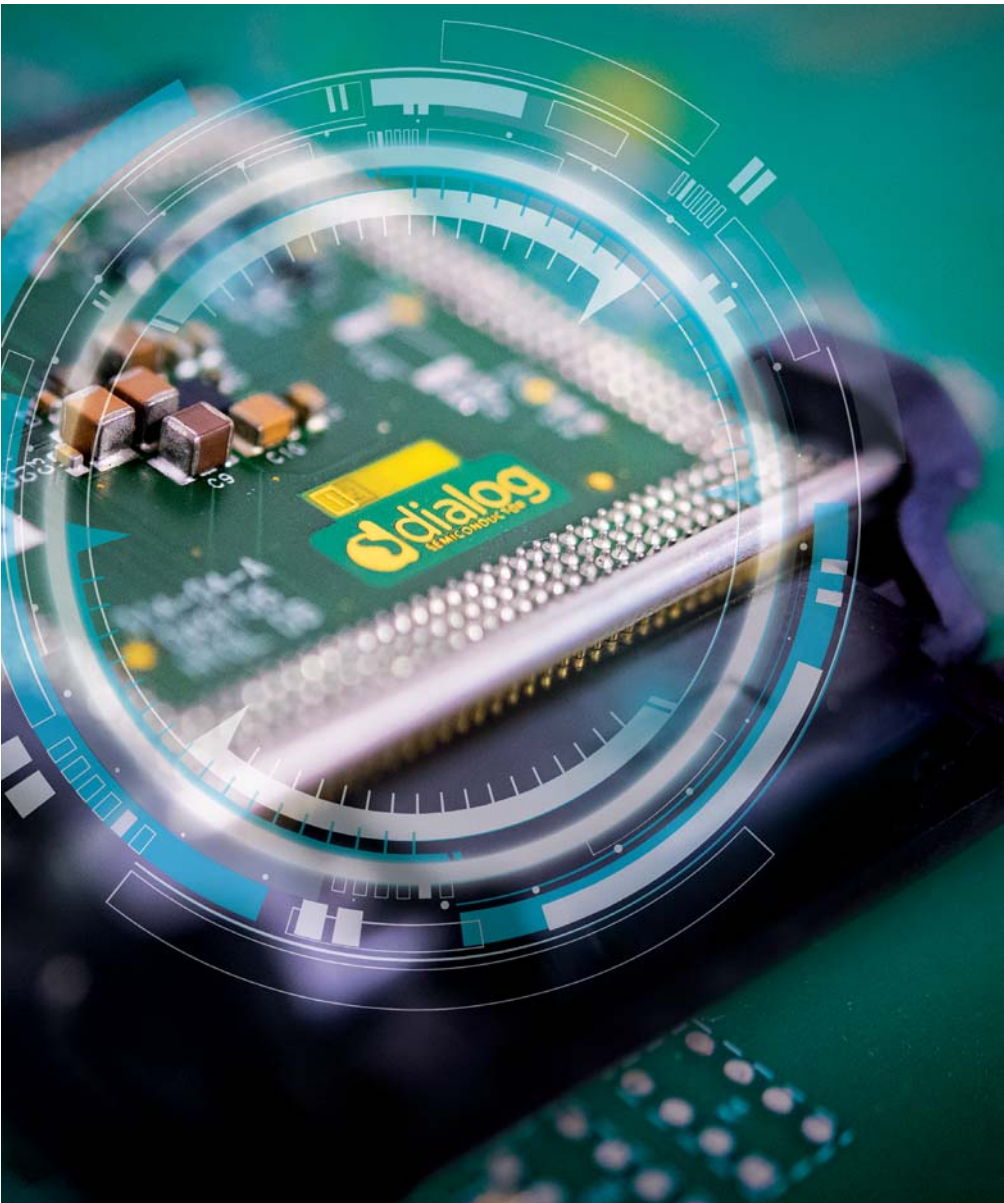


# Focusing on the future





THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your independent financial adviser immediately. If you have sold or otherwise transferred all your shares in Dialog Semiconductor Plc, please forward this document and the accompanying document(s) to the purchaser, transferee, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**Dialog Semiconductor Plc**  
**GB-London**  
**ISIN: GB0059822006**  
**Notice of Annual General Meeting**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (**AGM**) of Dialog Semiconductor Plc (the **Company** or **Dialog**) will be held at Reynolds Porter Chamberlain LLP, Tower Bridge House, St Katharine's Way, London E1W 1AA on Thursday 3 May 2018 at 9am BST (10am CEST) for the purpose of transacting the following business:

To consider and, if thought fit, to pass the following Resolutions of which Resolutions 1 to 10 (inclusive) will be proposed as ordinary resolutions and Resolutions 11 to 17 (inclusive) will be proposed as special resolutions:

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

THAT the Annual Report and Accounts for the financial year ended 31 December 2017 be and are hereby received.

**RESOLUTION 2 - Approval of Directors' Remuneration Report**

THAT the Directors' Remuneration Report, set out at pages 75 and 83 to 90 of the Annual Report and Accounts for the financial year ended 31 December 2017, be and is hereby approved.

**RESOLUTION 3 - Re-appointment of Deloitte LLP as Auditor of the Company**

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

**RESOLUTION 4 - Authority to agree the Auditor's remuneration**

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

**RESOLUTION 5 - Re-appointment of Richard Beyer as a Director of the Company**

THAT Richard Beyer be and is hereby re-appointed as a Director of the Company.

**RESOLUTION 6 - Re-appointment of Alan Campbell as Director of the Company**

THAT Alan Campbell be and is hereby re-appointed as a Director of the Company.

**RESOLUTION 7 - Re-appointment of Michael Cannon as a Director of the Company**

THAT Michael Cannon be and is hereby re-appointed as a Director of the Company.

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

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

