
Notice of Annual General Meeting 2014

To be held at
Glaziers Hall
9 Montague Close
London Bridge
London SE1 9DD
on Wednesday 16 April 2014 at 11.30am

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about its content or the action you should take, you should consult your stockbroker, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all your shares in Dialight plc ("Company"), please pass this document and the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

A form of proxy for the Annual General Meeting is enclosed and should be completed and returned so as to reach Equiniti Limited ("Equiniti") (the Company's Registrar) by no later than 11.30am on Monday 14 April 2014. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting in person, should you so wish. Alternatively you can register your proxy vote electronically no later than 11.30am on Monday 14 April 2014, either by means of a website provided by Equiniti, www.sharevote.co.uk, or by using the service provided by Euroclear. Further details are given in the explanatory notes on page 9 to this document.

Letter to shareholders

Dialight plc

Exning Road
Newmarket
Suffolk
CB8 0AX

Registered in England and Wales 2486024
Telephone 01638 778640
Fax 01638 602128
Web www.dialight.com

18 March 2014

Dear Shareholder

Dialight plc – Annual General Meeting 2014

I am pleased to inform you that this year's Annual General Meeting ("Meeting" or "AGM") will be held at Glaziers Hall, 9 Montague Close, London Bridge, London SE1 9DD on Wednesday 16 April 2014 at 11.30am.

This document provides details of those items of business to be transacted at the AGM and includes the formal notice of the AGM ("Notice"). Explanatory notes can be found from page 9 onwards. A location map is provided on the reverse of the form of proxy which is also enclosed. Tea and coffee will be available from 11.00am onwards on the day.

If you would like to vote on the resolutions in the Notice but cannot attend the Meeting, please complete the form of proxy and return it to the Company's Registrar, Equiniti, as soon as possible. Equiniti must receive the form of proxy by 11.30am on Monday 14 April 2014. Alternatively, you can vote online at www.sharevote.co.uk by no later than 11.30am on Monday 14 April 2014. For further information on the appointment of proxies please refer to the explanatory notes and the notes to the form of proxy.

Information regarding certain items of business to be transacted at the AGM can be found below.

Resolutions 1 to 17 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 18 to 20 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 2 – Directors' Remuneration Policy

The Directors' Remuneration Policy contains Dialight's proposed policy on Directors' remuneration. Under new legislation, the Company is now required to seek shareholder approval of its Remuneration Policy.

The Remuneration Policy will not take effect until it has been approved by shareholders. If approved, the Remuneration Policy will be effective immediately from the conclusion of the AGM and will be subject to a binding shareholder vote by ordinary resolution at least every three years. Following approval, all payments by the Company to the Directors and any former Directors must be made in accordance with the Remuneration Policy unless separately approved by a shareholder resolution. Should the Remuneration Policy not be approved for any reason, the Company will, if and to the extent permitted by the Companies Act 2006 ("CA 2006"), continue to make payments to Directors in accordance with existing contractual arrangements and will seek shareholder approval for a revised policy as soon as reasonably practicable. The Directors' Remuneration Policy is set out on pages 54 to 59 of the Company's Annual Report and Accounts for the year ended 31 December 2013.

Resolution 3 – Annual Report on Remuneration 2013

The Annual Report on Remuneration sets out the remuneration received or receivable by Directors in respect of the year ended 31 December 2013. The vote on the Annual Report on Remuneration is advisory in nature, which means that payments made or promised to Directors will not have to be repaid, reduced or withheld in the event that this resolution is not passed. The Annual Report on Remuneration is set out on pages 60 to 66 of the Company's Annual Report.

Resolution 4 – Declaration of final dividend

The Directors propose a final dividend of 9.5 pence per ordinary share for the year ended 31 December 2013. If approved, the recommended final dividend will be paid on 3 June 2014 to all shareholders who are on the register of members on 2 May 2014.

