Mobile life, smart connections

Notice of Annual General Meeting
28 April 2016
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your independent financial adviser immediately. If you have sold or otherwise transferred all your shares in Dialog Semiconductor Plc, please forward this document and the accompanying document(s) to the purchaser, transferee, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.
NOTICE IS HEREBY GIVEN that the Annual General Meeting (AGM) of Dialog Semiconductor Plc (the Company or Dialog) will be held at Reynolds Porter Chamberlain LLP, Tower Bridge House, St Katharine's Way, London E1W 1AA on 28 April 2016 at 9am BST (10am CEST) for the purpose of transacting the following business:

To consider and, if thought fit, to pass the following Resolutions of which Resolutions 1 to 13 (inclusive) will be proposed as ordinary resolutions and Resolutions 14 to 18 will be proposed as special resolutions:

**RESOLUTION 1 - Receipt of the Company’s Report and Accounts**

THAT the Annual Report and Accounts for the financial year ended 31 December 2015 be and are hereby received.

**RESOLUTION 2 - Approval of Directors’ Remuneration Policy**

THAT the Directors’ Remuneration Policy, set out at pages 76 to 81 of the Annual Report and Accounts for the financial year ended 31 December 2015, be and is hereby approved.

**RESOLUTION 3 - Approval of Directors’ Remuneration Report (excluding the Directors’ Remuneration Policy)**

THAT the Directors’ Remuneration Report (excluding the Directors’ Remuneration Policy referred to in Resolution 2), set out at pages 67 to 75 of the Annual Report and Accounts for the financial year ended 31 December 2015, be and is hereby approved.

**RESOLUTION 4 - Re-appointment of Deloitte LLP as Auditors of the Company**

THAT Deloitte LLP be and are hereby re-appointed as Auditors of the Company.

**RESOLUTION 5 - Authority to agree the Auditors’ remuneration**

THAT the Directors be and are hereby authorised to agree the remuneration of the Auditors.

**RESOLUTION 6 - Re-appointment of Jalal Bagherli as a Director of the Company**

THAT Jalal Bagherli be and is hereby re-appointed as a Director of the Company.

**RESOLUTION 7 - Re-appointment of Christopher Burke as a Director of the Company**

THAT Christopher Burke be and is hereby re-appointed as a Director of the Company.

**RESOLUTION 8 - Re-appointment of Aidan Hughes as a Director of the Company**

THAT Aidan Hughes be and is hereby re-appointed as a Director of the Company.

**RESOLUTION 9 - Re-appointment of Russell Shaw as a Director of the Company**

THAT Russell Shaw be and is hereby re-appointed as a Director of the Company.

**RESOLUTION 10 - Amendments to equity scheme rules**

THAT in respect of the following equity schemes of the Company (and any related sub-schemes):

(a) the Dialog Semiconductor Plc Share Option Scheme 1998;

(b) the Dialog Semiconductor Plc HMRC Approved Share Option Plan 2003;

(c) the Dialog Semiconductor Plc Executive Incentive Plan 2010;

(d) the Dialog Semiconductor Plc Employee Share Plan 2013;

(e) the Dialog Semiconductor Plc Deferred Bonus Plan 2013;

(f) the Dialog Semiconductor Plc Long Term Incentive Plan 2015,

the amendments summarised in the explanatory notes for Resolution 10 for the AGM at which this Resolution is proposed be and are hereby approved and that the Directors be and are hereby authorised to do all acts and things which they may consider necessary or desirable to carry such amendments into effect.
RESOLUTION 11 - Remuneration of Non-executive Directors

THAT the aggregate annual fees payable to Non-executive Directors as set out in Article 115 of the Company’s Articles of Association (the Articles) be and is hereby increased to £1,500,000.

RESOLUTION 12 - Directors’ authority to allot shares

THAT the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the Act) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any securities into shares in the Company up to an aggregate nominal amount of £2,595,532 provided that this authority shall (unless previously renewed, varied or revoked) expire at the earlier of 15 months from the date of this Resolution and the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution save that the Company may before such expiry make any offers or agreements which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the Directors may allot shares and grant rights to subscribe for or to convert any securities into shares in the Company pursuant to any such offer or agreement as if the authority conferred by this Resolution had not expired.

RESOLUTION 13 - Additional authority to allot shares in connection with a rights issue

THAT, in addition to Resolution 12, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Act to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the Act) in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

RESOLUTION 14 - Disapplication of pre-emption rights

THAT, subject to and conditional upon Resolution 12 and/or, as the case may be, Resolution 13 being passed, the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolutions 12 and/or 13 (as applicable) as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

(a) in connection with a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders (but in the case of any authority granted under Resolution 13, by way of rights issue only) where the equity securities attributable to the interests of all ordinary shareholders are proportionate (as nearly as practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount of £389,330 and shall (unless previously renewed, varied or revoked) expire at the earlier of 15 months from the date of this Resolution and the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution save that the Company may before such expiry make any offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power conferred by this Resolution had not expired.

