

Notice of Annual General Meeting 2008

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, solicitor, accountant, bank manager or other financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or from another appropriate independent financial adviser if you are resident in any territory outside the United Kingdom.

If you have sold or transferred, or sell or transfer prior to 6.00 pm on 21 April 2008 your ordinary shares in Pace Micro Technology plc, please send this document, together with the related form of proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale was effected, for onward transmission to the purchaser or transferee. If you have sold or transferred, or sell or transfer as above, part only of your holding of shares in Pace Micro Technology plc, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Pace Micro Technology plc

(Registered in England and Wales under registered number: 1672847)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Pace Micro Technology plc (the "Company") will be held at Salts Mill, Victoria Road, Saltaire, West Yorkshire, BD18 3LF at 12 noon on Wednesday 23 April 2008 for the following purposes:

To consider and, if thought fit, to pass the following resolutions of which resolutions 1 to 5 will be proposed as ordinary resolutions of the Company and resolutions 6, 7, 8 and 9 will be proposed as special resolutions of the Company.

Resolutions

ORDINARY BUSINESS

- RESOLUTION 1** To receive the report of the directors and the accounts for the seven-month period ended 31 December 2007 and the auditors' report thereon.
- RESOLUTION 2** To approve the remuneration report of the directors for the seven-month period ended 31 December 2007.
- RESOLUTION 3** To re-elect Mr Neil Gaydon as a director of the Company.
- RESOLUTION 4** To re-elect Mr Robert Fleming as a director of the Company.
- RESOLUTION 5** To re-appoint KPMG Audit Plc as auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the directors to determine the auditors' remuneration.

SPECIAL BUSINESS

- RESOLUTION 6** That the directors be and are hereby generally empowered, pursuant to Section 95 of the Companies Act 1985 ("the Act"), to allot equity securities (as defined in Section 94 of the Act) for cash, pursuant to the general authority conferred by ordinary resolution number 7 passed at the Annual General Meeting of the Company on 8 September 2004 or, subject to the same being passed and becoming unconditional in all respects, pursuant to any general authority to allot shares to be proposed by way of ordinary resolution at any General Meeting of the Company subsequent to the date of this Notice of Annual General Meeting, as if sub-section 89 (1) of the Act did not apply to such allotment, provided that this power shall be limited to:
- (a) allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company and, if in accordance with their rights the directors so determine, holders of other equity securities of any class made in proportion (as nearly as may be) to their existing holdings of ordinary shares or (as the case may be) other equity securities of the class concerned (so that any offer to holders of other equity securities of any class shall be on the basis of their rights to receive such offer and, failing which, shall be on the basis that their holdings had been converted into or that they had subscribed for ordinary shares on the basis then applicable) but subject to the directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient:
 - (i) to deal with equity securities representing fractional entitlements; and
 - (ii) to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange, in any territory; and
 - (b) the allotment, otherwise than pursuant to sub-paragraph (a) above, of equity securities for cash up to an aggregate nominal value of £584,294

and this power, unless renewed, shall expire at the earlier of the conclusion of the next following Annual General Meeting of the Company and 22 July 2009 provided that the Company may at any time prior to the expiry of the power conferred by this resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

- RESOLUTION 7** That the Company be generally and unconditionally authorised for the purpose of Section 166 of the Companies Act 1985 (“the Act”) to make one or more market purchases (as defined in Section 163 of the Act) of ordinary shares of 5 pence each in the capital of the Company provided that:
- (a) the maximum aggregate number of ordinary shares that may be purchased is 23,371,758;
 - (b) the minimum price (excluding expenses) which may be paid for each ordinary share is 5 pence (being the nominal value thereof);
 - (c) the maximum price (excluding expenses) which may be paid for any ordinary share is the higher of:
 - (i) an amount equal to 105% of the average of the middle market quotations of the Company’s ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and
 - (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid as derived from the London Stock Exchange Trading System (SETS); and
 - (d) this authority, unless renewed, shall expire at the earlier of the conclusion of the next following Annual General Meeting of the Company and 22 July 2009 (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry).

RESOLUTION 8 That the name of the Company be changed to Pace plc.

RESOLUTION 9 That, with effect from 1 October 2008, or such later date as section 175 of the Companies Act 2006 shall be brought into force, Articles 124 to 130 (inclusive) of the existing Articles of Association of the Company shall be deleted and new Articles 124 to 145, as set out in the document produced to the Meeting and signed by the Chairman, be substituted in their place and that the existing Articles 131 to 175 be re-numbered accordingly.

By order of the Board.

Anthony J Dixon
Company Secretary

26 March 2008

Registered Office: Salts Mill, Victoria Road, Saltaire, West Yorkshire, BD18 3LF

(1) Your right to appoint a proxy

A member (shareholder) of the Company who is entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend, speak and to vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy is enclosed with this Notice, and guidance on how to complete the form is set out in Note 4 below. A shareholder can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.

