

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of this document should be read, including those terms incorporated by reference. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled “Risk Factors” set out in Part II of this document.

If you have sold or transferred all of your shares prior to 8.00 a.m. on 25 November 2015 (the date upon which the Existing Ordinary Shares were marked ‘ex’ the entitlement to the open offer by the London Stock Exchange), please forward this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other party through whom the sale or transfer was effected for transmission to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares on or before the Record Date, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

This document does not comprise a prospectus in accordance with the Prospectus Rules and has not been drawn up in accordance with the Prospectus Rules. This document has not been approved by the Financial Conduct Authority or by any other authority in any jurisdiction. The Directors, whose names appear on page 6, accept responsibility both individually and collectively for all the information contained in this document, including those items incorporated by reference. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

FILTRONIC PLC

(Incorporated in England and Wales under number 2891064)

Open Offer of 19,999,373 new Ordinary Shares at 5 pence per share and Notice of General Meeting

Application will be made to AIM for the Open Offer Shares taken up under the Open Offer to be admitted to trading on AIM. It is expected that, subject to, *inter alia*, the passing of the Resolutions at the General Meeting, Admission will become effective and that trading in those Open Offer Shares will commence on AIM on 21 December 2015. 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 UK Listing Authority. 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. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange plc on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange plc has not itself examined or approved the contents of this document.

The underlying value of any shareholding in the Company can fluctuate and there is a risk that you may lose part or all of your investment.

It is the responsibility of any person outside the UK wishing to subscribe for the Open Offer Shares to satisfy themselves as to the full observance of the laws of any relevant territory outside the UK in connection with such purchase, including obtaining any required governmental or other consents or observing any other

applicable formalities. This document does not constitute an offer, or the solicitation of an offer to subscribe for any of the Open Offer Shares or any other Shares, to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. The Open Offer is not being made, directly or indirectly, in or into the United States of America, Canada, Australia, the Republic of South Africa or Japan or their respective territories and this document should not be distributed, forwarded or transmitted in or into such territories.

Panmure Gordon (UK) Limited ("Panmure Gordon") which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is the Company's nominated adviser and broker for the purposes of the AIM Rules in connection with the Open Offer and, as such, its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person or entity in respect of his reliance on any part of this document. Panmure Gordon is acting exclusively for the Company and will not be responsible to any other person for providing the protections afforded to its customers nor for providing advice in relation to the contents of this document or any other matter referred to herein.

Panmure Gordon has not authorised the contents of this document for any purpose and, without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by Panmure Gordon as to any of the contents or the completeness of this document.

This document should be read in conjunction with the accompanying Form of Proxy and, for Eligible Non-CREST Shareholders, Application Form. The whole of this document should be read, including those items incorporated by reference, and, in particular, your attention is drawn to the letter from the Chairman which is set out on pages 12 to 17 of this document, which contains the unanimous recommendation of the Directors 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 One New Change, London EC4M 9AF on 16 December 2015 at 12 noon. The notice convening the General Meeting is set out 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 12 to 17 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, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but, in any event to be valid, so as to arrive no later than 12 noon on 14 December 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. 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. The helpline is open between 9.00 am – 5.30 pm, 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.

The Open Offer closes at 11:00 a.m. on 15 December 2015. If you are an Eligible Shareholder and wish to apply for Open Offer Shares under the Open Offer you should follow the procedure set out in Part III of this document and, if you are an Eligible Non-CREST Shareholder, complete and return the accompanying Application Form together with your appropriate remittance. Eligible CREST Shareholders will not receive an Application Form, but will receive instead a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements which will be enabled for settlement on 25 November 2015. If you do not wish to participate in the Open Offer then you should not return your Application Form or send a USE instruction through CREST. Applications under the Open Offer may only be made by the Eligible Shareholders originally entitled thereto or by persons becoming so entitled, by virtue of a bona fide market claim arising out of the sale or transfer of Ordinary Shares prior to the date on which the Ordinary Shares are marked 'ex' the entitlement by the London Stock Exchange.

If the Basic Entitlements are for any reason not enabled by 3.00 p.m. or such later time as the Company may decide on 25 November 2015, an Application Form will be sent to each Eligible CREST Shareholder in substitution for the Basic Entitlements credited to his stock account in CREST. Eligible CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this circular and the Open Offer. Applications for Excess Entitlements pursuant to the Excess Application Facility may be made by the Eligible Shareholder provided that their Basic Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this circular.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

The Open Offer Shares will rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared made or paid on the Ordinary Share capital of the Company.

This document is being sent to all Shareholders, but in relation to those Shareholders who are not Eligible Shareholders (which means any Shareholders resident outside of the United Kingdom) it is being sent to them for information purposes only.

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy shares, to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Open Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”), or under the securities legislation of any state of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Open Offer Shares in the United States. The Open Offer Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Open Offer Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. In addition, offers, sales or transfers of the Open Offer Shares in or into the United States for a period of time following completion of the Open Offer by a person (whether or not participating in the Open Offer) may violate the registration requirement of the US Securities Act. Furthermore, the relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Open Offer has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Open Offer. Subject to very limited exceptions, the Open Offer Shares may not, directly or indirectly, be offered or sold within any territory other than the United Kingdom or offered or sold to a person within any territory other than the United Kingdom. Any failure to comply with these restrictions may constitute a violation of the securities law of any jurisdiction. Persons (including, without limitation, nominees and trustees) receiving this document and/or an Application Form should not, in connection with the Open Offer, distribute or send this document or Application Form into any jurisdiction when to do so would, or might contravene local securities laws or regulations or be contrary to the terms and conditions of the Open Offer.

Copies of this document will be available free of charge during normal business hours only on weekdays (excluding public holidays) from the date hereof until the Open Offer closes from the offices of Panmure Gordon at One New Change, London EC4M 9AF, United Kingdom and available for a period of twelve months from the date of this circular on the Company’s website www.filtronic.com free of charge in accordance with the requirements of Rule 26 of the AIM Rules for Companies.

FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” which includes all statements other than statements of historical fact including, without limitation those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”,

“might”, “anticipates”, “would”, “could” or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

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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	Maura Eilis Moynihan
Address of registered office and business address	Filtronic House 3 Airport West Lancaster Way Yeadon West Yorkshire LS19 7ZA
Website	www.filtronic.com
Nominated Adviser, Financial Adviser and Broker	Panmure Gordon (UK) Limited One New Change London EC4M 9AF United Kingdom
Solicitors to the Company as to English Law	Pinsent Masons LLP 30 Crown Place London EC2A 4ES United Kingdom
Auditors	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
Receiving Agent	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

OPEN OFFER STATISTICS

Issue Price	5 pence
Number of Existing Ordinary Shares in issue on the Record Date	196,876,986
Number of Open Offer Shares*	19,999,373
Enlarged Ordinary Share Capital following completion of the Open Offer*	216,876,359
Percentage of the Enlarged Ordinary Share Capital represented by the Open Offer Shares*	9.2 per cent.
Gross Proceeds of the Open Offer*	£1.0 million

** Assuming take-up in full of the Open Offer by Eligible Shareholders.*

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlement under the Open Offer	5.00 p.m. on 20 November 2015
Announcement of the Open Offer	24 November 2015
Posting of this circular and, to Eligible Non-CREST Shareholders only, the Application Form	24 November 2015
Existing Ordinary Shares marked 'ex' by the London Stock Exchange	8.00 a.m. on 25 November 2015
Basic Entitlements and Excess Entitlements credited to stock accounts in CREST for Eligible Shareholders	25 November 2015
Latest recommended time and date for requested withdrawal of Basic Entitlements and Excess Entitlements from CREST	4.30 p.m. on 9 December 2015
Latest time and date for depositing Basic Entitlements and Excess Entitlements into CREST	3.00 p.m. on 10 December 2015
Latest time for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 11 December 2015
Latest time and date for receipt of completed Forms of Proxy	12 noon on 14 December 2015
Latest time and date for receipt of Application Form and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 15 December 2015
General Meeting	12 noon on 16 December 2015
Announcement of result of General Meeting and Open Offer	16 December 2015
Admission and dealings in the Open Offer Shares	8.00 a.m. on 21 December 2015
Expected date for CREST accounts to be credited in relation to the Open Offer Shares	21 December 2015
Despatch of definitive share certificates (where applicable) in relation to the Open Offer Shares	on or around 5 January 2016

Notes:

- (1) *If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.*
- (2) *All times are London times and each of the times and dates are subject to change.*
- (3) *References to the Open Offer are conditional on, inter alia, the passing of the Resolutions at the General Meeting.*