RESOLUTION 15 - Authority to enter into contingent forward share purchase contract with Barclays Bank PLC

THAT, in accordance with section 694 of the Act and conditional on the passing of at least one of Resolutions 16 or 17, the terms of a proposed contingent forward share purchase contract to be entered into between the Company and Barclays Bank PLC (Barclays) for the purchase by the Company of up to 7,786,595 ordinary shares of 10 pence each in the capital of the Company (in the form produced to the AGM and initialled by the Chairman for the purpose of identification) (the Barclays Agreement)
be and are hereby approved and the Company be and is hereby authorised to enter into the Barclays Agreement.

The maximum aggregate number of shares which may be purchased under the Barclays Agreement and such other contingent forward share purchase contracts which may be approved pursuant to Resolutions 16 and/or 17 is 7,786,595, representing approximately 10% of the issued ordinary share capital of the Company as at 30 March 2016 (being the last practicable date prior to publication of this Notice of AGM).

The authority conferred by this Resolution to enter into the Barclays Agreement shall (unless previously renewed, varied or revoked) expire on the day which is immediately prior to the next Annual General Meeting of the Company or on 30 June 2017, whichever is the earlier.

**RESOLUTION 16 - Authority to enter into contingent forward share purchase contract with HSBC Bank plc**

THAT, in accordance with section 694 of the Act and conditional on the passing of at least one of Resolutions 15 or 17, the terms of a proposed contingent forward share purchase contract to be entered into between the Company and HSBC Bank plc (HSBC) for the purchase by the Company of up to 7,786,595 ordinary shares of 10 pence each in the capital of the Company (in the form produced to the AGM and initialled by the Chairman for the purpose of identification) (the HSBC Agreement) be and are hereby approved and the Company be and is hereby authorised to enter into the HSBC Agreement.

The maximum aggregate number of shares which may be purchased under the HSBC Agreement and such other contingent forward share purchase contracts which may be approved pursuant to Resolutions 15 and/or 16 is 7,786,595, representing approximately 10% of the issued ordinary share capital of the Company as at 30 March 2016 (being the last practicable date prior to publication of this Notice of AGM).

The authority conferred by this Resolution to enter into the HSBC Agreement shall (unless previously renewed, varied or revoked) expire on the day which is immediately prior to the next Annual General Meeting of the Company or on 30 June 2017, whichever is the earlier.

**RESOLUTION 17 - Authority to enter into contingent forward share purchase contract with Merrill Lynch International**

THAT, in accordance with section 694 of the Act and conditional on the passing of at least one of Resolutions 15 or 16, the terms of a proposed contingent forward share purchase contract to be entered into between the Company and Merrill Lynch International (Merrill Lynch) for the purchase by the Company of up to 7,786,595 ordinary shares of 10 pence each in the capital of the Company (in the form produced to the AGM and initialled by the Chairman for the purpose of identification) (the Merrill Lynch Agreement) be and are hereby approved and the Company be and is hereby authorised to enter into the Merrill Lynch Agreement.

The maximum aggregate number of shares which may be purchased under the Merrill Lynch Agreement and such other contingent forward share purchase contracts which may be approved pursuant to Resolutions 15 and/or 16 is 7,786,595, representing approximately 10% of the issued ordinary share capital of the Company as at 30 March 2016 (being the last practicable date prior to publication of this Notice of AGM).

The authority conferred by this Resolution to enter into the Merrill Lynch Agreement shall (unless previously renewed, varied or revoked) expire on the day which is immediately prior to the next Annual General Meeting of the Company or on 30 June 2017, whichever is the earlier.

**RESOLUTION 18 - Notice period for general meetings**

THAT a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days’ notice.

By order of the Board

Tim Anderson
Company Secretary
Dialog Semiconductor Plc
Tower Bridge House
St Katharine’s Way
London E1W 1AA

1 April 2016

Registered in England and Wales No. 3505161
Notes to Notice of AGM

1. Documents provided

This notice of the AGM (Notice) is being sent to all members and all CI Holders as defined in the Articles (the CI Holders together with the members, the Shareholders).

A separate letter from the CEO of the Company (the Letter to Shareholders) incorporating further details of how Shareholders may attend and vote at the AGM and important notes for AGM registration, proxy appointment and voting instructions (Important Notes) is available on the Company’s website: http://www.dialog-semiconductor.com -> Investor Relations -> Annual General Meeting and is included with the Notice sent to Shareholders.