**RESOLUTION 9 - Directors' authority to allot shares**

THAT the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the **Act**) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any securities into shares in the Company up to an aggregate nominal amount of £2,546,071 provided that this authority shall (unless previously renewed, varied or revoked) expire at the earlier of 15 months from the date of this Resolution and the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution save that the Company may before such expiry make any offers or agreements which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the Directors may allot shares and grant rights to subscribe for or to convert any securities into shares in the Company pursuant to any such offer or agreement as if the authority conferred by this Resolution had not expired.

**RESOLUTION 10 - Additional authority to allot shares in connection with a rights issue**

THAT, in addition to Resolution 9, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Act to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the Act) in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective

numbers of ordinary shares held by them up to an aggregate nominal amount (when added to any allotments made under Resolution 9) of £5,092,143 provided that this authority shall (unless previously renewed, varied or revoked) expire at the earlier of 15 months from the date of this Resolution and the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution save that the Company may before such expiry make any offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if the authority conferred by this Resolution had not expired.

#### **RESOLUTION 11 - Disapplication of pre-emption rights**

THAT, subject to and conditional upon Resolution 9 and/or, as the case may be, Resolution 10 being passed, the Directors be and are hereby empowered to allot equity securities (as defined in section 560 of the Act) for cash under the authority conferred by Resolutions 9 and/or 10 (as applicable) and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the Act did not apply to any such allotment or sale, provided that such authority shall be limited to:

(a) the allotment of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under Resolution 10, by way of a rights issue only):

- to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
- to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) the allotment of equity securities or sale of treasury shares (otherwise than pursuant to part (a) of this Resolution) to any person up to an aggregate nominal amount of £381,911.

The authority granted by this Resolution will expire at the conclusion of the Company's next annual general meeting after the passing of this Resolution or, if earlier, 15 months from the

date of this Resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after such expiry and the Directors may allot equity securities (or sell treasury shares) pursuant to any such offer or agreement as if the authority conferred by this Resolution had not expired.

