

ZETEX PLC

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If you have sold or transferred all your shares in Zetex plc, please send this document, the Proxy Form and the Annual Report and Accounts to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected so that they can be passed on to the person who now owns the shares.

Registered office:

Zetex Technology Park
Chadderton
Oldham
OL9 9LL

Registered in England and Wales
No: 1378777

22 March 2007

Dear Shareholder

Notice of Annual General Meeting

I have pleasure in sending your copy of Zetex' Annual Report and Accounts for the year ended 31 December 2006.

Please note that the 2007 Annual General Meeting will take place on Wednesday, 25 April 2007 in the offices of Citigate Dewe Rogerson Limited, 3 London Wall Buildings, London Wall, London EC2M 5SY starting at 4.30pm.

The Notice of Annual General Meeting on the following pages sets out the formal business to be transacted at the Meeting and provides explanatory notes on the Resolutions proposed by the directors. There will be opportunity during the Meeting to ask questions on issues arising from the Resolutions.

Your directors believe that the proposals in the Resolutions to be put to the Meeting are in the best interests of the shareholders as a whole and unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own share interests in the company.

Yours sincerely

E P Airey
Chairman

Notice of Annual General Meeting

The 2007 Annual General Meeting (AGM) of Zetex plc (the Company) will be held at 4.30pm on Wednesday, 25 April 2007 in the offices of Citigate Dewe Rogerson Limited, 3 London Wall Buildings, London Wall, London EC2M 5SY for the purposes set out below.

Resolutions

Explanatory Notes

Appendices

Ordinary Business

Resolutions 1 to 10 below are Ordinary Resolutions that will be passed if more than 50% of the votes cast are in favour of each Resolution.

- Report and Accounts 1 **To receive and consider the accounts and reports of the directors and auditors for the financial year ended 31 December 2006.**

For each financial year, the directors are required to lay the Directors' Report, the audited accounts and the Auditors' Report (together the Annual Report and Accounts) before the Company in general meeting.

- Declaration of final dividend 2 **To declare a final dividend of 1.45 pence per ordinary share for the year ended 31 December 2006.**

A final dividend can be paid only after it has been approved by the shareholders at a general meeting. The directors are recommending a final dividend of 1.45 pence per ordinary share. If approved, the final dividend will be paid on 1 June 2007 to shareholders that were on the Company's share register on 4 May 2007.

- Remuneration Report 3 **To approve the Remuneration Report for the year ended 31 December 2006.**

In accordance with best practice in corporate governance, as now reflected in the Directors' Remuneration Report Regulations 2002, shareholders are being asked to vote on the Remuneration Report. As required by the Directors' Remuneration Report Regulations 2002, the Company's auditors, Ernst & Young LLP, have audited those parts of the Remuneration Report capable of being audited. The report may be found on pages 16 to 21 of the Annual Report and Accounts.

- Re-election of Directors 4 **To re-elect Liz Airey as a Director of Zetex plc.**

The Company's Articles of Association (the Articles) state that its directors must take it in turns to retire and offer themselves for re-election by the shareholders, with one-third of the directors retiring at each AGM. At the AGM, Liz Airey, a non-executive director, will retire by rotation and Resolution 4 proposes her re-election. Liz Airey is non-executive Chairman, Chairman of the Pensions Committee and a member of the Audit, Nomination and Remuneration Committees. She does not have a service contract with the Company. Brief biographical details are set out on page 13 of the Annual Report and Accounts. The board confirms that Ms Airey's performance and contribution as Chairman and a director has been evaluated as part of the regular board performance appraisal process and believes that it is to the benefit of shareholders that she should be re-elected as a director.

- 5 **To re-elect Colin Greene as a Director of Zetex plc.**

At the AGM, Colin Greene, an executive director, will retire by rotation and Resolution 5 proposes his re-election. Colin Greene is a member of the Budget Committee and is Chief Operating Officer. He has a service agreement with the Company which is for an indefinite period and is terminable by either party on 6 months' notice. Please note however that the Board intends to amend the Service Contracts of all Executive Directors to increase the notice period to 12 months in the event of a change of control. This is outlined in the Remuneration Report in the Annual Report and Accounts. Brief biographical details are set out on page 13 of the Annual Report and Accounts.

6 **To re-appoint Ernst & Young LLP as auditors to Zetex plc and authorise the directors to agree their remuneration.**

At each general meeting at which accounts are laid before shareholders, the Company is required to appoint auditors to serve until the next such meeting. Having expressed their willingness to continue in office for a further year, Resolution 6 proposes that Ernst & Young LLP be re-appointed and that, in accordance with normal practice, the directors be authorised to determine the auditors' fees.

Special Business

7 **That, the directors be and they are hereby generally and unconditionally authorised (for the purposes of Section 80 of the Companies Act 1985) to exercise all the powers of the Company to allot relevant securities (within the meaning of said Section 80) up to an aggregate nominal amount of £1,732,570 which represents one-third (approximately 33%) of the total ordinary capital of the Company in issue at a date not more than two weeks before the date of this Notice of Meeting provided that:**

- i) this authority shall commence on the date of the passing of this resolution and expire at the conclusion of the next AGM of the Company, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and**
- ii) this authority shall be in substitution for and replaces all authorities previously conferred on the directors in that regard.**

The authority conferred on the directors at last year's AGM to allot the authorised but unissued share capital of the Company expires on the date of the forthcoming AGM. Shareholders are being asked to renew the general authority to allow directors to issue new shares from the Company's pool of unissued shares. In accordance with investor protection guidelines issued by the Association of British Insurers (ABI) the number of new shares the directors would be authorised to allot, other than under the Company's employee share schemes, pursuant to the passing of Resolution 7 is limited to approximately one-third of the Company's issued ordinary share capital as at a date not more than two weeks before the date of this Notice. The directors have no plans at present to exercise this authority which, if granted, will expire at the conclusion of the next AGM of the Company.

The following Resolutions 8, 9 and 10 deal with the approval of three new long term incentive plans. The Company's remuneration policy was last subject to detailed review in 2005, prior to the appointment of the new management team. Accordingly the Remuneration Committee has reviewed the long term incentive arrangements for directors, senior executives and other key staff in light of current market practice and also taking into account the equity reward practices of US based competitors in the semiconductor market.

In order to achieve one of the Company's key objectives of recruiting and retaining high calibre and talented executives, the board has decided, on the recommendation of the Remuneration Committee, to propose at the AGM the adoption by the Company of:

- a new executive share option scheme, to be known as the Zetex plc 2007 Executive Share Option Scheme (ESOS);*
- a new performance share plan, to be known as the Zetex plc 2007 Performance Share Plan (PSP); and*
- a new share based bonus matching plan to be known as the Zetex plc 2007 Bonus Co-Investment Plan (BCP)*

The principal terms of the ESOS, the PSP and the BCP (the Incentive Arrangements) are summarised in Appendices 1, 2 and 3 of this Notice respectively.

The Incentive Arrangements are specifically designed to provide rewards for directors, senior

executives and senior management for high performance by:

- enhancing the alignment between the creation of significant shareholder value through improvements in the Company's performance with significant rewards for directors, senior executives and senior management if that value is created; and
- in the case of the BCP by linking a substantial part of the long term reward of directors and senior executives to the investment of their own funds in the Company's shares.

The Remuneration Committee recognises institutional guidelines which limit the number of new shares that can be used for the purpose of its employees' share schemes in order to protect shareholders from excessive dilution. Accordingly, the number of shares that may be issued to satisfy awards under all of the ESOS, PSP and BCP shall, over a ten year period, be limited to 10% of the issued share capital of the Company from time to time. Please refer to the summary of the principal terms of each of the ESOS, PSP and BCP for full details of this anti-dilution limit.

2007 Executive Share
Option Scheme

8 **That, the Zetex plc 2007 Executive Share Option Scheme, the principal terms of which are summarised in Appendix 1 of this circular to Shareholders dated 22 March 2007 and a copy of the rules of which has been produced to the Meeting (and, for the purpose of identification, have been signed by the Chairman), be and is hereby approved and that the Directors be and are hereby authorised to do all such acts or things as may be necessary or desirable to implement the same.**

If the ESOS is approved by shareholders it will replace the Company's existing executive share option scheme. A large number of options granted pursuant to the existing share option scheme are currently underwater and as a result, both the retention and incentivisation value of the outstanding underwater options has been significantly eroded.

The Company considers that retaining and motivating the management team and other employees is crucial for the long term sustainable growth of the Company and maintaining its momentum. It is, therefore, proposed that the existing option holders, with the exception of the current executive directors and past executive directors, be invited to waive those existing options which are significantly underwater in return for the grant of a new out-of-the-money option (with an exercise price 15% above the market price on date of grant) on equivalent 'fair value' terms under the ESOS. Approximately 1.7 million options with exercise prices of £2,995 or greater will fall within this waiver scheme. These options are widely held across the Company. This scheme will materially assist the Company in dealing with the return to a maximum aggregate dilution of 10% of share capital in April 2007 from the 12% limit which shareholders had approved for a four year period from 2003. It is anticipated that a relatively small number of replacement options, around 86,000, will be required to be issued through the exchange programme. Replacement options will be issued under the ESOS, albeit with an exercise price 15% above the market price on the date of grant and vesting after three years on continued employment only.

Under the ESOS, participants will receive options to acquire shares in the Company for a price determined at the date of grant of the option. The Options will in normal circumstances be granted over shares with a market value equal to a maximum of 200% of the participant's salary in any given year and will normally only be capable of delivering value to a participant if he is still in employment at the point of exercise and the demanding performance conditions set at the date of grant of the option are satisfied at the end of the performance period. It is intended that ESOS awards made to executive directors will be over a fixed number of shares from one cycle to the next, to further help align their interests with those of shareholders.

Awards are to be structured as equity-settled stock appreciation rights (SARs) which give a participant the right to benefit from any rise in the market value of shares under the award over and above the exercise price for the award (SAR gain). The use of SARs will help the Company manage its dilution headroom more efficiently as only the SAR gain and not the entire share value will need to be funded. Furthermore, there will be no difference in economic value for participants compared with a more conventional option-based plan.

