Leading through innovation

Notice of Annual General Meeting
30 April 2015
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 30 April 2015 at 9.00 a.m. BST (10.00 a.m. (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 12 (inclusive) will be proposed as ordinary resolutions and Resolutions 13 and 14 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 2014 be and are hereby received.

RESOLUTION 2 - Approval of Directors’ Remuneration Policy
THAT the Directors’ Remuneration Policy, set out at pages 68 to 74 of the Annual Report and Accounts for the financial year ended 31 December 2014, 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 84 of the Annual Report and Accounts for the financial year ended 31 December 2014, be and is hereby approved.

RESOLUTION 4 - Re-appointment of Ernst & Young LLP as Auditors of the Company
THAT Ernst & Young LLP be and are hereby re-appointed 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 Michael Cannon as a Director of the Company
THAT Michael Cannon be and is hereby re-appointed as a Director of the Company.

RESOLUTION 7 - Re-appointment of Richard Beyer as a Director of the Company
THAT Richard Beyer 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 - Appointment of Alan Campbell as a Director of the Company
THAT Alan Campbell be and is hereby appointed as a Director of the Company.

RESOLUTION 10 - Adoption of the Dialog 2015 Long Term Incentive Plan
THAT the Dialog Semiconductor Plc Long Term Incentive Plan 2015 (LTIP), the principal terms of which are summarised in the Explanatory Notes to the Notice of Annual General Meeting at which this Resolution is proposed, be and is 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 the LTIP into effect.

RESOLUTION 11 - 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:
(a) £2,595,532 in the event that all of the 1 per cent convertible bonds due 2017 issued by the Company (the Bonds) have been converted into shares prior to the passing of this Resolution; or

(b) such lesser amount as is determined by dividing the aggregate nominal amount of shares in the Company in issue as at the date of the passing of this Resolution by 3 and rounding the resulting number up to the nearest whole number,

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 relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if the authority conferred by this Resolution had not expired.

RESOLUTION 13 - Disapplication of pre-emption rights

THAT, subject to and conditional upon Resolution 11 and/or, as the case may be, Resolution 12 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 11 and/or 12 (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 12, 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:

(i) £389,330 in the event that all of the Bonds have been converted into shares prior to the passing of this Resolution; or

(ii) such lesser amount as is determined by dividing the aggregate nominal amount of shares in issue as at the date of the passing of this Resolution by 20 and rounding the resulting number up to the nearest whole number,
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 14 - 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

27 March 2015

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

1. Documents provided

Notice of the Annual General Meeting (Notice) is being sent to all members and all CI Holders (as defined in the Company’s Articles of Association (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 9.00 a.m. BST (10.00 a.m. (CEST)) on 28 April 2015, 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 interests in shares registered in their name at that time. Changes to the entries in the Registers of Members after 9.00 a.m. BST (10.00 a.m. (CEST)) on 28 April 2015, 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 or shares 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 9.00 a.m. BST (10.00 a.m. (CEST)) on 28 April 2015. 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 17 March 2015 (being the last practicable date prior to the publication of this Notice) the Company’s issued share capital comprised 71,068,930 ordinary shares of 10p each carrying one vote each and having an aggregate nominal value of £7,106,893. Therefore the total voting rights in the Company as at 17 March 2015 are 71,068,930.

On 16 March 2015, the Company published a notice of early redemption of the Bonds. As an alternative to the redemption of the Bonds, Bondholders have an option under the terms and conditions of the Bonds to exchange the Bonds for ordinary shares in the Company. If all Bondholders exercise their conversion rights in respect of all outstanding Bonds, the maximum number of new ordinary shares that would be issued would be 6,797,039 and the total issued share capital of the Company would be 77,865,969 ordinary shares carrying one vote each.

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, Böbling 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 Director’s letters of appointment and the LTIP 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 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 of Annual General Meeting; or
• in any related documents (including the Letter to Shareholders),

...
Explanatory Notes for Resolutions to be proposed at AGM

Resolutions

Resolutions 1 to 12 (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 13 and 14 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 2014 to the AGM. The Annual Report and Accounts for the financial year ended 31 December 2014 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 at any time when the Company wants to make changes to the existing Policy or introduce a new Directors’ Remuneration Policy. Please see the proposed new Directors’ Remuneration Policy set out at pages 68 to 74 of the Annual Report and Accounts for the financial year ended 31 December 2014 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 and in respect of the overall Directors’ remuneration package, which means that the remuneration paid to any individual Director will not be contingent on the outcome of the vote.