#### **RESOLUTION 12 - Additional disapplication of pre-emption rights**

THAT, subject to and conditional upon Resolution 9 and/or, as the case may be, Resolution 10 being passed, the Directors be and are hereby empowered, in addition to any authority granted under Resolution 11, to allot equity securities (as defined in section 560 of the Act) for cash under the authority conferred by Resolutions 9 and/or 10 (as applicable) and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the Act did not apply to any such allotment, provided that this power shall be:

(a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £381,911 and

(b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-emption Rights most recently published by the Pre-emption Group prior to the date of this Notice of AGM.

The authority granted by this Resolution will expire at the conclusion of the Company's next annual general meeting after the passing of this Resolution or, if earlier, 15 months from the date of this Resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after such expiry and the Directors may allot equity securities (or sell treasury shares) pursuant to any such offer or agreement as if the authority conferred by this Resolution had not expired.

#### **RESOLUTION 13 - Authority to enter into contingent forward share purchase contract with Barclays Bank PLC**

THAT, in accordance with section 694 of the Act and conditional on the passing of at least one of Resolutions 14, 15 and 16, the terms of a proposed contingent forward share

purchase contract to be entered into between the Company and Barclays Bank PLC (**Barclays**) for the purchase by the Company of up to 7,638,214 ordinary shares of 10 pence each in the capital of the Company (in the form produced to the AGM and initialled by the Chairman for the purpose of identification) (the **Barclays Agreement**) be and are hereby approved and the Company be and is hereby authorised to enter into the Barclays Agreement.

The maximum aggregate number of shares which may be purchased under the Barclays Agreement and such other contingent forward share purchase contracts which may be approved pursuant to Resolutions 14 and/or 15 and/or 16 is 7,638,214, representing approximately 10% of the issued ordinary share capital of the Company as at 21 March 2018 (being the last practicable date prior to publication of this Notice of AGM).

The authority conferred by this Resolution to enter into the Barclays Agreement shall (unless previously renewed, varied or revoked) expire on the day which is immediately prior to the next Annual General Meeting of the Company or on 30 June 2019, whichever is the earlier.

#### **RESOLUTION 14 - Authority to enter into contingent forward share purchase contract with Goldman Sachs International**

THAT, in accordance with section 694 of the Act and conditional on the passing of at least one of Resolutions 13, 15 and 16 the terms of a proposed contingent forward share purchase contract to be entered into between the Company and Goldman Sachs International (**Goldman Sachs**) for the purchase by the Company of up to 7,638,214 ordinary shares of 10 pence each in the capital of the Company (in the form produced to the AGM and initialled by the Chairman for the purpose of identification) (the **Goldman Sachs Agreement**) be and are hereby approved and the Company be and is hereby authorised to enter into the Goldman Sachs Agreement.

The maximum aggregate number of shares which may be purchased under the Goldman Sachs Agreement and such other contingent forward share purchase contracts which may be approved pursuant to Resolutions 13 and/or 15 and/or 16 is 7,638,214, representing approximately 10% of the issued ordinary share capital of the Company as at 21 March 2018 (being the last practicable date prior to publication of this Notice of AGM).

The authority conferred by this Resolution to enter into the Goldman Sachs Agreement shall (unless previously renewed, varied or revoked) expire on the day which is immediately prior to the next Annual General Meeting of the Company or on 30 June 2019, whichever is the earlier.

#### **RESOLUTION 15 - Authority to enter into contingent forward share purchase contract with HSBC Bank plc**

THAT, in accordance with section 694 of the Act and conditional on the passing of at least one of Resolutions 13, 14 and 16, the terms of a proposed contingent forward share purchase contract to be entered into between the Company and HSBC Bank plc (**HSBC**) for the purchase by the Company of up to 7,638,214 ordinary shares of 10 pence each in the capital of the Company (in the form produced to the AGM and initialled by the Chairman for the purpose of identification) (the **HSBC Agreement**) be and are hereby approved and the Company be and is hereby authorised to enter into the HSBC Agreement.

