

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, fund manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or transfer or have sold or transferred all of your Ordinary Shares you should deliver this document, with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through or to whom the sale or transfer was effected for onward transmission to the buyer or transferee. If you sell or transfer or have sold or transferred only part of your holding of Ordinary Shares you should retain this document and consult the bank, stockbroker or other agent through whom the sale or transfer was effected as to the action you should take.

No application has been or will be made for the Placing Shares to be admitted to trading on a regulated market. This document does not constitute an offer to buy, acquire or subscribe for, or the solicitation of an offer to buy, acquire or subscribe for, Placing Shares or an invitation to buy, acquire or subscribe for Placing Shares. This document is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules published by the Financial Conduct Authority. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.

FILTRONIC PLC

(Incorporated and registered in England and Wales with registered number 2891064)

Proposed Delisting from Official List and Admission to AIM

Proposed Capital Reorganisation and amendment to Articles of Association

Placing of 90,000,000 Placing Shares at 5.0 pence per Placing Share

and

Notice of General Meeting

Sponsor, Financial Adviser, Proposed Nominated Adviser and Broker

PANMURE GORDON & CO

Panmure Gordon, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company in connection with the Proposals and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to therein. Panmure Gordon makes no representation or warranty, express or implied, as to the contents of this document and Panmure Gordon does not accept any liability whatsoever for the accuracy of or opinions contained in (or for the omission of any material information) this document and shall not be responsible for the contents of this document.

The Company's Existing Ordinary Shares are currently admitted to trading on the Main Market for listed securities of the London Stock Exchange. Application will be made to the London Stock Exchange for both the New Ordinary Shares and the Placing Shares to be admitted to trading on AIM. Subject to, amongst other things, the passing of the Resolutions at the General Meeting, it is expected that admission of the New Ordinary Shares and the Placing Shares will become effective and dealings in the New Ordinary Shares and the Placing Shares will commence on AIM on or around 8.00 a.m. on 16 November 2015. The New Ordinary Shares and the Placing Shares will not be admitted to trading on any other investment exchange. The Placing Shares will, on Admission, rank *pari passu* in all respects with the New Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority (being the FCA acting as competent authority for the purposes of Part VI of FSMA) ("**UKLA**"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The AIM Rules are less demanding than those of the Official List of the UKLA.

This document should be read in conjunction with the accompanying Form of Proxy. The whole of this document should be read and, in particular, your attention is drawn to the letter from the Chairman which is set out on pages 10 to 19 of this document, which contains the unanimous recommendation of the Board to Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

The General Meeting to consider the Resolutions will be held at the offices of Panmure Gordon at 1 New Change, London EC4M 9AF on 15 October 2015 at 12 noon. The notice convening the General Meeting is set out on pages 21 to 22 at the end of this document.

The action to be taken in respect of the General Meeting is set out in the letter from the Chairman on pages 10 to 19 of this document. Whether or not you intend to be present at the General Meeting, it is important that you complete, sign and return the Form of Proxy in accordance with the instructions printed thereon to the Registrar at Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible but, in any event to be valid, so as to arrive no later than 12 noon on 13 October 2015. The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you wish to do so.

If you have any questions about this document or the General Meeting, or are in any doubt as to how to complete the Form of Proxy, please call Capita Asset Services on 0371 664 0321 or if calling from outside the UK on +44 (0) 208 639 3399. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, securities to any person in any jurisdiction. Without limitation to the foregoing, the Placing Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, or credited to the stock account of any person in the United States of America, Canada, Australia, Japan or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia, Japan or the Republic of South Africa and they may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia, Japan or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, Japan or the Republic of South Africa or to any US person (within the definition of Regulation S made under the US Securities Act 1933 (as amended)). In addition, offers, sales or transfers of the Placing Shares in or into the United States for a period of time following completion of the Placing by a person (whether or not participating in the Placing) may violate the registration requirement of the US Securities Act 1933 (as amended).

A copy of this document will also be available from the Company's website, <http://www.filtronic.com/>.

This document contains (or may contain) certain forward-looking statements with respect to the Company and certain of its goals and expectations relating to its future financial condition and performance which involve a number of risks and uncertainties. No forward-looking statement is a guarantee of future performance and actual results could differ materially from those contained in any forward-looking statements. All statements, other than statements of historical facts, contained in this document, including statements regarding the Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements. Generally, the forward-looking statements in this document use words such as "aim", "anticipate", "target", "expect", "estimate", "plan", "goal", "believe", "will", "may", "could", "should", "future", "intend" "opportunity", "potential", "project", "seek" and other words having a similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of changes in interest rates and foreign exchange rates, changes in legislation, changes in consumer habits and other factors outside the control of the Company, that may cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. All forward looking statements contained in this document are based upon information available to the Directors at the date of this document and the posting or receipt of the document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. The forward-looking statements in this document are based on the relevant Directors' beliefs and assumptions and information only as of the date of this document, and the forward-looking events discussed in this document might not occur. Therefore, Shareholders should not place any reliance on any forward-looking statements. Except as required by law or regulation, the Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future earnings or otherwise.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event

Announcement of preliminary results for the year ended 31 May 2015	7.00 a.m. on 28 September 2015
Publication of this document	28 September 2015
Latest time and date for receipt of completed Forms of Proxy	12 noon on 13 October 2015
General Meeting	12 noon on 15 October 2015
Publication of Schedule One announcement	16 October 2015
Last day of dealings in the Existing Ordinary Shares on the Main Market	13 November 2015
Cancellation of listing of the Existing Ordinary Shares on the Official List	8.00 a.m. on 16 November 2015
Admission and commencement of dealings in the New Ordinary Shares (including the Placing Shares) on AIM	8.00 a.m. on 16 November 2015
CREST accounts credited with Placing Shares in uncertificated form	As soon as practicable after 8.00 a.m. on 16 November 2015
Dispatch of definitive share certificates in respect of the Placing Shares to be issued in certificated form	by 27 November 2015

Notes:

1. Each of the times and dates above are indicative only and subject to change without consultation. If any of the above times and/or dates change, the revised times and/or dates will be notified by announcement on a Regulatory Information Service.
2. References in this document to time are to London time, unless specified otherwise.
3. The ISIN code for the Existing Ordinary Shares and, following Admission, the New Ordinary Shares (including the Placing Shares) will remain GB0003362992.
4. References to the Placing and Move to AIM are conditional on, *inter alia*, the passing of the Resolutions at the General Meeting. The Placing will not proceed if Admission does not occur.

KEY STATISTICS

Placing price	5.0 pence
Gross proceeds of the Placing receivable by the Company	£4.5 million
Estimated net proceeds of the Placing receivable by the Company	£4.1 million
Total number of Existing Ordinary Shares at the date of this document	106,876,986
Number of New Ordinary Shares in issue immediately following the Capital Reorganisation and the Placing	196,876,986 ¹
Number of Deferred Shares in issue immediately following the Capital Reorganisation and the Placing	106,876,986
Percentage of the Enlarged Share Capital represented by the Placing Shares	Approximately 45.7 per cent.

Notes:

1. Assuming no new shares are issued between the date of this document and the date on which the Capital Reorganisation and Placing take effect.

DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy unless the context requires otherwise:

“2006 Act” or “Companies Act”	the Companies Act 2006
“Admission”	the admission of the entire issued ordinary share capital of the Company (comprising the New Ordinary Shares and the Placing Shares) to trading on AIM in accordance with the AIM Rules for Companies
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Designated Market”	a market whose name appears on the latest publication by the London Stock Exchange of the document entitled “The AIM Designated Market Route” and which includes the Official List
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time
“Announcement”	means the announcement by the Company dated 27 August 2015 in respect of the proposed Delisting, Placing, Capital Reorganisation and Admission
“Business Day”	any day on which the London Stock Exchange is open for the transaction of business
“Cancellation” or “Delisting”	the proposed cancellation of the listing of the Existing Ordinary Shares on the Official List and from trading on the Main Market
“Cancellation and Admission Resolution”	resolution 1 set out in the Notice of General Meeting to approve the Cancellation and Admission
“Capita Asset Services”	a trading name of Capita Registrars Limited
“Capital Reorganisation”	the proposed sub-division and reclassification of the Existing Ordinary Shares into New Ordinary Shares and Deferred Shares, further details of which are set out in paragraph 11 of the letter from the Chairman
“Company” or “Filtronic”	Filtronic plc, a company registered in England and Wales with registered number 2891064
“CREST”	the relevant system, as defined in the CREST Regulations, and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended

“Deferred Shares”	the deferred shares of 9.9 pence each in the capital of the Company created pursuant to the Capital Reorganisation
“Disclosure and Transparency Rules”	the disclosure rules and transparency rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA, as amended from time to time
“Directors” or “Board”	the existing directors of the Company, whose names are set out on page 10 of this document
“Enlarged Share Capital”	the expected issued ordinary share capital of the Company following Admission and assuming completion of the Placing
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Articles”	the articles of association of the Company as at the date of this document
“Existing Ordinary Shares”	ordinary shares of 10 pence each in the capital of the Company
“FCA”	the Financial Conduct Authority
“Form of Proxy”	the form of proxy accompanying this document for use at the General Meeting
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time
“General Meeting”	the general meeting of the Company convened for 12 noon. on 15 October 2015 at the offices of Panmure Gordon at 1 New Change, London EC4M 9AF by the Notice of General Meeting
“Group”	the Company and its subsidiaries
“Independent Shareholders”	all of the Shareholders other than Aberforth Partners LLP and Legal and General Investment Management Ltd
“Listing Rules”	the listing rules and regulations published by the UKLA acting under Part VI of FSMA as amended from time to time
“London Stock Exchange”	London Stock Exchange plc
“Main Market”	the London Stock Exchange’s main market for listed securities
“Move to AIM”	the Cancellation and Admission
“New Articles”	the new articles of association proposed to be adopted by the Company pursuant to Resolution 2, further details of which are contained in paragraph 12 of the letter from the Chairman
“New Ordinary Shares”	the ordinary shares of 0.1 pence each in the capital of the Company following the sub-division of the Existing Ordinary Shares pursuant to the Capital Reorganisation
“Nominated Adviser”	a nominated adviser, as required by the AIM Rules
“Notice of General Meeting”	the notice of General Meeting set out at the end of this document
“Official List”	the list maintained by the UKLA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA

“Ordinary Shares”	the Existing Ordinary Shares or, following the Capital Reorganisation, the New Ordinary Shares, as the context requires
“Panmure Gordon”	Panmure Gordon (UK) Limited, the Company’s financial adviser and broker and proposed nominated adviser and broker to the Company from Admission
“Placing”	the proposed placing by Panmure Gordon on behalf of the Company of the Placing Shares
“Placing Agreement”	the agreement between the Company and Panmure Gordon dated 27 August 2015 in relation to the Placing
“Placing Price”	the price of 5.0 pence per Placing Share
“Placing Shares”	90,000,000 New Ordinary Shares conditionally placed pursuant to the Placing with investors that will be allotted pursuant to the Placing, subject to (<i>inter alia</i>) the passing of the Resolutions and the Move to AIM
“Proposals”	the Move to AIM, the Capital Reorganisation (and adoption of the New Articles) and the Placing
“Prospectus Rules”	the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market
“Registrar”	Capita Asset Services
“Related Party Transaction”	the proposed participation in the Placing by Aberforth Partners LLP and Legal and General Investment Management Ltd, both substantial shareholders (as defined in Listing Rule 11.1.4A) of the Company, as described in paragraph 10 of the letter from the Chairman
“Regulation S”	Regulation S under the Securities Act
“Resolutions”	the resolutions set out in the Notice of General Meeting
“Securities Act”	the United States Securities Act of 1933, as amended
“Shareholder”	a holder of Ordinary Shares from time to time
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council, as in force from time to time
“U.S. Person”	as defined in Regulation S under the Securities Act

DIRECTORS, SECRETARY AND ADVISERS

Directors	Howard Ford, <i>Non-executive Chairman</i> Edwin Graham (“Graham”) Meek, <i>Senior Non-executive Director</i> Robert (“Rob”) St John Smith, <i>Chief Executive Officer and Chief Financial Officer</i> Reginald (“Reg”) Lawrence Gott, <i>Non-executive Director</i> Michael Roy David Roller, <i>Non-executive Director</i>
Company Secretary	Dr. Maura Ellis Moynihan
Address of registered office and business address	Filtronic House 3 Airport West Lancaster Way Yeadon West Yorkshire LS19 7ZA
Financial Adviser, Broker and Proposed Nominated Adviser	Panmure Gordon (UK) Limited One New Change London EC4M 9AF
Legal advisers to the Company	Pinsent Masons LLP 30 Crown Place London EC2A 4ES
Auditors	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

LETTER FROM THE CHAIRMAN

FILTRONIC PLC

(a public limited company incorporated and registered in England and Wales under number 2891064)

Directors

Howard Ford, *Non-executive Chairman*
Edwin Graham (“Graham”) Meek, *Senior Non-executive Director*
Robert (“Rob”) St John Smith, *Chief Executive Officer and Chief Financial Officer*
Reginald (“Reg”) Lawrence Gott, *Non-executive Director*
Michael Roy David Roller, *Non-executive Director*

Registered Office

Filtronic House
3 Airport West
Lancaster Way
Yeadon
West Yorkshire
LS19 7ZA

28 September 2015

Dear Shareholder,

**PROPOSED DELISTING FROM OFFICIAL LIST AND ADMISSION TO AIM
PROPOSED CAPITAL REORGANISATION AND AMENDMENT TO
ARTICLES OF ASSOCIATION
PROPOSED PLACING OF 90,000,000 PLACING SHARES AT 5.0 PENCE PER PLACING SHARE
AND
NOTICE OF GENERAL MEETING**

1. Introduction

The Company announced on 27 August 2015 that it is proposing to raise, in aggregate, £4.5 million (before expenses) by way of a placing of 90,000,000 Placing Shares at a price of 5.0 pence per Placing Share. The Placing Price represents a 35.5 per cent. discount to the middle market closing price of 7.75 pence per Ordinary Share on 26 August 2015 (being the Business Day immediately prior to the issue of the Announcement).

