AVG shareholders, other than (i) pursuant to a rights issue by AVG or any other share issue where the non-tendering AVG shareholders have been offered an opportunity to subscribe pro rata to their then existing shareholding in AVG (*voorkeursrecht*), (ii) the Asset Sale, the Dissolution and the Liquidation Distribution and (iii) the Compulsory Acquisition and (b) any other form of unequal treatment which prejudices or could reasonably be expected to prejudice or negatively affect the value of the Shares or voting rights attached to the Shares held by the non-tendering AVG shareholders, other than (i) the Asset Sale, the Dissolution and the Liquidation Distribution or (ii) the Compulsory Acquisition.

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The Schedule TO states that the office address of Parent and Purchaser is Schiphol Boulevard 369, Tower F, 7th floor, 1118 BJ Schiphol, The Netherlands and the telephone number is +31 20 654 3225.

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For the reasons described in more detail below, the Boards unanimously support the Offer and recommend that shareholders accept the Offer, subject to the terms and conditions of the Company Documents (as defined below).

Item 3. Past Contracts, Transactions, Negotiations and Agreements

Except as set forth in this Schedule 14D-9, or as otherwise incorporated by reference herein, as of the date of this Schedule 14D-9, there are no material agreements, arrangements or understandings, nor any actual or potential conflicts of interest, between (i) on the one hand, AVG or any of its affiliates and (ii) on the other hand (x) any of their respective executive officers, directors or affiliates or (y) Parent or Purchaser or any of their respective executive officers, directors or affiliates.

(a) Arrangements with Non-Executive Directors, Executive Officers and Affiliates of AVG

In considering the recommendation of the Boards to tender Shares in the Offer, shareholders should be aware that members of the Boards have agreements or arrangements that may provide them with interests that may differ from, or be in addition to, those of shareholders generally. The Boards were aware of these agreements and arrangements during their deliberations on the merits of the Purchase Agreement and in determining the recommendation set forth in this Schedule 14D-9.

AVG's Supervisory Board has seven members: Dale L. Fuller, Gabriel Eichler, Ronan Dunne, Frank Esser, Jan G. Haars, Jonathan W. Meeks and Colin Tenwick. AVG's Management Board has two members: Gary Kovacs, AVG's Chief Executive Officer, and Jeffrey Ross, AVG's Chief Financial Officer. John Little was a member of AVG's Management Board until June 9, 2016 and AVG's Chief Financial Officer until April 28, 2016 and currently serves as an executive advisor to AVG. On June 16, 2016, Mr. Little entered into a settlement agreement with AVG pursuant to which he will cease to provide services to AVG in all capacities upon the earlier of December 31, 2016 or a date of his choosing, provided such chosen date follows September 1, 2016. References to the Management Board in this Item 3 will include Mr. Little, as applicable.

Shares Held by Members of the Supervisory Board and Management Board of AVG

Members of the Boards who tender the Shares that they own pursuant to the Offer will be entitled to receive the same Offer Price on the same terms and conditions as AVG's other shareholders who tender Shares into the Offer. As of July 25, 2016, Mr. Kovacs held 134,857 Shares (excluding Shares underlying Options, PSUs and RSUs) and was the only member of the Management Board who held Shares (excluding Shares underlying Options, PSUs and RSUs). No member of the Supervisory Board held any Shares as of July 25, 2016. As of July 25, 2016, Mr. Little held 66,051 Shares (excluding Shares underlying Options, PSUs and RSUs). If Mr. Kovacs and Mr. Little were to tender their Shares pursuant to the Offer, and such Shares were accepted by Purchaser, then they would receive in the aggregate approximately \$5.0 million in cash, without interest and less any applicable withholding taxes or other taxes.

Shares Held by Certain Funds

The aggregate number of Shares owned by members of the Supervisory Board disclosed in the foregoing section do not include Shares owned by funds, including TA X L.P., TA Atlantic and Pacific VI L.P., TA Strategic Partners Fund II L.P., TA Strategic Partners Fund II-A L.P. and TA Investors III L.P. (collectively, the **TA Associate Funds**) and CVP II, Inc. (**CVP**), associated with certain Supervisory Board members. Specifically, Mr. Meeks is a managing director at TA Associates, L.P., which is either the direct or indirect general partner of the TA Associates Funds and TA Associates, L.P., and may be deemed to have voting and investment authority over the shares held by TA Associates Funds. In addition, Mr. Eichler may be deemed to have an interest in Shares held by CVP. Mr. Eichler

disclaims beneficial ownership of such Shares except to the extent of any potential entitlement as a beneficiary therein and any pecuniary interest therein. If the TA Associate

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Funds and CVP tender the Shares that they own pursuant to the Offer, they will be entitled to receive the same Offer Price on the same terms and conditions as AVG's other shareholders who tender Shares into the Offer. As of July 25, 2016, the TA Associate Funds affiliated with Mr. Meeks held 6,628,369 Shares. If the TA Associate Funds were to tender all such Shares pursuant to the Offer, and such Shares were accepted by Purchaser, then such funds would receive an aggregate of approximately \$165.7 million, without interest and less any applicable withholding taxes or other taxes. As of July 25, 2016, CVP held 1,408,351 Shares. If CVP were to tender all such Shares pursuant to the Offer, and such Shares were accepted by Purchaser, then CVP would receive approximately \$35.2 million, without interest and less any applicable withholding taxes or other taxes.