2. Entitlement to attend and vote

The Company, pursuant to the Articles, specifies that only those Shareholders entered in the register of members of the Company or the CI Register (as defined in the Articles) (together, the Registers of Members) at 9am BST (10am CEST) on 26 April 2016, or, if this meeting is adjourned, in the appropriate Registers of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the AGM in respect of the number of shares (or, in the case of CI holders, interests in shares) registered in their name at that time. Changes to the entries in the Registers of Members after 9am BST (10am CEST) on 26 April 2016, or, if this meeting is adjourned, in the Registers of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

3. Personal attendance

Shareholders wishing to attend the AGM in person should request an Admission Card by following the procedure described at section 1 (“Request for an Admission Card”) in the reply form attached to the Letter to Shareholders (the Reply Form).

4. Proxies

Shareholders who are unable to attend the AGM may appoint one or more proxies (who need not be a Shareholder) to exercise all or any of their rights to attend, speak and vote at the AGM, provided that each proxy is appointed to exercise the rights attached to a different share/CI or shares/CIs held by his appointer. A Shareholder may only appoint a proxy or proxies by following the procedure described at section 2 (“Appointment of Proxy and Voting Instructions”) in the Reply Form. Your proxy appointment must be received no later than 9am BST (10am CEST) on 26 April 2016. Further details in relation to the appointment of proxies are given in the Reply Form and Important Notes.

5. Questions at the AGM

Under section 319A of the Act, any member attending the AGM has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting unless:

- answering the question would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

6. Number of issued shares and total voting rights

As at 30 March 2016 (being the last practicable date prior to the publication of this Notice) the Company’s issued share capital comprised 77,865,955 ordinary shares of 10p each carrying one vote each and having an aggregate nominal value of £7,786,596. Therefore the total voting rights in the Company as at 30 March 2016 are 77,865,955.

7. Nominated persons

Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a Nominated Person) may have a right, under an agreement between him and the Shareholder by whom he was nominated, to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

The statement of the rights of Shareholders in relation to the appointment of proxies in note 4 to this Notice does not apply to Nominated Persons. The rights described in that note can only be exercised by Shareholders.
8. Corporate representatives

A corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all its powers as a member provided that no more than one corporate representative exercises power over the same share. Any corporate Shareholder who wishes (or who may wish) to appoint more than one corporate representative should contact Martina Zawadzki by email at dialog@art-of-conference.de or by telephone on +49 (0) 711 4709 605.

9. Website giving information regarding the AGM

A copy of this Notice, and the other information required by section 311A of the Act, can be found at http://www.dialog-semiconductor.com -> Investor Relations -> Annual General Meeting.

10. Website publication of audit concerns

Pursuant to Chapter 5 of Part 16 of the Act (sections 527 to 531), where requested by a member or members meeting the qualification criteria set out at note 11 to this Notice, the Company must publish on its website a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company’s accounts (including the Auditor’s Report and the conduct of the audit) that are to be laid before the meeting. Where the Company is required to publish such a statement on its website:

- it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
- it must forward the statement to the Company’s auditors no later than the time the statement is made available on the Company’s website; and
- the statement may be dealt with as part of the business of the meeting.

The request:

- may be in hard copy form or by fax (see note 12 to this Notice);
- must either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported;
- must be authenticated by the person(s) making it; and
- must be received by the Company at least one week before the AGM.

11. Qualification criteria

In order to be able to exercise the members’ right to require the Company to publish audit concerns (see note 10 to this Notice) the relevant request must be made by:

- a member or members having a right to vote at the AGM and holding at least 5% of total voting rights of the Company; or
- at least 100 members having a right to vote at the AGM and holding, on average, at least £100 of paid up share capital in the Company.

The Company wishes to extend these rights to the CI Holders, and all references in notes 10 to 12 to this Notice to a member or members should therefore be construed accordingly.

For information on voting rights, including the total number of voting rights, see note 6 to this Notice and the website referred to in note 9 to this Notice.

12. Submission of requests and authentication requirements

Where one or more members wish to request the Company to publish audit concerns (see note 10 to this Notice) such request must be made in accordance with one of the following ways:

- a hard copy request which is signed by the relevant member(s), states their full name(s) and address(es) and is sent to Dialog Semiconductor Plc c/o Art-of-Conference - Martina Zawadzki, Böblinger Str. 26, 70178 Stuttgart, Germany; or
- a request which is signed by the relevant member(s), states their full name(s) and address(es) and is sent to fax number +49 (0) 711 4709-713 marked for the attention of Martina Zawadzki.