In conjunction with the Placing, which itself is conditional upon Shareholder approval as set out below, the Board is seeking Shareholder approval to cancel the listing of the Existing Ordinary Shares on the premium segment of the Official List and to cancel trading of the Existing Ordinary Shares on the Main Market. It is intended that the Company applies for admission of its entire issued share capital (including the Placing Shares) to trading on AIM, to take effect simultaneously with the Delisting.

The Board is also seeking Shareholder approval for the terms of the Placing and to reorganise the Company's share capital by reducing the nominal value attaching to the Existing Ordinary Shares in a way which does not affect their economic value. The Capital Reorganisation will maximise the Company's flexibility to issue shares in the future and, to be effected, will require Shareholder approval to adopt new articles of association. It is also proposed to make minor, non-material administrative and definitional changes to the articles of association appropriate for a company whose shares are admitted to AIM. In addition, as the Placing Price represents a discount of greater than 10 per cent. to the middle market closing price of 7.75 pence per Ordinary Share on 26 August 2015 (being the Business Day immediately prior to the Announcement), in accordance with Listing Rule 9.5.10, the Board will also be seeking Shareholder approval of the terms of the Placing at the discount set out above.

Under the Listing Rules, the Cancellation requires the Company to obtain the prior approval for such cancellation of not less than 75 per cent. of all Shareholders voting in person or by proxy. Accordingly, the Cancellation and Admission Resolution is being proposed at the General Meeting, to be held at the offices of Panmure Gordon at 1 New Change, London EC4M 9AF at 12 noon on 15 October 2015, as a special resolution (Resolution 1). If the Cancellation and Admission Resolution is passed, the Board proposes to make an application to the UKLA for the Cancellation to be effected and an application to the London Stock Exchange for Admission.

In addition, resolutions are proposed to approve the Capital Reorganisation (and the adoption of the New Articles) (Resolution 2); the allotment of the Placing Shares (as required by section 551 of the 2006 Act) and the disapplication of statutory pre-emption rights in respect of that allotment (in accordance with section 571 of the 2006 Act) (Resolutions 3 and 4) and to approve the Placing being effected at the Placing Price, which represents a greater than 10 per cent. discount to the middle market closing price of 7.75 pence per Ordinary Share on 26 August 2015 (being the Business Day immediately prior to the Announcement), such approval being required in accordance with Listing Rule 9.5.10R(3) (Resolution 6).

The participation in the Placing by Aberforth Partners LLP and Legal and General Investment Management Ltd, both substantial shareholders (as defined in the Listing Rules), will constitute related party transactions for the purposes of the Listing Rules and will therefore, to that extent, require the further approval of Independent Shareholders. Accordingly, an ordinary resolution (Resolution 5) is also being proposed at the General Meeting for this purpose.

The Placing is conditional upon all the Resolutions (including Resolution 5) being passed by the requisite majorities. Therefore, if any one of these Resolutions is not approved by Shareholders at the General Meeting, the Placing will not proceed. Furthermore, unless all of the Resolutions are passed, the Company will not look to complete the Capital Reorganisation and adopt the New Articles.

Subject to the Resolutions all being passed at the General Meeting and any other relevant conditions being satisfied (or, if applicable, waived), it is expected that the New Ordinary Shares (including the Placing Shares) will be admitted to trading on AIM on or around 8.00 a.m. 16 November 2015. **Shareholders should note that, since the issue of the Placing Shares is conditional, amongst other things, on Admission, the Placing Shares will not be admitted to trading on the main market of the London Stock Exchange or listed on the Official List. The Placing will not proceed if Admission does not occur. Further details regarding the Placing and use of proceeds are set out below.**

The purpose of this document is to outline the reasons for, and provide further information on, the proposed Resolutions and to explain why the Board believes the Resolutions to be in the best interests of the Company and its Shareholders as a whole.

This document also provides details of proposed Board changes to take effect from the AGM in November 2015.

You will find definitions for capitalised terms used in this letter and the rest of this document on pages 6 to 8 of this document.

2. Background to the Placing and use of proceeds

As announced on 5 August 2015, following the successful trialling in the spring of 2015 of Filtronic's advanced integrated antenna products by a major US operator, the Company received its first production tooling orders in early August 2015 from a major telecoms industry original equipment manufacturer ("**OEM**") for Ultra Wide Band integrated antennas. It is anticipated that further production orders will follow the completion of the tooling orders. The Group is developing an advanced integrated antenna product for this OEM and in parallel is developing generic antennae products with a wider application and with an anticipated broader market appeal.

Additionally, the Broadband business has demonstrated that its latest generation E-band transceiver operates as "best in class", at greater than 4Gbps at 256 QAM, resulting in the Broadband business receiving initial production orders from a major OEM for this product.

The net proceeds of the Placing will be used to finance the Group's working capital requirements as it moves from new product introduction to volume production.

In particular, the net proceeds of the Placing will be used to:

- Complete the qualification processes and production ramp up and sale of the new advanced integrated antenna products and E-band Transceiver products; and
- Improve the marketing of Filtronic's technologies, products and expertise through active promotion and improved distribution arrangements to improve the Group's sales prospects.

3. Reasons for the proposed Cancellation and Admission

The Board has undertaken a review in order to determine the most appropriate trading platform for the Company's Ordinary Shares. The Board has considered carefully the proposed Move to AIM and believes that it is in the best interests of the Company and its Shareholders as a whole for the following reasons:

- AIM is a market appropriate for a company of Filtronic's size, and is a market which should help attract new investors, providing a platform to promote the Company and trading in its shares;
- AIM offers greater flexibility with regard to potential future corporate transactions and should enable the Company to agree and execute certain transactions more quickly and cost effectively than a company on the Official List. In particular, once on AIM, the Company would have the ability to raise equity finance from Institutional investors without the need to produce a prospectus;
- companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation. Following the Move to AIM, individuals who hold Ordinary Shares may, in certain circumstances, therefore be eligible for certain tax benefits. Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them, or whether a tax benefit referred to above may be available to them;
- the Directors believe that being admitted to AIM should make the Company's shares more attractive to some retail investors, thereby potentially increasing liquidity;
- the Move to AIM will enable the Company to complete the Placing; and
- AIM should simplify certain administrative and regulatory requirements applicable to the Company.

4. Implications of the Move to AIM

AIM is the UK's leading stock market for smaller companies. Since AIM was established in 1995, more than 3,600 companies have been admitted to AIM and over £90 billion has been raised collectively. Liquidity on AIM is in part provided by market makers, who are member firms of the London Stock Exchange and are obliged to quote a share price for each company for which they make a market between 8.00 a.m. and 4.30 p.m. on Business Days.

Admission to trading on AIM will not affect the way in which Shareholders buy or sell the Company's shares. Ordinary Shares that are held in uncertificated form will continue to be held and dealt through CREST. Share certificates representing those Ordinary Shares held in certificated form will continue to be valid and no new share certificates will be issued.