Resolution 5 – Appointment of auditors

In light of organisational changes within KPMG, the Company's Board of Directors ("Board") has agreed that KPMG Audit Plc will step down as auditors at the AGM and be replaced by KPMG LLP. This resolution confirms this appointment. A statement on KPMG Audit Plc ceasing to hold office pursuant to Section 519 of the CA 2006 is enclosed.

Resolutions 7 to 12 – Re-election of Directors

In accordance with the UK Corporate Governance Code ("Code") and the Company's Articles of Association, all Company Directors will stand for re-election. The Board considers that, following formal performance evaluation, the performance of each Director on the Board at the date of this Notice continues to be effective and demonstrates the commitment required to continue in their present roles and accordingly supports each Directors' re-election. Biographical details of all Directors can be found on pages 38 and 39 of the Annual Report and Accounts 2013 and on the Company's website at www.dialight.com.

Resolution 13 – Political donations

Part 14 of the CA 2006 prohibits the Company and its subsidiaries from, amongst other things, making political donations or incurring political expenditure in respect of a political party or other political organisation or an independent election candidate unless authorised by the Company's shareholders. Neither the Company nor any of its subsidiaries has any intention of making any political donations or incurring any political expenditure. However, the CA 2006 defines "political party", "political organisation", "political donation" and "political expenditure" widely. For example, bodies such as those concerned with policy review and law reform or with the representation of the business community or sections of it, which the Company and/or its subsidiaries may see benefit in supporting, may be caught. Accordingly, the Company wishes to ensure that neither it nor its subsidiaries inadvertently commits any breaches of the CA 2006 through the undertaking of routine activities, which would not normally be considered to result in the making of political donations and political expenditure being incurred. As permitted under the CA 2006, the resolution extends not only to the Company but also covers all companies that are subsidiaries of the Company at any time the authority is in place. The resolution reflects the three categories covered by the rules and authorises the Company and its subsidiaries to:

- (a) make political donations to political parties and/or independent election candidates not exceeding £10,000 in total;
- (b) make political donations to political organisations other than political parties not exceeding £10,000 in total; and
- (c) incur political expenditure not exceeding £10,000 in total, in the period up to the Company's next AGM or up to and including 30 April 2015, whichever is the earlier.

As required by the CA 2006, the resolution is in general terms and does not purport to authorise particular donations.

Neither the Company nor any of its subsidiaries has any intention of making any political donations or incurring any political expenditure at this time.

Resolution 14 – Approval of Dialight Performance Share Plan ("PSP")

The existing rules of the PSP are due to expire in 2015. Accordingly, Resolution 14 seeks approval for a new PSP, under substantially the same terms as the existing rules, for a further ten years. The PSP will be implemented in accordance with the Directors' Remuneration Policy.

Appendix A to this Notice sets out the main terms of the PSP as proposed.

Resolution 15 and 16 – Approval of Dialight Sharesave Plan

The Company is seeking approval for its first Sharesave Plan. All UK employees will be invited to participate in the plan on the same basis. It allows individuals, at the end of an agreed savings period, to buy shares at a discount to the share price, up to prescribed limits. Resolution 16 will provide the necessary authority for us to establish equivalent arrangements in other countries so that we can extend this plan to as many as possible of our employees overseas. Appendix B to this Notice sets out the main terms of the Sharesave Plan as proposed.

Letter to shareholders continued

Resolution 17 – Authority to allot shares

This resolution is divided into two parts. Paragraph (a) of the resolution would give the Directors the authority to allot ordinary shares of 1.89 pence each in the Company (“Shares”) up to an aggregate nominal amount equal to £204,771 (representing a maximum of 10,834,419 Shares.) This amount represents approximately one-third of the issued ordinary share capital of the Company as at 10 March 2014, the latest practicable date prior to publication of the Notice.

In line with guidance issued by the Association of British Insurers (“ABI”), paragraph (b) of the resolution would give the Directors authority to allot Shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £409,541 (representing a maximum of 21,668,839 Shares), as reduced by the nominal amount of any Shares issued under paragraph (a) of the resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 10 March 2014, the latest practicable date prior to publication of the Notice.

