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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.

Dialog Semiconductor Plc

ISIN: GB0059822006

Notice of Annual General Meeting

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 May 2, 2013 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 15 (inclusive) will be proposed as ordinary resolutions and Resolutions 16 and 17 will be proposed as special resolutions:

RESOLUTION 1 - Receipt of the Company's Report and Accounts

THAT the audited accounts for the financial year ended 31 December 2012 together with the Directors' and Auditor's reports thereon be and are hereby received.

RESOLUTION 2 - Directors' Remuneration Report

THAT the Directors' Remuneration Report for the financial year ended 31 December 2012 together with the Auditor's report thereon be and are hereby received and approved.

RESOLUTION 3 - Re-appointment of Ernst & Young LLP as Auditors of the Company

THAT Ernst & Young LLP be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.

RESOLUTION 4 - Authority to agree the Auditors' remuneration

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

RESOLUTION 5 - Re-appointment of Jalal Bagherli as a Director of the Company

THAT Jalal Bagherli retiring pursuant to Article 93 of the Company's Articles of Association be and is hereby re-appointed as a Director of the Company.

RESOLUTION 6 - Re-appointment of Chris Burke as a Director of the Company

THAT Chris Burke retiring pursuant to Article 93 of the Company's Articles of Association be and is hereby re-appointed as a Director of the Company.

RESOLUTION 7 - Re-appointment of Peter Weber as a Director of the Company

THAT Peter Weber retiring pursuant to Article 93 of the Company's Articles of Association be and is hereby re-appointed as a Director of the Company.

RESOLUTION 8 - Re-appointment of John McMonigall as a Director of the Company

THAT John McMonigall be and is hereby re-appointed as a Director of the Company.

RESOLUTION 9 - Appointment of Michael Cannon as a Director of the Company

THAT Michael Cannon appointed by the Board and retiring pursuant to Article 98 of the Company's Articles of Association be and is hereby appointed as a Director of the Company.

RESOLUTION 10 - Appointment of Richard Beyer as a Director of the Company

THAT Richard Beyer appointed by the Board and retiring pursuant to Article 98 of the Company's Articles of Association be and is hereby appointed as a Director of the Company.

RESOLUTION 11 - 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 £2,268,964 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 12 - Additional authority to allot shares in connection with a rights issue

THAT, in addition to Resolution 11, 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 numbers of ordinary shares held by them up to an aggregate nominal amount (when added to any allotments made under Resolution 11) of £4,537,928 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 - Dialog Semiconductor Plc Employee Share Plan 2013

THAT the Dialog Semiconductor Plc Employee Share Plan 2013 (**ESP**), the principal terms of which are summarised in the Explanatory Notes to this Notice of Annual General Meeting, 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 ESP into effect.

RESOLUTION 14 - Dialog Semiconductor Plc HMRC approved Share Option Plan

THAT the Dialog Semiconductor Plc HMRC approved Share Option Plan (**HMRC SOP**), the principal terms of which are

summarised in the Explanatory Notes to this Notice of Annual General Meeting, be and is hereby approved for renewal 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 renewal of the HMRC SOP into effect.

RESOLUTION 15 - Remuneration of Non-executive Directors

THAT the changes in the composition of the remuneration of Non-executive Directors summarised in the Explanatory Notes to this Notice of Annual General Meeting 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 changes into effect.

RESOLUTION 16 - 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 £340,345,

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 17 - 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

March 28, 2013

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 at <http://www.dialog-semiconductor.com> and is included with the Notice 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 8.00 a.m. BST (9.00 a.m. CEST) on April 30, 2013, 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 8.00 a.m. BST (9.00 a.m. CEST) on April 30, 2013, 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 appointor. 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 8.00 a.m. BST/9.00 a.m. CEST on April 30, 2013. 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 March 27, 2013 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital comprised 68,068,930 ordinary shares carrying one vote each. Therefore, the total voting rights in the Company as at March 27, 2013 are 68,068,930.

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 the member's(s') 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 the member's(s') 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 Non-executive Directors' letters of appointment, the ESP and the HMRC SOP 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),

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 15 are proposed as ordinary resolutions. To pass these Resolutions more than 50% of the votes cast on each Resolution must be in favour. Resolutions 16 and 17 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.