Whilst for the most part the obligations of a company whose shares are traded on AIM are similar to those of companies whose shares are listed on the premium segment of the Official List, there are certain exceptions, including those referred to below:

- (a) Under the Listing Rules, a company is required to appoint a 'sponsor' for the purposes of certain corporate transactions, such as when undertaking a large transaction or capital raising. The responsibilities of the sponsor include providing assurance to the FCA, when required, that the responsibilities of the listed company have been met. Corporate transactions for companies whose shares are listed on the premium segment of the Official List often require approval of shareholders and the engagement of a sponsor to oversee the process and liaise with the UKLA. In particular, on a proposed acquisition or similar transaction, where the size of the target represents 25 per cent. or more of the listed company on the basis of certain comparative tests (for example, consideration for the acquisition as a percentage of market capitalisation of the listed company) a circular to shareholders is required explaining the transaction and seeking the consent of shareholders. For the Company, such transactions may result in significant additional complexity and larger transaction costs to meet the requirements of the Listing Rules and, therefore, prove prohibitive.

Under the AIM Rules, a Nominated Adviser and broker is required to be engaged by the Company at all times and a Nominated Adviser has ongoing responsibilities to both the Company and to the London Stock Exchange. Conditional on Admission, the Company has appointed Panmure Gordon as its Nominated Adviser and broker.

- (b) Under the AIM Rules, prior shareholder approval is required only for transactions with a much larger size threshold than applies to companies whose shares are listed on the premium segment of the Official List. These larger transactions include, for example, reverse takeovers (being an acquisition or

acquisitions in a 12 month period which either exceed 100 per cent. in various size tests or which result in a fundamental change in the Company's business, board or voting control) or a disposal, which when aggregated with any other disposals over the previous 12 months, results in a fundamental change of business (being disposals that exceed 75 per cent. in various size tests). Under the Listing Rules, a broader range of transactions require prior shareholder approval, including material related party transactions. The Board confirms that there is no current intention to carry out any transactions or arrangements that would require shareholder approval or otherwise require enhanced disclosure under the Listing Rules.

- (c) The AIM Rules contain less stringent obligations with regard to a company's purchase of its own securities compared with the Listing Rules.
- (d) There is no requirement under the AIM Rules for a prospectus or an admission document to be published for further issues of securities to institutional investors, except when seeking admission for a new class of securities or as otherwise required by law.
- (e) Unlike the Listing Rules, the AIM Rules do not specify any required structures or discount limits in relation to further issues of securities.
- (f) Certain securities laws will no longer apply to the Company if Admission occurs, for example, the Disclosure and Transparency Rules (save that DTR Chapter 5 in respect of significant shareholder notifications will continue to apply to the Company). This is because AIM is not a regulated market for the purposes of the European Union's directives relating to securities.
- (g) The Company is currently required to comply with the UK Corporate Governance Code, or to explain any area of non-compliance. AIM companies are not required to comply with this code. However, if Admission occurs, the Board proposes, so far as practicable given the Company's size and nature, to comply with the main principles of the UK Corporate Governance Code.

The Board will maintain standards of reporting and governance consistent with the requirements of AIM listed entities. The Company will review whether to maintain separate Audit, Nomination and Remuneration Committees following the Move to AIM.

It is emphasised that the Move to AIM will have no impact on the existing assets and liabilities of the Company and it will continue to have the same business and operations following Admission. In addition, as a public limited company incorporated and registered in England, after Admission the Company will remain subject to the applicable provisions of the 2006 Act, the FSMA, the Prospectus Rules and the City Code on Takeovers and Mergers.

5. Risk factors associated with trading on AIM

Although the Company intends to apply for all of the New Ordinary Shares to be admitted to trading on AIM following the Cancellation, there can be no assurance that an active or liquid trading market for the New Ordinary Shares will develop or, if developed, that it will be maintained following Admission. AIM is a market designed primarily for emerging and smaller companies, to which a higher investment risk tends to be attached than for larger companies, and may not provide the liquidity normally associated with the Main Market or on some other stock exchanges. Although it is possible that, as a consequence of the Company's New Ordinary Shares not being admitted to the Official List following the Cancellation, the New Ordinary Shares may be more difficult to sell compared to the shares of companies listed on the Official List, the Board does anticipate that the Company may attract a higher profile and exposure on AIM than it currently enjoys on the Official List, which could in turn improve liquidity.

In addition, as a consequence of the Company's New Ordinary Shares not being admitted to the Official List, the market price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case. Liquidity on AIM is in part provided by market makers who are member firms of the London Stock Exchange and who are obliged to quote a share price for each company for which they make a market between 8.00 a.m. and 4.30 p.m. on each Business Day.

Following Admission, the Company will be subject to the regulatory and disciplinary controls of the AIM Rules. While for the most part the obligations of a company whose shares are admitted to trading on AIM are similar to those of companies whose shares are listed on the (premium segment of the) Official List, Shareholders should note that the protections afforded to investors in AIM companies are in some respects

less rigorous than those afforded to investors in companies whose shares are listed on the Official List, including the differences set out in paragraph 4 above.

6. Details of the Cancellation and Admission

In order to effect the Move to AIM, the Company will require, *inter alia*, Shareholder approval of the Cancellation and Admission Resolution at the General Meeting to be held at the offices of Panmure Gordon at 1 New Change, London EC4M 9AF at 12 noon on 15 October 2015. The Notice of General Meeting sets out the terms of the Cancellation and Admission Resolution, with the Cancellation and Admission Resolution proposed at the General Meeting as a special resolution. In accordance with the Listing Rules, the Cancellation and Admission Resolution is subject to approval being obtained from not less than 75 per cent. of all Shareholders voting in person or by proxy. If the requisite percentage of Shareholders does not approve the Cancellation and Admission Resolution, the Company's Ordinary Shares will continue to be admitted to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange.

As the Company's Ordinary Shares have been listed on the Official List, for a significant period, the AIM Rules do not require an admission document to be published by the Company in connection with Admission. However, subject to the passing of the Cancellation and Admission Resolution at the General Meeting, the Company will publish an announcement which complies with the requirements of Schedule One to the AIM Rules for Companies, comprising information required to be disclosed by companies transferring their securities from the Official List, as an AIM Designated Market, to AIM.

Assuming the Cancellation and Admission Resolution is passed, the Company will apply to cancel the listing of its Existing Ordinary Shares on the Official List and to trading on the Main Market. It is intended that the transfer to AIM will take place simultaneously with the Cancellation.

It is expected that the last day of dealings in the Existing Ordinary Shares on the Main Market will be 13 November 2015 and that the Cancellation will take effect at 8.00 a.m. on 16 November 2015, being not less than 20 Business Days from the passing of the Cancellation and Admission Resolution.

7. Taxation

Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them. Companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation. The Board has taken advice and believes that, following Admission, the Ordinary Shares in the Company should constitute 'relevant business property' for the purposes of UK inheritance tax business property relief. Accordingly, following the Move to AIM, individuals who hold Ordinary Shares and who meet the two year ownership condition may therefore be eligible for UK inheritance tax business property relief. As to the extent of the relief and whether such UK inheritance tax benefit may be available to them, Shareholders and prospective investors should seek advice from their own professional advisers. Shareholders and prospective investors should also note that, since 5 August 2013, shares traded on AIM can be held in Individual Saving Accounts (in the same way as shares traded on the Main Market).