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Admission”	admission of the Open Offer Shares taken up pursuant to the Open Offer to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies, published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the rules for nominated advisers to AIM companies, as published and amended from time to time by the London Stock Exchange
“Applicant”	an Eligible Shareholder or a person entitled by virtue of a bona fide market claim who lodges an Application Form under the Open Offer
“Application Form”	the application form relating to the Open Offer and enclosed with this document for use by Eligible Non-CREST Shareholders
“Basic Entitlement(s)”	the entitlement to subscribe for Open Offer Shares, allocated to an Eligible Shareholder pursuant to the Open Offer as described in Part III of this document
“Board”	the board of directors of the Company
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) upon which the banks in the City of London are open for business
“Company” or “Filtronic”	Filtronic plc, a public limited company incorporated in England and Wales
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3875) for the paperless settlement of trades and the holding of uncertificated securities, operated by Euroclear, in accordance with the same regulations
“CREST Sponsor(s)”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member(s)”	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
“Directors”	the directors of the Company, whose names are set out on page 6 of this document
“Eligible CREST Shareholder(s)”	Eligible Shareholders whose Existing Ordinary Shares are held in uncertificated form
“Eligible Non-CREST Shareholder(s)”	Eligible Shareholders whose Existing Ordinary Shares are held in certificated form
“Eligible Shareholder(s)”	Shareholders on the Record Date, but excluding any Shareholder who is resident in a Restricted Jurisdiction
“Enlarged Ordinary Share Capital”	all of the Ordinary Shares in issue on Admission
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST

“Excess Application Facility”	the arrangement pursuant to which Eligible Shareholders may apply for Open Offer Shares in excess of their Basic Entitlement
“Excess Entitlement(s)”	Open Offer Shares in excess of the Basic Entitlement allocated to an Eligible Shareholder pursuant to the Open Offer as described in Part III of this document
“Existing Ordinary Shares”	the existing Ordinary Shares in issue at the date of this document
“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)
“General Meeting”	the general meeting at the Company convened for 12 noon on 16 December 2015 at the offices of Panmure Gordon at One New Change, London EC4M 9AF
“Group”	the Company, together with its subsidiary undertakings
“Issue Price”	5 pence per Open Offer Share
“London Stock Exchange”	London Stock Exchange plc
“Notice of General Meeting”	the notice of General Meeting set out at the end of this document
“Open Offer”	the invitation to Eligible Shareholders to apply to subscribe for Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in Part III of this circular and, where relevant, in the Application Form
“Open Offer Shares”	the 19,999,373 new Ordinary Shares the subject of the Open Offer
“Ordinary Shares”	ordinary shares of 0.1 pence each in the capital of the Company
“Overseas Shareholders”	holders of Existing Ordinary Shares who are not resident in the United Kingdom
“Panmure Gordon”	Panmure Gordon (UK) Limited
“Placing”	the placing undertaken by the Company to raise £4.5 million, announced to the market on 27 August 2015
“Placing Price”	the price per new Ordinary Share subscribed for by investors in the Placing, being 5 pence each
“Receiving Agent”	Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
“Registrars”	Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Record Date”	5.00 p.m. GMT on 20 November 2015
“Register”	the register of Shareholders
“Resolutions”	the resolutions set out in the Notice of General Meeting

“Restricted Jurisdiction(s)”	any jurisdiction, including in particular the United States, Canada, Japan, Australia and the Republic of South Africa, where the extension or availability of the Open Offer would breach any applicable law or regulations
“Shareholders”	holders of Ordinary Shares
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of FSMA
“United States” or “US”	means the United States of America, its territories and possessions, any State of the United States and the District of Columbia
“US Securities Act”	the United States Securities Act of 1933 (as amended)
“US Person”	a “US person” as defined in Regulation S promulgated under the US Securities Act
“USE”	an Unmatched Stock Event

PART I

LETTER FROM THE CHAIRMAN

FILTRONIC PLC

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

Directors:

Howard Ford (*Non-executive Chairman*)
Edwin Graham ("Graham") Meek (*Senior Non-Executive Officer*)
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

24 November 2015

To holders of Ordinary Shares

Dear Shareholder

Open Offer of 19,999,373 new Ordinary Shares at 5 pence per share and Notice of General Meeting

1. Introduction

Shareholders will recall from the circular issued by the Company on 28 September 2015 in connection with (*inter alia*) the Placing and the Move to AIM, that the Board intended (in order to accommodate potential demand from Shareholders) to offer 20,000,000 new Ordinary Shares at the same price as the Placing Price (being 5 pence per Ordinary Share) to eligible shareholders, by way of a non-underwritten open offer. The Board is now pleased to launch the Open Offer formally. In summary, Eligible Shareholders may subscribe for Open Offer Shares on the basis of 0.10159 Open Offer Shares for every Existing Ordinary Share held on the Record Date. Shareholders subscribing for their full entitlement under the Open Offer may also request additional Open Offer Shares through the Excess Application Facility.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of £1.0 million for the Company.

The Open Offer Shares which are taken up under the Open Offer will be admitted to trading on AIM, which is expected to take place at 8.00 a.m. on 21 December 2015. The net proceeds of the Open Offer of £0.8 million (after expenses, assuming take-up in full of the Open Offer) will be used by the Company for general working capital purposes.

The Open Offer is conditional, *inter alia*, upon Shareholders approving the Resolutions at the General Meeting that will grant to the Directors the authority to allot the Open Offer Shares and the power to disapply statutory pre-emption rights in respect of the Open Offer Shares. The Resolutions are contained in the Notice of General Meeting at the end of this document. Admission is expected to occur no later than 8.00 a.m. on 21 December 2015 or such later time and/or date (not being later than 30 December 2015) as Panmure Gordon and the Company may agree.

2. Background to and reasons for the Open Offer

The Company has recently undertaken the Placing, the completion of which was announced on 16 November 2015 at the same time as the admission of its Existing Ordinary Shares (which included the Ordinary Shares issued pursuant to the Placing) to trading on AIM. As announced on 27 August 2015, the Open Offer is being made to accommodate potential demand from all Shareholders. The Open Offer will enable all Eligible Shareholders to subscribe for new Ordinary Shares at the Issue Price on a pro rata basis to their current holdings and with the option for increasing their allocation pursuant to an excess application facility.

The Open Offer is not being underwritten but, assuming take-up in full by Eligible Shareholders, the Open Offer will raise net proceeds of approximately £0.8 million (after expenses, assuming take-up in full of the Open Offer). These net proceeds will be used by the Company for general working capital purposes.

In order to ensure that the Open Offer can be made on a timely and cost effective basis, the Open Offer is not being made to Shareholders resident in any Restricted Jurisdiction.

3. Details of the Open Offer

3.1 Structure

The Directors have considered the best way to structure the Open Offer, having regard to, *inter alia*, the extent to which there are Overseas Shareholders, the regulatory requirements applicable to companies listed on AIM and the associated timetabling, cost implications and market risks. After considering these factors, the Directors have concluded that the most suitable structure for the Open Offer, for both the Company and its Shareholders as a whole, is that the Open Offer be made only to Eligible Shareholders.

The Open Offer provides an opportunity for all Eligible Shareholders to acquire Open Offer Shares pro rata to their current holdings of Existing Ordinary Shares with the option to subscribe for more shares pursuant to the Excess Application Facility. The Issue Price for the Open Offer is the same as the Placing Price at the time of the Placing. Once subscriptions by Eligible Shareholders under their respective Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Eligible Shareholders under the Excess Application Facility will be met in full, in part or at all.

3.2 Principal Terms of the Open Offer

Subject to the fulfilment of the conditions set out below and in Part III of this circular, Eligible Shareholders are being given the opportunity to subscribe for Open Offer Shares at a price of 5 pence per Open Offer Share, pro rata to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

0.10159 Open Offer Shares for every 1 Existing Ordinary Share

Eligible Shareholders are also being given the opportunity, provided that they take up their Basic Entitlement in full, to apply for Excess Entitlements through the Excess Application Facility.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise gross proceeds of £1.0 million for the Company. The Open Offer Shares will, upon issue, rank *pari passu* with the Existing Ordinary Shares.

Fractions of Open Offer Shares will not be allotted; instead, each Eligible Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. Eligible Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating the Basic Entitlements.

To enable the Company to benefit from applicable exemptions to the requirement under the Prospectus Rules to prepare a prospectus in connection with the Open Offer, a maximum of 19,999,373 Open Offer Shares, representing a total consideration of £1.0 million will be made available to Eligible Shareholders under the Open Offer, which will be conducted on the basis of 0.10159 Open Offer Shares for every 1 Existing Ordinary Share. The Open Offer is restricted to Eligible Shareholders in order to enable the Company to benefit from exemptions from securities law requirements in certain jurisdictions outside the United Kingdom.

It should be noted that the Open Offer is not a rights issue. Accordingly, the Application Form is not a document of title and cannot be traded. Unlike a rights issue, any Open Offer Shares not applied for under the Open Offer will not be sold in the market or placed for the benefit of Eligible Shareholders who do not take up their rights to subscribe under the Open Offer.

3.3 Excess Application Facility

The Excess Application Facility will enable Eligible Shareholders, provided that they take up their Basic Entitlement in full, to apply for Excess Entitlements. Eligible Non-CREST Shareholders who wish to apply to acquire more than their Basic Entitlement should complete the relevant sections on the Application Form. Eligible CREST Shareholders will have Excess Entitlements credited to their stock account in CREST and should refer to paragraph 4(ii)(j) of Part III of this circular for information on how to apply for Excess Entitlement pursuant to the Excess Application Facility. Applications for Excess Entitlements will be satisfied only and to the extent that corresponding applications by other Eligible Shareholders are not made or are made for less than their Basic Entitlements.