The TA Associate Funds and CVP have entered into tender agreements with Parent and Purchaser pursuant to which they have agreed to tender all of their beneficially owned Shares into the Offer, which are described below under *Item 4. The Solicitation or Recommendation (c) Intent to Tender*.

Treatment of Equity Awards

Stock Options

The Purchase Agreement provides that at the Acceptance Time, each Option which is vested and outstanding as of immediately prior to the Acceptance Time that has an exercise price per Share that is less than the Offer Price will be converted into the right to receive a cash payment, without interest, from Parent at the Acceptance Time (less applicable withholdings) equal to the product of (i) the excess of the Offer Price over the applicable per Share exercise price of such Option multiplied by (ii) the number of vested Shares subject to such Option.

Each Option that has not vested as of the Acceptance Time or has an exercise price per Share that is equal to or greater than the Offer Price will be cancelled for no consideration. However, with respect to certain unvested Options specifically identified on the disclosure schedules to the Purchase Agreement which have a vesting acceleration provision that can be triggered following the Acceptance Time upon a qualifying event or termination of employment and an exercise price per Share that is less than the Offer Price, then upon the satisfaction of all of the conditions otherwise necessary for such vesting acceleration, Parent will, within 30 days after the date of the qualifying event or termination triggering the vesting acceleration, provide the holder of such Option with a payment (less applicable withholdings) equal to the product of (i) the excess of the Offer Price over the applicable per Share exercise price of such Option multiplied by (ii) the number of Shares subject to such Option that would have vested had the Option been outstanding on the date of the event triggering the vesting acceleration right with respect to such Option.

Acceleration of Gary Kovacs' Options

The terms of Mr. Kovacs' Options provide that 50% of the unvested Shares subject to his Options will vest immediately prior to the Acceptance Time. However, Mr. Kovacs' Options will be cancelled for no consideration in connection with the Offer because the Offer Price is less than the per share exercise price of his Options.

Acceleration of Mr. Esser and Mr. Dunne's Options

At a meeting held on June 24, 2016, the Supervisory Board approved that 6,250 unvested Options held by Mr. Esser and 10,000 Options held by Mr. Dunne will vest immediately prior to the Acceptance Time. However, Mr. Esser's options will be cancelled for no consideration in connection with the Offer because the Offer Price is less than the per share exercise price of his Options.

About This Summary

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The table below sets forth information regarding the Options held by members of the Boards (including former member of the Management Board, Mr. Little) as of July 25, 2016 and the maximum aggregate amount of

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Offer Price that each of these individuals could be entitled to receive in connection with the Offer. The amounts set forth in the table are estimates based on multiple assumptions that may or may not actually occur, including assumptions described in this Schedule 14D-9. As a result, the actual amounts that a Supervisory Board or Management Board member will receive may materially differ from the amounts set forth in the table.

Name of Holder	Grant Date	Per Share Exercise Price	Unvested Options (as of July 25, 2016)	Vested Options (as of July 25, 2016)	Total Options	Maximum Aggregate Offer Price
Supervisory Board Members						
Dale L. Fuller	4/1/2012	\$ 14.93		29,000	29,000	\$ 292,030
	2/7/2012	\$ 16.00		135,000	135,000	\$ 1,215,000
	6/19/2013	\$ 18.46		159,721	159,721	\$ 1,044,575
Gabriel Eichler						
Ronan Dunne	5/9/2014	\$ 19.00	10,000(1)	10,000	20,000	\$ 120,000
Frank Esser	9/24/2013	\$ 25.72	6,250(1)	13,750	20,000	\$ 0(2)
Ann Jan G. Haars	8/1/2011	\$ 22.00		20,000	20,000	\$ 60,000
Jonathan W. Meeks						
Colin Tenwick	1/10/2012	\$ 23.50		20,000	20,000	\$ 30,000
Management Board Members						
Gary Kovacs	9/24/2013	\$ 25.72	100,000(3)	300,000	400,000	\$ 0(2)
Jeffrey Ross						
John Little (Former CFO)	2/7/2012	\$ 16.00		3,998	3,998	\$ 35,982
	5/9/2014	\$ 19.00	10,938(4)	3,125	14,063	\$ 18,750

- (1) These unvested Options will vest immediately prior to the Acceptance Time.
- (2) These Options are being cancelled for no consideration because the Offer Price is less than the per share exercise price.
- (3) 50% of the unvested Options held by Mr. Kovacs will vest immediately prior to the Acceptance Time.
- (4) Any unvested Options held by Mr. Little will be cancelled for no consideration at the Acceptance Time.