AIM qualifies as a recognised growth market for the purpose of the stamp duty and stamp duty reserve tax ("SDRT") legislation and so, therefore, for so long as the New Ordinary Shares are admitted to trading on AIM and are not listed on any market (and being admitted to trading on AIM will not constitute a listing for these purposes) no charge to stamp duty or SDRT will arise on their subsequent transfer. If the New Ordinary Shares do not qualify for this exemption their transfer on sale will be subject to *ad valorem* stamp duty (payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given) save in respect of shares held in a clearance service or in a depositary receipt arrangement in respect of which other provisions may apply.

The comments on the tax implications described in this document are based on the Directors' current understanding of tax law and practice, are not tailored to any individual circumstances and are primarily directed at individuals who are UK resident and domiciled. Tax rules can change and the precise tax implications for you will depend on your particular circumstances. **If you are in any doubt as to your tax position, you should consult your own independent professional adviser.**

8. Current trading and prospects

Subsequent to the publication of the interim results on 29 January 2015, the Company reported on a number of setbacks in both the Wireless business and in the Broadband business.

As announced on 3 March 2015, the revenues from the Wireless business were delayed primarily due to customer order postponements. As a result, the Board set in train a series of cost-saving measures involving redundancies both in the UK and overseas. On 8 June 2015, the Company announced that these cost saving measures achieved an annualised reduction in operating expenditure of approximately £2.0 million for the Group. This saving was achieved through the closure of its offices in California and reduction of headcount in the Wireless and Broadband business as well as in its head office function. On 5 August 2015, the Company announced that it had resolved issues encountered in the development of the integrated antenna product following a number of tests by its customer and by a major US operator. Furthermore, the Wireless business had received production tooling orders totalling \$265,000 from its customer, a major telecoms industry OEM for Ultra Wide Band integrated antennas.

The Broadband business, which has been adversely affected by the curtailment of orders from customers selling to Russia, continued to focus on developing proprietary E-band transceiver modules for Mobile Telecommunications backhaul applications and on providing build to print services to related markets. Filtronic has received orders from a major OEM for its latest generation E-band transceiver, Orpheus, which has demonstrated to operate at a best in class >4Gbps at 256QAM, as was announced on 5 August 2015. Filtronic Broadband was also selected to manufacture, on a build to print basis, E-band transceivers based on an alternate chipset.

Filtronic designs and manufactures equipment for the mobile telecommunications market where the long term trends continue to indicate increasing demand. The Group is focused on the development of a number of new products to meet the needs of its OEM customers. These products range from filters, tower mounted amplifiers, combiners to ultra wide band integrated antennas in its Wireless Business and E-band transceivers in its Broadband Business. Despite the technical issues which affected the pace of development of the advanced integrated antenna product (which have since been resolved), both the integrated antenna and the E-band transceiver products are entering early stage of production (either production tooling, initial orders or early stage mass production. Customer projections for these product lines over the next 12 to 18 months show a healthy level of demand.

As announced on 14 September 2015, the Company's wholly owned subsidiary, Filtronic Wireless, Inc ("**FWI**") has entered into a sales invoice finance agreement with Faunus Group International, Inc, pursuant to which FWI may draw down up to a maximum of \$3.5 million. This new sales invoice finance agreement is in addition to the £2.0 million sales invoice discounting facility provided by Barclays Bank plc to the Company's UK subsidiaries.

The Company has also, on 28 September 2015, announced its unaudited preliminary results for the year ended 31 May 2015.

Since March of this year, the Board has also been evaluating measures to strengthen the Company's balance sheet to establish a firm platform for both businesses in order to deliver the growth that the Board anticipates. The passing of the Resolutions and the receipt of the Placing proceeds will provide the best foundation for that stable platform that Board considers is key to delivering on that anticipated growth.

9. Further details of the Placing

The Company is proposing to raise, in aggregate, £4.5 million (before expenses) by way of a placing of 90,000,000 New Ordinary Shares at the Placing Price with Placees. The Placing Shares represent 84.2 per cent. of the issued share capital of the Company as at 26 August 2015 (being the Business Day immediately prior to the publication of the Announcement) and will, on Admission, represent approximately 45.7 per cent. of the enlarged issued share capital of the Company.

The Placing Price represents a discount of 35.5 per cent. to the middle market closing price of 7.75 pence per Ordinary Share as at 26 August 2015 (being the Business Day immediately prior to the publication of the Announcement). As the Placing Price represents a discount of greater than 10 per cent. to the middle market closing price of 7.75 pence per Ordinary Share on 26 August 2015 (being the Business Day

immediately prior to the Announcement), in accordance with Listing Rule 9.5.10R(3) the Board will be seeking Shareholder approval of the terms of the Placing at that discount.

In order to accommodate potential demand from all Shareholders, the Board is intending to offer up to 20,000,000 New Ordinary Shares (the “**Open Offer Shares**”) at the Placing Price by way of a non-underwritten open offer to eligible shareholders of the Company to raise up to a further £1 million before expenses (the “**Open Offer**”) following Admission to AIM. The launch of the proposed Open Offer shall be subject to, *inter alia*, completion of the Placing and the Proposals, customary documentation, regulatory approval and publication of a circular to shareholders. If undertaken, the Open Offer would be made so as to enable all eligible Shareholders (and including for these purposes certain overseas Shareholders) to subscribe for Open Offer Shares at the Placing Price on a pro rata basis to their holdings on the record date and with the option for increasing their allocation pursuant to an excess application facility. Should the Board decide to proceed with the Open Offer, an announcement shall be made on a Regulatory Information Service in due course.

In connection with the Placing, the Company has entered into the Placing Agreement pursuant to which Panmure Gordon has agreed, in accordance with the terms of the Placing Agreement, to use reasonable endeavours to place the Placing Shares with Placees. The Placing Agreement contains customary warranties given by the Company to Panmure Gordon as to matters relating to the Group and its business and a customary indemnity given by the Company to Panmure Gordon in respect of liabilities arising out of or in connection with the Placing. Panmure Gordon is entitled to terminate the Placing Agreement in certain limited circumstances prior to Admission including circumstances where any of the warranties are found not to be true or accurate (or are misleading) in any material respect.

As part of the Placing, Aberforth Partners LLP and Legal and General Investment Management Ltd have subscribed for 22,029,000 and 15,804,000 Placing Shares respectively. Immediately following Admission, their holdings are expected to respectively represent 24.48 per cent. and 17.56 per cent. of the enlarged issued ordinary share capital of the Company.

The Placing is conditional, *inter alia*, on:

- the passing of the Resolutions;
- the conditions in the Placing Agreement being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Admission; and
- Admission becoming effective by no later than 8.00 a.m. on 16 November 2015 (or such later time and/or date, being no later than 8.00 a.m. on 19 November 2015, as the Company and Panmure Gordon may agree).

The Placing Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the New Ordinary Shares. The Placing Shares have not been made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

Application will be made to the London Stock Exchange for the New Ordinary Shares (including the Placing Shares) to be admitted to trading on AIM. On the assumption that, *inter alia*, the Resolutions are passed, it is expected that Admission will become effective on or around 16 November 2015.