Once subscriptions by Eligible Shareholders under their respective Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Eligible Shareholders under the Excess Application Facility will be met in full, in part or at all. Application will be made for the Basic Entitlements and Excess Entitlements in respect of Eligible CREST Shareholders to be admitted to CREST. It is expected that such Basic Entitlements and Excess Entitlements will be admitted to CREST by 3.00 p.m. on 25 November 2015. Applications through the means of the CREST system may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. Eligible Non-CREST Shareholders will receive an Application Form with this circular which sets out their entitlement to Open Offer Shares. Eligible Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Eligible CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements by 3.00 p.m. on 25 November 2015. Eligible CREST Shareholders should note that although the Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. If applications are made under Eligible Shareholders' Basic Entitlements for an aggregate number of Open Offer Shares which is less than the total number of Open Offer Shares available, then any outstanding Basic Entitlements will lapse. Shareholders should note that the Open Offer is not a rights issue and therefore the Open Offer Shares which are not applied for under Shareholders' Basic Entitlement will not be sold in the market for the benefit of Shareholders who do not apply under the Open Offer.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part III of this circular. For Eligible Non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received no later than 11:00 a.m. on 15 December 2015. For Eligible CREST Shareholders the relevant CREST instructions must have been settled as explained in this circular by no later than 11:00 a.m. on 15 December 2015.

3.4 Other information relating to the Open Offer

The Open Offer is conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting and upon Admission of the Open Offer Shares becoming effective by not later than 8.00 a.m. on 21 December 2015 (or such later time and/or date not being later than 30 December 2015 as Panmure Gordon and the Company may agree).

The Open Offer will result in the issue of a total of 19,999,373 Open Offer Shares assuming full take up under the Open Offer (representing, in aggregate, approximately 9.2 per cent. of the Enlarged Ordinary Share Capital). The Open Offer Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

Following the issue of the Open Offer Shares pursuant to the Open Offer (and assuming that the Open Offer is taken up in full), Eligible Shareholders who do not subscribe for any of their Open Offer Entitlements will suffer a dilution of approximately 9.2 per cent. to their interests in the Company.

4. Directors' subscriptions

The Board is pleased to confirm that the Directors have indicated their intention to take up their Basic Entitlement to subscribe for Open Offer Shares and to apply under the Excess Application Facility for Open Offer Shares as indicated below:

Name	Existing Ordinary Shares held	%	Application for Open Offer Shares under the Basic Entitlement	Application for Open Offer Shares under the Excess Application Facility
Rob Smith	57,656	0.03%	5,857	194,143
Howard Ford	120,000	0.06%	12,189	48,000
Reg Gott	154,429	0.08%	15,687	184,313
Graham Meek	114,722	0.06%	11,653	100,000
Michael Roller	28,833	0.01%	2,929	70,000

As previously announced, Graham Meek and I are stepping down at the forthcoming Annual General Meeting (which has been convened for this Friday, 27 November 2015).

5. Admission and dealings

Application will be made to the London Stock Exchange for the Open Offer Shares taken up under the Open Offer to be admitted to trading on AIM. The Open Offer Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared following Admission. It is expected that Admission will become effective and that dealings in the Open Offer Shares taken up will commence on 21 December 2015.

6. 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 16 December 2015 at the offices of Panmure Gordon at One New Change, London EC4M 9AF at which the following Resolutions will be proposed:

Resolution 1 – as an ordinary resolution to authorise the Directors to allot the 19,999,373 Open Offer Shares in the Company in connection with the Open Offer (representing approximately 10.2 per cent. of the total issued ordinary share capital of the Company as at 23 November 2015, being the latest practicable date prior to the publication of this document and representing approximately 9.2 per cent. of the Enlarged Ordinary Share Capital). This authority will expire on 31 January 2016 (unless previously revoked or varied by the Company in general meeting); and

Resolution 2 – as a special resolution to disapply statutory shareholder pre-emption rights in relation to the issue of the 19,999,373 Open Offer Shares for cash pursuant to the Open Offer. This resolution is conditional on the passing of Resolution 1.

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 Open Offer Share to be allotted pursuant to the Open Offer is 5 pence (before expenses);
- the maximum number of Open Offer Shares to be issued pursuant to the Open Offer is 19,999,373;
- the Issue Price represents, in the Board's view, the appropriate price at which to offer the Open Offer Shares, given the terms and conditions of the recent Placing; and
- the Directors are recommending that Shareholders disapply pre-emption rights (in the terms set out in the resolution) in order to permit the Open Offer to be effected on a timely and cost effective basis.

7. Action to be taken

In respect of the General Meeting

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, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received not later than 12 noon on 14 December 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 14 December 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.

In respect of the Open Offer

Eligible Non-CREST Shareholders

If you are an Eligible Non-CREST Shareholder you will have received an Application Form which gives details of your maximum entitlement under the Open Offer (as shown by the Basic Entitlement allocated to you). If you wish to apply for Open Offer Shares under the Open Offer (whether in respect of your Basic Entitlement or both your Basic Entitlement and any Excess Entitlements), you should complete the accompanying Application Form in accordance with the procedure for application set out in section 4(i) of Part III of this circular and on the Application Form itself.

Eligible CREST Shareholders

If you are an Eligible CREST Shareholder and do not hold any Ordinary Shares in certificated form, no Application Form accompanies this circular and you will receive a credit to your appropriate stock account in CREST in respect of the Basic Entitlement representing your maximum entitlement under the Open Offer. Applications by Eligible CREST Shareholders for Excess Entitlements in excess of their Basic Entitlements should be made in accordance with the procedures set out in section 4(ii) of Part III of this circular.

The latest time for applications under the Open Offer to be received is 11:00 a.m. on 15 December 2015. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have the Basic Entitlement credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part III of this circular. Eligible CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this circular and the Open Offer.

8. Overseas Shareholders

Information for Overseas Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom appears in section 7 of Part III of this circular, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you pay particular attention to that section of this circular.

9. Additional Information

Your attention is drawn to the additional information set out in Parts II and III of this circular. In particular the attention of investors is drawn to the information regarding taxation set out in section 6 of Part III of this document. This information is intended only as a general guide to the current tax position under UK taxation law for certain types of investor. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.

This circular will be available for a period of twelve months from the date of this circular on the Company's website www.filtronic.com free of charge in accordance with the requirements of Rule 26 of the AIM Rules for Companies.

10. Responsibility

The Company and the Directors accept responsibility for the information contained in this circular, including those items incorporated by reference. To the best of the knowledge and belief of the Company and the Directors (which has and who have taken all reasonable care to ensure that such is the case) the information contained in this circular, including those items incorporated by reference, for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

11. Recommendation

The Board believes that the Open Offer is 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 0.2 per cent. of the total voting rights as at 23 November 2015, being the latest practicable date prior to the publication of this document.

The Shareholders should note that, unless both Resolutions are passed by Shareholders at the General Meeting, the Open Offer will not proceed.

Yours faithfully,

Howard Ford
Chairman

PART II

RISK FACTORS

An investment in the Open Offer Shares may not be suitable for all Eligible Shareholders who receive this document and involves a number of risks. All the information set out in this document and, in particular, those risks relating to the Open Offer described below should be carefully considered prior to making any investment decision. Accordingly, you are strongly recommended to consult an investment adviser authorised under the FSMA if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser, who specialises in the acquisition of shares and other securities before making a decision to invest. In addition to all the other information contained in this document, potential investors should carefully consider the following risk factors which the Directors consider to be all the known material risks in respect of the business of the Company and its securities, but are not set out in any particular order of priority.

If any of the circumstances identified in the risk factors were to materialise, the Company's business, financial condition and operating results could be materially affected. Investors should note that the trading price of the Open Offer Shares could decline due to any of these risks and investors may lose all or part of their investment.

Additional risks which are not presently known to the Board, or that the Board currently deems to be immaterial, may also have an effect on the Group's business, financial condition and operating results.

Risks relating to the Company

The key business risks set out on pages 18 and 19 of the Company's annual report and accounts for the year ended 31 May 2015 are deemed to be incorporated in this document by reference and are available from the Company's website www.filtronic.com.

Risks relating to the Open Offer

Future sales of Ordinary Shares could adversely affect the Share Price

Sales of Ordinary Shares into the public markets following the Open Offer could adversely affect the market price of the Ordinary Shares if there is insufficient demand for the Ordinary Shares at the prevailing market price.

Share price may fluctuate

Publicly traded securities from time to time experience price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Ordinary Shares may prove to be volatile. The market price of the Ordinary Shares may fluctuate in response to a number of factors, many of which are beyond the Group's control, including: variations in operating results in the Group's reporting periods; changes in financial estimates by securities analysts; changes in market valuation of similar companies; announcements by the Group of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments; additions or departures of key personnel; any shortfall in revenues or net income or any increase in losses from levels expected by securities analysts; future issues or sales of Ordinary Shares; and stock market price and volume fluctuations. Any of these events could result in a material decline in the price of the Ordinary Shares.

Holders of Existing Ordinary Shares who do not acquire Open Offer Shares pursuant to the Open Offer will experience a dilution of their percentage ownership of the Company's Ordinary Shares

A Shareholder's proportionate ownership and voting interest in the Company will be reduced to the extent that they do not take up the offer of Open Offer Shares under the Open Offer. Shareholders in Restricted Jurisdictions will not be able to participate in the Open Offer.