The maximum aggregate number of shares which may be purchased under the HSBC Agreement and such other contingent forward share purchase contracts which may be approved pursuant to Resolutions 13 and/or 14 and/or 16 is 7,638,214, representing approximately 10% of the issued ordinary share capital of the Company as at 21 March 2018 (being the last practicable date prior to publication of this Notice of AGM).

The authority conferred by this Resolution to enter into the HSBC Agreement shall (unless previously renewed, varied or revoked) expire on the day which is immediately prior to the next Annual General Meeting of the Company or on 30 June 2019, whichever is the earlier.

#### **RESOLUTION 16 - Authority to enter into contingent forward share purchase contract with Merrill Lynch International**

THAT, in accordance with section 694 of the Act and conditional on the passing of at least one of Resolutions 13, 14 and 15, the terms of a proposed contingent forward share purchase contract to be entered into between the Company and Merrill Lynch International (**Merrill Lynch**) for the purchase by the Company of up to 7,638,214 ordinary shares of 10 pence each in the capital of the Company (in the form produced to the AGM and initialled by the Chairman for the purpose of identification) (the **Merrill Lynch Agreement**) be and are hereby approved and the Company be and is hereby authorised to enter into the Merrill Lynch Agreement.

The maximum aggregate number of shares which may be purchased under the Merrill Lynch Agreement and such other contingent forward share purchase contracts which may be approved pursuant to Resolutions 13 and/or 14 and/or 15 is 7,638,214, representing approximately 10% of the issued ordinary share capital of the Company as at 21 March 2018 (being the last practicable date prior to publication of this Notice of AGM).

The authority conferred by this Resolution to enter into the Merrill Lynch Agreement shall (unless previously renewed, varied or revoked) expire on the day which is immediately prior to the next Annual General Meeting of the Company or on 30 June 2019, whichever is the earlier.

#### **RESOLUTION 17 - Notice period for general meetings**

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

By order of the Board

Tim Anderson  
Company Secretary Dialog Semiconductor Plc  
Tower Bridge House St Katharine's Way London E1W 1AA  
6 April 2018  
Registered in England and Wales No. 3505161

## Notes to Notice of AGM

### 1. Documents provided

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

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

### 2. Entitlement to attend and vote

The Company, pursuant to the Articles, specifies that only those Shareholders entered in the register of members of the Company or the CI Register (as defined in the Articles) (together the Registers of Members) at 9am BST (10am CEST) on 1 May 2018, or if this meeting is adjourned, in the appropriate Registers of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the AGM in respect of the number of shares (or in the case of CI Holders, interests in shares) registered in their name at that time. Changes to the entries in the Registers of Members after 9am BST (10am CEST) on 1 May 2018, or if this meeting is adjourned, in the Registers of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

### 3. Personal attendance

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

### 4. Proxies

Shareholders who are unable to attend the AGM may appoint one or more proxies (who need not be a Shareholder) to exercise all or any of their rights to attend, speak and vote at the AGM, provided that each proxy is appointed to exercise the rights attached to a different share/CI or shares/

CIs held by their appointer. A Shareholder may only appoint a proxy or proxies by following the procedure described at section 2 ("Appointment of Proxy and Voting Instructions") in the Reply Form. A proxy appointment must be received no later than 9am BST (10am CEST) on 1 May 2018. Further details in relation to the appointment of proxies are given in the Reply Form and Important Notes.

### 5. Questions at the AGM

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

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

### 6. Number of issued shares and total voting rights

As at 21 March 2018 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital comprised 76,382,139 ordinary shares of 10p each carrying one vote each and having an aggregate nominal value of £7,638,214. Therefore the total voting rights in the Company as at 21 March 2018 are 76,382,139.