Resolutions 1 and 2 - Receipt of Report and Accounts; approval of Remuneration Report

The Company's audited accounts for the financial year ended 31 December 2012 together with the Directors' report, the Directors' Remuneration Report and the Auditors' report on those accounts and the auditable part of the Remuneration Report are available on the Company's website <http://www.dialog-semiconductor.com>. Please note that the Directors do not propose to declare a dividend.

Resolutions 3 and 4 - 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 4 gives authority to the Directors to determine the Auditors' remuneration.

Resolutions 5, 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 the Directors to retire by rotation shall be those who have been longest in the office since their last appointment or re-appointment. Accordingly, those retiring by rotation at the AGM are Jalal Bagherli, Chris Burke and Peter Weber. In addition, as a member of the Board for in excess of nine years, in line with best practice, John McMonigall is subject to annual re-appointment and is also retiring at the AGM.

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 Chris Burke, who is seeking re-appointment as a Non-executive Director; Peter Weber, who is seeking re-appointment as a Non-executive Director; and John McMonigall, who is seeking re-appointment as a Non-Executive Director continue to perform effectively and demonstrate commitment to their roles. Therefore the Board considers that Chris Burke, Peter Weber and John McMonigall should be re-appointed as their wider, current and relevant business experience allows them to contribute effectively to the leadership of the Company.

Dr Jalal Bagherli

Executive Director, Chief Executive Officer

Jalal joined Dialog, as CEO, in September 2005. He was previously Vice President and General Manager of the Mobile Multimedia business unit for Broadcom Corporation and the CEO of Alphamosaic. He has extensive experience of the semiconductor industry through his previous professional and executive positions at Texas Instruments and Sony, and a wealth of knowledge about the Far Eastern, European and North American markets. He is a Non-executive Director of Lime Microsystems Ltd and Chairman of the European Global Semiconductor Alliance.

Chris Burke

Non-executive Director, Chair of the Strategic Transaction and Technology Committee and member of the Remuneration and Nomination Committee

Chris joined the Board in July 2006. He has a career of 30 years in Telecoms and Technology. Post his degree in Computer Science in 1982, he spent 15 years in Norte Research and Development. Followed by Technology Business Leadership roles as Chief Technology Officer (CTO) in Energis Communications (at 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 as both private and venture investors. Presently Chris serves on the public company boards of Kontron, Tranzeo Wireless, as well as the private company boards of Aicent, One Access, Navmii, and Muzicall.

Peter Weber

Non-executive Director, member of the Remuneration and Nomination Committee and member of the Strategic Transaction and Technology Committee

Peter joined Dialog in February 2006. He brought with him 35 years' experience, gained at a broad range of companies in the semiconductor sector and communication sectors, including Texas Instruments, Intel, Siliconix, the Temic Group and Netro Corporation. Since 1998 he has been an investor and management consultant, and is a director of a number of companies in Europe and the US. Peter holds an MSEE degree in communications engineering.

John McMonigall

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

John joined the Board in March 1998. He joined Apax Partners Worldwide LLP in 1990 and was responsible for investments in telecommunications, electronics and software. He has served on the boards of a number of listed companies including Autonomy Corporation until its sale in 2011 and currently serves on the boards of several private companies. In 2012, John was appointed the Senior Independent Director at Dialog.

As part of its annual review, the Board specifically considered John's independence given his 15 years 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 7 years) as central to that process. The Board's unanimous view is that John's independence and objectivity, as evidenced 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 experience 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 McMonigall is wholly independent, in line with best practice principles, as he has been a member of the Board for in excess of nine years, he is subject to annual re-election by Shareholders.

Resolutions 9 and 10 – Appointment of Directors

In addition to the Directors required to retire by rotation at the Annual General Meeting, as referred to in the note to Resolutions 5, 6, 7 and 8, the Articles require that, any additional Director appointed by the Board shall hold office only until the next following Annual General Meeting, at which they shall retire and seek appointment from the Shareholders.

Mike Cannon and Richard Beyer, having both been appointed by the Board as Directors on February 14, 2013, are offering themselves for appointment in accordance with the Articles. Their biographical details are set out below.

Mike Cannon

Non-executive Director

Michael (Mike) R. Cannon was appointed to the Board on February 14, 2013 as an independent Non-executive Director. Given his recent appointment to the Board, Mike has not yet been appointed to any Board sub-committees.