13. Documents available for inspection

Copies of the Executive Director’s service contract, Non-executive Directors’ letters of appointment, the rules of the equity schemes referred to in Resolution 10 and each of the contingent forward share purchase contracts referred to in Resolutions 15, 16 and 17 will be available for inspection during normal business hours at the Company’s registered office from the date of this Notice (or, in the case of the contingent forward share purchase contracts referred to in Resolutions 15, 16 and 17, from no later than 14 April
2016) until the AGM’s conclusion and will also be available for inspection at the AGM venue immediately prior to and during the AGM itself.

14. Communication

Except as provided above, Shareholders who have general queries about the AGM should contact Martina Zawadzki by email at dialog@art-of-conference.de. No other methods of communication will be accepted.

You may not use any electronic address provided either:

• in this Notice; or
• in any related documents (including the Letter to Shareholders),

to communicate with the Company for any purposes other than those expressly stated.
Explanatory Notes for Resolutions to be proposed at AGM

Resolutions

Resolutions 1 to 13 (inclusive) are proposed as ordinary resolutions. To pass these Resolutions more than 50% of the votes cast on each Resolution must be in favour. Resolutions 14 to 18 are proposed as special resolutions. To pass a special resolution not less than 75% of the votes cast on the Resolution must be in favour.

Resolution 1 - Receipt of Report and Accounts

The Directors must present the Company's Annual Report and Accounts for the financial year ended 31 December 2015 to the AGM. The Annual Report and Accounts for the financial year ended 31 December 2015 are also available on the Company's website: http://www.dialog-semiconductor.com -> Investor Relations -> Reports & Filings -> Annual Reports. Please note that the Directors do not propose to declare a dividend.

Resolution 2 - Approval of Directors’ Remuneration Policy

Section 439A of the Act requires a separate resolution on the Directors’ Remuneration Policy part of the Directors’ Remuneration Report to be put to Shareholders for approval. This vote is binding, which means that all payments to Directors must be consistent with the approved Policy and cannot be made under the Policy until it has been approved by Shareholders.

The Directors’ Remuneration Policy must be put to Shareholders for approval at least every three years or, in this case, at any time when the Company wants to make changes to the existing Policy or introduce a new Directors’ Remuneration Policy. This Resolution proposes that the existing Directors’ Remuneration Policy adopted on 30 April 2015 is replaced with the proposed new Directors’ Remuneration Policy set out at pages 76 to 81 of the Annual Report and Accounts for the financial year ended 31 December 2015 which is available on the Company’s website: http://www.dialog-semiconductor.com -> Investor Relations -> Reports & Filings -> Annual Reports.

Resolution 3 - Approval of Directors’ Remuneration Report (excluding the Directors’ Remuneration Policy)

In accordance with section 439 of the Act, Shareholders are required to approve a resolution on the Directors’ Remuneration Report (excluding the Directors’ Remuneration Policy referred to in Resolution 2). The vote on Resolution 3 is advisory.

The Directors’ Remuneration Report is set out at pages 67 to 75 of the Annual Report and Accounts for the financial year ended 31 December 2015 which is available on the Company’s website: http://www.dialog-semiconductor.com -> Investor Relations -> Reports & Filings -> Annual Reports.

Resolutions 4 and 5 - Appointment and remuneration of Auditors

As set out in the Company’s Corporate Governance principles, Dialog is committed to putting out the statutory audit to tender every ten years and completed this process in the second financial quarter of 2015. Accordingly, with effect from 10 December 2015, Ernst & Young LLP resigned as auditors of the Company and, in accordance with section 489(3) of the Act, Deloitte LLP were appointed to audit the Company’s consolidated financial statements for the year ended 31 December 2015.

Deloitte LLP are required by section 489(1) of the Act to retire at the AGM and seek re-appointment. The Act also requires Shareholders to determine the manner in which the Auditors are remunerated; Resolution 5 gives authority to the Directors to determine the Auditors’ remuneration.

Resolutions 6, 7, 8 and 9 - Re-appointment of Directors

Pursuant to the Articles one third of the Directors shall retire at each AGM and, in line with best practice, those Non-executive Directors who have been members of the Board for in excess of nine years are subject to annual re-election. Accordingly, Jalal Bagherli and each of Christopher Burke, Aidan Hughes and Russell Shaw are retiring at the AGM and are each offering themselves for re-appointment in accordance with the Articles. Biographical details for each of them are set out below, and a separate Resolution is proposed for each re-appointment.
The Board has confirmed that Christopher Burke who is seeking re-appointment as an Independent Non-executive Director, Aidan Hughes who is seeking re-appointment as an Independent Non-executive Director and Russell Shaw who is seeking re-appointment as an Independent Non-executive Director continue to perform effectively and demonstrate commitment to their roles. Therefore the Board considers that each of Christopher Burke, Aidan Hughes and Russell Shaw should be re-appointed as their wider, current and relevant business experience allows them to contribute effectively to the leadership of the Company.