The Placing will result in a dilution of the proportionate holdings of existing Shareholders who do not participate in the Placing; approximately 45.7 per cent. of the Enlarged Share Capital will be represented by the Placing Shares upon completion of the Placing. The Placing is not underwritten.

10. Related Party Transaction

Aberforth Partners LLP and Legal and General Investment Management Ltd are related parties of the Company for the purposes of the Listing Rules as they have existing shareholdings in the Company that are greater than 10 per cent.

It is proposed that Aberforth Partners LLP and Legal and General Investment Management Ltd will participate in the Placing *pro rata* to their existing shareholdings in respect of 22,029,000 and 15,804,000 Placing Shares, respectively. Therefore, pursuant to the Listing Rules, the proposed participation by Aberforth

Partners LLP and Legal and General Investment Management Ltd in the Placing will require the approval of the Independent Shareholders, pursuant to Resolution 5. Aberforth Partners LLP and Legal and General Investment Management Ltd will abstain, and will take all reasonable steps to ensure that their associates (as defined in the Listing Rules) will abstain, from voting at the General Meeting in relation to Resolution 5.

In the period of 12 months ending 26 August 2015 (being the Business Day immediately prior to publication of the Announcement), Aberforth Partners LLP and Legal and General Investment Management Ltd both participated in a placing of shares by the Company announced on 2 November 2014. Aberforth Partners LLP subscribed for 2,283,919 placing shares at a total value of £502,462.18 and Legal and General Investment Management Ltd subscribed for 1,706,200 placing shares at a total value of £375,364.00. Both of these transactions were smaller related party transactions (as defined in the Listing Rules) and have been aggregated with the proposed participation of Aberforth Partners LLP and Legal and General Investment Management Ltd in the Placing.

The Board, having been so advised by a sponsor, Panmure Gordon, considers the terms of the Related Party Transaction to be fair and reasonable in so far as the Shareholders are concerned.

11. Capital Reorganisation

Under the 2006 Act, the issue of the Existing Ordinary Shares at less than their nominal value is prohibited. The Board considers that it is in the best interests of Shareholders as a whole that the Company organises its share capital to maximise its flexibility to issue New Ordinary Shares, including the Placing Shares. The Board therefore proposes to reduce the existing 10 pence nominal value of the Existing Ordinary Shares by sub-dividing each Existing Ordinary Share into one New Ordinary Share of 0.1 pence each and 1 Deferred Share of 9.9 pence each. **The proposed Capital Reorganisation will not change the number of Ordinary Shares in issue and is not expected to affect the trading price of the Ordinary Shares.**

The Deferred Shares will not entitle holders to receive notice of or attend and vote at any general meeting of the Company or to receive a dividend or other distribution or to participate in any return of capital on a winding up (other than the nominal amount paid on such shares following a very substantial distribution to the holders of New Ordinary Shares). Accordingly, the Deferred Shares will, for all practical purposes, be valueless and it is the Board's intention that, at an appropriate time, the Company will repurchase the Deferred Shares or cancel or otherwise seek the surrender of the Deferred Shares, using such Companies Act compliant means as the Board may at such time determine.

The Deferred Shares will not be admitted to trading on any stock exchange.

The rights attached to the New Ordinary Shares will be identical in all respects to those of the Existing Ordinary Shares. The Capital Reorganisation will not affect the voting or other rights of holders of Existing Ordinary Shares who receive New Ordinary Shares.

No new share certificates representing the New Ordinary Shares will be sent to Shareholders who hold Existing Ordinary Shares in certificated form. Accordingly, share certificates for the Existing Ordinary Shares will remain valid, and will only be replaced by share certificates for New Ordinary Shares when the old share certificates are surrendered for cancellation following the transfer, transmission or other disposal of New Ordinary Shares. **No share certificates will be issued, or CREST accounts credited, in relation to the Deferred Shares.**

Resolution 2 in the Notice of General Meeting set out in at the end of this document is to give effect to the proposed Capital Reorganisation (and to the adoption of the New Articles, referred to below) and is conditional on the passing of the Cancellation and Admission Resolution.

12. Adoption of New Articles

The Board is asking Shareholders to approve the adoption by the Company of the New Articles with effect from (immediately prior to) Admission primarily for the purposes of including the rights and restrictions attaching to the Deferred Shares as set out in paragraph 11 above and of effecting minor, non-material administrative and definitional changes appropriate for a company whose shares are admitted to trading on AIM.

13. Board Changes

The Board considers that the current structure of the Board would benefit from simplification following the Move to AIM, by effecting a reduction in the number of non-executive directors. Graham Meek and I have each informed the Company that we therefore do not intend to stand for re-election as non-executive directors at the forthcoming Annual General Meeting on 27 November 2015. The Board would like to thank the retiring non-executive directors for their contributions to the Board and to the Company, and to wish them well for the future. Following my departure, Reg Gott has agreed to replace me as Chairman. The Board intends in due course to appoint a separate finance director, to enable Rob Smith to focus solely on his role as chief executive officer.

Following the changes to the Board as described above, the Board will therefore be constituted as follows:

- Reg Gott, *Non-executive Chairman*
- Rob Smith, *Chief Executive Officer and Chief Finance Officer*
- Michael Roller, *Non-Executive Director*

Reg Gott was appointed to the Board on 13 July 2006. Notwithstanding the fact that he has served on the Board for more than nine years, the Board continues to believe that Mr Gott is independent in character and judgement and, therefore, an independent director for the purposes of the UK Corporate Governance Code.

14. Corporate Governance

The Board has reviewed its internal corporate governance procedures, financial controls and reporting procedures and consider these to be appropriate given the size and structure of the Company and its anticipated move to AIM.

Compliance with the UK Corporate Governance Code is not mandatory for companies whose shares are admitted to trading on AIM. However, the Directors propose, so far as practicable given the Company's size and nature, to follow the Code's main principles.

The Company intends to continue to hold timely board meetings as issues arise which require the attention of the Board. The Board will continue to be responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It will continue to be the Directors' responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company.

The Company will in due course provide a summary of the membership of each of the Board committees, following the board changes at the AGM on 27 November 2015.

The Company will maintain its existing Share Dealing Code of Directors' dealings, which is appropriate for a company whose shares are admitted to trading on AIM and will take all reasonable steps to ensure compliance by the Directors and any relevant individuals. The Share Dealing Code will prevent the Directors and applicable employees from dealing in Ordinary Shares during close periods.