### 7. Nominated persons

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

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



## 8. Corporate representatives

A corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all its powers as a member provided that no more than one corporate representative exercises power over the same share/CI. Any corporate Shareholder who wishes (or who may wish) to appoint more than one corporate representative should contact Martina Zawadzki by email at [dialog@art-of-conference.de](mailto:dialog@art-of-conference.de) or by telephone on +49 (0) 711 5087 7107.

## 9. Website giving information regarding the AGM

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

## 10. Website publication of audit concerns

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

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

The request:

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

## 11. Qualification criteria

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

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

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

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

## 12. Submission of requests and authentication requirements

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

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

## 13. Documents available for inspection

Copies of the Executive Director's service contract, Non-executive Directors' letters of appointment and each of the contingent forward share purchase contracts referred to in Resolutions 13, 14, 15 and 16 will be available for inspection during normal business hours at the Company's registered office from the date of this Notice (or in the case of the contingent forward share purchase contracts referred

to in Resolutions 13, 14, 15 and 16, from no later than 18 April 2018) until the AGM's conclusion and will also be available for inspection at the AGM venue immediately prior to and during the AGM itself.

#### **14. Communication**

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

You may not use any electronic address provided either:

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

to communicate with the Company for any purposes other than those expressly stated.

## **Explanatory Notes for Resolutions to be proposed at AGM**

### **Resolutions**

Resolutions 1 to 10 (inclusive) are proposed as ordinary resolutions. To pass these Resolutions more than 50% of the votes cast on each Resolution must be in favour. Resolutions 11 to 17 are proposed as special resolutions. To pass a special resolution not less than 75% of the votes cast on the Resolution must be in favour.

### **Resolution 1 - Receipt of Report and Accounts**

The Directors must present the Company's Annual Report and Accounts for the financial year ended 31 December 2017 to the AGM. The Annual Report and Accounts for the financial year ended 31 December 2017 are also available on the Company's website: <http://www.dialog-semiconductor.com> - Investor Relations - Reports & Filings - Annual Reports. Please note that the Directors do not propose to declare a dividend.

### **Resolution 2 - Approval of Directors' Remuneration Report**

In accordance with section 439 of the Act, Shareholders are required to approve a resolution on the Directors' Remuneration Report (excluding the Directors' Remuneration Policy). The vote on Resolution 2 is advisory. The Directors' Remuneration Report is set out at pages 75 and 83 to 90 of the Annual Report and Accounts for the financial year ended 31 December 2017 which is available on the Company's website: <http://www.dialog-semiconductor.com> - Investor Relations - Reports & Filings - Annual Reports.

Shareholders are not required to vote on the Directors' Remuneration Policy this year (a copy is available at pages 76 to 82 of the Annual Report and Accounts for the financial year ended 31 December 2017 and on the Company's website: <http://www.dialog-semiconductor.com> - Investor Relations - Reports & Filings - Annual Reports). The Company presented the Remuneration Policy to Shareholders for approval, a vote which was binding on the Company, at the 2016 Annual General Meeting. 82.6% of the votes cast on the resolution were in favour of the Remuneration Policy and that approval remains effective for a period of three years from the 2016 Annual General Meeting or until the Company proposes to change the Remuneration Policy. A remuneration policy will be put to Shareholders at the Company's AGM in 2019.

### **Resolutions 3 and 4 - Appointment and remuneration of Auditor**

Deloitte LLP are required by section 489(1) of the Act to retire at the AGM and seek re-appointment. The Act also requires Shareholders to determine the manner in which the Auditor is remunerated. Resolution 4 gives authority to the Directors to determine the Auditor's remuneration.