It is expected that options will be granted on an annual basis. Please refer to Appendix 1 of this circular for full details of the principal terms of the ESOS and the performance target that the Remuneration Committee intends to apply to the initial grant of options made under the ESOS.

- 9 **That, the Zetex plc 2007 Performance Share Plan, the principal terms of which are summarised in Appendix 2 of this circular to Shareholders dated 22 March 2007 and a copy of the rules of which has been produced to the Meeting (and, for the purpose of identification, have been signed by the Chairman), be and is hereby approved and that the Directors be and are hereby authorised to do all such acts or things as may be necessary or desirable to implement the same.**

The PSP is intended to incentivise employees outside the senior executive group.

Under the PSP two types of award may be made: nil cost options and contingent share awards (together Awards). These may be awarded at either nil cost (if from the Employee Share Ownership Trust) or at nominal value (if from new issue shares). In each case the Company has the discretion to substitute a cash payment for the shares on exercise of the options or upon the vesting of the shares subject to the contingent share awards.

The value of PSP awards shall be limited so that an award under the PSP may not be granted if the market value of the shares subject to the award when aggregated with the market value (as at the date of grant) of shares subject to any other awards granted under the PSP in the same financial year exceeds two thirds of a participant's annual salary.

An Award granted under the PSP will normally only be capable of delivering value to a participant if he is still in employment at the point of vesting of the shares and any performance conditions set at the date of grant of the Awards are satisfied at the end of the performance period, subject to the discretion of the Remuneration Committee.

It is currently intended by the Remuneration Committee that the grants of PSP awards shall be structured as nil cost options which shall in normal circumstances only be capable of exercise after the third anniversary of the date of grant and that no performance target shall apply to them.

Please refer to Appendix 2 of this circular for full details of the principal terms of the PSP.

- 10 **That, the Zetex plc 2007 Bonus Co-Investment Plan, the principal terms of which are summarised in Appendix 3 of this circular to Shareholders dated 22 March 2007 and a copy of the rules of which has been produced to the Meeting (and, for the purpose of identification, have been signed by the Chairman), be and is hereby approved and that the Directors be and are hereby authorised to do all such acts or things as may be necessary or desirable to implement the same.**

It is intended by the Remuneration Committee that only the Company's senior executives and directors will participate in the BCP.

The BCP requires participants to use a mandatory percentage, (selected by the Remuneration Committee, but so as not to exceed 25%), of their after tax annual bonus to acquire shares in the Company. If they wish, participants can also voluntarily apply a further percentage of their after tax annual bonus to acquire shares in the Company. Such voluntary percentage will be subject to a cap set by the Remuneration Committee, such cap not to exceed 25% (except as noted below in relation to the forthcoming bonus).

After acquiring the shares in the Company the participant must place the legal title to the shares with the Company's Employee Share Ownership Trust in order to receive matching awards under the BCP.

All awards made under the BCP will be structured as nil cost options and shall be subject to stretching performance targets measured up to four years.

If, during the relevant performance period, a participant disposes of the shares acquired with the voluntary percentage of his after tax annual bonus, the matching award relating to such shares will lapse. If a participant ceases to be an employee before the end of the relevant performance period, then (other than in circumstances which are referred to in Appendix 3) the shares acquired with the mandatory percentage of his after tax annual bonus will be forfeited and the matching award relating to such shares will lapse.

The BCP has been designed to encourage long term ownership of shares in the capital of the Company by the senior executives so as to align their interests with those of shareholders and also to lock in the executive over the medium to long term.

It is proposed by the Remuneration Committee that in the first year of operation of the BCP that participants will not be required to use 25% of their forthcoming bonus (payable in Spring 2007) to acquire shares in the Company. However, the participants will be entitled to voluntarily acquire shares in the Company using up to a maximum of 50% of such bonus.

Please refer to Appendix 3 of this circular for full details of the principal terms of the BCP and the proposed performance targets that the Remuneration Committee intends to apply to the initial grant of awards under the BCP.

Resolutions 11 to 15 below are Special Resolutions which will be passed if more than 75% of the votes cast are in favour of each Resolution.

Partial disapplication of
pre-emption rights

11 That, subject to the passing of Resolution 7 above, the directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 until the conclusion of the next AGM of the Company to allot equity securities (as defined in Section 94(2) of the Companies Act 1985) for cash pursuant to the authority conferred by Resolution 7 above as if sub-section (1) of Section 89 of the Companies Act 1985 did not apply to any such allotment and to make offers and agreements before the expiry of this authority which would or might require equity securities to be allotted after the date of the expiration of this authority provided that such authority is limited to:

- i) the allotment of equity securities in connection with a rights issue in favour of the holders of ordinary shares where the equity securities respectively attributable to the interests of all holders of ordinary shares are proportionate (as nearly as may be) to the respective number of ordinary shares held by them subject only to such exclusions as the directors may deem necessary or expedient to deal with problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever; and**
- ii) the allotment (otherwise than pursuant to paragraph (i) above) of equity securities up to an aggregate nominal amount of £259,885.**

This resolution seeks to renew the authority conferred on the directors at last year's AGM. If the directors wish to use their general authority to allot new shares for cash, other than under the Company's employee share schemes, the Companies Act 1985 states that the new shares must be offered first to existing shareholders in proportion to their existing shareholdings. An offer of this type is called a rights issue and the shareholder's entitlement to be offered the new shares is known as a pre-emption right.

For legal, regulatory and practical reasons, however, it might not be possible for new shares allotted by means of a rights issue to be issued to certain shareholders, particularly those resident overseas. Further, it might in some circumstances be in the Company's interests for the directors to be able to allot some shares for cash without having to offer them first to existing shareholders. To enable this to be done, shareholders must first waive their pre-emption rights.

Accordingly, Resolution 11 seeks to modify the pre-emption rights of existing shareholders:

- i) sub-paragraph (i) of Resolution 11 seeks authority for the directors to make any arrangements which may be necessary to deal with any legal, regulatory or practical problems arising from a rights issue, for example by excluding affected shareholders from the rights issue; and*
- ii) sub-paragraph (ii) of Resolution 11 seeks the waiver of existing shareholders' pre-emption rights, but in accordance with investor protection guidelines issued by the ABI, only for new shares with a maximum aggregate nominal value of £259,885 which is equivalent to 5% of the Company's issued ordinary share capital shown in the Company's Annual Report and Accounts.*

In accordance with the guidelines issued by the ABI and the National Association of Pension Funds, the directors confirm their intention that no more than 7.5% of the issued ordinary share capital will be issued for cash on a non pre-emptive basis during any rolling 3 year period. The directors have no present intention of exercising this authority.

This authority, if granted, will expire at the conclusion of the next AGM of the Company.

- 12 **That, the Company may send or supply documents, notices or information to its members by making such documents, notices or information available to its members on a website or by other electronic means or in other electronic form.**

The Disclosure and Transparency Rules issued by the Financial Services Authority require that a decision for a company to use electronic means to convey information to shareholders must be taken in general meeting. The Company wishes to seek the approval of members in general meeting to the communication by the Company with its members by electronic means, including by way of a website or in any other electronic form (subject to the requirements of any enactment). This Resolution simply enables the Company to use these forms of communication: the Company is required to seek the individual agreement of each shareholder to such means of communication (please see the notes to Resolution 13 below).

- 13 **That, the following Articles of the Articles of Association of the Company be amended by:**

Article - existing numbering (proposed numbering)	Amendment
2	in the definition of “Act” the deletion of “the Act” and the insertion of “Companies Act 1985”
2	in the definition of “address” the deletion of “in relation to electronic communications, includes any number or address used for the purposes of such communications and the insertion in its place of “means any postal address or electronic address and shall be construed accordingly”
2	by the insertion of a new definition of the “Companies Act 2006” in the following terms “means the Companies Act 2006 including any modification or re-enactment of it for the time being in force”
2	in the definition of “Companies Acts” the deletion of the reference to “section 744” and the insertion in its place of “section 2” and the deletion of “the Act” and the insertion in its place of “the Companies Act 2006”
2	the insertion of a new definition of “electronic address” in the following terms “means any address or number used for the purposes of sending or receiving documents or information by electronic means”
2	the insertion of a new definition of “electronic copy, electronic form and electronic means” in the following terms “have the meaning given in section 1168 of the Companies Act 2006 and in the case of “electronic means”, in the FSA’s Disclosure and Transparency Rules”
2	in the definition of “employees’ share scheme” the deletion of “the Act” and the insertion in its place of “the Companies Act 1985”
2	the insertion of a new definition of “FSA” in the following terms “the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the FSMA”
2	the insertion of a new definition of “FSMA” in the following terms “the Financial Services and Markets Act 2000 (as amended from time to time)”

2	the insertion of a new definition of “hard copy and hard copy form” in the following terms “both have the meaning given in section 1168 of the Companies Act 2006”
2	in the definition of “recognised person” the deletion of “the Act” and the insertion of “the Companies Act 1985” in its place
2	in the definition of “seal” the deletion of “the Act” and the insertion of “the Companies Act 1985” in its place
2	in the definition of “secretary” the deletion of both references to “the Act” and the insertion of “the Companies Acts” in each such reference respectively
2	the insertion of a new definition of “Statutes” in the following terms “means the Companies acts and every other statute, order, regulation, instrument or other subordinate legislation for the time being in force relating to companies and affecting the Company”
3	in the second paragraph which commences with “References to an electronic communication” the deletion of “an electronic communication (as defined in the Act)” and the insertion in its place of “a communication in electronic copy, or electronic form or by electronic means (as the case may be)”
3	in the ninth paragraph which commences with “Words or expressions contained in these Articles which are not defined in Article 2 but are defined in the Act” the deletion of each reference to “the Act” and the insertion in the place of each “the Companies Acts”
13	the deletion of “the Act” and the insertion in its place of “the Companies Act 1985”
22	the deletion of “Article 171” and the insertion in its place of “Article 174”
31	the deletion of “the Act” and the insertion in its place of “the Companies Act 1985”
34	the deletion of “the Act” and the insertion in its place of “the Companies Act 1985”
38	the deletion of “the Act” and the insertion in its place of “the Companies Act 1985”
53	the deletion of “Article 183” and the insertion in its place of “Article 187”
64	the deletion of “Article 67” and the insertion in its place of “Article 70”
66	the deletion of “Article 69” and the insertion in its place of “Article 72”
(67)	the insertion of the following new Article as Article 67 “67. For the purposes of Articles 62 to 66 a notice of meeting must be given in accordance with the Companies Act 2006, that is in hard copy form, electronic form or by means of a website.