The Directors’ Remuneration Report is set out at pages 67 to 84 of the Annual Report and Accounts for the financial year ended 31 December 2014 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

Ernst & Young LLP are required by 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.

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 will commence this process in the second financial quarter of 2015.

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

Pursuant to the Articles one third of the Directors shall retire at each Annual General Meeting and, in line with best practice, those Directors who have been members of the Board for in excess of nine years are subject to annual re-election. Accordingly each of Michael Cannon, Richard Beyer and Aidan Hughes (who has been a member of the Board for 10 years) 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. Peter Weber and John McMonigall are also retiring at the AGM but are not offering themselves for re-appointment.

The Board has confirmed that Michael Cannon, who is seeking re-appointment as an Independent non-executive Director, Richard Beyer who is seeking re-appointment as an Independent non-executive Director and Aidan Hughes, 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 Michael Cannon, Richard Beyer and Aidan Hughes should be re-appointed as their wider, current and relevant business experience allows them to contribute effectively to the leadership of the Company.

**Michael Cannon**

Independent non-executive Director, Chair of the Remuneration Committee and member of the Nomination Committee.

Mike joined the Board in February 2013. His career in the high-tech industry spans 30 years, including over 10 years as CEO of two Fortune 500 companies. He was President, Global Operations of Dell from February 2007 until his retirement in 2009. Prior to joining Dell, Mike was the CEO of Solectron Corporation, an electronic manufacturing services company, which he joined as CEO in 2003. From 1996 until 2003 Mike was CEO of Maxtor Corporation, a disk drive and storage systems manufacturer. He successfully led the NASDAQ IPO of Maxtor in 1998. Mike previously held senior management positions at IBM and Control Data Corporation.

Mike studied Mechanical Engineering at Michigan State University and completed the Advanced Management Program at Harvard Business School.

**External appointments**

Mike currently serves on the Boards of Adobe Systems Inc., Seagate Technology and Lam Research. He is a member of Adobe's Audit Committee having previously served for five years as Chairman of the Compensation Committee. At Seagate he is the Chairman of the Nominating and Governance Committee and also serves on the Audit Committee. At Lam Research he is a member of both the Nominating and Governance Committee and the Audit Committee.

**Richard Beyer**

Chairman and Independent non-executive Director.

Rich joined the Board in February 2013 and was appointed Chairman in July 2013. Rich has a long-standing career in the technology sector.

He was the Chairman and CEO of Freescale Semiconductor from 2008 to 2012. Prior to this, he held successive positions as CEO and Director of Intersil Corporation, Elantec Semiconductor and FVC.com. He has also held senior leadership positions at VLSI Technology and National Semiconductor Corporation. In 2012, he was Chairman of the Semiconductor Industry Association Board of Directors and served for three years as a member of the US Department of Commerce’s Manufacturing Council. He previously served on the Boards of Credence Systems Corporation (now LXI-Credence), XCeive Corporation and Signet Solar.

Rich served three years as an officer in the United States Marine Corps. He earned Bachelor’s and Master’s degrees in Russian from Georgetown University, and an MBA in marketing and international business from Columbia University Graduate School of Business.

**External appointments**

Rich currently serves on the Boards of Micron Technology Inc and Analog Devices Inc.

**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 an Independent non-executive director and Chair of Audit Committee for Ceres Power Holdings Plc and has a part-time executive role in leading UK software company Corelogic Limited. He is also an investor and adviser to a number of international private technology companies.

As part of its annual review, the Board specifically considered Aidan’s independence given his ten year tenure on the Board. When assessing the potential impact of tenure on any Director’s independence, the Board views the issue of concurrency with executive Directors (in this case nine years) as central to that process. The Board’s unanimous
view is that Aidan’s independence and objectivity, as evi-
denced by his continuing valuable contribution at Board
meetings, is in no way compromised by his length of tenure
on the Board. The Board also believes that his industry ex-
perience and contribution to the continuing development
of Dialog is of significant benefit to the Board as a whole.

While the Board is satisfied that Mr Hughes is wholly in-
dependent, as he has been a member of the Board for in
excess of nine years, in line with best practice principles, he
is subject to annual re-election by Shareholders.

Resolution 9 - Appointment of Alan Campbell as a
Director

Independent non-executive Director.