Performance Stock Units and Restricted Stock Units

The Purchase Agreement provides that at the Acceptance Time, each PSU or RSU, which is vested and outstanding as of immediately prior to the Acceptance Time, will automatically be cancelled and converted into the right to receive an amount in cash from Parent at the Acceptance Time (less applicable withholdings) equal to the product of (i) the Offer Price multiplied by (ii) the number of Shares subject to such vested PSU or RSU.

Any PSU or RSU which is unvested as of the Acceptance Time will be cancelled for no consideration. However, with respect to certain PSUs or RSUs specifically identified on the disclosure schedules to the Purchase Agreement which have a vesting acceleration provision that can be triggered following the Acceptance Time upon a qualifying event or termination of employment, then upon the satisfaction of all of the conditions otherwise necessary for such vesting acceleration, Parent will, within 30 days after the date of the qualifying event or termination triggering the vesting acceleration, provide the holder of such PSU or RSU with a payment (less applicable withholdings) equal to the product of (i) the Offer Price multiplied by (ii) the number of Shares subject to such PSU or RSU that would have

vested had the PSU or RSU been outstanding on the date of the event triggering the vesting acceleration right with respect to such PSU or RSU.

Acceleration of Gary Kovacs' PSUs and RSUs

Pursuant to the terms of Mr. Kovacs' PSUs and RSUs that were granted in 2013 and 2016, 50% of the unvested Shares subject to such PSUs and RSUs will vest immediately prior to the Acceptance Time, provided

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Mr. Kovacs is employed by AVG or a subsidiary on the date of Closing, and if Mr. Kovacs remains employed by AVG or a subsidiary 12 months following the Closing, all of his remaining PSUs and RSUs would have vested on such 12-month anniversary date. In addition, pursuant to the terms of Mr. Kovacs' PSUs and RSUs, if Mr. Kovacs incurs a termination without Cause or resigns for Good Reason (in each case, as defined in Mr. Kovacs' employment agreement with AVG) in connection with or during the 12-month period following the Closing, then all of his unvested PSUs and RSUs would have vested on the date of such qualifying termination. Because Mr. Kovacs' unvested PSUs and RSUs are being terminated in connection with the Offer, if Mr. Kovacs remains employed 12 months following the Closing or, alternatively, experiences a qualifying termination of employment following the Closing, Mr. Kovacs will instead receive a cash payment equal to the product of (i) the Offer Price multiplied by (ii) the number of PSUs or RSUs that would have vested if not forfeited.

Pursuant to the terms of Mr. Kovacs' PSUs which were granted in 2015, 50% of the unvested Shares subject to such PSUs will vest immediately prior to the Acceptance Time, provided Mr. Kovacs is employed by AVG or a subsidiary on the date of Closing and the Offer results in (i) the elimination of his position as Chief Executive Officer, (ii) there being no position equivalent to the Chief Executive Officer, or (iii) his demotion from, or a material reduction in his duties, responsibilities or authority in, the position of Chief Executive Officer (each, a **Kovacs Adverse Employment Change**). In addition, if Mr. Kovacs experiences a Kovacs Adverse Employment Change and remains employed by AVG or a subsidiary 12 months following the Closing, all of his remaining unvested PSUs would have vested on such 12-month anniversary date. Additionally, pursuant to the terms of Mr. Kovacs' PSUs, if Mr. Kovacs incurs a termination without Cause or resigns for Good Reason (in each case, as defined in Mr. Kovacs' employment agreement with AVG) in connection with or during the 12-month period following the Closing, then all of his unvested PSUs would have vested on the date of such qualifying termination. Because Mr. Kovacs' unvested PSUs are being terminated in connection with the Offer, if Mr. Kovacs remains employed 12 months following the Closing or, alternatively, experiences a qualifying termination of employment following the Closing, Mr. Kovacs will instead receive a cash payment equal to the product of (i) the Offer Price multiplied by (ii) the number of PSUs that would have vested if not forfeited.