	<p>(a) If notice of meeting is sent by electronic means the Company must have complied with all applicable regulatory requirements and the person entitled to receive such notice must have agreed that the notice can be sent to him in that way and not revoked that agreement or, in the case of a company, be deemed to have agreed to receive notice in that way by a provision in the Statutes; and</p> <p>(b) the notice must be sent to the address specified by the person entitled to receive such notice or, in the case of notice sent to a company, an address which is deemed to have been specified by any provision of the Statutes.”</p>
(68)	<p>the insertion of the following new Article as Article 68</p> <p>“68. Provided that the Company has complied with all applicable regulatory requirements the Company may send or supply a notice of meeting by making it available on a website and where the Company intends to make that notice of meeting available on a website, the Company must:</p> <p>(a) comply with the provisions of Article 200;</p> <p>(b) notify persons entitled to receive such notice that the notice of meeting has been published on the website, such notification to state that it concerns a notice of meeting, to specify the place, date and time of the meeting and whether the meeting will be an annual general meeting; and</p> <p>(c) the notice must be available on the website throughout the period beginning with the date of notification and ending with the conclusion of the meeting.”</p>
(69)	<p>the insertion of the following new Article as Article 69</p> <p>“69. A notice which is treated as given to a person by virtue of Article 67 is treated as given at the same time as the notification referred to in Article 68(b).”</p>
67 (71)	<p>the deletion of “Article 67” and “Article 80” and the insertion in its place of “Article 70” “Article 83” respectively</p>
70 (73)	<p>the deletion of each occurrence of “Article 69” and the insertion in its place of “Article 72”</p>
71 (74)	<p>the deletion of each occurrence of “Article 67” and the insertion in its place of “Article 70”</p>
71(b) (74(b))	<p>the deletion of each occurrence of “Article 107(b)” and the insertion of “Article 110(b)” in its place and the insertion of “by or” immediately prior to “contained in an electronic communication”</p>
72 (75)	<p>the deletion of “Articles 67, 68, 69, 70 and 71” and the insertion in its place of “Articles 70, 71, 72, 73 and 74”</p>
79 (82)	<p>the deletion of “Article 68” and the insertion in its place of “Article 71”</p>

80 (83)	the deletion of "Article 107" and the insertion in its place of "Article 110", the deletion of "Article 107(a)" and the insertion in its place of "Article 110(a)" and the deletion of "Article 67" and the insertion in its place of "Article 70"
86 (89)	the deletion of "Article 87" and the insertion in its place of "Article 90"
100(103)	the deletion of "Articles 95, 96, 97, 98 and 99" and the insertion in its place of "Articles 98, 99, 100, 101, and 102"
100(a)(103(a))	the deletion of "under section 212 of the Act" and the insertion in its place of "under section 212 of the Companies Act 1985 and/or section 793 of the Companies Act 2006 and the deletion of "relevant section 212 notification" and the insertion in its place of "relevant shareholder investigation notification"
100(b)(103(b))	the deletion of "section 212 notice" and the insertion in its place of "shareholder investigation notice"
101(104)	the deletion of "Article 95, 96, 97, 98, 99 or 100" and the insertion in its place of "Article 98, 99, 100, 101, 102 or 103" and the deletion of "the Act" and the insertion in its place of "the Companies Act 2006"
100(b)(103(c)(i))	the deletion of "the Act" and the insertion in its place of "the Companies Act 1985"
100(b)(103(c)(iii))	the deletion of "Financial Services and Markets Act 2000" and the insertion in its place of "FSMA"
105 (108)	the deletion of "Articles 106, 107, 108 and 109" and the insertion in its place of "Articles 109, 110, 111 and 112"
106(b)(109(b))	the insertion immediately prior to "electronic communication" of "or be effected by"
107(110)	the deletion of "Article 71(b)" and the insertion in its place of "Article 74(b)" and the deletion of "Article 80" and the insertion in its place of "Article 83"
107(a)(110(a))	the deletion of "Article 71" and the insertion in its place of "Article 74"
107(b)(110(b))	the insertion immediately prior to "an electronic communication" of "or effected by"
107(b)(110(b))	the deletion of "Article 71" and the insertion in its place of "Article 74"
108(c)(111(c))	the deletion of "Article 108(b)" and the insertion in its place of "Article 111(b)" and the deletion of "insuffient" and the insertion in its place of "insufficient"
109(112)	the deletion of "Article 107" and the insertion in its place of "Article 110" and the deletion of "recieved" and the insertion in its place of "received"
110(113)	the deletion of "andon" and the insertion in its place of "and on"
112(115)	the deletion of each occurrence of "Article 107" and the insertion in its place of "Article 110"

129(132)	the deletion of "Article 124" and the insertion in its place of "Article 127"
139(142)	the deletion of "Article 138" and the insertion in its place of "Article 141"
140(143)	the deletion of each occurrence of "Article 138" and the insertion in its place of "Article 141"
141(144)	the deletion of "Articles 138, 139 and 140 and the insertion in its place of "Articles 141, 142 and 143"
142(d)(145(d))	the deletion of "Article 120" and the insertion in its place of "Article 123"
145(148)	the deletion of "Article 144" and the insertion in its place of "Article 147"
151(154)	the deletion of "Article 150" and the insertion in its place of "Article 153"
153(156)	the deletion of "Article 218" and the insertion in its place of "Articles 221, 222, 223, 224 or 225"
153(b)(156(b))	the deletion of "Article 153(b)" and the insertion in its place of "Article 156(b)"
155(158)	the deletion of each occurrence of "the Act" and the insertion in its place of "the Companies Act 1985"
162(165)	the deletion of "Article 156" and the insertion in its place of "Article 159"
163(d)(166(d))	the deletion of "the Act" and the insertion in its place of "the Companies Act 1985"
164(167)	the deletion of "Article 163" and the insertion in its place of "Article 166"
171(174)	the deletion of "the Act" and the insertion in its place of "the Companies Acts"
173(176)	the deletion of "the Act" and the insertion in its place of "the Companies Act 1985"
181(184)	the deletion of "Article 182" and the insertion in its place of "Article 185"
182(185)	the deletion of "Article 181" and the insertion in its place of "Article 184"
182(f)(185(f))	the deletion of "Article 182" and the insertion in its place of "Article 185"
185(b)(188(b))	the deletion of "Article 184" and the insertion in its place of "Article 187"
186(c)(189(c))	the deletion of "Article 204" and the insertion in its place of "Article 207"
187(190)	the deletion of "Article 184" and the insertion in its place of "Article 187"

191(b)(194(b))	the deletion of “Article 191(b)” and the insertion in its place of “Article 194(b)”
194(197)	the deletion of “Article 193” and the insertion in its place of “Article 196”
196(199)	immediately prior to “The Company” the insertion of “Subject to the provisions of the Statutes,”
196(e)(199(e))	the deletion of “Article 197” and the insertion in its place of “Article 200”
197(200)	the deletion of “Companies Acts” and the insertion in its place of “statutes” and immediately following “other document on a website” the insertion of “, and any such notice or document will be validly sent,”
197(a)(200(a))	the deletion of the existing Article 197(a) and the insertion of the following new Article as Article 200(a): “the member has expressly agreed (generally or specifically) that documents or notices may be sent by means of a website to him or he has been asked (individually) to agree that documents and notices can be sent by means of a website and the Company has received no response to that request within 28 days from the date on which the request was sent; and”
197(d)(200(d))	immediately following “throughout the publication period” the insertion of “(such period being not less than 28 days from the date of notification unless any of the statutes provide for another time period)”
198(201)	the deletion of the existing Article 198 and the insertion of the following new Article in its place as Article 201 “Where the Company sends documents to members otherwise than in hard copy form, any member can require the Company to send him a hard copy version and the Company must do so free of charge and within 21 days of the date of the member’s request.”
199(a)(202(a))	immediately following “addressed to the” the insertion of “registered” and immediately following “office” the insertion of “of the Company”
199(b)(202(b))	immediately following “addressed to the” the insertion of “registered” and immediately following “office” the insertion of “of the Company”
199(c)(202(c))	immediately following “on behalf of the Company for that purpose” the insertion of “, such electronic communication to be authenticated in accordance with section 1146 of the Companies Act 2006”
200(203)	immediately following “sent to all the joint holders” insert “, save where the statutes or these Articles require agreement of a member to electronic means of communication or website communication, each joint holder must separately give his agreement”
203(206)	the deletion of the existing Article 203 and the insertion of the following new Article as Article 206:

	<p>“206. Subject to any requirement of the Statutes and provided that the Company has complied with all applicable regulatory requirements, the Company may send any documents or notices to its members by electronic means and such documents or notices will be validly sent provided that:</p> <ul style="list-style-type: none"> a) the member has agreed (generally or specifically) (or in the case of a company is deemed to have agreed by a provision in the Statutes) that documents or notices can be sent by electronic means; b) the documents are documents to which the agreement applies; and c) copies of the documents are sent by electronic means to the electronic address notified by the member to the Company for that purpose.”
205(208)	the deletion of “Article 95” and the insertion in its place of “Article 98”
208(211)	the deletion of “Articles 196, 199, 200, 201, 202, 203, 204, 205, 206 and 207” and the insertion in its place of “Articles 199, 202, 203, 204, 205, 206, 207, 208, 209 and 210”
211(a)(214(a))	the deletion of “Article 210” and the insertion in its place of “Article 213”
211(b)(214(b))	the deletion of “Article 210” and the insertion in its place of “Article 213”
211(c)(214(c))	the deletion of “Article 210” and the insertion in its place of “Article 213”
211(d)(214(d))	the deletion of “Article 210” and the insertion in its place of “Article 213”
211(e)(214(e))	the deletion of “Article 210” and the insertion in its place of “Article 213”
211(f)(214(f))	the deletion of “Article 210” and the insertion in its place of “Article 213”
211(g)(214(g))	the deletion of “Article 210” and the insertion in its place of “Article 213”
212(a)(215(a))	the deletion of “Article 212(b)” and the insertion in its place of “Article 215(b)”
212(c)(215(c))	the deletion of “Article 212(b)” and the insertion in its place of “Article 215(b)” and immediately following “existence of such member or person” the insertion of “or any address, number or location of such member”
213(216)	the deletion of “Article 212” and the insertion in its place of “Article 215”
214(217)	the deletion of each occurrence of “Article 213” and the insertion in its place of “Article 216”

With effect from 20 January 2006, the electronic communications provisions of the Companies Act 1985 were repealed and replaced by the electronic communications provisions of the Companies Act 2006 and, to the extent relevant, in the Disclosure and Transparency Rules of the Financial Services Authority. These amendments are to update the Company's Articles of Association to bring into effect all such changes. The Company is required to seek the individual agreement of each shareholder to such means of communication in accordance with the terms of the Articles as to be amended by this Resolution.