### **Resolutions 5, 6, 7 and 8 - Re-appointment of Directors**

Pursuant to the Articles one third of the Directors shall retire at each AGM and, in line with best practice, those Non-executive Directors who have been members of the Board for in excess of nine years are subject to annual re-election. Accordingly, each of Richard Beyer, Alan Campbell, Michael Cannon and Aidan Hughes (who has been a member of the board for 13 years) are retiring at the AGM and are each offering themselves for re-appointment in accordance with the Articles. Biographical details for each of them are set out below, and a separate Resolution is proposed for each re-appointment. In line with the Company's commitment to ongoing Board refreshment and renewal, Christopher Burke is retiring at the AGM and will not be seeking re-appointment. The Board has confirmed that Richard Beyer, Alan Campbell, Michael Cannon and Aidan Hughes, who are each seeking re-appointment as an Independent Non-executive Director, continue to perform effectively and demonstrate commitment to their roles. Therefore the Board considers that each of Richard Beyer, Alan Campbell, Michael Cannon and Aidan Hughes should be re-appointed as their wider, current and relevant business experience allows them to contribute effectively to the leadership of the Company.

#### **Richard Beyer**

Chair and Independent Non-executive Director

Rich joined the Board in February 2013 as an Independent Non-executive Director and was appointed Chairman in July 2013. Rich has a long-standing career in the technology sector. He was the Chairman and CEO of Freescale Semiconductor from 2008 to 2012. Prior to this, he held successive positions as CEO and Director of Intersil Corporation, Elantec Semiconductor and FVC.com. He has also held senior leadership positions at VLSI Technology and National Semiconductor Corporation. In 2012, he was Chairman of the Semiconductor Industry Association Board of Directors and served for three years as a member of the US Department of Commerce's Manufacturing Council. He currently serves on the Boards of Microsemi Corporation and Mi-

cron Technology Inc and previously served on the Boards of Analog Devices, Credence Systems Corporation (now LTX-Credence), XCeive Corporation and Signet Solar. Rich served three years as an officer in the United States Marine Corps. He earned Bachelor's and Master's degrees in Russian from Georgetown University, and an MBA in marketing and international business from Columbia University Graduate School of Business.

External appointments: Rich currently serves on the Boards of Microsemi Corporation and Micron Technology Inc.

### **Alan Campbell**

Independent Non-executive Director, Chair of the Audit Committee

Alan joined the Board in April 2015 and was appointed as Chair of the Audit Committee in July 2015. He brings over 30 years of relevant business and financial expertise to Dialog, having extensive experience as a Chief Financial Officer in the semiconductor industry. He began his career in 1979 with Motorola and has spent over 12 years in Europe and 20 years in the USA. In 2004 he guided Freescale through its separation from Motorola and successfully executed an initial public offering that listed the company on the New York Stock Exchange ("NYSE"). In 2006 he was instrumental in the execution of a Leverage Buy-Out in one of the largest technology financial transactions at that time. In 2011 he successfully led the company back to the public market to be listed on the NYSE.

External appointments: Alan is currently Chairman of ON Semiconductor.

### **Michael Cannon**

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

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

neering at Michigan State University and completed the Advanced Management Program at Harvard Business School.

External appointments: Mike is a non-executive director of Lam Research Corporation and serves on its Audit, Nominating, and Corporate Governance committees, and is a non-executive director of Seagate Technology and serves as Chair of the Corporate Governance and Nominating committees, and is a member of the compensation committee and Lead Independent Director.

### **Aidan Hughes**

Independent Non-executive Director, member of the Audit Committee

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

External appointments: Aidan is a non-executive Director and Chair of Audit Committee for Ceres Power Holdings PLC. He is also an investor and adviser to a number of international private technology companies.

As part of its annual review, the Board specifically considered Aidan's independence given his 13 year tenure on the Board. The Board's unanimous view is that his independence and objectivity, as evidenced by his continuing valuable contribution at Board meetings, has not been compromised by his length of tenure on the Board. The Board also believes that his industry experience and continuing contribution to the Audit Committee is of significant benefit to the Board. In addition, given the level of refreshment at Board level in recent years – with six new Directors, including the Chairman, having been appointed since 2013 – there is significant benefit to the Company in having the tenure and expertise of Aidan for a further year.