Mike (60) is a US citizen.

Mike serves on the Board of Adobe Systems, Inc., a NASDAQ listed software company. He is a member of Adobe's Audit Committee and previously served for 5 years as Chairman of the Compensation Committee.

Since 2011, Mike has been a member of the Board of Seagate Technology, a NASDAQ listed hard disk drive and storage systems company. He is also a member of both the Finance Committee and Nominating & Governance Committee. Mike is a member of the Board of Lam Research, a NASDAQ listed semiconductor equipment manufacturer. He serves on both the Nominating & Governance and Compensation Committees.

Mike served on the Board of Elster Group SE, a German metering and smart-grid technology company from 2010 until it was acquired in September 2012. He was Chairman of the Compensation Committee and also served on the Audit and Nominating & Governance Committees.

Mike was previously on the Board of Directors of the US-China Business Council, Inc. (USCBC), a private, non-partisan, non-profit organization of approximately 250 American companies that do business with China. He is also a former Vice Chairman of the Silicon Valley Leadership Group, an

association of senior leaders from over 200 Silicon Valley companies, focused on addressing major public policy issues at state and federal levels.

Mike is retired after a 35 year career in high technology companies. He served for over 10 years as Chief Executive Officer (**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 Chief Executive Officer of Solectron Corporation, an electronic manufacturing services company, which he joined as CEO in 2003. From 1996 until 2003 Mike served as CEO of Maxtor Corporation, a disk drive & storage systems manufacturer. He successfully led the NASDAQ IPO of Maxtor in 1998. Mike previously held senior management positions at IBM, including Vice President Worldwide Manufacturing, and Vice President Product Design for the Storage Systems Division, and was previously Managing Director of Asia Operations for Control Data Corporation. He began his career at the Boeing Company, where he held leadership positions in the Manufacturing Research and Development Organization.

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

Richard Beyer

Non-executive Director

Richard (Rich) M. Beyer was appointed to the Board on February 14, 2013 as an independent Non-executive Director. Given his recent appointment to the Board, Rich has not yet been appointed to any Board sub-committees.

Rich (64) is a US citizen. Rich serves on the Board of Freescale Semiconductor, an NYSE listed manufacturer of microcontrollers, microprocessors and other semiconductors. He has served on the Board since March 2008 and was Chairman and CEO of Freescale from March 2008 to June 2012. Rich serves on the Board of Directors of Micron Technology, Inc., A NASDAQ listed manufacturer of DRAM, NAND and NOR semiconductor solutions.

Rich was the 2012 Chairman of the Semiconductor Industry Association Board of Directors, and he served for three years as a member of the United States Department of Commerce's Manufacturing Council.

Rich has a long-standing career in the technology sector. Prior to his role as Chairman and CEO of Freescale, Rich was President, Chief Executive Officer and Director of Intersil Corporation, a leading high performance analogue semiconductor company from 2002 until 2008. He joined Intersil in 2002 when Intersil acquired Elantec Semiconductor, where he was President, CEO and Director from 2000.

Prior to Elantec, Rich served as President, CEO and Director of FVC.com, a video networking company, from 1999 to 2000. Rich served as President, Chief Operating Officer and Director of VLSI Technology from 1996 to 1998. Before VLSI, he was Executive Vice President and Chief Operating Officer of National Semiconductor Corporation from 1995 to 1996 and President of National Semiconductor's Communications and Computing Group from 1993 to 1995. Before joining National, he served in a number of senior management positions in the telecommunications and computer industries. Rich has previously served on the boards of directors of Credence Systems Corporation (now LTX-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.

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 £2,268,964 equating to 22,689,640 shares. The nominal amount of relevant securities to which this authority will relate represents the aggregate of approximately one third of the issued share capital of the Company.

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. 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 – Dialog Semiconductor Plc Employee Share Plan 2013

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 appropriate and robust tools with which to motivate and retain its employees at all levels. In order to achieve this aim, the Company is seeking Shareholder approval to introduce a new Employee Share Plan (**ESP**), which will be operated alongside the existing Stock Option Plan (**SOP**) (which includes the HMRC SOP) (see Resolution 14 below) and Executive Incentive Plan (**EIP**). It is intended that the ESP will take the place of the SOP as the main vehicle for employee share awards generally – a principal reason being that the SOP does not provide the mechanism to award whole shares (rather than share options) to employees. Once approved, the ESP will complete a suite of equity arrangements which will provide the Company with the flexibility it needs to adapt to changing market standards with regard to the provision of shares and to ensure that its employees are effectively motivated and retained in a highly competitive global market.