Further amendments to the Articles of Association

14 **That, the following Articles of the Articles of Association of the Company be amended by:**

Article - existing numbering (proposed numbering)	Amendment
95 (98)	the deletion of "under section 212 of the Act (a section 212 notice)" and the insertion in its place of "under section 212 of the Companies Act 1985 and/or section 793 of the Companies Act 2006 (a shareholder investigation notice)"
95(a)(98(a))	the deletion of "section 212" and the insertion in its place of "shareholder investigation"
95(b)(i)(98(b)(i))	the deletion of "Article 181" and the insertion in its place of "Article 184"
97(b)(100(b))	the deletion of "section 212" and the insertion in its place of "shareholder investigation"

With effect from 20 January 2006, the provisions of sections 212 to 220 of the Companies Act 1985 were repealed and replaced with the provisions of Part 22 of the Companies Act 2006, save that where the Company has outstanding section 212 notices then Schedule 5 Part 2 Paragraph 2(2) of the Companies Act 2006 (Commencement No. 1 Transitional Provisions and Savings) Order 2006 provides that the obligations arising pursuant to such a section 212 notice continue notwithstanding its repeal.

Further amendments to the Articles of Association

15 **That, the Articles of Association of the Company be amended by the deletion of the existing Article 218 and the insertion of the following new Articles as Articles 221, 222, 223, 224 and 225:**

"221. Subject to the provisions of, and so far as may be permitted by, the Statutes but without prejudice to any indemnity to which the person concerned may be otherwise entitled, the Company may indemnify every Director, alternate director, former director, secretary or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation to or in connection with his duties, powers of office, including any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust in relation to anything done or omitted to be done or alleged to have been done or omitted to be done by him provided that such liability shall not apply in respect of any liability incurred by such director or former director:

- a) to any member of the Group; or
- b) to pay a fine imposed in criminal proceedings; or
- c) to pay a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (howsoever arising); or

- d) in defending any criminal proceedings in which he is convicted; or
- e) in defending any civil proceedings brought by any member of the Group in which judgement is given against him; or
- f) in connection with any application under any of the following provisions in which the Court refuses to grant him relief, namely:
 - i) section 144(3) or (4) of the Companies Act 1985 (acquisition of shares by an innocent nominee); or
 - ii) section 727 of the Companies Act 1985 (general power to grant relief in case of honest and reasonable conduct).

222. For the purposes of Articles 221(d), 221(e), 221(f) the reference to any such conviction, judgement or refusal of relief is a reference to one that has become final. A conviction, judgment or refusal of relief becomes final:

- a) if not appealed against, at the end of the period for bringing an appeal;
- b) if appealed against, at the time when the appeal (or any further appeal) is disposed of (ie if it is determined and the period for bringing a further appeal has ended or if it is abandoned or otherwise ceases to have effect).

223. The Directors may purchase and maintain at the cost of the Company insurance cover for or for the benefit of every Director, alternate director, former director, secretary or other officer of the Company or of any associated company (as defined in the Companies Act 1985) against any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust by him in relation to the Company (or such associated company), including anything done or omitted to be done or alleged to have been done or omitted to be done by him as a Director, alternate director, secretary or other officer of the Company or any associated company.

224. Subject to the provisions of, and so far as may be permitted by, the statutes, the Company shall be entitled to fund the expenditure of every Director, alternate director, former director, secretary or other officer of the Company incurred or to be incurred:

- a) in defending any criminal or civil proceedings; or
- b) in connection with any application under sections 144(3), 144(4) or 727 of the Companies Act 1985,

provided that any director or alternate director will be obliged to repay such amounts no later than:

- c) in the event of the director being convicted in the proceedings, the date when the conviction becomes final; or
- d) in the event of judgement being given against him in proceedings, the date when the judgement becomes final; or
- e) in the event of the court refusing to grant him relief on the application, the date when the refusal or relief becomes final.

225. For the purposes of Articles 1.4.3, 4 or 5 the reference to any such conviction, judgement or refusal of relief is a reference to one that has become final. A conviction, judgement or refusal of relief becomes final:

- a) if not appealed against, at the end of the period for bringing an appeal; or
- b) if appealed against, at the time when the appeal (of any further appeal) is disposed of (ie if it is determined and the period for bringing a further appeal has ended or if it is abandoned or otherwise ceases to have effect)."

The current Articles relating to directors' indemnification are to be amended to allow the Company to permit funding of directors' defence proceedings and broaden the scope of directors' indemnities in line with the Companies (Audit, Investigations and Community Enterprise) Act 2004.

By Order of the board

Julia Morton
Company Secretary
Zetex plc
22 March 2007

Registered Office:
Zetex Technology Park
Chadderton
Oldham
OL9 9LL

Registered No: 1378777

Notes

- (a) As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders who are registered on the Company's share register at 4.30pm on 23 April 2007 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting(s), shall be entitled to attend the AGM and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 4.30pm on 23 April 2007 or, in the event that the Meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting(s) shall be disregarded in determining the rights of any person to attend and/or vote at the AGM.
- (b) None of the directors' service contracts with the Company or with any of its subsidiaries have either a notice period of more than one year or have provisions for predetermined compensation on termination of an amount which equals or exceeds one year's salary and benefits in kind.
- (c) The following documents will be available for inspection at the registered office of the Company during normal business hours on each business day (Saturdays and public holidays excepted) from the date of this Notice until the date of the AGM and on the date of the AGM at the offices of Citigate Dewe Rogerson Limited, 3 London Wall Buildings, London Wall, London EC2M 5SY from 4.00pm until the conclusion thereof:
- i) a copy of each of the directors' service contracts;
 - ii) a copy of the proposed amendments to the Articles of Association;
 - iii) the register of directors' share interests.
- (d) The draft rules of:
- i) the Zetex plc 2007 Executive Share Option Scheme;
 - ii) the Zetex plc 2007 Performance Share Plan; and
 - iii) the Zetex plc 2007 Bonus Co-Investment Plan

will be available for inspection at the registered office of the Company and at the offices of Eversheds LLP, Senator House, 85 Queen Victoria Street, London EC4V 4JL during business hours from the date of this notice until the close of the Meeting and on the date of the AGM at the offices of Citigate Dewe Rogerson Limited, 3 London Wall Buildings, London Wall, London EC2M 5SY from 4.00pm until the conclusion thereof.

- (e) A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and, on a poll, to vote instead of that member. A proxy need not be a member of the Company. Appointment of a proxy does not preclude members from subsequently attending and voting in person if they so wish. To be effective the form of proxy enclosed must be deposited at the offices of the Registrar of the Company, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8FB not later than 4.30pm on 23 April 2007.

Appendix 1

The Zetex plc 2007 Executive Share Option Scheme (ESOS)

a) Eligibility

All employees and directors (other than non-executive directors) of the Company and any of its subsidiaries may be granted options (Options) under the ESOS.

b) Grant of Options

The Remuneration Committee has absolute discretion to select the persons to whom Options are to be granted.

Options may be granted during the period of 42 days commencing on: (a) the date the ESOS is adopted by the board of directors (following shareholder approval); (b) the dealing day immediately following the date of announcement to the London Stock Exchange of the Company's results for any period; or (c) the day immediately after the person to whom the Option is being granted first becomes an eligible employee. Options may also be granted at any other time but only if the Remuneration Committee, at its discretion, considers the circumstances to be exceptional.

If the grant of an Option on any of the above days would be prohibited by virtue of the model code on share dealing (Model Code) or any statute or regulation or order made pursuant to such statute, then such Option may be granted during the period of 42 days commencing immediately after the dealing day on which such prohibition shall cease to have effect.

No Option shall be granted if to do so would breach the Model Code.

No consideration is payable for the grant of an Option.

c) Scheme Limits and Restrictions on Grant

In any ten year period, the aggregate number of shares in the capital of the Company (Shares) issued or then capable of being issued for the purpose of satisfying Options granted under the ESOS, when added to the number of Shares issued or then capable of being issued pursuant to options granted or rights obtained in such ten year period under any other employees' share scheme, profit sharing scheme or employee share ownership plan adopted by the Company, shall not exceed 10% of the ordinary share capital of the Company in issue on that day.

For the avoidance of doubt, any Shares issued or then capable of being issued shall, for the purpose of the above limit (and if required in accordance with the guidance issued by the ABI), include Shares issued or to be issued by the Company out of treasury. In addition the limit will also include any shares issued by the Company to the Trustee for the purposes of the ESOS or any other employees' share scheme (but will not include any Shares acquired by the Trustee which were already in issue).

No Option can be granted more than ten years after the date of adoption of the ESOS.

d) Individual Limit

In normal circumstances, no eligible employee is entitled to receive an Option under the ESOS in any financial year of the Company if the aggregate market value of Shares subject to all Options (calculated as at the date of grant of each Option) granted to that employee under the ESOS and any other employee share option scheme adopted by the Company (not being a savings related share option scheme) in that financial year exceeds 200% of the participant's annual salary (measured on the dealing day immediately preceding the date of grant of the Option concerned). For the purpose of calculating this limit, the market value of a Share subject to an Option shall be taken as the closing mid market price of a Share as derived from the Official List of the London Stock Exchange for the dealing day immediately preceding the date of grant of the Option concerned.