Pre-emptive rights may not be available for non-UK holders of Ordinary Shares

In the case of an increase of the share capital of the Company for cash, the existing Shareholders are entitled to pre-emption rights pursuant to the Articles unless such rights are waived by a special resolution of Shareholders at a general meeting (as is proposed to be the case in respect of the Open Offer) and such an issue could dilute the interests of the then existing Shareholders. To the extent that pre-emptive rights apply in respect of future issues of Ordinary Shares by the Company for cash, holders of Ordinary Shares in Restricted Jurisdictions may not be able to exercise pre-emptive rights for their Ordinary Shares unless the Company decides to comply with applicable local laws and regulations or an exemption from the registration requirements thereunder is available.

Other risk factors

The Existing Ordinary Shares are traded on AIM, rather than the main market of the London Stock Exchange. An investment in shares traded on AIM may carry a higher risk than an investment in shares listed on the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange.

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment, especially as the market in the Ordinary Shares on AIM may have limited liquidity.

The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which investors may dispose of their shares in the Company may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. Investors may realise less than the original amount invested.

The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

PART III

TERMS AND CONDITIONS OF THE OPEN OFFER

To Eligible Shareholders

1. Introduction

As explained in the Chairman's letter set out in Part I of this circular, the Company is proposing to issue 19,999,373 Open Offer Shares pursuant to the Open Offer to raise up to £1.0 million, assuming a full take-up. Upon completion of the Open Offer, assuming a full take-up, the Open Offer Shares will represent approximately 9.2 per cent. of the Enlarged Ordinary Share Capital. Eligible Shareholders are being offered the opportunity under the Open Offer to acquire Open Offer Shares at the Issue Price, being the same price per share as they were offered to placees under the Company's recent Placing.

The Issue Price of the Open Offer Shares represents a discount of 20.0 per cent. to the middle market closing price of 6.25 pence per Existing Ordinary Share on 23 November 2015 (being the last Business Day before the announcement of the Open Offer) and a discount of 35.5 per cent. to the middle market closing price of 7.75 pence per Existing Ordinary Share on 26 August 2015 (being the last Business Day before the announcement of the Placing and of the intention to conduct an Open Offer at the Issue Price).

A summary of the arrangements relating to the Open Offer is set out below. This circular and, where relevant, the Application Form contain the formal terms and conditions of the Open Offer.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 15 December 2015. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have your Basic Entitlement credited to your stock account in CREST. The procedures for application and payment are further set out below in this Part III.

2. The Open Offer

Subject to the fulfillment of the terms and conditions referred to below and, where relevant, set out in the Application Form, Eligible Shareholders are hereby invited to apply for Open Offer Shares at the Issue Price, payable in full in cash on application, free of all expenses, on the basis of:

- (a) 0.10159 Open Offer Shares for every Existing Ordinary Share held by Eligible Shareholders at the Record Date and so in proportion for any other number of Ordinary Shares then held; and
- (b) further Open Offer Shares in excess of their Basic Entitlement through the Excess Application Facility (although such Open Offer Shares will only be allotted to the extent that not all Eligible Shareholders apply for their Basic Entitlement in full).

Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer. Fractions of Open Offer Shares will not be allotted, each Eligible Shareholder's entitlement being rounded down to the nearest whole number.

Eligible Shareholders may apply for any whole number of Open Offer Shares up to their maximum entitlement which, in the case of Eligible Non-CREST Shareholders, is equal to the Basic Entitlement as shown on their Application Form or, in the case of Eligible CREST Shareholders, is equal to the Basic Entitlement standing to the credit of their stock account in CREST. Eligible Shareholders may, if they so wish, apply for Open Offer Shares in excess of their Basic Entitlement.

The Excess Application Facility will enable Eligible Shareholders, provided that they take up their Basic Entitlement in full, to apply for Excess Entitlements. Eligible Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlement should complete the relevant sections on the Application Form. Eligible CREST Shareholders will have Excess Entitlements credited to their stock account in CREST and should refer to paragraph 4(ii)(j) of Part III of this circular for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Applications for Excess Entitlements will be considered to the extent that applications by Eligible Shareholders are not made, or are made for less than, their Basic Entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Basic Entitlements, it is the Directors' intention that the Excess Entitlements will be scaled back pro rata to the number of Open Offer Shares applied for by Eligible Shareholders under the Excess Application Facility. Notwithstanding the foregoing, the Company shall, in its absolute discretion, determine whether to meet excess applications in full or in part. No assurance can be given that applications by Eligible Shareholders under the Excess Application Facility will be met in full, in part or at all.

Any monies paid for applications in excess of their Basic Entitlements which are not so satisfied will be returned to the Applicant (at the applicant's risk) without interest within 14 days by way of cheque or CREST payment, as appropriate. The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have your Basic Entitlements credited to your stock account in CREST.

Not all Shareholders are Eligible Shareholders. Overseas Shareholders who are located in, or who are citizens of, or have a registered address in any Restricted Jurisdiction will not qualify to participate in the Open Offer. The attention of Overseas Shareholders or any person (including without limitation a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this circular into a jurisdiction other than the United Kingdom is drawn to section 7 of this Part III.

If you have received an Application Form with this circular, please refer to section 4(i) and sections 5 to 8 of this Part III.

If you hold your Ordinary Shares in CREST and have received a credit of your Basic Entitlement to your CREST stock account, please refer to section 4(ii) and sections 5 to 8 of this Part III and also to the CREST Manual for further information on the CREST procedures referred to below.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the Open Offer Shares taken up to be admitted to trading on AIM. It is expected that Admission of those Open Offer Shares will become effective and that dealings for normal settlement in the Open Offer Shares on AIM will commence at 8.00 a.m. on 21 December 2015.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares; all of such shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Basic Entitlements and Excess Entitlements in respect of Eligible CREST Shareholders to be admitted to CREST. It is expected that such Basic Entitlements and Excess Entitlements will be admitted to CREST by 3.00 p.m. on 25 November 2015. Applications through the means of the CREST system may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Eligible Non-CREST Shareholders will have received an Application Form with this circular which sets out their entitlement to Open Offer Shares as shown by the Basic Entitlement allocated to them. Eligible CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlement on 25 November 2015.

The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

The Open Offer is not a rights issue. Eligible Shareholders should be aware that in the Open Offer, unlike in a rights issue, entitlements to Open Offer Shares will neither be tradeable nor sold in the market and in the event that any Open Offer Shares not applied for are sold or placed in the market, this will be for the benefit of the Company and not the Eligible Shareholders who do not apply under the Open Offer.

Eligible CREST Shareholders should note that although the Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Eligible Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all of the information in this circular, including, those items incorporated by reference, and, in particular, the important information set out in the letter from the Chairman in Part I of this circular, as well as this Part III and the Risk Factors set out in Part II of this circular. The Open Offer is not underwritten.

3. Conditions and further terms of the Open Offer

The Open Offer is conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting and upon Admission of the Open Offer Shares becoming effective by not later than 8.00 a.m. on 21 December 2015 (or such later time and/or date not being later than 30 December 2015 as Panmure Gordon and the Company may agree).

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Open Offer will not proceed.

Further terms of the Open Offer are set out in this Part III and in the Application Form.

4. Procedure for application and payment

Save as provided in section 7 of this Part III in relation to Overseas Shareholders, the action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have an Application Form in respect of your entitlement under the Open Offer, including the Excess Application Facility, or you have Basic Entitlements and Excess Entitlements credited to your CREST stock account.

Eligible Shareholders who hold part of their Existing Ordinary Shares in uncertificated form on the Record Date and who take up Open Offer Shares under their entitlement will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. Further information on deposit into CREST is set out in paragraph 4(ii)(f) of this Part III.

CREST sponsored members should refer to their CREST Sponsor, as only their CREST Sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Basic Entitlements and Excess Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Basic Entitlement and Excess Entitlement in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

If for any reason it becomes necessary to adjust the expected timetable as set out in this circular the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

Eligible Shareholders who do not wish to partake in the Open Offer should not complete or return the Application Form or submit a USE instruction through CREST. Eligible Shareholders who hold their Ordinary Shares through a nominee and who wish to partake in the Open Offer must contact their nominee who will be able to apply for Open Offer Shares directly using an Application Form or submitting a USE instruction through CREST.

(i) If you have an Application Form in respect of your entitlement under the Open Offer

(a) General

Each Eligible Non-CREST Shareholder will have received an Application Form accompanying this circular. The Application Form shows the number of Existing Ordinary Shares registered in the relevant Eligible Non-CREST Shareholder's name at the close of business on the Record Date.

It also shows the number of Open Offer Shares for which such relevant Eligible Non-CREST Shareholder is entitled to apply under the Open Offer, calculated on the basis set out in section 2 of this Part III, above. Eligible Non-CREST Shareholders may also apply for less than their maximum Basic Entitlement.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer.