Jalal Bagherli

Chief Executive Officer

Jalal joined Dialog as CEO and an Executive Board Director in September 2005. He was previously Vice President and General Manager of the Mobile Multimedia business unit for Broadcom Corporation. Prior to that Jalal was the CEO of Alphamosaic, a venture-funded silicon start-up company in Cambridge, focusing on video processing chips for mobile applications. He has extensive experience in the semiconductor industry through his previous professional and executive positions at Sony Semiconductor and Texas Instruments, managing semiconductor product businesses and working with customers in the Far East, Europe and North America.

Jalal has a BSc (Hons) in Electronics Engineering from Essex University, and holds a PhD in Electronics from Kent University, UK

External appointments

Jalal is a Non-executive Director of Lime Microsystems Ltd since 2005 and was the Chairman of the Global Semiconductor Association Europe from 2011 to 2013.

Christopher Burke

Independent Non-executive Director

Chris joined the Board in July 2006. He has a career of 30 years in telecommunications and technology. Post his degree in Computer Science in 1982, he spent 15 years in Nortel Research and Development. He was then Chief Technology Officer (CTO) in Energis Communications (at the time of IPO into the London Stock Exchange), then CTO at Vodafone UK Ltd. Post-Vodafone Chris has made over 20 technology investments from his own investment fund, founded/co-founded a number of start-up companies, and provides a strategy and technology advisory service for some of the biggest technology manufacturers in the industry as well both private and venture investors.

External appointments

Chris serves on the private company boards of Fly Victor, Dialogic, MusicQubed, Premium Credit and Navmii.

Aidan Hughes

Independent Non-executive Director, member of the Audit Committee and member of the Nomination Committee.

Aidan joined the Board in October 2004. He is a Fellow of the Institute of Chartered Accountants in England and Wales and qualified as a chartered accountant with PriceWaterhouse in the 1980s. He has held senior finance roles at Lex Service Plc and Carlton Communications Plc. He was an FTSE 100 Finance Director, having held that position at the Sage Group Plc from 1993 to 2000. From December 2001 to August 2004, he was a Director of Communisis Plc.

External appointments

Aidan is a Non-executive Director and Chair of Audit Committee for Ceres Power Holdings Plc. He is also an investor and adviser to a number of international private technology companies.

Russell Shaw

Independent Non-executive Director

Russ joined the Board in July 2006 and has over 20 years’ senior marketing and brand management experience in the technology, telecoms and financial services sectors. Russ most recently served as the Vice President & General Manager for Skype, with responsibilities for its Mobile Division as well as Europe, the Middle East and Africa. Previously, he was at Telefonica, where he was the Global Director of Innovation. Before joining Telefonica, he was the Innovation Director at O2, which he joined as Marketing Director in 2005. Russ is a past Chairman of the Marketing Group of Great Britain, is senior adviser to Ariadne Capital and Founder and Chairman of Tech London Advocates.
Resolution 10 - Amendment to equity scheme rules

The success of the Company has been built on the effort and contribution of its employees. It is necessary for the Board to have appropriate tools with which to motivate and retain its employees at all levels and align them with Shareholder interests. In order to achieve this aim, and in accordance with the Directors’ Remuneration Policy set out at Resolution 2, the Company is seeking Shareholder approval to amend the terms of the following share schemes (and any related sub-schemes), with the intention of aligning the termination provisions to take account of market practice in respect of the Company’s peer group:

(a) the Dialog Semiconductor Plc Share Option Scheme 1998;
(b) the Dialog Semiconductor Plc HMRC Approved Share Option Plan 2003 (subject to HMRC requirements);
(c) the Dialog Semiconductor Plc Executive Incentive Plan 2010;
(d) the Dialog Semiconductor Plc Employee Share Plan 2013;
(e) the Dialog Semiconductor Plc Deferred Bonus Plan 2013; and
(f) the Dialog Semiconductor Plc Long Term Incentive Plan 2015.

The proposed amendments will have the effects listed below.

Termination provisions not in connection with a change of control

If an award holder is not employed by the Company at the time of vesting, the award will lapse, except in certain circumstances as determined by the Remuneration Committee including death, disability, retirement and any other circumstance as decided by the Remuneration Committee. The portion of any award which vests will be determined by the Remuneration Committee based on a number of factors including performance against targets. Alternatively, the Remuneration Committee may decide that outstanding awards will vest in accordance with the normal vesting schedule. Unless the Board decides otherwise, in all cases the vesting level will be reduced in accordance with time proration. In the case that employment is terminated by the Company without cause or terminated by the award holder for a pre-defined good reason then, if the Remuneration Committee has determined as a matter of remuneration policy or by written agreement with the relevant employee, outstanding awards will vest subject to time proration and performance against targets.