In exceptional circumstances, the Remuneration Committee has the discretion to grant an Option to any eligible employee which exceeds the 200% salary limit described in the preceding paragraph.

e) Exercise Price

The exercise price of an Option is determined by the Remuneration Committee at the time of grant but may not be less than the greater of (i) the market value of the Shares as at the date of grant and (ii) in the case of an Option to subscribe for Shares, the nominal value of a Share.

The exercise price (as well as the number of Shares under Option and their nominal value) may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.

f) Performance Conditions

In normal circumstances, the number of Shares that may be acquired pursuant to an Option will be conditional on the satisfaction of a performance condition (or performance conditions) set at the time of grant, at the discretion of the Remuneration Committee. The performance condition(s) will include (unless determined otherwise by the Remuneration Committee) a measure of the performance of the Company over a period of time of at least three years in length and commencing no earlier than the first day of the financial year of the Company in which the Option is granted.

As soon as reasonably practicable after the end of the period of time over which the performance condition(s) is/are measured, the Remuneration Committee shall notify each participant of the extent to which his Option is capable of exercise and the number of Shares in respect of which the Option has vested (Vested Shares). An Option will normally become capable of exercise following the date of such notification (Vesting Date) in respect of the Vested Shares. To the extent that the performance condition(s) is/are not met, the Option shall lapse.

If any event or events occur which cause the Remuneration Committee reasonably to consider that any performance condition attaching to an Option should be amended on the grounds that the objective criteria against which performance will then be measured will be a fairer measure of performance and/or that any amended performance condition will afford a more effective incentive to the participant, it may amend that performance condition provided that the amended performance condition shall, in the reasonable opinion of the Remuneration Committee, be not materially more difficult to satisfy than the original performance condition. The Remuneration Committee may in exceptional circumstances waive the performance condition applying to any Option if an event or events have occurred in consequence of which the Remuneration Committee reasonably considers that the performance condition should be waived.

In relation to the initial grant of Options under the ESOS, it is intended that 50% of the Shares subject to an Option will be subject to a performance target based on 3-year growth in operating profit per share (Operating Profit Target) and the other 50% of the Shares will be subject to a performance target based on the Company's total shareholder return (TSR), measured over a 4-year period, outperforming a comparator group of sector peers (TSR Target). Details of these targets are set out below. Whilst the Remuneration Committee may adopt a different performance target in relation to future awards, any such target must (in the reasonable opinion of the Remuneration Committee) be as challenging as the performance targets set out below.

In relation to the Operating Profit Target, the Company's operating profit per share will be based on audited annual operating profit before audited adjusted items (as defined under IFRS), IAS 19 adjustment for changes to the valuation of pension fund assets and the Income Statement effect of increasing or decreasing inventory, divided by the average number of shares in issue. On the grant of an option, the target level of 3-year growth in operating profit per share will be set by the Remuneration Committee with regard to the Company's long-term plan and other relevant benchmarks. The Shares subject to the Operating Profit Target will vest according to a sliding-scale vesting schedule set by the Remuneration Committee as at the date of grant of the options. Targets set for any options granted under the ESOS will be disclosed in the Directors' Remuneration Report following the end of the relevant performance period applying to such options.

In relation to the TSR Target, the Company's TSR shall be measured over a period of four years commencing on the first day of the financial year of the Company in which the Option is granted. The Company's TSR will be compared to companies which are deemed by the Remuneration Committee to be the Company's sector peers (Comparator Group). It is intended that the Comparator Group in relation to the initial grant of Options under the ESOS shall be Advanced Micro Devices, Analog Devices, Austria Microsystems, Dialog Semiconductor, Diodes, Fairchild Semiconductor, Freescale Semiconductor, International Rectifier,

Intersil, Linear Technology, Maxim Integrated Products, Micrel, National Semiconductor, ON Semiconductor, Sipex, ST Microelectronics, Supertex, Cirrus Logic, Pericom Semiconductor and Texas Instruments.

If the Company's annual TSR is equal to the median of the annual TSR for the companies in the Comparator Group (Lower Target) then 20% of the Shares subject to the TSR Target will vest. If the Company's annual TSR exceeds the median of the annual TSR for the companies in the Comparator Group by 10% or more per annum (Upper Target) then all of the Shares subject to the TSR Target will vest. The Company's out performance of the comparator group will be based on an approach whereby, for example, if Comparator Group median TSR were 10% p.a. over the 4-year period, TSR-based awards would vest in full only if the Company's TSR were 21% p.a. or higher (i.e. $1.10 \times 1.10 = 1.21$).

Where the Company's annual TSR falls between the Lower Target and the Upper Target, the number of Shares subject to the TSR Target shall vest on a straight-line basis between 20% and 100%.

In the case where a strict application of the Operating Profit Target or the TSR Target would result in a fraction of a Share vesting, the number of Shares that vest shall be rounded down to the nearest whole number of Shares.

If events occur which cause the Remuneration Committee to reasonably consider that a different or amended target would be a fairer measure of performance, the Remuneration Committee may waive or amend the original performance target provided that any such amended target is not materially more difficult to achieve than the original performance target or request that the Trustee do so in the event that the Options are to be satisfied using shares from the Employee Benefit Trust. (The Remuneration Committee shall, as part of such discretion to amend the Performance Target, have the ability to amend the composition of the Comparator Group).

Whilst the Remuneration Committee may adopt a different performance target in relation to future awards, any such target must (in the reasonable opinion of the Remuneration Committee) be as challenging as the performance target set out above.

g) Exercise of Options

Normally an Option can only be exercised over the Vested Shares after the Vesting Date provided that the participant is still an employee of the Company or any subsidiary of the Company at the point of exercise.

An Option may only be exercised over a minimum of 500 Shares or if less the total Vested Shares subject to the Option. Options may not be exercised during any prohibited period specified by the Model Code.

When a notice to exercise an Option has been received, the Option holder shall have transferred to him such number of Shares as have a market value (as at the date of exercise) equal to the Share Appreciation Value. The Share Appreciation Value is the difference between the market value (as at the date of exercise) of all the Vested Shares subject to the Option (or part of the Option) which is being exercised and the amount of the exercise price payable in respect of those Shares.

If the Remuneration Committee so determines (in its absolute discretion), the exercise of an Option may be satisfied by the payment of a cash sum equal to the Share Appreciation Value.

h) Cessation of Employment

Options may be exercised in respect of such number of Shares that are Vested Shares as at the date of cessation of employment for a period of six months after the participant ceases to be employed within the group by reason of death, injury, ill health, disability, redundancy or retirement or upon the sale or transfer out of the group of the company or undertaking employing him or for any other reason which the Remuneration Committee determines to be appropriate.

Exercise of Options may also be possible earlier than the Vesting Date provided that the cessation of employment occurs for one of the reasons set out above. In these circumstances, the Remuneration Committee will make an assessment as to whether the performance condition(s) has/have been satisfied as at the date of cessation of employment. Where the cessation of employment occurs before the end of any performance period over which a performance condition is assessed, the Remuneration Committee may, when assessing whether and the extent to which such performance condition has been met,

apply the performance condition on such modified basis as it considers to be fair and reasonable having regard to the abbreviated performance period. To the extent to which the performance condition(s) (as modified) are considered by the Remuneration Committee to have been met, the Options shall vest and an appropriate proportion of the Shares under the Options shall become Vested Shares.

If a participant ceases to be an employee of the group for a reason other than one of the reasons set out above, the Options shall lapse on cessation of employment (unless, as referred to above, the Remuneration Committee determines that the circumstances surrounding the cessation of employment are such that the Options should be exercisable).

j) Corporate Events

In the event of a takeover, an amalgamation or reconstruction sanctioned by the court, the voluntary winding up of the Company or a demerger of the Company or of any of its subsidiaries, Options may be exercised during a limited time period following the relevant corporate event. Options may be so exercised in respect of such number of Shares that are Vested Shares.

If the relevant corporate event occurs before the Vesting Date of any Option, the Remuneration Committee will make an assessment as to whether the performance condition(s) has/have been satisfied as at the date of the corporate event. Where the relevant corporate event occurs before the end of any performance period over which a performance condition is assessed, the Remuneration Committee may, when assessing whether and the extent to which such performance condition has been met, apply the performance condition on such modified basis as it considers to be fair and reasonable having regard to the abbreviated performance period. To the extent to which the performance condition(s) (as modified) are considered by the Remuneration Committee to have been met, the Options shall vest and an appropriate proportion of the Shares under the Options shall become Vested Shares.

j) Other Option Terms & Issues of Shares

Options are not capable of transfer or assignment.

Until Options are exercised, Option holders have no voting or other rights in relation to the Shares subject to those Options. Shares allotted pursuant to the exercise of an Option will rank *pari passu* in all respects with the Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of such exercise.

Benefits obtained under the ESOS Scheme are not pensionable.

k) Amendment to the ESOS Rules

The ESOS is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the ESOS. However, the rules of the ESOS which relate to:

- the persons to whom Options may be granted;
- the limits on the number of shares which may be issued under the ESOS;
- the maximum entitlement of any Option holder;
- the basis for determining an Option holders entitlement to Shares or Options; and
- the basis for determining the adjustment of any Option granted under the ESOS following any increase or variation in the share capital of the Company

cannot be amended to the advantage of any Option holder or potential Option holder without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the ESOS, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Option holders of any group company.

Appendix 2

The Zetex plc 2007 Performance Share Plan (PSP)

The PSP will be operated in conjunction with the existing Employee Share Ownership Trust (ESOT).

a) Eligibility

All employees and directors (other than non-executive directors) of the Company and any of its subsidiaries may be granted awards under the PSP.

It is the current intention of the Remuneration Committee that the grant of awards under the PSP will only be made to persons who are neither executive directors of the Company nor members of the senior management team. The Remuneration Committee may change its grant policy in relation to future awards under the PSP.

b) Grant of Awards and type of Awards

The Remuneration Committee may determine, at its discretion, which eligible employees may be made an award on any occasion, the number of shares in the capital of the Company (Shares) subject to such award, whether the award shall be subject to a performance condition and the form of the award.

Each award may either take the form of:

- an option to acquire Shares (Option); or
- a contingent share award which is a conditional right to receive a number of Shares (Contingent Award).