The Excess Application Facility enables Eligible Shareholders who have taken up their full Basic Entitlement to apply for Open Offer Shares in excess of their Basic Entitlement. Applications in excess of the Basic Entitlement will only be satisfied to the extent that applications made by other Eligible Shareholders are less than their full Basic Entitlements and may therefore be scaled down at the Company's sole discretion.

Fractions (if any) of Open Offer Shares may be aggregated and sold for the benefit of the Company. The instructions and other terms which are set out in the Application Form constitute part of the terms of the Open Offer.

(b) Market Claims

Applications for Open Offer Shares (including under the Excess Application Facility) may only be made on the Application Form and may only be made by the Eligible Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of existing Ordinary Shares through the market prior to the date upon which the existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by AIM, being 8.00 a.m. on 25 November 2015. Application Forms may be split up to 3.00 p.m. on 11 December 2015.

Eligible Non-CREST Shareholders may also apply for Excess Entitlements in excess of their *pro rata* entitlement to Open Offer Shares by completing Boxes 6 and 7 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their *pro rata* entitlement) and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in section 4 of this Part III.

The Application Form is not a negotiable document and cannot be separately traded. An Eligible Non-CREST Shareholder who has sold or transferred all or part of his holding of existing Ordinary Shares prior to 8.00 a.m. on 25 November 2015, being the date upon which the existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by AIM, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer (including under the Excess Application Facility) may be a benefit which may be claimed by the transferee from his counterparty pursuant to the rules of the London Stock Exchange. Eligible Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 9 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into any Restricted Jurisdiction.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4(ii)(b) below.

An Eligible Non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to the Receiving Agents. However, he or she is strongly encouraged to still complete and return the Form of Proxy to the Registrars.

(c) *Application Procedures*

Applications for Open Offer Shares (including under the Excess Application Facility) by Eligible Non-CREST Shareholders may only be made on the Application Form, which is personal to the Eligible Non-CREST Shareholder(s) named on it and is not capable of being split, assigned or transferred except in the circumstances described below.

Eligible Non-CREST Shareholders may also apply for Excess Shares in excess of their pro rata entitlement to Open Offer Shares by completing Boxes 6 and 7 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their pro rata entitlement) and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in paragraph 4(i)(f) of this Part III.

An Eligible Non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to the Receiving Agents.

If you are a Eligible Non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer (including any application for any Excess Entitlements under the Excess Application Facility) you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance, by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal business hours only) to the Company's UK registrars, Capita Asset Services, Corporate Actions at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive no later than 11:00 a.m. on 15 December 2015. A reply paid envelope is enclosed for use by Eligible Non-CREST Shareholders in connection with the Open Offer. Your Application Form will not be valid unless you sign it.

The Application Form represents a right personal to the Eligible Non-CREST Shareholders to apply to subscribe for Open Offer Shares (including under the Excess Application Facility); it is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy *bona fide* market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange.

Application Forms may be split up to 3.00 p.m. on 11 December 2015 but only to satisfy such *bona fide* market claims. Eligible Non-CREST Shareholders who have, before the 'ex' date, sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or transfer was effected or another professional adviser authorised under the FSMA as soon as possible, since the invitation to apply for Open Offer Shares (including under the Excess Application Facility) may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

Eligible Non-CREST Shareholders who submit a valid application using the Application Form and accompanying payment will (subject to the terms and conditions set out in this Part III, in the letter from the Chairman of the Company in Part I and in the Application Form) be allocated their Basic Entitlement to Open Offer Shares applied for in full at the Issue Price. Eligible Non-CREST Shareholders who submit a valid application using the Application Form and accompanying payment will (subject to the terms and conditions set out in this Part III, in the letter from the Chairman of the Company in Part I and in the Application Form) be allocated further Open Offer Shares in excess of their Basic Entitlement through the Excess Application Facility. Applications for Excess Entitlements will be considered to the extent that applications by Eligible Shareholders are not made, or are made for less than, their Basic Entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Basic Entitlements, it is the Directors' intention that the Excess Entitlements will be scaled back pro rata to the number of Open Offer Shares applied for by Eligible Shareholders under the Excess Application Facility. Notwithstanding the foregoing, the Company shall, in its absolute discretion, determine whether to meet excess applications (or any particular excess application) in full or in part. No assurance can be given that applications by Eligible Shareholders under the Excess Application Facility will be met in full, in part or at all.

Applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk.

If Open Offer Shares have already been allotted to an Eligible Non-CREST Shareholder and such Eligible Non-CREST Shareholder's cheque or a duly endorsed banker's draft is not honoured upon first presentation or such Eligible Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company may arrange (in its absolute discretion as to manner, timing and terms) for the sale of such Eligible Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrar, the Company or any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Eligible Non-CREST Shareholders.

Please note that the Company's Registrars cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer. If any Application Form is sent by first class post within the United Kingdom, Eligible Non-CREST Shareholders are recommended to allow at least four Business Days for delivery. The Company may in its absolute discretion elect to accept Application Forms and remittances after 11.00 a.m. on 15 December 2015. The Company may also (in its sole discretion) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

The Company also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 15 December 2015 from an authorised person (as defined in FSMA) specifying the number of Open Offer Shares concerned, and undertaking to lodge the relevant Application Form in due course.

(d) Payments

All payments must be in pounds sterling and cheques or duly endorsed banker's drafts should be made payable to "Capita Asset Services re: Filtronic plc Open Offer Acceptance A/C" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Third party cheques will not be accepted except Building Society cheques or bankers' drafts where the Building Society or bank has confirmed the name of the account holder by stamping and endorsing the Building Society cheque or bankers' draft on the reverse to such effect.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct its UK registrars to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due and any interest earned on such payments will accrue for the benefit of the Company. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 21 December 2015 or such later time and/or date not being later than 30 December 2015 as Panmure Gordon and the Company shall agree, the Open Offer will lapse and application monies will be returned by post to Applicants, at the Applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

The Company shall as soon as possible after 5 January 2016 refund any payment received with respect to an application for a number of Open Offer Shares in respect of a Basic Entitlement which has been rejected in whole or in part by the Company.

(e) *Effect of Application*

All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk. By completing and delivering an Application Form, you (as the Applicant(s)):

- (i) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (ii) confirm to the Company that in making the application you are not relying on any information or representation other than that contained (or referred to) in this circular, and you accordingly agree that no person responsible solely or jointly for this circular or any part thereof shall have any liability for any such information or representation not so contained and that having had the opportunity to read this circular you will be deemed to have notice of all the information concerning the Group and the Ordinary Shares contained within (or referred to in) this circular;
- (iii) represent and warrant to the Company that if you have received some or all of your Basic Entitlement from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Basic Entitlement by virtue of a *bona fide* market claim;
- (iv) represent and warrant to the Company that you are not a citizen or resident of a Restricted Jurisdiction and are not applying on behalf of, or with a view to the re-offer, re-sale or delivery of Open Offer Shares directly or indirectly in, into or within a Restricted Jurisdiction or to a resident of a Restricted Jurisdiction or to any person you believe is purchasing or subscribing for the purpose of such re-offer, re-sale or delivery;
- (v) represent and warrant to the Company that you are not otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of such person(s) on a non-discretionary basis;
- (vi) represent and warrant to the Company as follows: (i) you have not received the Application Form or any other document relating to the Open Offer in a Restricted Jurisdiction, nor have you mailed, transmitted or otherwise distributed or forwarded any such document in or into a Restricted Jurisdiction; (ii) you are not and were not located in a Restricted Jurisdiction at the time you accepted the Application Form or at the time you returned the Application Form; and (iii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (A) you have full investment discretion with respect to the Open Offer Shares covered by the Application Form or (B) the person on whose behalf you are acting was located outside a Restricted Jurisdiction at the time he or she instructed you to submit the Application Form;
- (vii) request that the Open Offer Shares to which you will become entitled be issued to you on the terms set out in this circular and the Application Form, subject to the Articles of Association of the Company;
- (viii) confirm that in making the application you are not relying on and have not relied on the Company or Panmure Gordon or any person affiliated with the Company or Panmure Gordon in connection with any investigation of the accuracy of any information contained in this circular or your investment decision;
- (ix) represent and warrant to the Company that you are not and nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (x) represent and warrant to the Company that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (xi) acknowledge that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the "Exchange Information"), and that you are able to obtain or access the Exchange Information without undue difficulty. None of the Company, Panmure Gordon nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any

statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person; and

- (xii) represent and warrant to the Company that the purchase by you of Open Offer Shares does not trigger in the jurisdiction in which you are resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action.

If you are unable to provide such representations and warranties you will be deemed not to have validly submitted an application for Open Offer Shares, save in the discretion of the Company and subject to certain conditions.

You should note that applications will be irrevocable. The Company reserves the right (but shall not be obliged) to treat any application not strictly complying in all respects with the terms and conditions of application as nevertheless valid.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form. However, you are encouraged to vote at the General Meeting by completing and returning the enclosed Form of Proxy.

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. For all enquiries in relation to the procedure for application for Eligible Non-CREST Shareholders under the Open Offer please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK are chargeable at applicable international rates. Calls may be recorded and monitored for security and training purposes. Lines are open from 8.30 a.m. until 5.30 p.m. (London time) Monday to Friday (excluding UK public holidays).