(2) Your entitlement to vote

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders entered on the register of members of the Company as at 6.00 pm on 21 April 2008 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. If the Meeting is adjourned, the time by which a person must be entered on the register of members is 6.00 pm on the day preceding the date fixed for the adjourned Meeting. Changes to entries on the Company’s register of members after the relevant time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

(3) Documents available for inspection

Copies of the service contracts and letters of appointment of the directors of the Company, the existing Articles of Association of the Company, the new Articles 124 to 145 proposed to be adopted pursuant to Resolution 9 above and a copy of the register of the interests of directors (and their families) in the shares of the Company are available for inspection at the Company’s registered office during normal business hours (Saturdays, Sundays and Bank Holidays excepted) and will also be available for inspection at the Annual General Meeting from 11.00 am on 23 April 2008 until the conclusion of the Meeting.

The existing Articles of Association and the new Articles 124 to 145 proposed to be adopted pursuant to Resolution 9 above will also be available for inspection during normal business hours (Saturdays, Sundays and Bank Holidays excepted) at the offices of Pinsent Masons LLP, Citypoint, One Ropemaker Street, London EC2Y 9AH until the conclusion of the Meeting.

(4) How to fill in the form of proxy

In order to appoint a proxy you should sign and return the enclosed Form of Proxy to the Company’s Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, to arrive not later than 48 hours before the time the Annual General Meeting is due to start. You may also deliver the Form of Proxy by hand to the same address during usual business hours. If you do not specifically nominate another person to attend the Meeting and to vote on your behalf, the Chairman of the Meeting will be appointed as your proxy and will vote or abstain on a poll, on your behalf in accordance with your instructions.

If you wish to appoint as your proxy someone other than the Chairman, cross out the words “the Chairman of the Meeting or ” on the Form of Proxy and write the full name of your proxy in the space provided – you can appoint more than one proxy if you wish. Please remember to ensure that the person concerned is able to attend the Meeting.

If you wish to instruct your proxy how to vote or abstain on each resolution in the event of a poll, please put an "X" in the appropriate box alongside each of the resolutions (which are shown in abbreviated form and numbered in the same order as shown in the Notice of Meeting) on the Form of Proxy. Please note that if you do not give any instructions on a particular resolution, your proxy may vote or abstain on the resolution as he or she thinks fit. Unless you instruct otherwise, your proxy may vote or abstain as he or she thinks fit on any other business (including amendments to resolutions) which may properly come before the Meeting. Completing and returning the Form of Proxy will not prevent you from attending the Meeting and voting in person.

(5) Voting rights

As at 20 March 2008 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 233,717,584 ordinary shares carrying one vote each. Therefore the total voting rights in the Company as at 20 March 2008 are 233,717,584.

⤵ Explanatory notes on the Resolutions

* RESOLUTION 1

The Report and Accounts The directors will present their report and the audited accounts for the seven-month period ended 31 December 2007 together with the auditors' report thereon.

* RESOLUTION 2

The Remuneration Report In accordance with the Directors' Remuneration Report Regulations 2002 (the "Regulations"), the Company is required to submit the directors' remuneration report for the seven-month period ended 31 December 2007 to a vote of the shareholders. In accordance with the Regulations, approval of the directors' remuneration report is proposed as an ordinary resolution.

* RESOLUTIONS 3-4

Re-election of Directors The Articles of Association require a proportion of the directors to retire at each Annual General Meeting. In addition, the Combined Code on Corporate Governance recommends that directors should submit themselves for re-election at least once every three years. This year two of the current directors, Neil Gaydon and Robert Fleming will retire and each offer themselves for re-election. Biographical details relating to each director can be found in the Report of the Directors accompanying the accounts for the seven-month period ended 31 December 2007. The Board has formally reviewed the performance of Neil Gaydon and Robert Fleming and is satisfied that both of these directors continue to be effective and demonstrate commitment to their roles.

* RESOLUTION 5

Appointment of Auditors The Company is required to appoint auditors at each general meeting at which accounts are laid before shareholders, to hold office until the next such meeting. The resolution proposes that KPMG Audit Plc be re-appointed as auditors for the current year and that the directors be authorised to set their fees.

* RESOLUTION 6

Disapplication of Pre-emption Rights If the directors wish to allot any of the unissued shares of the Company for cash in accordance with the authority granted at the 2004 Annual General Meeting, the Companies Act 1985 requires that the new shares must generally be offered first to shareholders in proportion to their existing shareholdings. These are the statutory pre-emption rights of shareholders. The existing authority to allot unissued shares of the Company was granted at the 2004 Annual General Meeting.