### **Resolution 9 - Directors' authority to allot shares**

The purpose of Resolution 9 is to renew the Directors' authority to issue shares until the conclusion of the next Annual General Meeting up to an aggregate nominal value of £2,546,071 equating to 25,460,713 shares.

The nominal amount of relevant securities to which this authority will relate represents approximately one third of the issued share capital of the Company of 76,382,139 shares as at 21 March 2018 (being the last practicable date prior to publication of this Notice of AGM). As at 21 March 2018, the Company held no ordinary shares in treasury.

### **Resolution 10 - Additional authority to allot shares in connection with a rights issue**

UK investor guidelines (the Investment Association Share Capital Management Guidelines) make it acceptable to give authority to the Directors to issue up to a further third of the issued share capital (over and above the authority granted under Resolution 9) provided it is only applied on the basis of a rights issue.

### **Resolutions 11 and 12 - Disapplication of pre-emption rights**

If Directors wish to issue shares or sell treasury shares for cash they have to abide by the statutory pre-emption rights in the Act. This means that, subject to limited exceptions (including shares allotted under the Company's share and incentive schemes, which are themselves subject to limits), Directors have to offer any shares they want to issue or treasury shares they want to sell for cash to existing Shareholders first.

Resolution 11 seeks to give the Directors authority to disapply the statutory pre-emption rights where (i) the share issue relates to a pre-emptive issue (in which case all holders of ordinary shares would be made an offer to participate anyway); or (ii) where the allotment or transfer or sale of treasury shares for cash is limited to equity securities having a maximum aggregate nominal value of £381,911 equating to 3,819,110 shares which is equivalent to approximately 5% of the Company's issued share capital of 76,382,139 shares, as at 21 March 2018 (being the last practicable date prior to publication of this Notice of AGM).

Resolution 12 will empower the Directors, in addition to the authority set out in Resolution 11, to allot ordinary shares in the capital of the Company for cash or sell treasury shares for cash on a non pre-emptive basis provided that the power shall be (i) limited to allotments or sales of up to a maximum nominal value of £381,911 (equivalent to approximately 5% of the Company's issued share capital as at 21 March 2018); and (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind con-

templated by the Statement of Principles on disapplying pre-emption rights most recently published by the Pre-Emption Group prior to the date of this Notice of AGM.

Resolutions 11 and 12 are in line with the template resolutions published by the Pre-Emption Group in May 2016.

The Directors do not intend to issue more than 7.5% of the issued share capital of the Company (excluding treasury shares) on a (non-exempt) non pre-emptive basis, save as permitted in connection with an acquisition or specified capital investment as described above, in any rolling three-year period without prior consultation with Shareholders.

### **Resolutions 13, 14, 15 and 16 - Contingent forward share purchase contracts for off-market purchases of own shares**

If passed, Resolutions 13, 14, 15 and 16 (each a **Buyback Resolution** and together the **Buyback Resolutions**), give authority for the Company to enter into a contingent forward share purchase contract (each a **Contingent Forward Share Purchase Contract** and together the **Contingent Forward Share Purchase Contracts**) with each of Barclays, Goldman Sachs, HSBC and Merrill Lynch (each a **Broker** and together the **Brokers**) to purchase from one or more of such Brokers, in aggregate, up to 7,638,214 of its ordinary shares, representing approximately 10% of the Company's issued ordinary share capital as at 21 March 2018 (being the last practicable date prior to publication of this Notice of AGM).

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

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

Therefore, if the Company wishes to make a purchase of its shares it must do so in accordance with the provisions for

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

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

Interests in the Company’s shares (**CIs**) (rather than shares) are traded and settled on the FSE. Although the CIs are generally referred to as shares, in this Explanatory Note the distinction is made between the shares in the capital of the Company and CIs where relevant.