Acceleration of Jeffrey Ross' PSUs

Pursuant to the terms of Mr. Ross' PSUs, 50% of the unvested Shares subject to such PSUs will vest immediately prior to the Acceptance Time in the event that the Offer closes at least six months after his employment start date of April 1, 2016, Mr. Ross is employed by AVG or a subsidiary on the date of Closing, and the Offer results in (i) the elimination of his position as Chief Financial Officer, (ii) there being no position equivalent to the Chief Financial Officer position, or (iii) his demotion from, or a material reduction in his duties, responsibilities or authority in, the position of Chief Financial Officer (each, a **Ross Adverse Employment Change**). In addition, if Mr. Ross experiences a Ross Adverse Employment Change and Mr. Ross remains employed by AVG or a subsidiary 12 months following the Closing, all of his remaining unvested PSUs would have vested on such 12-month anniversary date. Additionally, pursuant to the terms of Mr. Ross' PSUs, if the Offer closes at least six months after April 1, 2016 and Mr. Ross incurs a termination without Cause or resigns for Good Reason (in each case, as defined in Mr. Ross' employment agreement with AVG) in connection with or during the 12-month period following the Closing, then all of his unvested PSUs would have vested immediately. Because Mr. Ross' unvested PSUs are being terminated in connection with the Offer, if the Offer closes at least six months after his employment start date of April 1, 2016 and Mr. Ross remains employed 12 months following the Closing or, alternatively, experiences a qualifying termination of employment following the Closing, Mr. Ross will instead receive a cash payment equal to the product of (i) the Offer Price multiplied by (ii) the number of PSUs that would have vested if not forfeited. For purposes of clarity, Mr. Ross will not be entitled to any acceleration of his PSUs or Offer Price for his unvested PSUs if the Offer closes before October 1, 2016.

Acceleration of John Little's RSUs

Pursuant to the terms of Mr. Little's RSUs that were granted on May 14, 2014, 50% of the unvested Shares subject to such RSUs will vest immediately prior to the Acceptance Time, provided Mr. Little is employed by

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AVG or a subsidiary on the date of Closing and the Offer results in (i) the elimination of his position as Executive Advisor, (ii) there being no position equivalent to the Executive Advisor, or (iii) his demotion from, or a material reduction in his duties, responsibilities or authority in, the position of Executive Advisor (each, a **Little Adverse Employment Change**). In addition, if Mr. Little experiences a Little Adverse Employment Change and remains employed by AVG or a subsidiary 12 months following the Closing, all of his remaining unvested RSUs would have vested on such 12-month anniversary date. Additionally, pursuant to the terms of Mr. Little's RSUs, if Mr. Little incurs a termination without Cause or resigns for Good Reason (in each case, as defined in Mr. Little's employment agreement with AVG) in connection with or during the 12-month period following the Closing, then all of his unvested RSUs would have vested on the date of such qualifying termination. Because Mr. Little's unvested RSUs are being terminated in connection with the Offer, if Mr. Little remains employed 12 months following the Closing or, alternatively, experiences a qualifying termination of employment following the Closing, Mr. Little will instead receive a cash payment equal to the product of (i) the Offer Price multiplied by (ii) the number of RSUs that would have vested if not forfeited.

About This Summary

The table below sets forth information regarding the PSUs and RSUs held by the members of AVG's Management Board (including Mr. Little) as of July 25, 2016 and the maximum amount of Offer Price that each of these individuals could be entitled in connection with the Offer. The members of AVG's Supervisory Board do not hold any PSUs or RSUs. The amounts set forth in the table are estimates based on multiple assumptions that may or may not actually occur, including assumptions described in this Schedule 14D-9 and in the footnotes to the table. As a result, the actual amounts that a Management Board member will receive may materially differ from the amounts set forth in the table.

Name of Holder	Grant Date	Type of Award	Outstanding Shares Underlying RSUs/PSUs (as of July 25, 2016)	Maximum Offer Price
<i>Management Board Members</i>				
Gary Kovacs	9/23/2013	RSU	100,000	\$ 2,500,000(1)
	9/23/2013	PSU	100,000	\$ 2,500,000(2)
	4/23/2015	PSU	75,000	\$ 1,875,000(3)
	5/17/2016	PSU	400,000	\$ 10,000,000(3)
Jeffrey Ross	6/9/2016	PSU	125,000	\$ 3,125,000(4)
John Little (Former CFO)	4/22/2013	RSU	25,000	\$ 0(5)
	5/14/2014	RSU	25,000	\$ 625,000(6)
	4/23/2015	PSU	25,000	\$ 0(5)

- (1) Includes \$1,250,000 for RSUs that will vest immediately prior to the Acceptance Time regardless if Mr. Kovacs experiences a Kovacs Adverse Employment Change. Assumes Mr. Kovacs remains employed 12 months following the Closing or, alternatively, experiences a qualifying termination within 12 months following the Closing.