Alan is a proposed new appointment as an Independent
non-executive Director.

Alan brings over 30 years of global financial and business
experiences within the semiconductor industry to the Board.
He began his career in 1979 with Motorola and has spent
over 12 years in Europe and 20 years in the USA in positions
of increasing responsibility.

In 2000, Alan was appointed Chief Financial Officer of the
Semiconductor Sector of Motorola. Prior to this he held the
positions of European Finance Director, Vice President and
CFO of the Automotive, Industrial and Networking busi-
nesses, Vice President of Manufacturing, and Vice president
of Global Financial Accounting.

In 2004 he guided Freescale through its separation from
Motorola and successfully executed its initial public offering
that listed the company on the New York Stock Exchange
(NYSE). In 2006 he was instrumental in the execution of a
Leverage Buy-Out in one of the largest technology financial
transactions at that time. In 2011 he successfully guided the
company back to the public market to be listed on the NYSE.

Alan served as Chairman of the Audit Committee for the
Semiconductor Industry Association, and served on the
Board of Goodwill Industries and the University of Texas
Accounting Advisory Board. He currently serves as Chairman
of the Freescale Foundation.

Resolution 10 - Adoption of the Dialog 2015 Long
Term Incentive Plan

The success of the Company has been built on the effort and
contribution of its employees. In order to continue building
on this success it is necessary for the Board to have appro-
priate tools with which to motivate and retain its employees
at all levels, and align them closely with Shareholders’ in-
terests. 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 introduce
a new Long Term Incentive Plan (LTIP), which will replace
the existing Executive Incentive Plan (EIP) which is due to
expire on 5 May 2015.

The LTIP is designed to support the Company’s business
strategy, to assist in recruiting, retaining and motivating its
employees, and to align with the interests of Shareholders.

All employees will be eligible to participate in the LTIP but
in practice awards will be targeted at the executive Director
level and others in senior roles.

Please see the table at the appendix to this Notice for a
summary of the main terms and conditions of the LTIP.

Resolution 11 - Directors’ authority to allot shares

The purpose of Resolution 11 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 25,955,320 shares if all of the
Bonds have been converted into shares prior to the AGM
or such lesser amount as is equal to one third of the is-
sued share capital of the Company at the date of the AGM,
taking into account any shares that have been issued as a
result of the conversion of Bonds into shares prior to the
AGM.

In either case, 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 12 - Additional authority to allot shares
in connection with a rights issue

UK investor guidelines (the Association of British Insurers)
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 11) 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 12 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 13 - 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 13 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 maximum total issued share capital of 77,865,969 shares if all outstanding Bonds are converted into shares prior to the AGM. If all outstanding Bonds have not been converted then the authority is limited to 5% of such lesser amount as is equal to the issued share capital of the Company at the date of the AGM.

The Directors do not have any present intention of exercising the authority granted by Resolution 13 and do not intend to issue more than 7.5% of the issued share capital of the Company on a (non-exempt) non-pre-emptive basis in any rolling three-year period without prior consultation with Shareholders.

Resolution 14 - 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 14 seeks to renew the authority granted by Shareholders at last year’s AGM which preserved the Company’s ability to call general meetings, other than AGMs, on 14 clear days’ notice, such authority to be effective until the Company’s next AGM, 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.
Appendix

Summary of the Dialog 2015 Long Term Incentive Plan

The following table summarises the main terms and conditions of the proposed LTIP:

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation</td>
<td>The Remuneration Committee will supervise the operation of the LTIP. The LTIP will operate over a ten year period from the date of approval by Shareholders. The Remuneration Committee may not grant awards under the LTIP more than ten years after its approval. The Remuneration Committee will undertake its own review of the effectiveness of the LTIP, not later than five years from inception.</td>
</tr>
<tr>
<td>Participation</td>
<td>Any employee selected by the Remuneration Committee is eligible to participate in the LTIP. This includes any executive Director. Independent non-executive Directors are not eligible to participate.</td>
</tr>
<tr>
<td>Delivery mechanism</td>
<td>Participants selected by the Remuneration Committee will be granted an LTIP Award either in the form of:</td>
</tr>
<tr>
<td></td>
<td>• a nil cost or nominal cost option;</td>
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<tr>
<td></td>
<td>• a conditional share award;</td>
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<td></td>
<td>• a market priced option;</td>
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<tr>
<td></td>
<td>• a cash-settled award linked to the value of the Company’s share price (in the case of jurisdictions where it is not feasible to deliver shares to employees).</td>
</tr>
<tr>
<td></td>
<td>A grant of an LTIP Award in any year will give no entitlement to subsequent awards.</td>
</tr>
<tr>
<td>Frequency of grant</td>
<td>It is intended that the first LTIP Awards will be granted to employees in 2015 within six weeks following the AGM. Subsequently, it is intended that, other than in exceptional circumstances, LTIP Awards will be granted to participants within a six-week period following the date of publication of the results of the Company.</td>
</tr>
<tr>
<td>Maximum size of award</td>
<td>Annual awards will be capped in accordance with the maximum level set out in the Directors’ Remuneration Policy, which is submitted to Shareholders for approval. Award levels will not be excessive relative to the market median levels in which the Company competes for talent.</td>
</tr>
</tbody>
</table>