The authorities sought under paragraphs (a) and (b) of the resolution will expire at the earlier of the conclusion of the AGM of the Company held in 2015 or 30 June 2015 (the last date by which the Company must hold an AGM in 2015).

The Directors have no present intention to exercise either of the authorities sought under the resolution, except, if necessary under paragraph (a), to satisfy the exercise of options or awards granted under existing share schemes. However, the authority gives the Directors the flexibility to take advantage of business opportunities as they arise. If they do exercise the authorities, the Directors intend to follow ABI recommendations concerning their use (including as regards the Directors standing for re-election in certain cases).

As at the date of the Notice, no Shares are held by the Company in treasury.

Resolution 18 – Limited disapplication of pre-emption rights

This resolution would give the Directors the authority to allot Shares (or sell any Shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

Except as provided below, this authority would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those Shares or as the Board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £30,716 (representing a maximum of 1,625,163 Shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at 10 March 2014, the latest practicable date prior to publication of the Notice. In respect of this aggregate amount, the Directors confirm their intention to follow the provisions of the Pre-Emption Group’s Statement of Principles (“Principles”) regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders.

Allotments made under the authorisation in paragraph (b) of resolution 17 would be limited to allotments by way of a rights issue only (subject to the right of the Board to impose necessary or appropriate limitations to deal with, for example, fractional entitlements and regulatory matters).

The authority sought under this resolution will expire at the earlier of the conclusion of the AGM of the Company held in 2015 or 30 June 2015 (the last date by which the Company must hold an AGM in 2015).

Resolution 19 – Purchase of own shares

This resolution would give authority for the Company to purchase up to 3,250,326 of its Shares, representing approximately 10% of the Company’s issued ordinary share capital. The resolution specifies the minimum and maximum prices for any Shares purchased under the authority. If granted, the authority will expire at the earlier of the conclusion of the AGM of the Company held in 2015 or 30 June 2015 (the last date by which the Company must hold an AGM in 2015).

The Directors will determine whether any Shares acquired to this authority are to be cancelled or held in treasury at the time that they resolve to exercise the authority. As at 10 March 2014, the latest practicable date prior to publication of the Notice, the total number of awards outstanding under Group share plans was 208,727, which represents 0.64% of the issued shares at that time and would represent 0.71% of the issued share capital if the Directors used the existing authority to purchase shares.

The Directors are of the opinion that this authority, if renewed, will continue to give them greater flexibility to manage the issued share capital of the Company for the benefit of the shareholders and would only use this authority if it is for the benefit of the shareholders as a whole and could be expected to result in an increase in the earnings per share of the Company.

The Directors have no present intention of exercising the authority conferred by this resolution.

Resolution 20 – Notice of general meetings

Changes made to the CA 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot, however, be less than 14 clear days (AGMs will continue to be held on at least 21 clear days' notice).

Until the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, resolution 20 seeks such approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. Note that the changes to the CA 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Documents available for inspection

Copies of all service agreements under which Directors of the Company are employed by the Company or any subsidiaries and a copy of the terms of appointment of the Non-Executive Directors of the Company will be available for inspection at the Company's registered office during normal business hours (Saturdays, Sundays and public holidays excepted) from the date of this Notice until the date of the AGM and at the place of the AGM for 15 minutes prior to and during the meeting.

Recommendation

The Directors consider that all the resolutions to be put to the Meeting are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company for the benefit of members as a whole. The Directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do so in respect of their own interests (both beneficial and non-beneficial). If you have any questions regarding the AGM business please contact Equiniti by phone on 0871 384 2195. Calls to this number are charged at 8 pence per minute plus network extras. Lines are open from 8.30am to 5.30pm, Monday to Friday (excluding bank holidays). Non-UK callers should dial +44 (0)121 415 7047.