Each Option can either be structured as a nil cost option under which the exercise price is set at zero and the option is granted by the ESOT over its Shares or an option to subscribe for new issue Shares with an exercise price set at the aggregate nominal value of the Shares under the Option.

Each Contingent Award can either be structured as a conditional right to receive Shares held by the ESOT for no consideration or as a conditional right to receive new issue Shares on payment of the aggregate nominal value of the Shares under the Contingent Award.

Both the exercise of Options and Contingent Awards may be satisfied by a cash payment at the discretion of the Remuneration Committee. (Please see below for further details of this).

The Remuneration Committee currently intends that the awards under the PSP will be structured as nil cost Options.

c) Timing of Grant

Awards may be made during the period of 42 days commencing on: (a) the date the PSP is adopted by the board of directors (following shareholder approval); (b) the dealing day immediately following the date of announcement to the London Stock Exchange of the Company's results for any period; or (c) the day immediately after the person to whom the award is being made first becomes an eligible employee. Awards may also be made at any other time but only if the Remuneration Committee, at its discretion, considers the circumstances to be exceptional.

If the grant of an award on any of the above days would be prohibited by virtue of the model code on share dealing (Model Code) or any statute or regulation or order made pursuant to such statute, then such award may be granted during the period of 42 days commencing immediately after the dealing day on which such prohibition shall cease to have effect. No award shall be made if to do so would breach the Model Code.

No consideration is payable for the grant of an award.

d) Scheme Limits and Restrictions on Grant

In any ten year period, the aggregate number of Shares issued or then capable of being issued for the purpose of satisfying awards made under the PSP, when added to the number of Shares issued or then capable of being issued pursuant to options granted or rights obtained in such ten year period under any other employees' share scheme, profit sharing scheme or employee share ownership plan adopted by the Company, shall not exceed 10% of the ordinary share capital of the Company in issue on that day.

For the avoidance of doubt, any Shares issued or then capable of being issued shall, for the purpose of the above limit (and if required in accordance with the guidance issued by the ABI), include Shares issued or to be issued by the Company out of treasury. In addition the limit will also include any shares issued by the Company to the Trustee for the purposes of the PSP or any other employees' share scheme (but will not include any Shares acquired by the Trustee which were already in issue).

No award can be granted more than ten years after the date of adoption of the PSP.

e) Individual Limit

In normal circumstances, no eligible employee is entitled to receive an award under the PSP in any financial year of the Company if the market value of the Shares subject to that award, when aggregated with the market value of the Shares subject to all or any other awards made under the PSP to that person in the same financial year, would exceed two-thirds of his annual salary (measured on the dealing day immediately preceding the date of grant of the award concerned). For the purpose of calculating this limit, the market value of a Share subject to an award shall be taken as the closing mid market price of a Share as derived from the Official List of the London Stock Exchange for the dealing day immediately preceding the date of grant of the award concerned.

In exceptional circumstances, the Remuneration Committee has the discretion to make an award to any eligible employee which exceeds the two-thirds salary limit described in the preceding paragraph.

In relation to the initial grant of awards under the PSP, it is intended that they will be made over such number of Shares as have a market value, in the case of each award holder, which does not exceed two thirds of that award holder's annual salary.

f) Performance Conditions

It is the current intention of the Remuneration Committee that awards under the PSP will not be subject to a performance condition. An award will normally become capable of exercise as to all the Shares under the award (Vested Shares) on the third anniversary of the date of grant (Vesting Date).

However, the rules of the PSP contain the flexibility for the Remuneration Committee (at its discretion) to make the number of Shares that may be acquired pursuant to an award conditional on the satisfaction of a performance condition (or performance conditions) set at the time of grant. If performance condition(s) are set then, as soon as reasonably practicable after the end of the period of time over which the performance condition(s) is/are measured, the Remuneration Committee shall notify each participant of the extent to which his award has vested (Vested Shares). Awards which are Options will normally become capable of exercise following the date of such notification (Vesting Date) in respect of the Vested Shares. In relation to Contingent Awards, the grantor of the Award shall as soon as reasonably practicable after the Vesting Date transfer or procure the transfer of the Vested Shares to the award holder. To the extent that the performance condition(s) is/are not met, the award shall lapse.

If any event or events occur which cause the Remuneration Committee reasonably to consider that any performance condition attaching to an award should be amended on the grounds that the objective criteria against which performance will then be measured will be a fairer measure of performance and/or that any amended performance condition will afford a more effective incentive to the award holder, it may recommend that the Trustee amends that performance condition provided that the amended performance condition shall, in the reasonable opinion of the Remuneration Committee, be not materially more difficult to satisfy than the original performance condition. The Remuneration Committee may in exceptional

circumstances waive the performance condition applying to any award if an event or events have occurred in consequence of which the Remuneration Committee reasonably considers that the performance condition should be waived.

g) Exercise of Awards

Normally an award which is structured as an Option can only be exercised over the Vested Shares after the Vesting Date provided that the award holder is still an employee of the Company or any subsidiary of the Company at the point of exercise.

Awards structured as Options are usually only capable of being exercised during the period of six weeks (or such longer period as the Remuneration Committee may at its discretion in exceptional circumstances determine and notify to award holders) after the Vesting Date and if not exercised during this period will lapse.

Awards structured as Contingent Awards shall normally be satisfied by the delivery of the Vested Shares to the award holder or to his order as soon as reasonably practicable after the Vesting Date provided that the award holder is still an employee of the Company or any subsidiary of the Company at the time of transfer of the Shares to him.

The Remuneration Committee shall have discretion to allow the awards to be satisfied by the payment of a cash sum to the award holder equal to the market value of the Vested Shares (less the amount of any exercise price or subscription price otherwise payable on the exercise of the award).

Awards which are structured as Options may not be exercised at any time when such exercise would not be in compliance with the Model Code. Shares subject to any award structured as a Contingent Award shall not be transferred to the award holder pursuant to such an award if such transfer is not in compliance with the Model Code.

h) Cessation of Employment

Awards structured as Options may be exercised in respect of such number of Shares that are Vested Shares as at the date of cessation of employment for a period of six weeks (or such longer period as the Remuneration Committee may at its discretion in exceptional circumstances determine) after the award holder ceases to be employed within the group by reason of death, injury, ill health, disability, redundancy or retirement or upon the sale or transfer out of the group of the company or undertaking employing him or for any other reason which the Remuneration Committee determines to be appropriate. Similarly, if the award has been structured as a Contingent Award and the award holder ceases to be an employee for one of the reasons specified in this paragraph, the grantor of the Contingent Award shall transfer or procure the transfer of such number of Shares that are Vested Shares as at the date of cessation of employment to the award holder as soon as reasonably practicable after the date of cessation of employment.

In the case of an award that is not subject to a performance condition, all of the Shares under that award will be deemed to be Vested Shares upon the cessation of employment in one of the circumstances referred to above.

Even where an award is subject to performance condition(s), the exercise of the award (where it is structured as an Option) or delivery of the Shares (where the award is structured as a Contingent Award) may be possible earlier than the Vesting Date provided that the cessation of employment occurs for one of the reasons set out above. In these circumstances, the Remuneration Committee will make an assessment as to whether the performance condition(s) has/have been satisfied as at the date of cessation of employment. Where the cessation of employment occurs before the end of any performance period over which a performance condition is assessed, the Remuneration Committee may, when assessing whether and the extent to which such performance condition has been met, apply the performance condition on such modified basis as it considers to be fair and reasonable having regard to the abbreviated performance period. To the extent to which the performance condition(s) (as modified) are considered by the Remuneration Committee to have been met, the award shall vest and an appropriate proportion of the Shares under the award shall become Vested Shares.

If a participant ceases to be an employee of the group for a reason other than one of the reasons set out above, the awards shall lapse on cessation of employment (unless, as referred to above, the Remuneration Committee determines that the circumstances surrounding the cessation of employment are such that an Option should be exercisable or that the grantor of a Contingent Award should transfer or procure the transfer of Shares).

j) Corporate Events

In the event of a takeover, an amalgamation or reconstruction sanctioned by the court, the voluntary winding up of the Company or a demerger of the Company or of any of its subsidiaries, awards structured as Options may be exercised, and Shares may be delivered to an award holder pursuant to outstanding Contingent Awards, during a limited time period following the relevant corporate event.

The number of Shares over which an Option can be exercised, or that may be delivered to the award holder pursuant to outstanding Contingent Awards, in the event of a relevant corporate event shall in normal circumstances be such number of Shares under the awards as are Vested Shares at the time of the relevant corporate event. In the case of an award that is not subject to a performance condition, all of the Shares under that award will be deemed to be Vested Shares for these purposes.

In the case of an award that is subject performance condition(s), if the relevant corporate event occurs before the Vesting Date, the Remuneration Committee will make an assessment as to whether the performance condition(s) has/have been satisfied as at the date of the corporate event. Where the relevant corporate event occurs before the end of any performance period over which a performance condition is assessed, the Remuneration Committee may, when assessing whether and the extent to which such performance condition has been met, apply the performance condition on such modified basis as it considers to be fair and reasonable having regard to the abbreviated performance period. To the extent to which the performance condition(s) (as modified) are considered by the Remuneration Committee to have been met, the award shall vest and an appropriate proportion of the Shares under the award shall become Vested Shares.

j) Other Award terms & Issues of Shares

Awards are not capable of transfer or assignment.

Until Shares are issued or transferred pursuant to an award, the award holder has no voting or other rights in relation to the Shares subject to that award.

Shares issued or transferred pursuant to the exercise/vesting of an award will rank *pari passu* in all respects with the Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of such issue or transfer.

Benefits obtained under the PSP are not pensionable.

k) Adjustment of Awards

In the event of any increase or variation in the share capital of the Company, the directors may make such adjustment as they consider appropriate to the aggregate number, amount or description of the Shares under the awards, the price if any payable by the award holder to obtain the shares and, where an award structured as an Option is exercised or a Contingent Award has vested but no Shares have yet been allotted or transferred to the award holder, to the number of Shares that may be so allotted or transferred.

l) Amendments to the PSP Rules

The rules of the PSP which relate to:

- the persons to whom awards may be made;
- the overall limits on the number of Shares which may be issued under the PSP;
- the individual limits on the entitlement of any one eligible employee or award holder;
- the basis for determining an award holder's right to any Shares; and
- the basis for determining the adjustment of any award granted under the PSP following any increase or variation in the share capital of the Company

cannot be amended to the advantage of any award holder or potential award holder without the prior approval of the shareholders in General Meeting (except for minor amendments to benefit the administration of the PSP, to take into account any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for award holders or the Company or any member of the same group as the Company).

m) Termination

The PSP may be terminated at any time by the board and shall in any event terminate on the tenth anniversary of its adoption so that no further awards can be granted under the PSP after such tenth anniversary. Termination shall not affect the outstanding rights of award holders.