- (2) Includes \$1,250,000 for PSUs that will vest immediately prior to the Acceptance Time regardless if Mr. Kovacs experiences a Kovacs Adverse Employment Change. Assumes Mr. Kovacs remains employed 12 months following the Closing or, alternatively, experiences a qualifying termination within 12 months following the Closing.
- (3) Assumes (i) Mr. Kovacs experiences a Kovacs Adverse Employment Change and (ii) remains employed 12 months following the Closing or, alternatively, experiences a qualifying termination within 12 months following the Closing.
- (4) Assumes (i) Mr. Ross experiences a Ross Adverse Employment Change, (ii) remains employed 12 months following the Closing or, alternatively, experiences a qualifying termination within 12 months following the Closing, and (iii) the Offer closes at least six months after April 1, 2016.

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- (5) Other than the RSUs granted on May 14, 2014, all of Mr. Little's RSUs and PSUs will be cancelled for no consideration in connection with the Offer.
- (6) Assumes (i) Mr. Little experiences a Little Adverse Employment Change and (ii) remains employed 12 months following the Closing or, alternatively, experiences a qualifying termination within 12 months following the Closing.

Agreements with Non-Executive Directors and Executive Officers

Remuneration Policies

The remuneration of the members of AVG's Boards is discussed in AVG's 2015 Remuneration Report which is included as Exhibit 99.1 on Form 6-K, as furnished to the SEC on April 25, 2016 (the **2015 Remuneration Report**), which is incorporated in this Schedule 14D-9 by reference and filed as Exhibit (e)(6) to this Schedule 14D-9. Any information contained in the pages from the 2015 Remuneration Report that is incorporated by reference into this Item 3 will be deemed modified or superseded for purposes of this Schedule 14D-9 to the extent that any information herein modifies or supersedes such information.

Employment Contracts

The following is a summary of the employment agreements with our current Management Board members as of the date of this Schedule 14D-9 and a summary of Mr. Little's settlement agreement with AVG, which sets forth the terms of his separation of service from AVG.

Gary Kovacs Employment Agreement

AVG entered into an employment agreement with Mr. Kovacs, AVG's Chief Executive Officer, on July 11, 2013, as amended on April 1, 2016 (the **Kovacs Employment Agreement**).

Pursuant to the Kovacs Employment Agreement, if Mr. Kovacs' employment is terminated other than for Cause Mr. Kovacs resigns for Good Reason (in each case, as defined in the Kovacs Employment Agreement), Mr. Kovacs will be entitled to the following severance benefits, subject to his signing an irrevocable release of claims and agreeing not to compete with AVG while receiving such severance benefits: (i) an amount equal to 12 months of his base salary and (ii) the amount of any performance bonus earned in respect of the calendar year preceding the year of termination, in each case, payable in substantially equal installments in accordance with AVG's normal payroll practices commencing on the first regular payroll date on or after the 60th day following his date of termination.

Jeffrey Ross Employment Agreement

Mr. Ross was nominated by the Supervisory Board for appointment by the General Meeting of shareholders of AVG to the position of Chief Financial Officer, commencing on April 1, 2016. AVG entered into an employment agreement with Mr. Ross on March 23, 2016 (the **Ross Employment Agreement**).

Pursuant to the Ross Employment Agreement, if Mr. Ross' employment is terminated other than for Cause or Mr. Ross resigns for Good Reason (in each case, as defined in the Ross Employment Agreement), Mr. Ross will be entitled to the following severance benefits, subject to his signing an irrevocable release of claims and agreeing not to compete with AVG while receiving such severance benefits: (i) if such termination occurs on or prior to the first anniversary of his start date, an amount equal to 12 months of his base salary, payable in substantially equal installments in accordance with AVG's normal payroll practices commencing on the first regular payroll date on or after the 60 day following his date of termination or (ii) if such termination occurs after the first anniversary of his start date, a cash

amount equal to the sum of (a) 12 months of his base salary and (b) the amount of any performance bonus earned in respect of the calendar year preceding the year of termination (annualized for 2016), payable in accordance with the payment schedule described in (i).

Table of Contents**John Little's Settlement Agreement**

As discussed above, Mr. Little is our former Chief Financial Officer and currently serves as an executive advisor to AVG. AVG entered into a Settlement Agreement with Mr. Little on June 16, 2016 (the **Little Settlement Agreement**), which establishes that Mr. Little's employment termination date will be the earliest to occur of (a) December 31, 2016 or (b) the resignation date indicated by Mr. Little in his sole discretion, provided such date is after September 1, 2016 (the **Termination Date**), without any compensation becoming due under any prior agreements.

Pursuant to the Little Settlement Agreement, upon the Termination Date, Mr. Little will be entitled to a severance payment of \$228,687 (which represents the conversion from EUR to USD using an exchange ratio of 1 to 1.09938, as of July 25, 2016), payable in two portions: (i) 50% will be paid within 30 days after the Termination Date and (ii) 50% will be paid within 30 days of the expiration of the non-compete obligations provided for in the Little Settlement Agreement, which will expire six months after the Termination Date.