Please note that the Shareholder Helpline cannot provide comments on the merits of the Open Offer, or legal, financial or taxation advice.

(f) The Excess Application Facility

The Excess Application Facility enables Eligible Shareholders who have taken up their Basic Entitlement in full to apply for additional Open Offer Shares.

Eligible Non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Basic Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Open Offer Shares exceed the 19,999,373 Open Offer Shares being made available to Eligible Shareholders as a result of applications made in respect of the Excess Application Facility, resulting in a scaling back of applications, each Eligible Non-CREST Shareholder who has made a valid application for Open Offer Shares under the Excess Application Facility and from whom payment in full for such Open Offer Shares has been received in cleared funds will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for under the Excess Application Facility but not allocated to the relevant Eligible Non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

(ii) If you have Basic Entitlements and Excess Entitlement credited to your stock account in CREST in respect of your entitlement under the Open Offer

(a) General

Subject as provided in section 7 of this Part III in relation to certain Overseas Shareholders, each Eligible CREST Shareholder will receive a credit to his stock account in CREST of his Basic Entitlement equal to the maximum number of Open Offer Shares for which he is entitled to apply under the Open Offer. Eligible CREST Shareholders may also apply for Open Offer Shares in excess of their Basic Entitlement under the Excess Application Facility. Further details of Excess can be found in paragraph 4(ii)(j) of this Part III.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Eligible CREST Shareholder in respect of which the Basic Entitlement and Excess Entitlement have been allocated.

If for any reason the Basic Entitlement cannot be admitted to CREST by, or the stock accounts of Eligible CREST Shareholders cannot be credited by 3.00 p.m. on 25 November 2015 or such later time as the Company may decide, an Application Form will be sent out to each Eligible CREST Shareholder in substitution for the Basic Entitlement and Excess Entitlement credited to his stock account in CREST. In these circumstances the expected timetable as set out in this circular will be adjusted as appropriate and the provisions of this circular applicable to Eligible Non-CREST Shareholders with Application Forms will apply to Eligible CREST Shareholders who receive Application Forms.

Eligible CREST Shareholders who wish to apply for some or all of their entitlements to Open Offer Shares (including any applications for Excess Entitlements) should refer to the CREST Manual for further information on the CREST procedures referred to below. If you have any questions relating to the procedure for acceptance, please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK are chargeable at applicable international rates. Calls may be recorded and monitored for security and training purposes. Lines are open from 8.30 a.m. until 5.30 p.m. (London time) Monday to Friday (excluding UK public holidays).

Please note that the Shareholder Helpline cannot provide comments on the merits of the Open Offer, or legal, financial or taxation advice.

If an Eligible CREST Shareholder does not wish to apply for the Open Offer Shares under the Open Offer, they should take no action. They are, however, encouraged to vote at the General Meeting.

If you are a CREST sponsored member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares (including any applications for Excess Entitlements) as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

(b) Market claims

The Basic Entitlements and Excess Entitlements will have separate ISIN/SEDOL numbers and will constitute separate securities for the purposes of CREST. Although Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements and Excess Entitlements may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Basic Entitlement will generate an appropriate market claim transaction and the relevant Basic Entitlement(s) and Excess Entitlement(s) will thereafter be transferred accordingly.

(c) USE Instructions

Eligible CREST Shareholders who wish to apply for Open Offer Shares in respect of all or some of their Basic Entitlement and Excess Entitlement in CREST must send (or, if they are CREST sponsored members, procure that their CREST Sponsor sends) an Unmatched Stock Event (“USE”) instruction to Euroclear which, on its settlement, will have the following effect:-

- (i) the crediting of a stock account of Capita Asset Services, Corporate Actions under the participant ID and member account ID specified below, with the Basic Entitlement or Excess Entitlement corresponding to the number of Open Offer Shares or Excess Entitlement applied for; and

- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Capita Asset Services, Corporate Actions in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares or Excess Entitlement referred to in (i) above.

(d) Content of USE Instructions in respect of Basic Entitlements

The USE instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:-

- (i) the number of Open Offer Shares for which application is being made under the Basic Entitlement;
- (ii) the ISIN of the Basic Entitlement. This is GB00BYTQHB68;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Basic Entitlement is to be debited;
- (v) the participant ID of Capita Asset Services, Corporate Actions, in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of Capita Asset Services, Corporate Actions, in its capacity as CREST receiving agent. This is 28721FIL;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11:00am on 15 December 2015; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 15 December 2015.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 15 December 2015 in order to be valid is 11:00 a.m. on that day.

(e) Content of USE Instructions in respect of Excess Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the Excess Entitlement being delivered to Capita Asset Services, Corporate Actions);
- (ii) the ISIN of the Excess Entitlement. This is GB00BYTQHC75;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess Entitlement is to be debited;
- (v) the Participant ID of Capita Asset Services, Corporate Actions in its capacity as a CREST receiving agent, which is 7RA33;

- (vi) the member account ID of Capita Asset Services, Corporate Actions in its capacity as CREST receiving agent, which is 28721FIL;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date, which must be before 11:00am on 15 December 2015; and
- (ix) the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 15 December 2015.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) should add the following non-mandatory fields to their USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle in order to be valid is 11:00 a.m. on 15 December 2015. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 21 December 2015 or such later time and/or date (not being later than 30 December 2015) as Panmure Gordon and the Company shall agree, the Open Offer will lapse, the Basic Entitlements and Excess Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by an Eligible CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. The Open Offer cannot be revoked once all conditions have been satisfied.

(f) Deposit of Basic Entitlements into, and withdrawal from, CREST

An Eligible Non-CREST Shareholder's entitlement under the Open Offer as shown by the Basic Entitlement set out in his Application Form may be deposited into CREST (either into the account of the Eligible Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Basic Entitlements and Excess Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlement and Excess Entitlement following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. on 15 December 2015.

In particular, having regard to normal processing times in CREST and on the part of Capita Asset Services, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Basic Entitlements in CREST, is 3.00 p.m. on 10 December 2015, and the recommended latest time for receipt by Euroclear UK & Ireland of a dematerialized instruction requesting withdrawal of the Basic Entitlement and Excess Entitlement from CREST is 4.30 p.m. on 9 December 2015, in either case so as to enable the person acquiring or (as appropriate) holding the Basic Entitlement and Excess Entitlement following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Entitlement and Excess Entitlement prior to 11.00 a.m. on 15 December 2015.

Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Eligible Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes on page 2 of the Application Form, and a declaration to the Company from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of any Restricted Jurisdiction and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(g) Validity of Application

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11:00 a.m. on 15 December 2015 will constitute a valid application under the Open Offer.

(h) CREST Procedures and Timings

CREST members and (where applicable) their CREST Sponsors should note that Euroclear UK & Ireland does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11:00a.m. on 15 December 2015. In this connection CREST members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) Incorrect or Incomplete Applications

If a USE instruction includes a CREST payment for an incorrect sum, the Company through Capita Asset Services reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares and/or Excess Entitlement as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question;
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question (without interest).

(j) The Excess Application Facility

Provided that an Eligible CREST Shareholder chooses to take up their Basic Entitlement in full, the Excess Application Facility enables Eligible CREST Shareholders to apply for Open Offer Shares in excess of their Basic Entitlement. Any such applications will be granted at the absolute discretion of the Company.

Applications for Excess Entitlements will be considered to the extent that applications by Eligible Shareholders are not made, or are made for less than, their Basic Entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Basic Entitlements, it is the Directors' intention that the Excess Entitlements will be scaled back pro rata to the number of Open Offer Shares applied for by Eligible Shareholders under the Excess Application Facility. Notwithstanding the foregoing, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part. No assurance can be given that applications by Eligible Shareholders under the Excess Application Facility will be met in full, in part or at all.

An Excess Entitlement may not be sold or otherwise transferred. Subject as provided in section 7 of this Part III in relation to certain Overseas Shareholders, the CREST accounts of Eligible CREST Shareholders will be credited with an Excess Entitlement in order for any applications for Excess Entitlements to be

settled through CREST. The credit of such Excess Entitlement does not in any way give Eligible CREST Shareholders a right to the Open Offer Shares attributable to the Excess Entitlement, as an Excess Entitlement is subject to scaling back in accordance with the terms of this circular.

To apply for Excess Entitlements pursuant to the Open Offer, Eligible CREST Shareholders should follow the instructions above and must not return a paper form and cheque. Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Basic Entitlement and the relevant Basic Entitlement be transferred, the Excess Entitlements will not transfer with the Basic Entitlement claim, but will be transferred as a separate claim.

Should an Eligible CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess Entitlement credited to CREST, and allocated to the relevant Eligible Shareholder, will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Shares by Eligible Shareholders under the Open Offer exceed the number of Open Offer Shares being made available, resulting in a scale back of applications under the Excess Application Facility, each Eligible CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for the Excess Entitlement has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Eligible CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest, and at the Applicant's sole risk.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number, aggregated and may be sold and the proceeds in respect thereof held for the benefit of the Company.