Electronic communications

You can view the Company's Annual Report and Accounts 2013 at www.dialight.com. If you wish to receive notice of future general meetings and other communications online, please register at www.shareview.co.uk or contact Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Yours faithfully

Bill Ronald
Chairman

Notice of Annual General Meeting

The Annual General Meeting ("AGM") of Dialight plc ("Company") will be held at Glaziers Hall, 9 Montague Close, London Bridge, London SE1 9DD at 11.30am on Wednesday 16 April 2014. You will be asked to consider and, if thought fit, pass the resolutions below. Resolutions 18 to 20 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

Ordinary resolutions

1. That the Company's Annual Report and Accounts for the financial year ended 31 December 2013, together with the Directors' report and the Auditors' report on those accounts, be received.
 2. That the Directors' remuneration policy set out on pages 54 to 59 of the Annual Report and Accounts for the year ended 31 December 2013 be approved.
 3. That the Annual report on remuneration (other than the Directors' remuneration policy) for the year ended 31 December 2013 as set out on pages 60 to 66 of the Company's Annual Report and Accounts be approved.
 4. To declare a final dividend of 9.5 pence per ordinary share.
 5. That KPMG LLP be appointed as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid.
 6. That the Directors be authorised to determine the remuneration of the auditors.
 7. That Bill Ronald be re-elected as a Director of the Company.
 8. That Roy Burton be re-elected as a Director of the Company.
 9. That Robert Lambourne be re-elected as a Director of the Company.
 10. That Richard Stuckes be re-elected as a Director of the Company.
 11. That Stephen Bird be re-elected as a Director of the Company.
 12. That Tracey Graham be re-elected as a Director of the Company.
 13. That, in accordance with Sections 366 and 367 of the Companies Act 2006, the Company and all its subsidiary companies from time to time be authorised to:
 - (a) make political donations to political parties and/or independent election candidates not exceeding £10,000 in aggregate;
 - (b) make political donations to political organisations other than political parties not exceeding £10,000 in aggregate; and
 - (c) incur political expenditure, not exceeding £10,000 in aggregate,provided that the amount of political donations made and political expenditure incurred by the Company and its subsidiaries pursuant to this resolution shall not in aggregate exceed £10,000.

Such power shall apply until the conclusion of the Company's next AGM after this resolution is passed or 30 June 2015.

For the purpose of this resolution the above terms (political donations, political parties, independent election candidates, political organisations and political expenditure) shall have the same meanings as set out in Part 14 of the Companies Act 2006.
14. That the Dialight plc 2014 Performance Share Plan, the main features of which are summarised in Appendix A to this AGM notice, and a copy of the rules of which is produced to the meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and the Remuneration Committee of the Company's Board of Directors be hereby authorised to do all acts and things which it considers necessary or desirable to carry the same into effect.
15. That the Dialight plc 2014 Sharesave Plan, the main features of which are summarised in Appendix B to this AGM notice, and a copy of the rules of which is produced to the meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and the Company's Board of Directors be hereby authorised to do all acts and things which it considers necessary or desirable to carry the same into effect.

Ordinary resolutions continued

- 16 That the Directors of the Company be hereby authorised to establish future share plans for the benefit of employees outside the United Kingdom based on the Dialight plc 2014 Sharesave Plan, modified to the extent necessary or desirable to take account of non-United Kingdom tax, securities and exchange control laws and regulations, provided that such plans must operate within the limits on individual or overall participation summarised in Appendix B to this AGM notice.
17. That, in substitution for all existing authorities, the Directors be generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to:
- (a) allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £204,771 (such amount to be reduced by the nominal amount allotted or granted under paragraph (b) below in excess of such sum); and
 - (b) allot equity securities (as defined in Section 560 of the Companies Act 2006) up to an aggregate nominal amount of £409,541 (such amount to be reduced by the aggregate nominal amount of shares allotted or rights to subscribe for or to convert any security into shares in the Company granted under paragraph (a) of this resolution 17) in connection with an offer by way of a rights issue:
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities (as defined in Section 560(1) of the Companies Act 2006) as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter such authorities to apply until the end of the Company's next AGM after this resolution is passed (or, if earlier, until the close of business on 30 June 2015) but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires and the Directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired.