Termination provisions in connection with a change of control

In the event of a change in control of the Company, the normal approach will be for any award to be rolled over into an award in the new entity but with the Remuneration Committee having discretion for time prorated vesting, subject to performance, with the balance rolled over. Performance-based awards, after application of performance test, will roll over into time based awards. Any awards rolled over will ordinarily vest at the normal vesting date. However in the case that employment is terminated by the Company without cause or terminated by the award holder for a pre-defined good reason, in either case in connection with a change in control, then, if the Remuneration Committee has determined as a matter of remuneration policy or by written agreement with the relevant employee, outstanding awards will vest immediately without time proration.

Pre-defined “good reason” shall be at the discretion of the Remuneration Committee but, in accordance with the Remuneration Policy at Resolution 2 in respect of Executive Directors, will include: material salary reduction (other than across-the-board reductions of up to 15%) or any reduction on change of control; company required relocation by 50 miles or more; or material diminution in duties, responsibilities or authority (but a change in reporting line alone does not constitute a good reason).

A copy of each of the scheme’s rules marked with the proposed amendments, will be available for inspection during normal business hours at the Company’s registered office from the date of this Notice until the AGM’s conclusion and will be available for inspection at the AGM venue immediately prior to and during the AGM itself.

Resolution 11 - Remuneration of Non-executive Directors

Non-executive Director fees were last reviewed in 2011. Since that time, the Company has more than doubled in size and there has been an increase in the complexity of the business and Non-executive Director time commitment. In 2015 and 2016, current fee levels were reviewed against market
practice for Dialog’s competitors. The review showed that current fee levels at Dialog were around 55% of the market median levels. In addition, the review showed that Dialog’s practice of paying fees entirely in cash was out of line with market practice. Fees are typically paid in a mix of cash and shares.

The Company therefore wishes to implement a total fee level that is both attractive and retentive for the Chairman and Non-executive Directors and structured to ensure that the interests of the Chairman and Non-executive Directors are closely aligned with the Shareholders taking into account:

- guiding principles that underpin the application of the Company’s remuneration policy and practice;
- total fee levels in comparable semiconductor companies and the wider technology markets where the Company may recruit Non-executive Directors;
- how fee levels are delivered in these markets; and
- the views of Shareholders and other stakeholders.

**Proposed fee structure**

In light of the above guiding principles the Company is proposing the following fee levels for the Chairman and Non-executive Directors which are considered to be competitive levels of remuneration for their services:

<table>
<thead>
<tr>
<th>£000’s</th>
<th>Chairman</th>
<th>Non-executive Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current fee level</td>
<td>110</td>
<td>80</td>
</tr>
<tr>
<td>Proposed fee level</td>
<td>200</td>
<td>145</td>
</tr>
</tbody>
</table>

Of the above, the intention is for 40% to be delivered in cash with 60% in Company equity (net of tax).

No performance or service conditions will attach to the shares. Non-executive Directors will be expected to build towards a shareholding of at least one times the pre-tax equity portion of the annual fee.

To facilitate the above, Shareholders are being asked to approve an increase in the aggregate fee cap set out in Article 115 (please note that Article 115 does not deal with additional committee fees – see below). This cap at £1,500,000 gives the Remuneration Committee some flexibility (£430,000) to increase the number of Non-executive Directors from the current seven to the maximum of nine (the Articles provide for a maximum of 10 directors in total including the Executive Director) and increase fee levels over the coming years, as considered necessary and appropriate, without the need for an annual Shareholder resolution.

The following is proposed by the Remuneration Committee in respect of Committee membership fees. This does not require separate Shareholder approval being in line with the Remuneration Policy set out at Resolution 2 but is set out for information.

* The Non-executive Directors who chair Board Committees will receive an additional fee, as set out below, which is in accordance with market practice and reflects the extra responsibilities of their roles.

<table>
<thead>
<tr>
<th>£000’s</th>
<th>Audit Committee</th>
<th>Remuneration Committee</th>
<th>Nomination Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current fee level</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Proposed fee level</td>
<td>16</td>
<td>12</td>
<td>5</td>
</tr>
</tbody>
</table>

* The Non-executive Directors who are members of Board Committees, but not the Chair, will also receive an additional fee, as set out below, which is in accordance with market practice and reflects the extra responsibilities of their roles.