The Company considers it appropriate to supplement the SOP and EIP with the ESP and to use the ESP as its main retention and attraction tool for employees below executive director level for the following reasons:

- The Company faces increasing challenges to retain the highly marketable and talented employees it has and to attract employees of a similar calibre. It anticipates that the retention focus will increase as the Company continues to grow and its employees deliver strong performance over a sustained period.
- In recent years, the market trend has been to use a balanced approach to the provision of shares to employees, using stock options and conditional share awards (also known as restricted stock units) and by introducing the ESP the Company would be more in line with the current global standard.
- From a shareholder dilution and Company cost perspective, the provision of benefits under a conditional share plan (such as the ESP) can be more cost effective than under a stock option plan as fewer shares will be needed in order to deliver the desired level of value.

With the exception of executive directors, all employees will be eligible to participate in the ESP.

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

Term	Description
Operation	<p>The Remuneration and Nomination Committee will supervise the operation of the ESP.</p> <p>The ESP will operate over a ten year period from the date of approval by Shareholders. The Remuneration and Nomination Committee may not grant awards under the ESP more than ten years after its approval.</p>
Participation	<p>Any employee selected by the Remuneration and Nomination Committee is eligible to participate in the ESP.</p> <p>Executive and Non-executive Directors are not eligible to participate.</p>
Delivery mechanism	<p>Participants selected by the Remuneration and Nomination Committee will be granted either:</p> <ul style="list-style-type: none"> • a nil cost option; • a conditional share award; • a market priced option; or • 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) <p>(an ESP Award).</p> <p>A grant of an ESP Award in any year will give no entitlement to subsequent awards.</p>
Frequency of grant	<p>Awards can be made at any time subject to share dealing restrictions. It is intended that the first ESP Awards will be granted to employees in 2013.</p>
Size of award	<p>The size of award to each participant will be subject to the Remuneration and Nomination Committee's discretion and levels will be competitive in the market. However, the award levels will not be excessive relative to the market in which the Company operates and its listing status.</p>
Performance conditions	<p>The vesting of ESP Awards may be made subject to the satisfaction of corporate performance conditions at the discretion of the Remuneration and Nomination Committee.</p>
Vesting period	<p>The Remuneration and Nomination Committee will set the vesting period for each grant of ESP Awards at the time of grant. In setting the vesting period, it will take into account the market conditions, as well as the needs of the Company and its Shareholders in terms of attracting and retaining employees, at that particular time.</p>

Term	Description
Vesting and exercise of awards	<p>The Remuneration and Nomination Committee will determine the amount of ESP Award that vests at the end of the relevant period. ESP Awards that have vested can be exercised (where applicable) until the seventh anniversary of the date of grant, at which point any unexercised ESP Awards will lapse.</p> <p>The exercise of an ESP Award will be conditional upon the participant paying any taxes due as a result of the exercise.</p>
Cessation of employment	<p>If a participant leaves employment before the end of the vesting period, unvested ESP Awards will normally lapse. If a participant ceases employment as a good leaver, normally and subject to the discretion of the Remuneration and Nomination Committee, the proportion of an unvested ESP Award that will vest is dependent on the progress towards and satisfaction of the performance conditions to the date of cessation of employment (if applicable), and the proportion of the vesting period that has elapsed. Participants will be classed as good leavers if their employment terminates by reason of death in service, injury/disability, redundancy, retirement, sale of business unit or outsourcing of business function, or as determined by the Remuneration and Nomination Committee.</p>
Change of control	<p>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. Subject to the discretion of the Remuneration and Nomination Committee, the vesting of the ESP Award will normally be dependent on the progress towards and satisfaction of the performance conditions to the date of the change of control (if applicable), and the proportion of the vesting period that has elapsed.</p>