Special resolutions

18. That, in substitution for all existing powers and subject to the passing of resolution 17, the Directors be given the general power to allot equity securities (as defined by Section 560 of the Companies Act 2006) for cash, either pursuant to the authority conferred by resolution 17 or by way of a sale of treasury shares, as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under paragraph (b) of resolution 17 by way of a rights issue only):
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,
 but subject to such exclusions or other arrangements as the Directors may deem necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
 - (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £30,716.

The power granted by this resolution will expire on 30 June 2015 or, if earlier, the conclusion of the Company's next AGM (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Notice of Annual General Meeting continued

Special resolutions continued

19. That the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of 1.89 pence in the capital of the Company ("ordinary shares") provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased is 3,250,326 (representing 10% of the issued ordinary share capital);
- (b) the minimum price which may be paid for an ordinary share is 1.89 pence;
- (c) the maximum price which may be paid for an ordinary share is the higher of:
 - (i) an amount equal to 5% above the average middle market value of an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out,

in each case, exclusive of expenses;

- (d) this authority expires at the conclusion of the next AGM after this resolution is passed (or, if earlier, until the close of business on 30 June 2015); and
- (e) the Company may make a contract to purchase ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of ordinary shares in pursuance of any such contract.

20. That a general meeting other than an AGM may be called on not less than 14 clear days' notice.

By order of the Board

Nick Giles

Company Secretary
Dialight plc
18 March 2014

Registered Office:

Exning Road
Newmarket
Suffolk CB8 0AX
Company Number: 2486024

Explanatory notes to the notice

- Entitlement to attend and vote:** To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00pm on 14 April 2014 (or, in the event of any adjournment, 6.00pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM. If you wish to attend the Meeting in person, please bring this Notice with you to the Meeting.
- Appointing proxies:** If you meet the criteria set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a proxy form with this Notice. A proxy need not be a shareholder of the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. You may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share(s) held by that shareholder. You may not appoint more than one proxy to exercise rights attached to any one share. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact the Company's Registrar, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or on 0871 384 2495 (for callers calling from the UK. Calls to this number are charged at 8 pence per minute plus network extras. Lines are open 8.30am to 5.30pm, Monday to Friday) or +44 (0)121 415 7047 (for those calling from abroad). The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in paragraph 5 below), will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so; however, this shall automatically terminate your proxy appointment. Should you wish to change your proxy instructions simply submit a new proxy appointment using the methods set out above with the relevant timeframe. Should you need a further hard-copy form of proxy to be able to do this, please contact the Company's Registrar whose details appear above. You may also terminate a proxy appointment by informing the Company's Registrar prior to the relevant deadline for appointing proxies as detailed below.
- Deadline for appointing proxies:** To be valid, any form of proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA in each case no later than 11.30am on 14 April 2014. Shareholders who would prefer to register the appointment of their proxy electronically via the internet can do so through the Sharevote website, www.sharevote.co.uk, using their Personal Authentication Reference Number (this is the series of numbers printed under the headings Voting ID, Task ID and Shareholder Reference Number on the form of proxy) by no later than 11.30am on 14 April 2014. Full details and instructions on these electronic proxy facilities are given on the website. Any electronic communication sent by a shareholder to the Company or to the Registrar which is found to contain a computer virus will not be accepted. If you submit more than one valid proxy instruction, the appointment received last before the latest time for receipt will take precedence.