In addition, Mr. Little remains eligible to earn his annual bonus for the 2016 fiscal year, as calculated in accordance with the existing terms of AVG's general bonus plan for employees, and may be entitled to receive a special performance bonus in the amount of \$100,000, subject to his achieving certain targets.

Additionally, under the Little Settlement Agreement, Mr. Little is entitled to Company contributions up to a maximum of EUR 2,500, for costs of legal assistance, which includes any value added tax and office costs. AVG will also pay any costs of legal assistance in excess of EUR 2,500, provided such excess costs plus any value added tax will be deducted from Mr. Little's severance payment.

Until the Termination Date, Mr. Little continues to be entitled to his current salary and other fixed salary components. In the event that the Termination Date occurs between September 1, 2016 and December 31, 2016, Mr. Little will continue to receive a monthly payment for each full month between such Termination Date and December 31, 2016 equal to his current fixed monthly salary and other fixed salary components.

Mr. Little's Settlement Agreement did not provide for any additional accelerated vesting of any of his equity awards.

About This Summary

The table below sets forth information regarding the severance benefits owed to the Management Board members assuming a qualifying termination occurred as of July 25, 2016, except for Mr. Little whose calculation assumes a qualifying termination occurred as of September 2, 2016. The amounts set forth in the table are estimates based on multiple assumptions that may or may not actually occur, including assumptions described in this Schedule 14D-9 and in the footnotes to the table. As a result, the actual amounts, if any that such Management Board member receives may materially differ from the amounts set forth in the table.

Name of Management Board Member	Severance Payments	Severance Payments (Prior Year Bonus (2))	Annual Bonus Amount	Special Performance Bonus (3)	Legal Fees (4)	Total
	(Salary Continuation)					
Gary Kovacs	\$ 627,000	\$ 554,400				\$ 1,181,400
Jeffrey Ross	\$ 390,000					\$ 390,000

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John Little (former CFO)	\$ 318,319(1)	\$ 181,200	\$ 100,000	\$ 2,749	\$ 602,288
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- (1) Represents the estimated severance payment to Mr. Little assuming he terminates employment on September 2, 2016, which includes \$228,687 (based on the average monthly compensation for the 12-month period immediately prior to the assumed termination date of September 2, 2016, but subject to adjustment based on the actual date of termination) and \$89,632 (based on continued monthly compensation until

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- December 31, 2016, assuming a termination date of September 2, 2016). Each number in the preceding sentence represents the conversion from EUR to USD using an exchange ratio of 1 to 1.09938, as of July 25, 2016.
- (2) Mr. Ross would not be entitled to a prior year bonus if he is terminated on July 25, 2016 as Mr. Ross began his employment with AVG in 2016 and did not earn any bonus in the prior year.
 - (3) The Little Settlement Agreement provides that Mr. Little will be entitled to a special performance bonus equivalent to \$100,000, subject to delivering the agreed targets. This amount assumes such targets are achieved.
 - (4) The Little Settlement Agreement provides that AVG will reimburse Mr. Little for his legal fees up to a maximum of EUR 2,500. This amount assumes Mr. Little incurs the maximum costs for legal assistance and represents the conversion from EUR to USD using an exchange ratio of 1 to 1.09938, as of July 25, 2016.

The foregoing summaries are qualified in their entirety by reference to the individual agreements, copies of which are attached hereto as Exhibits (e)(8) through (e)(21) and are incorporated by reference.

Additional Supervisory Board Remuneration

At a meeting held on June 24, 2016, the Supervisory Board approved that all Supervisory Board members will each receive \$3,000 as additional remuneration for each day worked beyond 30 days in 2016 and the standard full annual fee for calendar year 2016 in accordance with the terms of the Supervisory Board's remuneration policy.

Existing Bonus Plan for Employees

The Company will continue to honor its obligations in connection with the Company's existing general bonus plan for AVG employees, which is based on revenue, earnings and business targets, as approved by the Supervisory Board for 2016.

Continuing Employee Benefits

For a period commencing on the Closing Date and ending on the first anniversary of the Closing (or, such shorter period of employment, as the case may be), each employee who remains employed by Parent, Purchaser or any of their respective subsidiaries (each, a **Continuing Employee**) will receive from Parent or Purchaser compensation (including, base salary and annual bonus opportunity) that is substantially comparable in the aggregate as to what such Continuing Employee was entitled to immediately prior to the Closing Date and benefits (including, but not limited to, non-qualified benefits but excluding equity awards) that are substantially comparable in the aggregate to either those benefits (including non-qualified benefits but excluding equity awards) that are generally made available as of the date of the Purchase Agreement by AVG to such employees or by Parent to similarly situated employees of Parent, as determined by Parent in its sole discretion.