Term	Description
Dilution	<p>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. 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 10 years in a measured way over time. The ESP Rules will include provisions to comply with this updated approach to dilution. The EIP, SOP (and HMRC SOP) will also be subject to this new overall flow rate limit for new awards.</p>
Adjustments	<p>On a variation of the capital of the Company, or significant acquisition, the number of shares subject to an ESP Award and/or the performance conditions (if applicable) may be adjusted in such manner as the Remuneration and Nomination Committee and advisors of the Company confirm to be fair and reasonable.</p>
Amendments	<p>Amendments to the Rules of the ESP may be made at the discretion of the Remuneration and Nomination 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 ESP, 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.</p> <p>However, where the Remuneration and Nomination Committee amends the ESP to bring about favourable tax treatment for participants there will be no additional costs to the Company, and any loss in corporate tax deduction will be offset against a reduction in cash compensation and employers' national insurance.</p>

Term	Description
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 ESP Award was exercised, but will otherwise rank pari passu with existing ordinary shares.
Duration	The Remuneration and Nomination Committee may not grant ESP Awards more than ten years after its approval by Shareholders.
General	ESP Awards and any other right granted pursuant to the ESP are non-pensionable.
Non-transferability of ESP Awards	ESP 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 ESP. 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 ESP Awards granted under the ESP.
Rules available for inspection	Copies of the Rules of the ESP will be available for inspection at the registered office of the Company, during normal business hours on Monday to Friday each week (public holidays excepted) from the date of this Notice until the close of the AGM. The Directors reserve the right, up to the time of the AGM, to make such amendments and additions to the Rules and the operation of the ESP 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.

Resolution 14 – Dialog Semiconductor Plc HMRC approved Share Option Plan

As mentioned in Resolution 13 the Company operates a Stock Option Plan (**SOP**) which operates alongside the current EIP and alongside, subject to Shareholder approval pursuant to Resolution 13, the proposed new Employee Share Plan (**ESP**). The Company since 2003 has been operating out of the SOP a subsidiary scheme for UK employees which, because it is approved by HM Revenue & Customs in the UK, entitles eligible participants to certain UK tax advantages (**HMRC SOP**). The HMRC SOP expires later this year and the Company is seeking to renew the scheme for a further ten years.

The following table summarises the main terms and conditions of the HMRC SOP.

Term	Description
Operation	<p>The Remuneration and Nomination Committee will supervise the operation of the HMRC SOP.</p> <p>The HMRC SOP will operate over a further ten year period from the date of approval by Shareholders. The Remuneration and Nomination Committee may not grant awards under the HMRC SOP more than ten years after its approval.</p>
Participation	<p>Any full-time employee and director selected by the Remuneration and Nomination Committee is eligible to participate in the HMRC SOP.</p> <p>Non-executive Directors are not eligible to participate.</p>
Delivery mechanism	Participants selected by the Remuneration and Nomination Committee will be granted a market priced option. A grant of an HMRC SOP Award in any year will give no entitlement to subsequent awards.
Frequency of grant	Awards can be made at any time subject to share dealing restrictions.
Size of award	The size of award to each participant will be subject to HMRC limits and the Remuneration and Nomination Committee's discretion; and levels will be competitive in the market. However, the award levels will not be excessive relative to the market in which the Company operates and its listing status.

Term	Description
Performance conditions	The vesting of HMRC SOP Awards may be made subject to the satisfaction of corporate performance conditions at the discretion of the Remuneration and Nomination Committee.
Vesting period	The Remuneration and Nomination Committee will set the vesting period for each grant of HMRC SOP Awards at the time of grant. In setting the vesting period, it will take into account the market conditions, as well as the needs of the Company and its Shareholders in terms of attracting and retaining employees, at that particular time.
Vesting and exercise of awards	<p>The Remuneration and Nomination Committee will determine the amount of HMRC SOP Award that vests at the end of the relevant period. HMRC SOP Awards that have vested can be exercised (where applicable) until the tenth anniversary of the date of grant, at which point any unexercised HMRC SOP Awards will lapse.</p> <p>The exercise of an HMRC SOP Award will be conditional upon the participant paying any taxes due as a result of the exercise that would otherwise be liabilities of the Company.</p>
Cessation of employment	If a participant leaves employment before the end of the vesting period, unvested HMRC SOP Awards will normally lapse. If a participant ceases employment as a good leaver, normally and subject to the discretion of the Remuneration and Nomination Committee a participant will have six months (one year in the case of death in service) to execute an Award to the extent it has vested. Participants will be classed as good leavers if their employment terminates by reason of death in service, injury/disability, redundancy, retirement, sale of business unit or outsourcing of business function, or as determined by the Remuneration and Nomination Committee.
Change of control	On a change of control awards may either be rolled over into new awards or to the extent vested, exercised within six months of the change of control. Subject to the discretion of the Remuneration and Nomination Committee, the vesting of the HMRC SOP Award will normally be dependent on the progress towards and satisfaction of the performance conditions to the date of the change of control (if applicable), and the proportion of the vesting period that has elapsed.