Explanatory notes to the notice continued

4. **Nominated Persons:** Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person") may, under an agreement between them and the shareholder who nominated them, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
5. **Appointment of proxies through CREST:** 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 (available via www.euroclear.com/site/public/EU). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message ("CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must in order to be valid be transmitted so as to be received by the issuer's agent (ID RA19) by 11.30am on 14 April 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. **Corporate representative:** Any corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a member provided that they do not do so in relation to the same share.

7. **Website publication of audit concerns:** Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with the Auditors of the Company ceasing to hold office since the previous meeting at which Annual Report and Accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
8. **Issued share capital:** As at 10 March 2014 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 32,503,258 ordinary shares of 1.89 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 10 March 2014 were 32,503,258. As at 10 March 2014, being the latest practicable date prior to the publication of this Notice, there have been no changes to the substantial shareholdings information disclosed by the Company on page 49 of the Annual Report and Accounts 2013.
9. **Questions at the Meeting:** Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.
10. **Withheld votes:** A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against a resolution. If you have appointed a proxy and you have not indicated your voting preference on the form of proxy, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the AGM.
11. **Documents on display:** Copies of the Executive Directors' service contracts and letters of appointment of the Non-Executive Directors of the Company and the proposed rules of the Dialight plc Performance Share Plan 2014 and the Dialight plc Sharesave Plan 2014 are available from the Company's Registered Office until the time of the Meeting and at the Meeting venue itself for at least 15 minutes prior to the AGM until the end of the Meeting. These documents are also available from the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY until the conclusion of the AGM.
12. **Website information:** A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found at www.dialight.com.
13. **Communication:** You may not use any electronic address provided either in this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

Appendix A

The Dialight plc 2014 Performance Share Plan

Eligibility

Under the Dialight plc 2014 PSP, awards may be granted to employees (including Executive Directors) of the Company and its subsidiary companies at the discretion of the Remuneration Committee ("Committee") of the Company's Board.

Awards

Awards may normally only be granted in the six weeks beginning with the date on which the PSP is approved by the Company's shareholders and then in the six-week period commencing on the dealing day following the date on which the Company announces its results for any period. Awards may be granted outside these periods in exceptional circumstances.

Subject to shareholder approval of the PSP, it is anticipated that the first awards will be granted in 2015. No awards may be granted more than ten years from the date of approval of the PSP by the Company's shareholders.

Awards granted under the PSP are personal to the participant and, except on the death of the participant, may not be transferred. No payment is made for the grant of an award. Awards granted under the PSP are not pensionable.

Form of awards

Awards may be made by granted as (a) a conditional right to acquire shares in the future at no cost to the participant or (b) an option (either with a nil exercise price or a market value exercise price).

Individual limits

The Committee will determine the value of awards to be granted to each participant in each financial year. The rules permit annual awards up to a maximum of 150% of base salary in normal circumstances.

The number of Shares to be made subject to an award will be calculated by dividing the value of the award by the mid-market quotation of the Shares taken from the London Stock Exchange Daily Official List ("Daily Official List") on the dealing day before the grant date or, if the Committee so decides, by using the average middle market quotation of Shares taken from the Daily Official List during a period determined by the Committee not exceeding five dealing days ending with the dealing day before the date of grant.

Overall limits

The PSP contains the following limits on the issue of the Company's Shares:

- (i) the number of the Company's unissued Shares that may be issued or placed under award or option under the PSP and under any other executive share plan in any ten year period may not exceed such number of Shares as represents 5% of the Company's ordinary share capital in issue from time to time; and
- (ii) the number of the company's unissued Shares that may be unissued or placed under award under the PSP and under any other employee share plan in any ten year period may not exceed such number of shares as represents 10% of the Company's ordinary share capital in issue from time to time.

Shares transferred out of treasury to satisfy awards granted under the PSP will count towards these limits for so long as this is required by institutional investor guidelines.

Performance condition

The performance conditions for awards will be based on growth in Dialight total shareholder return and earnings per share. Specific objectives and targets will be set by the Committee nearer to the date of grant.