Appendix 3

The Zetex plc 2007 Bonus Co-investment Plan (BCP)

a) Eligibility

All employees and directors (other than non-executive directors) of the Company and any of its subsidiaries may be granted awards under the BCP.

It is the current intention of the Remuneration Committee that in relation to the grant of awards under the BCP, only executive directors and senior managers of the Company will be invited to participate.

b) Invitations to Participate

The Remuneration Committee has absolute discretion to nominate the persons who may participate in the BCP.

In relation to any person who is nominated to participate in the BCP, the Remuneration Committee may, at its discretion, request that such person applies a set percentage (determined by the Remuneration Committee but not exceeding 25%) (Mandatory Percentage) of his forthcoming Net Annual Bonus in the acquisition of ordinary shares in the capital of the Company (Shares).

For these purposes, Net Annual Bonus shall mean the amount of the relevant annual bonus remaining after the deduction of all applicable income tax and employee's national insurance contributions payable upon that bonus.

Persons who have been nominated to participate in the BCP:

- must apply the Mandatory Percentage, notified to them (if any) by the Remuneration Committee in such nomination, of their forthcoming Net Annual Bonus in the acquisition of Shares in order to participate under the BCP; and
- may voluntarily apply a percentage chosen by them (up to a maximum percentage specified by the Remuneration Committee not normally exceeding a further 25%) (Voluntary Percentage) of their forthcoming Net Annual Bonus in the acquisition of Shares.

The Remuneration Committee intends that in relation to the initial grant of awards under the BCP, the nominations made to participants will not contain a requirement to apply the Mandatory Percentage of their forthcoming Net Annual Bonus (payable in Spring 2007) in the acquisition of Shares and, in order to incentivise participation in the BCP, the Remuneration Committee intends to set the maximum Voluntary Percentage as 50% for that year only.

Persons who have been nominated to participate but have not been requested to apply a Mandatory Percentage of their forthcoming Net Annual Bonus in the acquisition of Shares may still voluntarily apply a Voluntary Percentage of their forthcoming Net Annual Bonus in the acquisition of Shares.

All Shares acquired by a participant using the Mandatory Percentage of his forthcoming Net Annual Bonus shall be classified as Deferred Bonus Shares for the purpose of the BCP and all Shares acquired by a participant using a Voluntary Percentage of his forthcoming Net Annual Bonus shall be classified as Investment Shares for the purpose of the BCP.

The legal title to the Deferred Bonus Shares and the Investment Shares acquired by any person shall be registered in the name of the trustee (Trustee) of the existing Employee Share Ownership Trust. Participants shall retain the beneficial ownership of Deferred Bonus Shares and Investment Shares.

c) Grant of Awards

In respect of any participant who has made an acquisition of Deferred Bonus Shares and registered the legal title to such Shares with the Trustee, the Remuneration Committee shall procure that such participant is granted an award (Deferred Share Award) over such number of Shares (rounded down to the nearest whole number) as is equal to 1.5 times the number of Shares that the participant could have acquired (at a price equal to the market value of the Shares as at the time of the award) had the amount applied in acquiring Deferred Bonus Shares been the Mandatory Percentage of the participant's Gross Annual Bonus. For these purposes, Gross Annual Bonus shall mean the participant's annual bonus before the deduction of all applicable income tax and employee's national insurance contributions payable upon that bonus.

In respect of any participant who has made an acquisition of Investment Shares and registered the legal title to such Shares with the Trustee, the Remuneration Committee shall procure that such participant is granted an award (Investment Share Award) over such number of Shares (rounded down to the nearest whole number) as is equal to 1.5 times the number of Shares that the participant could have acquired (at a price equal to the market value of the Shares as at the time of the award) had the amount applied in acquiring Investment Shares been the Voluntary Percentage of the participant's Gross Annual Bonus.

Deferred Share Awards and Investment Share Awards shall each take the form of a nil cost option to acquire Shares so that there will be no exercise price payable upon exercise of an award in order to acquire Shares pursuant to it.

Awards may only be granted during the period of 42 days commencing on: (a) the date the BCP is adopted by the board of directors (following shareholder approval); (b) the dealing day immediately following the date of announcement to the London Stock Exchange of the Company's results for any period; or (c) the day immediately after the person to whom the award is being made first becomes an eligible employee. Awards may also be made at any other time but only if the Remuneration Committee, at its discretion, considers the circumstances to be exceptional.

If the grant of an award on any of the above days would be prohibited by virtue of the model code on share dealing (Model Code) or any statute or regulation or order made pursuant to such statute, then such award may be granted during the period of 42 days commencing immediately after the dealing day on which such prohibition shall cease to have effect.

No award shall be made if to do so would breach the Model Code.

No consideration is payable for the grant of a Deferred Share Award or an Investment Share Award.

d) Scheme Limits and Restrictions on Grant

In any ten year period, the aggregate number of Shares issued or then capable of being issued for the purpose of satisfying awards made under the BCP, when added to the number of Shares issued or then capable of being issued pursuant to options granted or rights obtained in such ten year period under any other employees' share scheme, profit sharing scheme or employee share ownership plan adopted by the Company, shall not exceed 10% of the ordinary share capital of the Company in issue on that day.

For the avoidance of doubt, any Shares issued or then capable of being issued shall, for the purpose of the above limit (and if required in accordance with the guidance issued by the ABI), include Shares issued or to be issued by the Company out of treasury. In addition the limit will also include any shares issued by the Company to the Trustee for the purposes of the BCP or any other employees' share scheme (but will not include any Shares acquired by the Trustee which were already in issue).

No award can be granted more than ten years after the date of adoption of the BCP.

e) Performance Conditions

The number of Shares which may be acquired by a participant upon the exercise of a Deferred Share Award and/or an Investment Share Award will (in normal circumstances) be conditional upon the achievement of an objective performance condition (or performance conditions) set at the time of grant, at the discretion of the Remuneration Committee.

The performance condition(s) which apply to the Deferred Share Award and the Investment Share Award will include (unless determined otherwise by the Remuneration Committee) a measure of the performance of the Company over a period commencing no earlier than the first day of the financial year of the Company in which the award is granted.

In setting the performance condition(s), the Remuneration Committee will determine (and notify to the participant):

- the basis for calculating the number of Shares in respect of which a Deferred Share Award and/or an Investment Share Award may be exercised (Vested Shares) and the number of Shares in respect of which such an award shall cease to be exercisable (Lapsed Shares); and
- the time (or times) at which Shares under a Deferred Share Award and/or an Investment Share Award become Vested Shares or Lapsed Shares (Vesting Date(s)).

On, or as soon as reasonably practicable after, a Vesting Date, the Remuneration Committee shall determine and notify to the participant the extent to which any applicable performance condition has been satisfied and the number of Shares under a Deferred Share Award and/or an Investment Share Award that have become either Vested Shares or Lapsed Shares. A Deferred

Share Award and/or an Investment Share Award shall lapse and cease to be exercisable to the extent that it relates to any Lapsed Shares.

If any event or events occur which cause the Remuneration Committee reasonably to consider that any performance condition attaching to a Deferred Share Award and/or an Investment Share Award should be amended on the grounds that the objective criteria against which performance will then be measured will be a fairer measure of performance and/or that any amended performance condition will afford a more effective incentive to the participant, it may recommend that the Trustee amend that performance condition provided that the amended performance condition shall, in the reasonable opinion of the Remuneration Committee, be not materially more difficult to satisfy than the original performance condition. The Remuneration Committee may in exceptional circumstances recommend that the Trustee waive a performance condition altogether if an event or events have occurred in consequence of which the Remuneration Committee reasonably considers that the performance condition should be waived.

For the avoidance of doubt, Deferred Bonus Shares and Investment Shares shall not, in any circumstances, be conditional upon any performance condition.

In relation to the initial grant of awards under the BCP (which, as noted above, will not include Deferred Bonus Shares nor a corresponding Deferred Share Award), it is intended that performance will be measured over a four year period commencing on the first day of the financial year of the Company in which an award is granted (Performance Period). Three quarters of the Shares subject to an award will be subject to a revenue target (Revenue Target). One quarter of the Shares subject to an award will be subject to a total shareholder return target (TSR Target). Whilst the Remuneration Committee may adopt a different performance target in relation to future awards, any such target must (in the reasonable opinion of the Remuneration Committee) be as challenging as the performance targets set out below.

Awards subject to the Revenue Target will be split into three equal tranches, each equal to one-quarter of the total Shares subject to an award. Each tranche will vest according to a sliding-scale vesting schedule set by the Remuneration Committee around revenue targets to be based on US\$ year-end revenue, as published in the audited annual accounts, and set for each of the first, second and third financial years of the Performance Period. Revenue targets will be set by the Remuneration Committee with regard to the Company's long-term plan and other relevant benchmarks. Awards will vest in full for a performance level assessed by the Remuneration Committee to be equivalent to upper quartile performance. Targets set for the scheme will be disclosed in the Directors' Remuneration Report following the end of the relevant performance period.

To the extent that the revenue target is met at the end of the relevant financial year, the Shares subject to that target shall vest (and shall become Vested Shares) at the next anniversary of the award grant date (a Vesting Date). To the extent that the revenue target is not met at the end of the relevant financial year, the shares subject to that target shall not vest (and shall become Lapsed Shares).

In relation to the TSR Target, the Company's TSR shall be measured over the whole of the Performance Period. The Company's TSR will be compared to companies which are deemed by the Remuneration Committee to be the Company's sector peers (Comparator Group). It is intended that the Comparator Group in relation to the initial grant of awards under the BCP shall be Advanced Micro Devices, Analog Devices, Austria Microsystems, Dialog Semiconductor, Diodes, Fairchild Semiconductor, Freescale Semiconductor, International Rectifier, Intersil, Linear Technology, Maxim Integrated Products, Micrel, National Semiconductor, ON Semiconductor, Sipex, ST Microelectronics, Supertex, Cirrus Logic, Pericom Semiconductor and Texas Instruments.