(k) Effect of Valid Application

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Capita's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) confirm to the Company that in making the application you are not relying on any information or representation other than that contained (or referred to) in this circular, and you accordingly agree that no person responsible solely or jointly for this circular or any part thereof shall have any liability for any such information or representation not so contained and that having had the opportunity to read this circular you will be deemed to have notice of all the information concerning the Group contained within (or referred to in) this circular;
- (iii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this circular and subject to the Articles of Association of the Company;
- (iv) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (v) represent and warrant to the Company that he is not applying on behalf of any Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (vi) represent and warrant to the Company that he is not and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax

Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;

- (vii) confirm that in making such application he is not relying on any information in relation to the Company other than that contained in publicly available information and agrees that no person responsible solely or jointly for this circular or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that he will be deemed to have had notice of all the information concerning the Group contained within (or referred to in) this circular; and
- (viii) represent and warrant to the Company that he is the Eligible Shareholder originally entitled to the Basic Entitlements or that he has received such Basic Entitlement and Excess Entitlement by virtue of a *bona fide* market claim;
- (ix) represent and warrant to the Company that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (x) confirm that in making the application you are not relying on and have not relied on the Company, Panmure Gordon or any person affiliated with the Company or Panmure Gordon in connection with any investigation of the accuracy of any information contained in this circular or your investment decision;
- (xi) acknowledge that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of both AIM (the "Exchange Information"), and that you are able to obtain or access the Exchange Information without undue difficulty. None of the Company, Panmure Gordon nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person; and
- (xii) warrant and represent to the Company that the purchase by you of Open Offer Shares does not trigger in the jurisdiction in which you are resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action.

(l) Company's discretion as to Rejection and Validity of Applications

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which Capita Asset Services receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Capita Asset Services have received actual notice from CRESTCo of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside

the control of any CREST member or CREST sponsored member or (where applicable) CREST Sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Registrar in connection with CREST.

(m) Issue of Open Offer Shares in CREST

Basic Entitlements and Excess Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 15 December 2015. If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will instruct Euroclear UK & Ireland to credit the appropriate stock accounts of such persons with such persons' Basic Entitlements with effect from the next Business Day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

5. Money Laundering Regulations

(i) Holders of Application Forms

It is a term of the Open Offer that, in order to ensure compliance with the Money Laundering Regulations 2007 (as amended) (the "Regulations"), the Registrar may require verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity").

The verification of identity requirements pursuant to the Regulations will apply to applications with a value of €15,000 (or its Pound Sterling equivalent) or greater, or to one of a series of linked applications whose aggregate value exceeds that amount, and in the case of such applications verification of the identity of Applicant(s) for Open Offer Shares may be required.

If within a reasonable period of time following a request, for verification of identity, but in any event by 11.00 a.m. on 15 December 2015, the Receiving Agent has not received evidence satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant application, in which event the money payable or paid in respect of the application will be returned (without interest and at the Applicant's risk) to the account of the drawee bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid).

In order to avoid this, payment should be made by means of a cheque drawn by and in the name of the Applicant named on the accompanying Application Form or (where an Application Form has been transferred and/or split to satisfy *bona fide* market claims in relation to transfers of Existing Ordinary Shares through the market prior to 3.00 p.m. on 11 December 2015), by the person(s) named in Box 1 on the Application Form. If this is not practicable and the Applicant uses a cheque drawn on a building society or a banker's draft, the Applicant should:

- (i) ask the building society or bank to endorse on the cheque or draft the name and account number of the person whose building society or bank account is being debited which must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque or banker's draft;
- (ii) if the Applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or European Union regulated person or institution (e.g. a bank or broker), and specify its status. If you have any questions relating to the procedure for acceptance, please contact Capita Asset Services on 0371 664 0321. 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. The helpline is open between 9.00 am – 5.30 pm, 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;

- (iii) if the Applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driving licence; and
- (iv) third party cheques may not be accepted unless covered by (i) above.

In any event, if it appears to the Receiving Agent that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting will be required.

Neither the Receiving Agent nor the Company will be liable to any person for any loss suffered or incurred as a result of the exercise of any discretion to require verification. By lodging an Application Form, each Eligible Shareholder undertakes to provide evidence of his identity at the time of lodging the Application Form, or, at the absolute discretion of the Company, at such specified time thereafter as may be required to ensure compliance with the Regulations.

(ii) Basic Entitlements and Excess Entitlements in CREST

If you hold your Basic Entitlement or Excess Entitlement in CREST and apply for Open Offer Shares in respect of all or some of your Basic Entitlement (and Excess Entitlement) as agent for one or more persons and you are not a United Kingdom or European Union regulated person or institution (e.g. a United Kingdom financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of any failure to provide satisfactory evidence.

6. Taxation

The following paragraphs are intended as a general guide only and are based on current UK legislation and HM Revenue and Customs practice (which is subject to change and possibly with retrospective effect) and are not exhaustive. They summarise advice received by the Directors of the Company as to the position of Shareholders who (unless the position of non-resident Shareholders is expressly referred to) are resident (and domiciled) in the United Kingdom ("UK") for tax purposes, who are the absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. The discussion does not address all possible tax consequences relating to an investment in shares. Certain Shareholders, such as dealers in securities, employees and officers, Shareholders that are exempt from taxation, insurance companies and collective investment vehicles, may be taxed differently and are not considered.

Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult their independent professional adviser immediately.

Taxation of Chargeable Gains

For the purposes of UK taxation of chargeable gains, Open Offer Shares allotted to Eligible Shareholders under the Open Offer will be added to the Eligible Shareholder's existing holding of Ordinary Shares and treated as acquired at the time the existing holding was acquired. The subscription monies for the Open Offer Shares will be added to the base cost of the existing holding. A subsequent disposal of Open Offer Shares by an Eligible Shareholder may, subject to the Eligible Shareholder's circumstances and any

available exemption or relief, give rise to a taxable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

In the case of individual Shareholders, there are two main rates of UK capital gains tax; the applicable rate will be dictated by the individual Shareholders' amount of taxable income. Those individual Shareholders who are higher rate taxpayers or additional rate taxpayers will pay capital gains tax at 28 per cent. and those individuals who are basic rate taxpayers will pay capital gains tax at 18 per cent..

For Shareholders within the charge to UK corporation tax on chargeable gains, the subscription price of the Open Offer Shares will be increased by indexation allowance from the time at which the Shareholder paid for or became liable to pay for the Open Offer Shares until the Open Offer Shares are disposed of. Indexation allowance is not available to create or increase any loss.

Open Offer Shares subscribed for under the Open Offer in excess of a Shareholder's pro rata entitlement will be treated as a separate acquisition from his existing holding of Ordinary Shares for the purposes of UK taxation of chargeable gains.

A Shareholder who is not UK resident will not be subject to UK tax on a gain arising on a subsequent disposal of Open Offer Shares unless either (i) the Shareholder carries on a trade, profession or vocation in the UK through a branch, permanent establishment or agency and, broadly, holds the Open Offer Shares for the purposes of the trade, profession, vocation, branch, permanent establishment or agency or (ii) the Shareholder falls within the anti-avoidance rules applying to temporary non-residents.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or UK SDRT should be payable on the allotment or issue of Open Offer Shares.

The conveyance or transfer on sale of Open Offer Shares will usually be subject to UK stamp duty, normally at the rate of 0.5 per cent. (rounded up to the nearest multiple of £5) of the amount or value of the consideration paid. In the UK stamp duty is normally paid by the purchaser. A charge to UK SDRT at the rate of 0.5 per cent. of the amount or value of the consideration paid will arise in relation to an unconditional agreement to transfer Open Offer Shares. UK SDRT is a liability of the purchaser. However, if within six years of the date of the agreement (or, if the agreement was conditional, the date on which the agreement became unconditional) a share transfer is executed pursuant to the agreement and is duly stamped, the stamping of the transfer will normally cancel the UK SDRT liability. Any SDRT already paid will be refunded.

There will be no UK stamp duty or UK SDRT on a transfer of Open Offer Shares into CREST where such a transfer is made for no consideration. A transfer of Open Offer Shares effected on a paperless basis through CREST will generally be subject to UK SDRT at the rate of 0.5 per cent. of the amount or value of the consideration paid. Euroclear UK & Ireland will collect UK SDRT on relevant transactions settled through CREST and will account for the SDRT to HM Revenue and Customs.

There is no UK stamp duty and/or SDRT on transfers of securities that are admitted to trading on a "recognised growth market", including AIM (and not "listed" on a recognised stock exchange). This measure has effect:

- (i) for stamp duty purposes, in relation to any instrument which was executed on or after 28 April 2014:
 - (a) in pursuance of an agreement made on or after that date; or (b) a conditional agreement made before that date where the condition is satisfied on or after that date; and
 - (c) any instrument which is not executed in pursuance of a contract and is executed on or after that date; and
- (ii) for SDRT purposes, in relation to any agreement to transfer securities where the agreement is conditional, if the condition was satisfied on or after 28 April 2014 and in any other case, if the agreement is made on or after that date.

Taxation of Dividends

No UK tax will be withheld by the Company when it pays a dividend.

A UK resident individual Shareholder who receives a dividend from the Company will be entitled to a UK tax credit, currently at the rate of 1/9th of the cash dividend paid (or 10 per cent. of the aggregate of the net dividend and related tax credit). The individual is treated as receiving for tax purposes gross income equal to the cash dividend plus the tax credit. The tax credit is set against the individual's UK tax liability on that gross income.