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

1. equal to the average of the daily volume weighted average price paid for CIs on the FSE for each day during the agreed trading period (**Average VWAP**), less a percentage discount (the **Percentage Discount**); or
2. equal to the Average VWAP less a percentage (the Profit Share Percentage) of the difference between (i) the price that will be paid by the Broker to acquire the CIs, and (ii) Average VWAP.

In the Transaction Notice, the specified maximum total cost of the shares to be purchased from the Broker by the Company in any one Share Purchase Transaction will be no more than €150 million.

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

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

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

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

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

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

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

Each Contingent Forward Share Purchase Contract incorporates the provisions of a 2002 Master Agreement in the form published by the International Swaps and Derivatives Asso-

ciation, Inc (as amended by the relevant Contingent Forward Share Purchase Contract and including certain termination events which may apply to a Share Purchase Transaction). In accordance with their terms, each of the Contingent Forward Share Purchase Contracts shall expire on the day which is immediately prior to the next Annual General Meeting of the Company or on 30 June 2019 whichever is the earlier, but without affecting any Share Purchase Transaction which has only been partly completed on such date.

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

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

Although the Company intends to enter into the Contingent Forward Share Purchase Contracts on or about the date of the AGM on 3 May 2018 (assuming the Buyback Resolutions are passed and the relevant Broker has received any outstanding internal approvals required), the authority granted by a Buyback Resolution to enter into a Contingent Forward Share Purchase Contract will expire on the day which is immediately prior to the next Annual General Meeting of the Company or on 30 June 2019 (whichever is the earlier). The Company will continue to be able to purchase shares under any Contingent Forward Share Purchase Contract entered into before the day which is immediately prior to the next Annual General Meeting and 30 June 2019 (whichever is the earlier) and under which a Share Purchase Transaction has only been partly completed on such date.

A copy of each of the proposed Contingent Forward Share Purchase Contracts will be available at the AGM on 3 May 2018. Copies will also be available for inspection at the Company's registered office at RPC, Tower Bridge House, St Katharine's Way, London E1W 1AA during usual business hours from no later than 18 April 2018 until the date of the AGM and at the AGM itself.

From the date of the 2016 Annual General Meeting of the Company to 21 March 2018 (being the last practicable date prior to publication of this Notice of AGM), the Company has, pursuant to the shareholder authorities granted at the 2016 and 2017 Annual General Meetings of the Company, purchased 4,483,816 of its ordinary shares, which have been cancelled.

## **Resolution 17 - Notice period for general meetings**

The Articles allow the Directors to call general meetings other than Annual General Meetings on 14 clear days' notice. However, the Companies (Shareholders' Rights) Regulations 2009 (the **Regulations**) require that all general meetings be held on 21 days' notice, unless Shareholders agree to a shorter notice period, and the Company has met the requirements for electronic voting under the Regulations. Resolution 17 seeks to renew the authority granted by Shareholders at last year's Annual General Meeting which preserved the Company's ability to call general meetings, other than Annual General Meetings, on 14 clear days' notice, such authority to be effective until the Company's next Annual General Meeting, when a similar resolution will be proposed. The Directors confirm that the shorter notice period would not be used as a matter of course for such meeting, but only where flexibility is merited by the business of the meeting and it is thought to be to the advantage of Shareholders as a whole. An electronic voting facility will be made available to all Shareholders for any meeting held on such notice.

Dialog Semiconductor Plc  
Tower Bridge House St Katharine's Way London  
E1W 1AA  
United Kingdom  
[www.dialog-semiconductor.com](http://www.dialog-semiconductor.com)

**YOUR PERSONAL NOTES**

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### **Registered office**

Dialog Semiconductor Plc  
Tower Bridge House  
St Katharine's Way  
London E1W 1AA  
UK

[www.dialog-semiconductor.com](http://www.dialog-semiconductor.com)