<table>
<thead>
<tr>
<th>£000’s</th>
<th>Audit Committee</th>
<th>Remuneration Committee</th>
<th>Nomination Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current fee level</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Proposed fee level</td>
<td>8</td>
<td>6</td>
<td>2.5</td>
</tr>
</tbody>
</table>

**Resolution 12 - Directors’ authority to allot shares**

The purpose of Resolution 12 is to renew the Directors’ authority to issue shares until the conclusion of the next Annual General Meeting up to an aggregate nominal value of £2,595,532 equating to 25,955,318 shares.

The nominal amount of relevant securities to which this authority will relate represents approximately one third of the issued share capital of the Company at the date of the AGM.

**Resolution 13 - Additional authority to allot shares in connection with a rights issue**

UK investor guidelines (the Investment Association Share Capital Management Guidelines) make it acceptable to give authority to the Directors to issue up to a further third of the issued share capital (over and above the authority granted under Resolution 12) provided it is only applied on the basis of a rights issue. This authority is also being sought on a fully
diluted basis to reflect the Company’s issued share capital as at the date of the AGM. If any of the additional authority in Resolution 13 is used, all the Directors of the Company wishing to remain in office shall stand for re-election at the next Annual General Meeting of the Company.

Resolution 14 - Disapplication of pre-emption rights

If Directors wish to issue shares they have to abide by the statutory pre-emption rights in the Act. This means that, subject to limited exceptions (including shares allotted under the Company’s share and incentive schemes, which are themselves subject to limits), Directors have to offer any shares they want to issue to existing Shareholders first. Resolution 14 seeks to give the Directors authority to disapply the statutory pre-emption rights where (i) the share issue relates to a pre-emptive issue (in which case all holders of ordinary shares would be made an offer to participate anyway); or (ii) where the allotment is limited to the issue of equity securities having a maximum aggregate nominal value of £389,330 equating to 3,893,298 shares which is equivalent to 5% of the Company’s issued share capital of 77,865,955 shares.

The purpose of the Contingent Forward Share Purchase Contracts is to permit the Company to make off-market purchases of the Company’s ordinary shares as a method of returning surplus cash to Shareholders. Any such purchases will be made out of the Company’s distributable profits. The Directors will only exercise the Company’s rights under the Contingent Forward Share Purchase Contracts if they believe at that time that purchases pursuant to such contracts would be in the best interests of the Shareholders generally and could result in an increase in earnings per ordinary share. The price per share to be paid by the Company to any Broker would be equal to or less than the Average VWAP (as defined below) for the relevant trading period.

The Company may not make market purchases of its shares authorised in accordance with section 701 of the Act because the Frankfurt Stock Exchange (FSE) is not a recognised investment exchange for the purpose of section 693 of the Act.

Therefore, if the Company wishes to make a purchase of its shares it must do so in accordance with the provisions for “off-market” purchases of shares set out in the Act. Under sections 693 and 694 of the Act, the Company is not permitted to make off-market purchases of its shares unless it obtains advance Shareholder approval of the terms of the contract pursuant to which it is to purchase its own shares. Such contract may be (as is proposed here) a contingent purchase contract under which, subject to conditions, the Company may become entitled or obliged to purchase shares.

The Buyback Resolutions, which are proposed as special resolutions, therefore seek the approval of the terms of the Contingent Forward Share Purchase Contracts to be entered into with Barclays, HSBC and Merrill Lynch.

If the Company wishes to exercise its rights to purchase shares pursuant to any of the Contingent Forward Share Purchase Contracts (a Share Purchase Transaction), the Company must give notice in writing (a Transaction Notice) to each of the Brokers, specifying the terms on which the Company is willing to purchase shares for that Share Purchase Transaction, including the minimum and maximum total cost of the shares to be purchased from the Broker by the Company, the earliest and latest dates on which the Broker can as principal purchase interests in the Company’s shares (CIs) on the FSE.

1 Interests in the Company’s shares (CIs) (rather than shares) are traded and settled on the FSE. Although the CIs are generally referred to as shares, in this Explanatory Note the distinction is made between the shares in the capital of the Company and CIs where relevant.
and whether the price per share to be paid by the Company to the Broker will be either:

1. equal to the average of the daily volume weighted average price paid for CIs on the FSE for each day during the agreed trading period (Average VWAP), less a percentage discount (the Percentage Discount); or

2. equal to the Average VWAP less a percentage (the Profit Share Percentage) of the difference between (i) the price that will be paid by the Broker to acquire the CIs, and (ii) Average VWAP.

Upon receipt of the Transaction Notice from the Company, each Broker will provide the Company with the following information in writing in relation to the price (the Price Notice):

- in relation to 1 above, the Percentage Discount the Broker is willing to give; or
- in relation to 2 above, the Profit Share Percentage the Broker is willing to give,

following which the Company will inform the Brokers which Broker has provided a Price Notice on the most favourable pricing terms to the Company (the Preferred Broker).