If the Company's annual TSR is equal to the median of the annual TSR for the companies in the Comparator Group (Lower Target) then 20% of the Shares subject to the TSR Target will vest. If the Company's annual TSR exceeds the median of the annual TSR for the companies in the Comparator Group by 10% or more per annum (Upper Target) then all of the Shares subject to the TSR Target will vest. The Company's out performance of the comparator group will be based on an approach, whereby for example e.g. if Comparator Group median TSR were 10% p.a. over the 4-year period, TSR-based awards would vest in full only if the Company's TSR were 21% p.a. or higher (i.e. $1.10 \times 1.10 = 1.21$).

Where the Company's annual TSR falls between the Lower Target and the Upper Target, the number of Shares subject to the TSR Target shall vest on a straight-line basis between 20% and 100%.

To the extent that the TSR Target is met, the shares subject to that target shall vest (and shall become Vested Shares) at the next anniversary of the award grant date (a Vesting Date). To the extent that the TSR Target is not met, the shares subject to that target shall not vest (and shall become Lapsed Shares).

In the case where a strict application of the Revenue Target or the TSR Target would result in a fraction of a Share vesting, the number of Shares that vest shall be rounded down to the nearest whole number of Shares.

f) *Withdrawal of Deferred Bonus Shares and Investment Shares*

In relation to Deferred Bonus Shares, a participant will not normally be permitted to request the Trustee to transfer such Shares to him unless and until they become Vested Deferred Bonus Shares. Deferred Bonus Shares may become Vested Deferred Bonus Shares on a Vesting Date for the corresponding Deferred Share Award that was made in relation to such Deferred Bonus Shares. On a Vesting Date, an Equivalent Proportion of the Deferred Bonus Shares shall become Vested Deferred Bonus Shares. The Equivalent Proportion is the number of Shares under the corresponding Deferred Share Award that become either Vested Shares or Lapsed Shares on the Vesting Date, expressed as a proportion of the total number of Shares originally subject to that Deferred Share Award (ignoring, for these purposes, any Dividend Equivalent Shares).

In relation to Investment Shares, a participant will be free to request the Trustee to transfer such Shares to him at any time. Unless such Investment Shares are Vested Investment Shares, however, an Investment Share Award that was made in relation to such Investment Shares shall normally lapse (to the extent to which it corresponds to the Investment Shares transferred). Investment Shares may become Vested Investment Shares on a Vesting Date for the corresponding Investment Share Award that was made in relation to such Investment Shares. On a Vesting Date, an Equivalent Proportion of the Investment Shares shall become Vested Investment Shares. The Equivalent Proportion is the number of Shares under the corresponding Investment Share Award that become either Vested Shares or Lapsed Shares on the Vesting Date, expressed as a proportion of the total number of Shares originally subject to that Investment Share Award (ignoring, for these purposes, any Dividend Equivalent Shares).

g) *Dividend Enhancement*

If a dividend or other distribution is made by the Company at any time on or after the date on which any Deferred Share Award and/or Investment Share Award is made then there shall be notionally added to the number of Shares under the Deferred Share Award and/or the Investment Share Award such number of whole Shares as could have been acquired with a sum equal to the aggregate cash amount of such dividend or distribution attributable to the Shares under the Deferred Share Award and/or the Investment Share Award. Any Shares added notionally in this way are referred to as Dividend Equivalent Shares. No Dividend Equivalent Shares shall be added to any Shares under a Deferred Share Award and/or Investment Share Award that have already become Vested Shares or Lapsed Shares as at the date the relevant dividend or distribution is made.

In the event of any further dividend or other distribution being paid or made by the company, the Dividend Equivalent Shares already notionally added to any Shares subject to an award (except where such Shares have become Vested Shares or Lapsed Shares as at the date the relevant dividend or distribution is made) are included in the calculation for any further Dividend Equivalent Shares.

Subject to the specific provisions referred to below, there is no entitlement for participants to acquire the Dividend Equivalent Shares that are notionally added to any Shares subject to an award until such Shares become Vested Shares. Following a Vesting Date, and on the exercise of any Deferred Share Award and/or Investment Share Award, a participant may then acquire (for nil consideration) the Dividend Equivalent Shares, but only to the extent to which such Dividend Equivalent Shares relate to Shares that have become Vested Shares. To the extent to which any Dividend Equivalent Shares relate to Shares that have become Lapsed Shares, the participant shall cease to have any right to acquire such Dividend Equivalent Shares.

h) *Exercise of Awards*

Subject to the specific provisions referred to below, no Deferred Share Award or Investment Share Award may be exercised as to any Shares that have not become Vested Shares. Following a Vesting Date, a Deferred Share Award and/or an Investment Share Award may be exercised (in whole or in part) as to the Vested Shares.

No Deferred Share Award or Investment Share Award is capable of exercise more than ten years after its date of grant and will lapse on the tenth anniversary of its date of grant.

Awards may not be exercised (and the transfer of Shares may not be requested) during any prohibited period specified by the Model Code.

i) *Cessation of Employment*

If a participant ceases to be employed within the group by reason of death, injury, ill health, disability, redundancy or retirement or upon the sale or transfer out of the group of the company or undertaking employing him or for any other reason

which the Remuneration Committee determines to be appropriate, the participant may (within six months following the cessation of employment) exercise any outstanding Deferred Share Award and/or Investment Share Award, but only in respect of any Shares under those awards that have become Vested Shares (or which are Dividend Equivalent Shares relating thereto). The participant shall also be free to request the Trustee to transfer to him all of his Investment Shares and Deferred Bonus Shares (whether or not such Investment Shares and Deferred Bonus Shares have become Vested Investment Shares and Vested Deferred Bonus Shares).

If a participant ceases to be employed within the group for one of the reasons set out above before any Vesting Date relating to the whole or any part of a Deferred Share Award and/or an Investment Share Award, the Shares under such award (or such part of the award) that have not already become Vested Shares (Unvested Shares) shall ordinarily become Lapsed Shares, save where the Remuneration Committee determines otherwise. If the Remuneration Committee does so determine otherwise, the Unvested Shares shall become Vested Shares upon the cessation of employment, but only to the extent that the Remuneration Committee assesses that any performance condition outstanding in relation to the Unvested Shares has been satisfied as at the date of cessation of employment (and in making such assessment, the Remuneration Committee may apply any such performance condition on such modified basis as it considers to be fair and reasonable, having regard to any abbreviated performance period).

If a participant ceases to be an employee of the group for a reason other than one of the reasons set out above then:

- the participant shall retain all of his Investment Shares (whether or not they have become Vested Investment Shares) and all of his Vested Deferred Bonus Shares;
- the Trustee shall have the right to acquire (forthwith) from the participant, for a nominal consideration, the beneficial interest in his Deferred Bonus Shares that have not become Vested Deferred Bonus Shares by the date of cessation of employment; and
- any outstanding Deferred Share Award or Investment Share Award shall lapse.

If and to the extent that the transfer by the participant to the Trustee of his beneficial interest in the Deferred Bonus Shares gives rise to any adverse tax consequences for the beneficiary, the Trustee will hold the participant harmless against such adverse tax consequences.

j) Corporate Events

In the event of a takeover, an amalgamation or reconstruction sanctioned by the court, the voluntary winding up of the Company or a demerger of the Company or of any of its subsidiaries, the participant may (within a limited time period following the corporate event) exercise any outstanding Deferred Share Award and/or Investment Share Award, but only in respect of any Shares under those awards that have become Vested Shares (or which are Dividend Equivalent Shares relating thereto). The participant shall also be free to request the Trustee to transfer to him all of his Investment Shares and Deferred Bonus Shares (whether or not such Investment Shares and Deferred Bonus Shares have become Vested Investment Shares and Vested Deferred Bonus Shares).

If the relevant corporate event occurs before any Vesting Date relating to the whole or any part of a Deferred Share Award and/or an Investment Share Award, the Shares under such award (or such part of the award) that have not already become Vested Shares (Unvested Shares) shall ordinarily become Lapsed Shares, save where the Remuneration Committee determines otherwise. If the Remuneration Committee does so determine otherwise, the Unvested Shares shall become Vested Shares upon the occurrence of the corporate event, but only to the extent that the Remuneration Committee assesses that any performance condition outstanding in relation to the Unvested Shares has been satisfied as at the date of cessation of employment (and in making such assessment, the Remuneration Committee may apply any such performance condition on such modified basis as it considers to be fair and reasonable, having regard to any abbreviated performance period).

k) Other Award terms & Issues of Shares

Deferred Share Awards and Investment Share Awards are not capable of transfer or assignment.

Until Deferred Share Awards and Investment Share Awards are exercised, participants have no voting or other rights in relation to the Shares subject to those awards.

Shares transferred pursuant to the exercise of a Deferred Share Award or an Investment Share Award will rank *pari passu* in all

respects with the Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of such exercise.

Benefits obtained under the BCP are not pensionable.

l) Adjustment of Awards

In the event of any increase or variation in the share capital of the Company, the Trustee (after consultation with the Remuneration Committee) may make such adjustment as it considers fair and reasonable to the outstanding Deferred Share Awards and Investment Share Awards.

m) Amendments to the BCP Rules

The rules of the BCP which relate to:

- the persons to whom awards may be made;
- the limits on the number of Shares which may be issued under the BCP;
- the maximum entitlement of any one participant;
- the basis for determining a participant's entitlement to awards and the terms thereof; and
- the basis for determining the adjustment of any award granted under the BCP following any increase or variation in the share capital of the Company

cannot be amended to the advantage of any participant or potential participant without the prior approval of the shareholders in General Meeting (except for minor amendments to benefit the administration of the BCP, to take into account any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or the Company).

n) Termination

The BCP may be terminated at any time by the board and shall in any event terminate on the tenth anniversary of its adoption so that no further awards can be granted under the BCP after such tenth anniversary. Termination shall not affect the outstanding rights of participants.