In certain circumstances, it may be in the interests of the Company for the directors to be able to allot some shares for cash without having to offer them first to existing shareholders. In line with normal practice, this resolution, which will be proposed as a special resolution, therefore seeks approval to renew the current authority to exclude the statutory pre-emption rights for issues of shares having a maximum aggregate nominal value of up to £584,294, representing 5% of the Company's expected share capital as at the date of this Notice of Annual General Meeting. In addition there are legal, regulatory and practical reasons why it may not always be possible to issue new shares under a rights issue to some shareholders, particularly those resident overseas. To cater for this, the resolution also permits the directors to make appropriate exclusions or arrangements to deal with such difficulties. This authority would be effective for a period of 15 months or, if earlier, until the next Annual General Meeting. The authority represents 5% of the Company's issued share capital as at 25 March 2008, being the latest practicable date before publication of this notice.

The directors believe that obtaining this authority is in the best interests of shareholders as a whole and recommend that shareholders vote in favour of this resolution.

* RESOLUTION 7

Approval of Market Purchase of Ordinary Shares With the authority of the shareholders of the Company in general meeting, the Company is empowered by its Articles of Association to purchase its own shares subject to the provisions of the Companies Act 1985. The directors believe that, in common with many other listed companies, it is prudent to seek general authority from the shareholders now in order that they may act if circumstances arise in which they consider such purchases to be desirable. Resolution 7, which will be proposed as a special resolution, authorises the purchase by the Company of up to 23,371,758 ordinary shares (representing 10% of the issued share capital as at 25 March 2008) and sets the minimum and maximum prices at which they may be bought.

The directors will use this authority only after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. The directors will only purchase and cancel such shares after taking into account the effect on earnings per share and in the best interests of shareholders generally. The directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review. Any purchases pursuant to this authority would only be made on the London Stock Exchange. The authority will be valid until the conclusion of the next Annual General Meeting or 15 months from the date of the resolution, whichever is the earlier. The directors intend to seek the renewal of these powers at subsequent Annual General Meetings.

A listed company no longer has to cancel shares it acquires and can hold its own shares subject to certain restrictions. A company has the choice of either cancelling or retaining for later use any shares purchased. Shares held by a company in this way are known as "treasury shares". The Company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base. No dividends would be paid on shares whilst held in treasury and no voting rights would attach to any such treasury shares. Prior to any repurchase the Company will advise shareholders through a Regulatory Information Service if any shares repurchased are to be cancelled.

On 25 March 2008 there were options over 16,241,002 ordinary shares in the capital of the Company representing 6.95% of the Company's issued ordinary share capital. If the authority to purchase the Company's ordinary shares was exercised in full and those shares were subsequently cancelled, then these options would together represent 7.72% of the Company's issued and voting ordinary share capital as at the date of the Notice of the Annual General Meeting.

The directors believe that obtaining this authority is in the best interests of shareholders as a whole and recommend that shareholders vote in favour of this resolution.

*** RESOLUTION 8**

Change of name. Resolution 8, which will be proposed as a special resolution, proposes that the name of the Company be changed to Pace plc. The directors believe this name is more appropriate for the Company, reflecting the Company's logo and that the Company is referred to by the majority of its stakeholder audiences as simply Pace, rather than Pace Micro Technology. In addition, the "Micro" element of the current name is not particularly relevant to Pace's current business activities in the development of technology products for the digital TV market.

The directors believe that changing the name of the Company to Pace plc is in the interests of shareholders as a whole and recommend that shareholders vote in favour of this resolution.

If Resolution 8 is passed then, subject to the consent of the Registrar of Companies, we expect the name change to become effective during May 2008.

If you hold your shares in certificated form, your existing share certificate, bearing the name Pace Micro Technology plc, will still be valid.

*** RESOLUTION 9**

The Companies Act 2006 (the "2006 Act") is being implemented in stages. The phase that is expected to come into force on 1 October 2008 introduces changes relating to directors' conflicts of interest.

The new provisions mean that a director must avoid a situation where there is, or might be, a direct or indirect interest that conflicts with the Company's interests. The requirement is very broad and could apply if a director becomes a director of another company or a trustee of a different organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts where the articles of association contain suitable provisions. The 2006 Act also allows the articles of association of a company to include provisions for dealing with directors' conflicts of interest to avoid any potential breach of duty on the part of the directors. The amendments proposed to be made to the Company's articles of association (the "Articles") pursuant to Resolution 9 give the directors authority to approve such situations and to allow conflicts of interest to be dealt with in a similar manner to the way in which they are currently handled.

The new provisions include safeguards so that only directors who have no interest in the matter being considered will be able to take the decision and in making the decision the directors must act in a way they consider most likely to promote the success of the Company. The directors will also be able to impose limits or conditions on the authorisation that they have given.

The proposed amendments also contain provisions relating to confidential information to protect a director from being in breach of duty if a conflict of interest arises. These provisions can only apply where the situation giving rise to the conflict has already been authorised by the directors.

The directors will report annually on the Company's procedures for ensuring that the powers to authorise conflicts are operated effectively.

The directors believe that altering the Articles is in the interest of the shareholders as a whole and recommend that shareholders vote in favour of this resolution.

Given the staged implementation of the 2006 Act, a comprehensive review of the Articles will be undertaken before the 2009 AGM and it is anticipated that further amendments to the Articles will be proposed at that time.