Term	Description
Dilution	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. 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 10 years in a measured way over time. The HMRC SOP Rules will include provisions to comply with this updated approach to dilution. The EIP, SOP (and, if approved, the new ESP) will also be subject to this new overall flow rate limit for new awards.
Adjustments	On a variation of the capital of the Company, including any rights issue, the number of shares subject to an HMRC SOP Award and/or the performance conditions (if applicable) may be adjusted in such manner as the auditors of the Company confirm to be fair and reasonable.
Amendments	Amendments to the Rules of the HMRC SOP may be made at the discretion of the Remuneration and Nomination Committee. No amendment may be made which might prejudice the HMRC SOP's HMRC approved status nor affect participants' accrued rights. The dilution limits cannot be altered to the advantage of participants without prior Shareholder approval.
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 HMRC SOP Award was exercised, but will otherwise rank pari passu with existing ordinary shares.
Duration	The Remuneration and Nomination Committee may not grant HMRC SOP Awards more than ten years after its approved renewal by Shareholders.
General	HMRC SOP Awards and any other right granted pursuant to the ESP are non-pensionable and do not give additional rights on termination of employment.

Term	Description
Non-transferability of ESP Awards	HMRC SOP Awards are non-transferable.
Employee Benefit Trust	The Company intends to utilise an existing discretionary employee benefit trust to be used in conjunction with the HMRC SOP. 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 HMRC SOP Awards granted under the HMRC SOP.
Rules available for inspection	Copies of the Rules of the HMRC SOP will be available for inspection at the registered office of the Company, during normal business hours on Monday to Friday each week (public holidays excepted) from the date of this Notice until the close of the AGM. The Directors reserve the right, up to the time of the AGM, to make such amendments and additions to the Rules and the operation of the HMRC SOP 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.

Resolution 15 – Remuneration of Non-executive Directors

The remuneration levels for the Chairman and Non-executive Directors are as follows:

Chairman: flat fee of £110,000 per annum.

Non-executive Directors: basic fee of £80,000 per annum plus additional fees of £10,000 per annum for Non-executive Directors who chair Board Committees; there are currently three Committees (Audit; Remuneration & Nomination; and Strategic Transaction & Technology).

The Chairman and Non-executive Directors are paid their fees two-thirds in cash and one-third in nominal-cost share options which have a three year holding period, under an arrangement approved by the Shareholders.

The remuneration structure and fee levels set out above were approved at the 2011 Annual General Meeting in light of a benchmark review of Non-executive Directors' fees.

Following feedback from Shareholders and proxy advisors, it was determined that the way in which Non-executive Directors are remunerated would again be reviewed prior to this year's Annual General Meeting. In light of this review, it was determined that, subject to Shareholder approval, the structure of Non-executive Directors' fees would change.

The proposed change is to pay fees only in cash, consistent with UK corporate governance norms. The basic fee levels for the Chairman and Non-executive Directors will remain at £110,000 per annum and £80,000 per annum respectively, and an additional £10,000 per annum for Non-executive Directors chairing the Board Committees. No new nominal-cost option grants, in lieu of fees, will be made to Non-executive Directors, consistent with the change in policy detailed above.

Resolution 16 - 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, Directors have to offer any shares they want to issue to existing Shareholders first. Resolution 16 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 £340,345 (equating to 3,403,450 shares) which is equivalent to 5% of the Company's issued share capital of 68,068,930 shares. The Directors do not have any present intention of exercising this authority and do not intend to issue more than 7.5% of the issued share capital of the Company on a non pre-emptive basis in any rolling three-year period without prior consultation with Shareholders.

Resolution 17 - 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 17 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.

YOUR PERSONAL NOTES

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