An individual Shareholder who is not liable to UK income tax at a rate greater than the basic rate is subject to the lower rate of UK income tax on dividend income (currently 10 per cent.) and will therefore have no UK income tax to pay in respect of the dividend. The higher rate of income tax on dividends is currently 32.5 per cent. and the additional rate of income tax on dividends is currently 37.5 per cent..

This means that a Shareholder who is a higher (but not additional) rate taxpayer will, after taking into account the tax credit, pay tax at the rate of 25 per cent. of the cash dividend and an additional rate taxpayer will, after taking into account the tax credit, pay tax at the rate of 30.6 per cent. of the cash dividend.

UK resident Shareholders who do not pay UK income tax or whose liability to UK income tax on the dividend and related tax credit is less than the tax credit, including pension funds, charities and certain individuals, are not generally entitled to claim repayment of any part of the tax credit associated with the dividend from HM Revenue and Customs.

Most UK resident corporate Shareholders should be able to receive dividends on a tax free basis (regardless of the source of that dividend) providing certain conditions are met.

A non-UK resident Shareholder may be subject to foreign taxation on dividend income.

7. Overseas Shareholders

(a) General

The distribution of this circular and the Application Form and the making or acceptance of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer. The comments set out in this section 7 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

No action has been or will be taken by the Company or any other person, to permit a public offering or distribution of this circular (or any other offering or publicity materials or Application Form(s)) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Application Forms will not be sent to and Basic Entitlements and Excess Entitlements will not be credited to a stock account in CREST of Shareholders with registered addresses in a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this circular and/or an Application Form and/or a credit of Basic Entitlements and/or a credit of Excess Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her nor should he or she in any event use any such Application Form and/or credit of Basic Entitlements and/or credit of Excess Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could

lawfully be made to him or her and such Application Form and/or credit of Basic Entitlements and/or credit of Excess Basic Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this circular and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Neither the Company, nor any of its respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this circular and/or an Application Form and/or a credit of Basic Entitlements and/or a credit of Excess Entitlements to a stock account in CREST in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Basic Entitlements or Excess Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this circular and/or an Application Form and/or a credit of Basic Entitlements and/or a credit of Excess Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company determines that such action would not violate applicable legal or regulatory requirements.

Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this circular and/or an Application Form and/or transfers Basic Entitlements and/or Excess Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III and specifically the contents of this section 7.

The Company reserves the right, but shall not be obliged, to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of a Basic Entitlement and/or an Excess Entitlement to a stock account in CREST, to a member whose registered address would be in a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to sections 7(b) to 7(e) below.

Notwithstanding any other provision of this circular or the Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts. The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No public offer of Open Offer Shares is being made by virtue of this circular or the Application Form into any Restricted Jurisdiction. Receipt of this circular and/or an Application Form and/ or a credit of an Basic

Entitlement and/or a credit of Excess Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this circular and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

(b) United States

None of the Open Offer Shares, the Basic Entitlements or the Excess Entitlements has been or will be registered under the US Securities Act or the laws of any state or other jurisdiction of the United States and, therefore, the Open Offer Shares, the Basic Entitlements and the Excess Entitlements may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States and none of this circular, the Application Forms or the crediting of Basic Entitlements or Excess Entitlements to a stock account in CREST constitutes or will constitute an offer or an invitation to apply for an offer or an invitation to subscribe for any Open Offer Shares in the United States. Neither this circular nor an Application Form will be sent to, and no Basic Entitlements or Excess Entitlements will be credited to, a stock account in CREST of any Eligible Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from, or post-marked in, the United States will be deemed to be invalid.

Each person to which the Open Offer Shares are distributed, offered or sold outside the United States will be deemed by its subscription for the Open Offer Shares to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing for Open Offer Shares, as the case may be, that:

- (i) it is acquiring the Open Offer Shares from the Company in an “offshore transaction” as defined in Regulation S under the US Securities Act; and
- (ii) the Open Offer Shares have not been offered to it by the Company or Panmure Gordon or any of their affiliates by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act.

Each subscriber acknowledges that the Company and Panmure Gordon will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber by its subscription for the Open Offer Shares are no longer accurate, it shall promptly notify the Company and Panmure Gordon. If such subscriber is subscribing for the Open Offer Shares as a fiduciary or agent for one or more investor accounts, each subscriber represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

Each subscriber acknowledges that it will not resell the Open Offer Shares without registration or an available exemption or safe harbour from registration under the US Securities Act.

(c) Other Restricted Jurisdictions

Due to restrictions under the securities laws of the other Restricted Jurisdictions and subject to certain exemptions, Eligible Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, a Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Basic Entitlements or Excess Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer of Open Offer Shares is being made by virtue of this circular or the Application Forms into any Restricted Jurisdiction.

(d) Other overseas jurisdictions

Application Forms will be sent to Eligible Non-CREST Shareholders and a Basic Entitlement will be credited to the stock account in CREST of Eligible CREST Shareholders in other overseas jurisdictions. Eligible Shareholders in jurisdictions other than any Restricted Jurisdiction may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this circular and, if relevant, the Application Form.

Eligible Shareholders who have registered addresses in or who are located or resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Open Offer Shares in respect of the Open Offer.

(e) Representations and warranties relating to Overseas Shareholders

(i) Eligible Non-CREST Shareholders

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and/or the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction:

- (i) such person is not requesting registration of the relevant Open Offer Shares from within a Restricted Jurisdiction;
- (ii) such person is not a US Person or a resident of, or located in, any Restricted Jurisdiction or in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it;
- (iii) such person is not acting on a non-discretionary basis on behalf of, a person located within a Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and
- (iv) such person is not subscribing for Open Offer Shares with a view to the offer, sale, re-sale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into a Restricted Jurisdiction or any territory referred to in (ii) above.

The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it:

- (i) appears to the Company or its agents to have been executed, effected or despatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements;
- (ii) provides an address in any Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or
- (iii) purports to exclude the warranty required by this paragraph 7(e)(i).

(ii) Eligible CREST Shareholders

A CREST member who makes a valid application either on its own behalf or on behalf of one of its clients in accordance with the procedures set out in this Part III represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction:

- (i) neither it nor its client is within a Restricted Jurisdiction;

- (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares;
- (iii) it is not accepting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within a Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and
- (iv) neither it nor its client is subscribing for any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into a Restricted Jurisdiction, or any territory referred to in (ii) above.

The Company reserves the right to reject any USE instruction from a Restricted Jurisdiction or any territory referred to in (ii) above or by a CREST participant who is acting on a non-discretionary basis on behalf of a person located within a Restricted Jurisdiction or any territory referred to in (ii) above.

8. Admission, Settlement and Dealings

Application will be made to the London Stock Exchange for the Open Offer Shares taken up under the Open Offer to be admitted to trading on AIM. Subject to the Open Offer becoming unconditional in all respects, it is expected that Admission of those Open Offer Shares will become effective and that dealings in the Open Offer Shares will commence at 8.00 a.m. on 21 December 2015.

Basic Entitlements and Excess Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 15 December 2015 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 21 December 2015). On this day, Capita Asset Services will instruct Euroclear UK & Ireland to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 21 December 2015). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this circular, the Company reserves the right to send you an Application Form instead of crediting the relevant stock account with your Basic Entitlement and Excess Entitlement, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Capita Asset Services in connection with CREST.

For Eligible Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be dispatched by post by 5 January 2016. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register. All documents or remittances sent by or to Applicants or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Eligible Non-CREST Shareholders are referred to the Application Form.

9. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this circular shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this circular, Eligible Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

10. Further information

Your attention is drawn to the terms and conditions set out in the enclosed Application Form.

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 16 December 2015 at the offices of Panmure Gordon at One New Change, London EC4M 9AF for the purposes of considering and, if thought fit, passing the following resolutions of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 as a special resolution.

RESOLUTIONS

1. **THAT**, 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 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 £19,999.373 (equal to 19,999,373 ordinary shares) in connection with the Open Offer (as defined in the circular to the Company's shareholders dated 24 November 2015, 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 January 2016 (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.
2. **THAT**, subject to and conditional upon resolution 1 being duly passed, and in addition to all other existing powers of the Directors under section 571 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 Open Offer (as defined in the circular to the Company's shareholders dated 24 November 2015, of which this notice forms part) pursuant to the authority conferred by Resolution 1 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 1, expire on 31 January 2016 (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.

Maura Moynihan
Company Secretary

Registered Office

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

24 November 2015

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, 34 Beckenham Road, Beckenham, Kent BR3 4TU, 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 14 December 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 23 November 2015 (being the latest practicable date prior to the publication of this notice) the Company's issued ordinary share capital consists of 196,876,986 ordinary shares of 0.1p each, carrying one vote each. Therefore, the total number of voting rights is 196,876,986.
8. As at the date of this notice, there are no treasury shares held by the Company.
9. If you wish to attend the general meeting in person, please arrive at One New Change, London EC4M 9AF for registration in advance of 12 noon on 16 December 2015. Please bring an appropriate form of identification with you, in order to assist your entry into the meeting.