15. General Meeting

Set out at the end of this document is a notice convening the General Meeting of the Company to be held at 12 noon on 15 October 2015 at the offices of Panmure Gordon at 1 New Change, London EC4M 9AF at which the Resolutions will be proposed:

Resolution 1 – as a special resolution to (i) cancel the admission of the Ordinary Shares to the premium segment of the Official List and to trading on the Main Market and (ii) to apply for admission of the Ordinary Shares to trading on AIM;

Resolution 2 – as a special resolution to: (a) approve the Capital Reorganisation with effect from immediately prior to Admission and (b) adopt the New Articles as the articles of association of the Company. This Resolution is conditional on the passing of Resolution 1;

Resolution 3 – as an ordinary resolution to authorise the Directors to allot the 90,000,000 Placing Shares in the Company in connection with the Placing (representing approximately 84.2 per cent. of the total issued ordinary share capital of the Company as at 25 September 2015, being the latest practicable date prior to the publication of this document and representing approximately 45.7 per cent. of the Enlarged Share Capital). This authority will expire on 31 December 2015 (unless previously revoked or varied by the Company in general meeting). This resolution is conditional on the passing of Resolutions 1 and 2;

Resolution 4 – as a special resolution to disapply statutory shareholder pre-emption rights in relation to the issue of the 90,000,000 Placing Shares for cash pursuant to the Placing. This resolution is conditional on the passing of Resolutions 1, 2 and 3.

As required by the 2006 Act when proposing a special resolution to disapply pre-emption rights, the Directors hereby confirm that:

- the amount to be paid to the Company in respect of each New Ordinary Share to be allotted pursuant to the Placing is 5.00 pence (before expenses);
- the number of New Ordinary Shares to be issued pursuant to the Placing is 90,000,000;
- the Placing Price represents, in the Board's view, the best price achievable by the Company given its funding requirements and the current overall market conditions for fundraisings; and
- the Directors are recommending that Shareholders disapply pre-emption rights (in the terms set out in the resolution) in order to permit the Placing to be effected on a timely basis and to avoid the timetabling, and uncertainty of funding, issues associated with effecting a pre-emptive offer.

Resolution 5 – an ordinary resolution of Independent Shareholders to approve the related party transactions arising from the participation of Aberforth Partners LLP and Legal and General Investment Management Ltd in the Placing. This resolution is conditional on the passing of Resolutions 1, 2, 3 and 4.

Resolution 6 – an ordinary resolution of Shareholders to approve the Placing being effected at the Placing Price, which represents a greater than 10 per cent. discount to the middle market closing price of 7.75 pence per Ordinary Share on 26 August 2015 (being the Business Day immediately prior to the Announcement), such approval being required, in accordance with Listing Rule 9.5.10R(3).

Action to be taken

A Form of Proxy for use at the General Meeting accompanies this document.

Whether or not you propose to attend the General Meeting in person, it is important that you complete and sign the Form of Proxy in accordance with the instructions printed on it and return it to the Company's Registrar, Capita Asset Services at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and, in any event, so as to be received not later than 12 noon on 13 October 2015.

If you hold your Ordinary Shares in the Company in uncertificated form (that is, in CREST) you may appoint a proxy or proxies using the CREST electronic proxy appointment service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of General Meeting). Proxies submitted via CREST must be received by the Company's agent Capita Asset Services by no later than 12 noon on 13 October 2015 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting).

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in the event of your absence. The completion and return of the Form of Proxy, or the use of the CREST electronic proxy appointment service, will not prevent you from attending and voting at the General Meeting, or any adjournment thereof, in person should you wish to do so.

Panmure Gordon has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

16. Importance of the vote

The Company is of the opinion, that, taking into account the Proposals (including the net proceeds of the Placing receivable by the Company), the working capital of the Group is sufficient for its present requirements, that is, for at least the period of 12 months from the date of this document.

Shareholders should note that, unless all of the Resolutions are passed by Shareholders at the General Meeting, none of the Proposals can be implemented, with the result that the Placing will not occur and the Company will not receive the Placing proceeds.

In the event that all of the Resolutions are passed by Shareholders at the General Meeting, but the 90,000,000 Placing Shares are not admitted to trading on AIM, the Placing will not occur and the Company will not receive the Placing proceeds.

In those circumstances, the Company would not have sufficient working capital to be able to trade as a going concern (with the shortfall in working capital for the period of 12 months from the date of this document being approximately £3.4 million) and it is highly likely that the Directors would need (in order to fulfil their duties to the Company's creditors (and to other applicable stakeholders)) to place the Company into administration forthwith (or as soon as is practicable) following the General Meeting. It is not anticipated that there would be any return to Shareholders from such an administration.

In light of the above, the Directors believe that the Proposals are in the best interests of the Company and of the Shareholders as a whole and that it is important that Shareholders vote in favour of the Resolutions, so that the Proposals can be implemented and the net proceeds of the Placing received by the Company.

17. Recommendation

The Board believes that the Proposals are in the best interests of the Company and of Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions set out in the Notice of General Meeting, as the Directors intend to do in respect of their own beneficial holdings amounting to, in aggregate, 475,640 Ordinary Shares representing approximately 0.45 per cent. of the total voting rights as at 25 September 2015, being the latest practicable date prior to the publication of this document.

The Shareholders should note that, unless all the Resolutions are passed by Shareholders at the General Meeting, none of the Proposals will be implemented. In such circumstances Admission and the Placing will not occur, the Company will remain trading on the Main Market and the consequences summarised in the "Importance of the vote" section of paragraph 16 of this Chairman's Letter will become applicable. In the light of this, the Directors believe that it is important that Shareholders vote in favour of the Resolutions, so that the Proposals can be implemented.

Yours faithfully

Howard Ford
Chairman

ADDITIONAL INFORMATION

1. Interests of major shareholders

- (a) So far as the Company is aware, as at 25 September 2015 (being the latest practicable date prior to the publication of this document), the following persons were, directly or indirectly, interested in 3 per cent. or more of the voting rights or issued share capital of the Company:

	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Aberforth Partners	26,160,008	24.48%
Legal & General Investment Mgt	18,768,372	17.56%
Prof John D Rhodes	6,548,642	6.13%
River & Mercantile Asset Mgt	4,003,718	3.75%
Hargreave Hale	3,932,180	3.68%
M&G Investment Mgt	3,731,476	3.49%
Henderson Global Investors	3,232,753	3.02%

- (b) Immediately following Admission and completion of the Placing, the following persons are expected to be directly or indirectly, interested in 3 per cent. or more of the voting rights or issued share capital of the Company:

	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Aberforth Partners	48,189,008	24.48%
Legal & General Investment Mgt	34,572,372	17.56%
City Financial	17,708,600	8.99%
Hargreave Hale	10,256,680	5.21%
Newlands	7,228,000	3.67%
Prof John D Rhodes	6,548,642	3.33%
Walker Crips	6,053,450	3.07%

2. Significant Change

Save as disclosed below, there has been no significant change in the financial or trading position of the Group since 31 May 2015, being the end of the last financial period for which financial information has been published.

Since 31 May 2015, the following significant changes in the financial or trading position of the Group have occurred:

- the Company received its first production tooling orders for Ultra Wide Band integrated antennas in early August 2015; and
- the Company's wholly owned subsidiary, Filtronic Wireless, Inc ("**FWI**") has entered into a sales invoice finance agreement with Faunus Group International, Inc, pursuant to which FWI may draw down up to a maximum of \$3.5 million. This new sales invoice finance agreement is in addition to the £2.0 million sales invoice discounting facility provided by Barclays Bank plc to the Company's UK subsidiaries.