As of the Closing and solely with respect to Continuing Employees, should Parent elect to transition a Continuing Employee from one of AVG's welfare plans to a welfare plan of Parent or Purchaser, Parent will cause Purchaser, and any of their respective subsidiaries or any of their respective third party insurance providers or third party administrators to use commercially reasonable efforts to waive all limitations as to any pre-existing condition or waiting periods in its applicable welfare plans with respect to participation and coverage requirements and to credit such Continuing Employee for any copayments, deductibles, offsets or similar payments made under an AVG welfare plan during the plan year that includes the Closing for purposes of satisfying any applicable copayment, deductible, offset or similar requirements under the comparable plans of Parent, Purchaser or any of their respective subsidiaries. As of the Acceptance Time, Parent will, or will cause Purchaser or any applicable subsidiary to, credit to Continuing Employees the amount of vacation time that such employees had accrued under any applicable AVG welfare plan as of the Acceptance Time, in each case, insofar as not prohibited by applicable law. In addition, as of the Closing, Parent will cause Purchaser and any applicable

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subsidiary to use commercially reasonable efforts to, give Continuing Employees full credit for purposes of eligibility, vesting, participation in and solely for vacation and severance plans, determination of the level of benefits under any employee benefit plans or arrangements (other than with respect to defined benefit plans, retiree medical plans or frozen benefit plans) maintained by Parent, Purchaser or an applicable subsidiary that such Continuing Employees may be eligible to participate in after the Closing to the same extent that such service was credited for purposes of any comparable AVG plan immediately prior to the Closing.

The specific metrics to achieve a bonus under bonus plans for the benefit of the Continuing Employees will be established by Parent or Purchaser, subject to consultation with the Independent Directors, if any. In addition, the Continuing Employees will be provided severance benefits, in the event of termination, that are substantially comparable in the aggregate to those benefits that are generally made available by Parent to similarly situated employees of Parent.

Parent intends to give fair opportunities to the management, staff and employees of both Parent and AVG to hold positions with Parent and its subsidiaries (including, following the Acceptance Time, AVG and its subsidiaries) where reasonably possible taking into account a process aimed to select the best person for the job.

Supervisory Board and Management Board Indemnification and Insurance

Under AVG's articles of association, AVG has broad powers to indemnify its Supervisory Board members and Management Board members against liabilities they may incur in such capacities, including liabilities under the Securities Act of 1933, as amended.

Pursuant to the terms of the Purchase Agreement, for six years after the Closing, Parent will cause AVG and its subsidiaries to indemnify and hold harmless the present and former members of the Supervisory Board and the Management Board of AVG and its subsidiaries (each, an **Indemnified Person**) in respect of acts or omissions occurring at or prior to the Closing and in connection with the Asset Sale and the Liquidation Distribution (and resulting liquidation) to the fullest extent permitted by applicable law or provided under AVG's organizational documents in effect on the date of the Purchase Agreement. In the event that any Indemnified Person is made party to any action arising out of or relating to matters that would be indemnifiable as described in the immediately preceding sentence, Purchaser and AVG will advance fees, costs and expenses (including reasonable attorney's fees and disbursements) as incurred by such Indemnified Person in connection with and prior to the final disposition of such action, subject to the execution by such Indemnified Person of appropriate undertakings to repay such advanced fees, costs and expenses if it is ultimately determined that such Indemnified Person is not entitled to indemnification.

For a period of six years following the Closing, Parent will cause AVG and its subsidiaries to honor and fulfill in all respects the obligations of AVG and its subsidiaries under any and all indemnification agreements in effect immediately prior to the Closing between AVG or any of its subsidiaries and any Indemnified Person. In addition, for a period of six years following the Closing, Parent will cause AVG and its subsidiaries to cause the certificate of incorporation and bylaws (and other similar organizational documents) of AVG and each of its subsidiaries to contain provisions with respect to exculpation of liability of all Indemnified Persons, indemnification of all Indemnified Persons and advancement of fees, costs and expenses that are no less advantageous in the aggregate to the intended beneficiaries than the corresponding provisions contained in the certificate of incorporation and bylaws (or other similar organizational documents) of AVG and its subsidiaries. To the maximum extent permitted by applicable law, such indemnification and exculpation will be mandatory rather than permissive.

For a period of six years following the Closing, AVG will maintain in effect the current policies (whether through purchase of a tail policy or otherwise) of directors' and officers' and fiduciary liability insurance (**D&O Insurance**)

maintained by AVG, in respect of acts or omissions occurring at or prior to the Closing, covering each person covered by the D&O Insurance immediately prior to the Closing, on terms with respect to

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the coverage and amounts no less favorable in the aggregate than those of the D&O Insurance in effect on the date of the Purchase Agreement; provided, that Parent or AVG may substitute therefor policies of at least the same coverage and amounts containing terms and conditions which are no less advantageous in the aggregate to former officers and directors of AVG; and provided, further, that if the aggregate annual premiums for such policies at any time during such period will exceed 300% of the per year premium rate paid by AVG and its subsidiaries as of the date of the Purchase Agreement for such policies, then Parent and AVG will only be required to provide such coverage as will then be available at an annual premium equal to 300% of such rate.