Malus and clawback

The PSP includes provisions under which the Committee may, in its discretion, reduce (to nil, if appropriate) the vesting of awards under the PSP (often referred to as malus) or recoup the value of previously vested awards (often referred to as clawback). For example, awards may be subject to malus and/or clawback where the Committee determines that there is evidence of serious employee misconduct or a material misstatement of the Company's financial results.

Vesting of awards

In normal circumstances, an award will vest on the later of the third anniversary of grant and the date that the Committee determines whether the performance condition and any other conditions imposed have been satisfied and subject to the application of malus and/or clawback.

Special provisions apply if a participant ceases employment before an award vests by reason of retirement, ill health, injury, disability, redundancy, death or because the company or business for which he works is transferred out of the group, or for any other reason at the discretion of the Committee. In those circumstances:

- » the award will vest on the normal vesting date, to the extent that that performance condition has been met over the performance period, unless the Committee decides to allow early vesting; and
- » the number of Shares in respect of which the award vests will then be reduced proportionately on a time basis, unless the Committee decides otherwise.

Change of control

Early vesting is also permitted in the circumstances of a change of control, reconstruction or winding up of the company, subject to satisfaction of the performance condition up to the event in question and subject to the application of malus and/or clawback. The number of Shares in respect of which an award vests will then be reduced on a time basis, unless the Committee decides otherwise.

Internal reorganisations do not automatically trigger the early vesting of awards.

Entitlement to dividends

The Committee may decide that participants should receive an additional benefit equal in value to any dividends that they would have received during the vesting period, if they had been the holders of the vested Shares. The benefit can be provided as a cash sum or in the form of shares.

Cash alternative

Where an award has vested (or, in the case of an option, has been exercised), the Committee may elect, instead of issuing or procuring the transfer of Shares, to pay cash to the participant concerned. The amount to be paid (subject to deduction of tax or similar liabilities) shall be equal to the market value of the Shares subject to the award (as determined by reference to the middle market quotation of such shares derived from the Daily Official List on the day of vesting (or exercise, in the case of options).

The PSP also has flexibility to allow cash-settled awards to be granted from the outset, if the Committee considers this appropriate in a particular case.

Variation of capital

In the event of any variation in the share capital of the Company, or in the event of a demerger, special dividend, or other similar event which affects the market price of shares to a material extent, the Committee may make such adjustments as it considers appropriate to the number of shares subject to an award.

Alterations

The Committee may at any time amend the PSP. The prior approval of the Company in general meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining participant's entitlement to, and the terms of, shares provided under the PSP, and the adjustments that may be made in the event of any variation of share capital. Minor amendments to benefit the administration of the PSP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or any group member, do not require the approval of the Company in general meeting.

Any amendment that is to the material disadvantage of participants in relation to awards already granted to them requires their majority consent.

Appendix B

The Dialight plc 2014 Sharesave Plan

The Dialight plc 2014 Sharesave Plan ("Sharesave Plan") is formed of two parts – a UK Sharesave Plan and an International Sharesave Plan.

The UK Sharesave Plan is an all-employee savings related share option plan which is designed to satisfy legislative requirements for a tax-favourable sharesave plan in the UK.

The International Sharesave Plan extends the all-employee savings related share option plan to other jurisdictions.

Set out below is a summary of the main features of the Sharesave Plan. The provisions of the International Sharesave Plan are the same as in the UK Sharesave Plan except as indicated.

Eligibility

An individual must be an employee or full-time director of the Company or a participating subsidiary who is tax resident in the UK on the date that options are granted and who has been an employee or full-time Director for a qualifying service period (not exceeding five years) to be determined by the Board. (There is no requirement under the International Sharesave Plan for the individual to be tax-resident in the UK.)

An individual is a full-time Director if he or she is obliged to devote not less than 25 hours per week to their duties with the company concerned.

The Board has discretion to nominate employees who do not satisfy the above conditions to participate in the Sharesave Plan and can decide which subsidiaries should participate.