Term Description

| Performance conditions        | Awards to executive Directors will vest subject to the achievement of challenging performance conditions, set at each grant by the Remuneration Committee. |
|                               | Awards to other employees may be made with or without performance conditions. For awards in 2015, below executive Director level, it is intended that part of each participant’s award will be subject to the performance conditions. |
|                               | For 2015 awards, the proposed performance condition is as follows: there are three different performance measures, relating to EBIT, Revenue Growth and relative Total Shareholder Return (the TSR). |
|                               | Each of these three performance measures will determine one-third of the vesting.                                                          |
| Relative TSR                  | The TSR performance measure looks at the total amount returned to Shareholders, whether by way of share price growth or any dividends paid. The Company’s TSR will be compared to the TSR of the constituents of the S&P Select Semiconductor Index. |
|                               | Dialog’s TSR is measured over a three-year performance period and compared to the companies in the comparator group. The Committee may choose to use the average TSR of each company at the start and end of the measurement period, with averaging over not more than three months. |
|                               | If Dialog’s TSR is below the median of the comparator group then none of this TSR-related part of the award vests. If Dialog’s TSR is at the median of the comparator group then 25% of the maximum TSR-related part of the award vests. If Dialog’s TSR is at or above the 75th percentile of the comparator group then 100% of the maximum TSR-related part of the award will vest. |
|                               | Straight line interpolation will apply between the 25%, 50% and 100% vesting points referred above. |

Relative TSR

The TSR performance measure looks at the total amount returned to Shareholders, whether by way of share price growth or any dividends paid. The Company’s TSR will be compared to the TSR of the constituents of the S&P Select Semiconductor Index.

Dialog’s TSR is measured over a three-year performance period and compared to the companies in the comparator group. The Committee may choose to use the average TSR of each company at the start and end of the measurement period, with averaging over not more than three months.

If Dialog’s TSR is below the median of the comparator group then none of this TSR-related part of the award vests. If Dialog’s TSR is at the median of the comparator group then 25% of the maximum TSR-related part of the award vests. If Dialog’s TSR is at or above the 75th percentile of the comparator group then 100% of the maximum TSR-related part of the award will vest.

Straight line interpolation will apply between the 25%, 50% and 100% vesting points referred above.
In addition, the level of vesting for the TSR-related component of the award is capped: if the TSR is negative for the performance period, vesting is capped at 50% of the maximum award, irrespective of whether the Company has outperformed the constituents of the S&P Select Semiconductor Index against which it is benchmarked.

The other measures – EBIT and revenue growth – are not affected by this cap.

**Financial metrics**

The EBIT and revenue growth targets will be measured over a three year period. Targets will be set and measured on an annual basis to ensure that they remain challenging and relevant. These targets will take into consideration budget and market expectations for EBIT and revenue growth for the relevant financial year on the following basis:

- **Threshold** (e.g. an acceptable level of performance growth which must be attained for an award to begin to vest);
- **Target** (e.g. the level of performance for achieving budgeted growth and which ensures that the business is online for achieving its long-term objectives); and
- **Maximum** (e.g. the level of performance which is acknowledged by the Remuneration Committee as exceptional)

<table>
<thead>
<tr>
<th>Level of corporate performance</th>
<th>% of LTIP Award vesting, as a percentage of maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threshold*</td>
<td>25%</td>
</tr>
<tr>
<td>Target*</td>
<td>50%</td>
</tr>
<tr>
<td>Maximum*</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Straight-line between points

It should be noted that the annual EBIT and revenue growth targets cannot normally be negative.