If Purchaser, AVG or any of their respective successors or assigns (i) will consolidate with, or merge with or into, any other person and will not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) will transfer all or substantially all of its properties or assets to any person, then, in each case, Parent will take such action as may be necessary so that such person will assume all such obligations.

AVG has also entered into indemnification agreements (collectively, the **Indemnification Agreements**) with the members of the Boards (the **Board Indemnitees**). The Indemnification Agreements relate to indemnification and expense reimbursement for actual, threatened, pending or completed actions, suits, arbitrations, alternate dispute resolution mechanisms, investigations, inquiries, administrative hearings and other actual, threatened, pending or completed proceedings, in which the Board Indemnitee was, is or will be involved as a party or otherwise, by reason of the fact that the Board Indemnitee is or was a member of a Board, by reason of any action taken by him or of any inaction on his part while acting as a member of a Board, or by reason of the fact that he is or was serving at the request of AVG as a managing director, supervisory director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise (**Proceedings**).

Among other things, the Indemnification Agreements require AVG, in the case of Proceedings other than Proceedings by or in the right of AVG, to indemnify Board Indemnitees against all expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him, or on his behalf, in connection with a Proceeding, if the Board Indemnitee acted in good faith and in a manner the Board Indemnitee reasonably believed to be in or not opposed to the best interests of AVG, and with respect to a criminal Proceeding, had no reasonable cause to believe the Board Indemnitee's conduct was unlawful.

If a Board Indemnitee is a party to a Proceeding brought by or in the right of AVG, the Board Indemnitee will be indemnified against all expenses actually and reasonably incurred by him, or on his behalf, in connection with such Proceeding if the Board Indemnitee acted in good faith and in a manner the Board Indemnitee reasonably believed to be in or not opposed to the best interests of AVG. Further, if applicable law so provides, no indemnification will be provided for expenses made in respect of any claim, issue or matter in such Proceeding as to which the Board Indemnitee was found liable to AVG, unless and to the extent that the appropriate court of The Netherlands shall determine that such indemnification may be made.

If a Board Indemnitee is not wholly successful in the Proceedings, AVG will indemnify the Board Indemnitee against all expenses actually and reasonably incurred in connection with each successfully resolved claim, issue or matter.

Notwithstanding any provision of the Indemnification Agreement, AVG is not obligated to make any payment to a Board Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in the Indemnification Agreements) to be unlawful.

The Indemnification Agreements terminate upon the later of (a) 10 years after the date that the Board Indemnitee has ceased to serve as a member of a Board, (b) one year after the final termination of any Proceeding, including any appeal, then pending in respect of which the Board Indemnitee is granted rights of indemnification or advancement

under the Indemnification Agreement and of any proceeding commenced by the Board Indemnitee pursuant to the Indemnification Agreement relating thereto or (c) if AVG declares bankruptcy,

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three years after the date on which AVG is declared bankrupt. AVG shall require and cause any successor to all or a substantial part of the business and/or assets of the Company to assume and agree to perform under the Indemnification Agreements to the same extent AVG would be required to perform if no such succession had taken place.

The foregoing description of the Indemnification Agreements does not purport to be complete and is qualified in its entirety by the full text of the Form of Director Indemnification Agreement, which is included as Exhibit 10.3 to the Form F-1 furnished to the SEC on January 13, 2016 and incorporated herein by reference.

(b) Arrangements between the Company and Parent, Purchaser or their Affiliates

Certain funds affiliated with TA Associates and CVP II, Inc., which held approximately 13.1% and 2.8%, respectively, of the issued and outstanding shares of AVG as of July 25, 2016, have entered into Tender Agreements (as defined below) with Parent and Purchaser, pursuant to which they have agreed to tender all of their beneficially owned Shares into the Offer, which are described below in *Item 4. The Solicitation or Recommendation (c) Intent to Tender*.

Purchase Agreement

On July 6, 2016, the Company, Parent and Purchaser entered into the Purchase Agreement. The summary of the material provisions of the Purchase Agreement contained in *Section 11 The Purchase Agreement; Other Agreements* of the Offer to Purchase and the description of the Conditions of the Offer contained in *Section 15 Certain Conditions of the Offer* of the Offer to Purchase are incorporated herein by reference. Such summary and description are qualified in their entirety by reference to the Purchase Agreement, which is filed as E