Grant of options

The Board may at any time (but subject to any relevant regulatory restrictions) invite all eligible employees to apply for options.

No options may be granted after the period of ten years from the date of approval of the Sharesave Plan by the Company's shareholders.

Options granted under the Sharesave Plan are personal to optionholders and, except on the death of an optionholder, may not be transferred.

Options granted under the Sharesave Plan are not pensionable.

Savings contracts

An eligible employee who applies for an option under the UK Sharesave Plan must also enter into a Treasury approved savings contract for a specified period of three or five years. The Board has discretion to determine which of the savings contracts will be available for any invitation. Under the contract, the employee will agree to make monthly savings contributions of a fixed amount which is set by the Board (which may not exceed the statutory maximum (£250 per month reverting to £500 per month from 6 April 2014)).

An eligible employee who applies for an option under the International Sharesave Plan must also enter into a savings contract but for a specified period of three years. The Board has discretion to vary this savings period before invitations are issued. Under the contract, the employee will agree to make monthly savings contributions equivalent to the fixed Sterling amount set by the Board.

Shares may only be acquired under the Sharesave Plan on the exercise of the option using the payment under this contract. Payment will be taken as including any bonus payable under the savings contract or, in the case of the International Sharesave Plan, interest at an assumed rate of interest, unless otherwise decided by the Board.

Price

The Board shall determine the price payable for each Share under option, provided that the price shall not be less than the higher of:

- (a) 80% of the mid-market quotation for a Share in the Daily Official List on the dealing day preceding the date on which invitations to apply for options are issued or 80% of the average of the mid-market quotations for a Share in the Daily Official List on the five consecutive dealing days prior to the date on which invitations to apply for options are issued (or on such other dealing day or days as may be agreed with HMRC); and
- (b) the nominal value of a Share, if the option relates to new Shares.

Overall limit

The number of the Company's unissued Shares that may be issued or placed under option or award in any period of ten years under the Company's employee share plans may not exceed such number of Shares as represents 10% of the Company's ordinary share capital in issue from time to time.

Shares transferred out of treasury to satisfy options under the Sharesave Plan will count towards this limit for so long as this is required by institutional investor guidelines.

Scaling down

Applications to participate in the Sharesave Plan may be scaled down by the Board if applications exceed the number of Shares available for the grant of options. The ways in which scaling down may be carried out are set out in the rules of the Sharesave Plan.

Exercise of options

An option may not normally be exercised until the optionholder has completed his three-year or five-year savings contract and then not more than six months thereafter. Special provisions allow early exercise in the case of death, injury, disability, redundancy, retirement or because the Company or business which employs the optionholder is transferred out of the Group.

If an optionholder ceases employment for any other reason within three years of the grant date, his option will lapse. If an optionholder ceases employment for any other reason after the third anniversary of the grant date, he may exercise his option during the following six months, after which time the option will lapse.

Change of control

Special provisions also allow early exercise in the event of a change of control, reconstruction or winding up of the Company. Internal reorganisations do not automatically trigger the early exercise of options.

Variation of capital

In the event of any variation in the share capital of the Company, the Board may make such adjustments as it considers appropriate to the number of Shares under option and the price at which they may be acquired. Adjustments to the terms of options must be notified to HMRC.

Amendments

The Board may at any time amend the Sharesave Plan.

Any change to the key features of the UK Sharesave Plan (being provisions necessary to meet the requirements of the relevant tax legislation) requires the Company to make notification to HMRC.

In addition, the prior approval of the Company in general meeting must be obtained in the case of any amendment to the advantage of the optionholders which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining a participant's entitlement to, and the terms of, Shares provided under the Sharesave Plan, and the adjustments that may be made in the event of any variation of share capital. Minor amendments to benefit the administration of the Sharesave Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or any member of the Group do not require the approval of the Company in general meeting.

Any amendment to the material disadvantage of participants in relation to options already granted to them requires their majority consent.