At the end of the three-year performance period, the Remuneration Committee will determine the level of vesting based on the actual level of performance achieved over the three years.
<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cessation of employment</td>
<td>If a participant leaves employment before the end of the three-year vesting period, unvested LTIP Awards will normally lapse.</td>
</tr>
<tr>
<td></td>
<td>If a participant ceases employment as a good leaver, normally and subject to the discretion of the Remuneration Committee, the proportion of an unvested LTIP Award that will vest is dependent on the performance conditions (if applicable), and will be subject to time pro-ration for the proportion of the vesting period that has elapsed.</td>
</tr>
<tr>
<td></td>
<td>Participants will be classed as good leavers if their employment terminates by such reasons as death in service, injury/disability, redundancy, retirement, sale of business unit or outsourcing of business function, or as determined by the Remuneration Committee.</td>
</tr>
<tr>
<td>Change of control</td>
<td>On a change of control, awards may either be rolled over into new awards or vested, at the discretion of the Remuneration Committee taking into account the prevailing circumstances.</td>
</tr>
<tr>
<td></td>
<td>In the event of a change of control of the Company, awards will be subject to the relevant provisions of the plan rules which provide for either early vesting at the time of change of control or roll-over into shares of the new entity. In the event that early vesting at the point of change of control occurs, the normal approach will be to apply pro-ration of awards for time and the vesting level will be subject to performance.</td>
</tr>
<tr>
<td>Dilution</td>
<td>The Company operates under a general Shareholder-approved dilution limit of 15% of issued share capital. The approval stems from a time when the Company was in an early stage of its turnaround when cash preservation was key, yet with a need to incentivise employees with share-based remuneration.</td>
</tr>
<tr>
<td></td>
<td>The Company has grown to a scale where Shareholders have an expectation that this limit may need to be reduced over time, with the aim of being managed within UK corporate governance norms. Although the Company has not reached the existing 15% limit, in recognising concerns expressed by some Shareholders, the Company has determined that dilution will be managed using an average annual flow rate of 1% per annum. This means that the Company will be able to move dilution towards a rolling 10% in ten years in a measured way over time. The LTIP Rules will include provisions to comply with this updated approach to dilution.</td>
</tr>
</tbody>
</table>

**Term** | **Description** | **Term** | **Description** |
---|---|---|---|
Awards may also be satisfied by using market purchase of shares. | Adjustments | On a variation of the capital of the Company, or significant acquisition, the number of shares subject to an LTIP Award and/or the performance conditions (if applicable) and/or the strike price may be adjusted in such manner as the Remuneration Committee and advisors of the Company confirm to be fair and reasonable. | Amendments | Amendments to the Rules of the LTIP may be made at the discretion of the Remuneration Committee. However, the provisions governing eligibility requirements and dilution limits cannot be altered to the advantage of participants without prior shareholder approval, except for minor amendments to benefit the administration of the LTIP, to take account of a change in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for the Company. Where the Remuneration Committee amends the LTIP to bring about favourable tax treatment for participants this will be structured to avoid additional costs to the Company. |
Allotment of shares | Ordinary shares subscribed for will not rank for dividends payable by reference to a record date falling before the date on which the LTIP Award was exercised, but will otherwise rank pari passu with existing ordinary shares. | Duration | The Remuneration Committee may not grant LTIP Awards more than ten years after approval of the LTIP by Shareholders. |
General | LTIP Awards and any other right granted pursuant to the LTIP are non-pensionable. | Non-transferability of LTIP Awards | LTIP Awards are non-transferable, except in the case of a participant for whom a trustee is acting, in which case the trustee will be able to transfer the benefit to the participant. |
Employee Benefit Trust | The Company intends to utilise an existing discretionary employee benefit trust to be used in conjunction with the LTIP. The employee benefit trust will be an employees’ share scheme, within the meaning of section 1166 of the Act and, subject to acting on recommendations from a committee of the Board, will have full discretion with regard to the application of the trust fund. The Company will be able to fund the employee benefit trust to acquire shares in the market and/or to subscribe for shares in order to satisfy LTIP Awards granted under the LTIP. |
<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Rules available for inspection</td>
<td>Copies of the LTIP 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 also be available for inspection at the AGM venue immediately prior to and during the AGM itself. The Directors reserve the right, up to the time of the General Meeting, to make such amendments and additions to the Rules and the operation of the LTIP as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out above.</td>
</tr>
</tbody>
</table>