3. Documents available for inspection

Copies of the following documents will be available for inspection on the Company's website at www.filtronic.com and at the offices of the Company, Filtronic House, 3 Airport West, Lancaster Way, Yeadon, West Yorkshire LS19 7ZA during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) up to and including 15 October 2015 and at the General Meeting to be held on that day:

- (a) the Articles of Association of the Company;
- (b) the New Articles;
- (c) this document; and
- (d) the consent letter referred to in paragraph 15 of the Chairman's letter above.

FILTRONIC PLC

(a public limited company incorporated and registered in England and Wales under number 2891064)

NOTICE OF GENERAL MEETING

Notice is given that a general meeting of Filtronic plc ("**Company**") will be held at 12 noon on 15 October 2015 at the offices of Panmure Gordon at 1 New Change, London EC4M 9AF for the purposes of considering and, if thought fit, passing the following resolutions as special resolutions in the case of Resolutions 1, 2 and 4 and as ordinary resolutions in the case of Resolutions 3, 5 and 6:

RESOLUTIONS

1. **THAT** the listing of the ordinary shares of 10 pence each in the capital of the Company on the premium segment of the official list of the UK Listing Authority and admission to trading on the London Stock Exchange plc's main market for listed securities be cancelled and application be made for admission of the Company's ordinary shares to trading on the AIM market operated by the London Stock Exchange plc and the directors of the Company be and are hereby authorised to do and/or procure to be done all such acts and/or things as they may consider necessary or desirable in connection therewith.
2. **THAT**, subject to and conditional on the passing of Resolution 1 and with effect from immediately prior to Admission (as defined in the circular to the Company's shareholders dated 28 September 2015 of which this notice forms part):
 - (a) each ordinary share of 10 pence each in the capital of the Company be sub-divided and reclassified into one new ordinary share of 0.1 pence having the same rights and being subject to the same restrictions as the existing ordinary shares in the capital of the Company and one new deferred share of 9.9 pence (a "**Deferred Share**") having the rights and being subject to the restrictions attached to Deferred Shares as set out in the new articles of association of the Company; and
 - (b) the new articles of association produced to the meeting be and are hereby adopted as the articles of association of the Company with effect from immediately prior to Admission, to the exclusion of, and in substitution for, the existing articles of association of the Company.
3. **THAT**, subject to and conditional upon resolutions 1 and 2 being passed, the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company in accordance with section 551 of the Companies Act 2006 (the "**Act**") to allot new ordinary shares of 0.1 pence each in the capital of the Company (the "**ordinary shares**") up to and including an aggregate nominal amount of £90,000 (equal to 90,000,000 ordinary shares) in connection with the Placing (as defined in the circular to the Company's shareholders dated 28 September 2015 (the "**Circular**"), of which this notice forms part), which authority shall be in addition to any existing authorities conferred on the Directors, which shall continue in full force and effect. The authority conferred by this resolution shall expire on 31 December 2015 (unless previously revoked or varied by the Company in general meeting), save that the Directors may, before such expiry, revocation or variation, make an offer or agreement which would or might require ordinary shares to be allotted after such expiry, revocation or variation and the Directors may allot ordinary shares in pursuance of such an offer or agreement as if the authority hereby conferred had not expired or been revoked or varied.
4. **THAT**, subject to and conditional upon resolutions 1, 2 and 3 being duly passed, and in addition to all other existing powers of the Directors under section 570 of the Companies Act 2006 (the "**Act**") which shall continue in full force and effect, the Directors be and are hereby empowered pursuant to section 571 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash in connection with the Placing (as defined in the circular to the Company's shareholders dated 28 September 2015, of which this notice forms part) pursuant to the authority conferred by Resolution 3 as if section 561 of the Act did not apply to any such allotment. Such power shall, subject to the continuance of the authority conferred by resolution 3, expire on 31 December 2015 (unless previously revoked or varied by the Company in general meeting), save that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to

be allotted after such expiry, revocation or variation and the Directors may allot equity securities in pursuance of such offer or agreement as if such power had not expired or been revoked or varied.

5. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 4 (inclusive), the participation by Aberforth Partners LLP and Legal and General Investment Management Ltd in the Placing (as defined in the circular to the Company's shareholders dated 28 September 2015 (the "**Circular**"), of which this notice forms part) in respect of 26,160,008 and 18,768,372 Placing Shares (as defined in the Circular) respectively, which constitute related party transactions, be and is hereby approved in accordance with the Listing Rules (as defined in the Circular).
6. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 5 (inclusive), the Directors, for the purposes of the Listing Rules (as defined in the circular to the Company's shareholders dated 28 September 2015 (the "**Circular**"), of which this notice forms part), be and are generally and unconditionally authorised to issue the Placing Shares at a price of 5.0 pence per Placing Share, with such price representing a discount of approximately 35.5 per cent. to the middle market closing price of 7.75 pence per existing ordinary share as derived from the daily official list of the London Stock Exchange plc on 26 August 2015, being the business day immediately prior to the announcement of the Placing (as defined in the Circular).

Maura Moynihan
Company Secretary

28 September 2015

Registered Office

Filtronic House
3 Airport West
Lancaster Way
Yeadon
West Yorkshire
LS19 7ZA

General Notes

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy or proxies to attend, speak and vote instead of him. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice and instructions for completion are shown on the form. Forms of proxy need to be deposited with the company's registrars, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, not less than 48 hours before the start of the meeting (excluding non-Business Days). Completion of a form of proxy does not preclude a member from attending and voting in person at the meeting, should they so wish.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the general meeting is 5.30 p.m. on 13 October 2015 (being not more than 48 hours prior to the time fixed for the meeting), (excluding non-Business Days) or, if the meeting is adjourned, such time as is specified by the directors being not more than 48 hours prior to the time fixed for the adjourned meeting (excluding non-Business Days). Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear UK & Ireland") specifications and must contain the information required for such instructions, as described in the CREST Manual. The time of receipt of a proxy appointment or an instruction to a previously appointed proxy will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent (CREST ID RA10) is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
5. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names of the holders stand in the register of members in respect of the joint holding.
6. The right to appoint a proxy does not apply to a person whose shares are held on their behalf by another person and who has been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 (the "Act") (a "Nominated Person"). Nominated Persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have the right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

7. As at 25 September 2015 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consists of 106,876,986 ordinary shares of 10p each, carrying one vote each. Therefore, the total number of voting rights is 106,876,986.
8. As at the date of this notice, there are no treasury shares held by the Company.
9. Information regarding the general meeting, including the information required by section 311A of the Act, is available from www.filtronic.co.uk.
10. If you wish to attend the general meeting in person, please arrive at 1 New Change, London EC4M 9AF for registration in advance of 12 noon on 15 October 2015. Please bring an appropriate form of identification with you, in order to assist your entry into the meeting.
11. In accordance with section 319A of the Act the Company will cause to be answered any question relating to the business being dealt with at the meeting put by a member attending the meeting. However no answer need be given:
 - (a) if to do so would:
 - (i) interfere unduly with the preparation for the meeting; or
 - (ii) involve the disclosure of confidential information;
 - (b) if the answer has already been given on a website in the form of an answer to a question; or
 - (c) if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