If two or more Brokers provide a Price Notice on the same terms (each a Tied Broker), such that there is no one Broker who has provided a Price Notice on the most favourable pricing terms to the Company, each Tied Broker will submit a revised Price Notice (each a Revised Price Notice) to the Company. The Tied Broker who submits a Revised Price Notice on the most favourable pricing terms to the Company shall be the Preferred Broker.

In the event that two or more Tied Brokers provide a Revised Price Notice on the same terms, such that there is no one Tied Broker who has provided a Revised Price Notice on the most favourable pricing terms to the Company, the Tied Broker who is first in time to submit a Revised Price Notice shall be the Preferred Broker. The Company and the Preferred Broker will (subject to no termination event occurring under the terms of the Contingent Forward Share Purchase Contract) then proceed with the relevant Share Purchase Transaction as set out below.

Notwithstanding the foregoing, a Broker will not be obliged to provide a Price Notice (or a Revised Price Notice) if it would be unable to perform its obligations in respect of a Share Purchase Transaction without being in breach of applicable law, rule or regulation.

Following the purchase of the relevant number of CIs as principal by the Preferred Broker on the FSE and the transfer of the legal title to the corresponding number of shares to the Preferred Broker from Clearstream Banking AG (the operator of the electronic clearing and settlement system for securities on the FSE which holds legal title to the shares in the capital of the Company traded on the FSE to which holders of CI are beneficially entitled), the Preferred Broker will sell the shares to the Company for a price per share which is equal to or less than Average VWAP for the relevant trading period (and as part of such settlement process, the underlying CIs will be extinguished).

Each Contingent Forward Share Purchase Contract incorporates the provisions of a 2002 Master Agreement in the form published by the International Swaps and Derivatives Association, Inc (as amended by the relevant Contingent Forward Share Purchase Contract and including certain termination events which may apply to a Share Purchase Transaction). In accordance with their terms, each of the Contingent Forward Share Purchase Contracts shall expire on the day which is immediately prior to the next Annual General Meeting of the Company or on 30 June 2017 whichever is the earlier, but without affecting any Share Purchase Transaction which has only been partly completed on such date.

The Company will announce the details of each Share Purchase Transaction in accordance with its ongoing regulatory obligations.

The Company may either cancel any shares it purchases pursuant to the Contingent Forward Share Purchase Contracts or may transfer them into treasury (and may subsequently sell them or transfer them out of treasury in order to satisfy the Company’s share incentive schemes or cancel them).

Although the Company intends to enter into the Contingent Forward Share Purchase Contracts on or about the date of the AGM on 28 April 2016 (assuming the Buyback Resolutions are passed and the relevant Broker has received any outstanding internal approvals required), the authority granted by a Buyback Resolution to enter into a Contingent Forward Share Purchase Contract will expire on the day which is immediately prior to the next Annual General Meeting of the Company or on 30 June 2017 (whichever is the earlier). The Company will continue to be able to purchase shares under any Contingent Forward Share Purchase Contract entered into before the earlier of the day which is immediately prior to the next Annual General Meeting and 30 June 2017 (whichever is the earlier) and under which a Share Purchase Transaction has only been partly completed on such date.
A copy of each of the proposed Contingent Forward Share Purchase Contracts will be available at the AGM on 28 April 2016. Copies will also be available for inspection at the Company’s registered office at RPC, Tower Bridge House, St Katharine’s Way, London E1W 1AA during usual business hours from no later than 14 April 2016 until the date of the AGM and at the AGM itself.

**Resolution 18 - Notice period for general meetings**

The Articles allow the Directors to call general meetings other than Annual General Meetings on 14 clear days’ notice. However, the Companies (Shareholders’ Rights) Regulations 2009 (the Regulations) require that all general meetings be held on 21 days’ notice, unless Shareholders agree to a shorter notice period, and the Company has met the requirements for electronic voting under the Regulations. Resolution 18 seeks to renew the authority granted by Shareholders at last year’s Annual General Meeting which preserved the Company’s ability to call general meetings, other than Annual General Meetings, on 14 clear days’ notice, such authority to be effective until the Company’s next Annual General Meeting, when a similar resolution will be proposed. The Directors confirm that the shorter notice period would not be used as a matter of course for such meeting, but only where flexibility is merited by the business of the meeting and it is thought to be to the advantage of Shareholders as a whole. An electronic voting facility will be made available to all Shareholders for any meeting held on such notice.

Dialog Semiconductor Plc
Tower Bridge House
St Katharine’s Way
London
E1W 1AA
United Kingdom

www.dialog-semiconductor.com