

**Wolfson Microelectronics plc (“the Company”)  
 Terms of Reference – Remuneration Committee  
 Approved by the Board on 20<sup>th</sup> December 2007**

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|  | <p>In these Terms of Reference the following terms shall have the following meanings:</p> <p>the “Committee” shall mean the Remuneration Committee.</p> <p>the “Board” shall mean the Board of Directors of the Company.</p> <p>These Terms of Reference are for guidance and it should be open to the Committee, where practicality or necessity demands it to depart from such terms, always ensuring that the full Board of Directors is advised of such departures.</p> <p><b>1. Membership</b></p> <p>1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least 3 members, all of whom should be independent non-executive directors as defined in provision A.3.1 of The Combined Code on Corporate Governance. The chairman of the board may also serve on the committee as an additional member if he or she was considered independent on appointment as chairman.</p> <p>1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, the Chief Executive, the Human Resources Manager and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.</p> <p>The Chief Executive Officer of the Company shall normally attend meetings of the Committee to discuss the performance of the executives and to make proposals as necessary but he shall not be entitled to vote, and will not be present when his own remuneration is discussed.</p> <p>1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided that the director remains independent.</p> <p>1.4 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and / or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.</p> <p>1.5 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Where possible, the Chairman and members of the Committee should be rotated on a regular basis. The Committee Chairman shall not be the Chairman of both the Audit Committee and the Remuneration Committee without the Board’s written consent.</p> <p><b>2. Secretary</b></p> <p>2.1 The Company Secretary or their nominee (if approved by the Committee) shall act as the Secretary of the Committee.</p> |  |
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| <b>3.</b> | <b>Quorum</b>   |  |
| 3.1       | The quorum necessary for the transaction of business shall be 2. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.  |  |
| <b>4.</b> | <b>Meetings</b>   |  |
| 4.1       | The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.  |  |
| <b>5.</b> | <b>Notice of meetings</b>   |  |
| 5.1       | Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.   |  |
| 5.2       | Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time. |  |
| 5.3       | The Chairman of the Company and/or the Chief Executive shall have the right to address any meeting of the Committee; others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.   |  |
| <b>6.</b> | <b>Minutes of meetings</b>  |  |
| 6.1       | The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. The Secretary shall ensure that the Committee is properly constituted and advised. The Company Secretary shall also act as a co-ordinating intermediary between the Board and the Committee.  |  |
| 6.2       | Minutes of the Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists. Redacted minutes will be provided where appropriate, for example, for reasons of confidentiality.   |  |
| <b>7.</b> | <b>Annual General Meeting</b>   |  |
|           | The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee’s activities.   |  |

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| <b>8.</b> | <b>Duties</b>  |  |
|           | The Committee shall:   |  |
| 8.1       | ➤ Determine and agree with the Board, on behalf of the shareholders, the framework or broad policy for the compensation structure for the Chief Executive, Chairman, the executive directors, the Company Secretary and such other members of the executive management as it is designated to consider. This shall include any employees with emoluments (or proposed emoluments, in each case, other than any bonus) in excess of £100,000 per annum (or such higher amount as the Committee shall determine). The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration;   |  |
| 8.2       | ➤ In determining such policy, take into account all factors which it deems necessary including: consideration of basic pay, cash bonuses, benefits in kind, share plans and share options as well as notice periods, pension arrangements, termination payments, compensation commitments and lengths of contracts. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. It shall also liaise with the Nomination Committee to ensure that the remuneration of newly appointed executive directors and other senior executives is within the Company’s overall policy; |  |
| 8.3       | ➤ Review the ongoing appropriateness and relevance of the remuneration policy. Ensure that performance related elements of remuneration form an appropriate proportion of the total remuneration package. Give guidance to the executive management in setting the levels of remuneration for the Company;   |  |
| 8.4       | ➤ Approve the design of, and determine the composition and level of metrics, financial and otherwise, including the relative proportion and weighting of financial to non-financial metrics and targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;  |  |
| 8.5       | ➤ Review the design of all incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used. Ask the Board, when appropriate, to seek shareholder approval for any long term incentive arrangements;   |  |
| 8.6       | ➤ Determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;  |  |

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| 8.7      | ➤ Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;   |  |
| 8.8      | ➤ Within the terms of the agreed policy and these Terms of Reference (including, without limitation, section 8.4) and in consultation with the Chairman and / or Chief Executive as appropriate, determine the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments and share options or other share awards;   |  |
| 8.9      | ➤ In determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the UK Listing Authority’s Listing Rules and associated guidance;<br><br>➤ Consulting where appropriate with key investors;   |  |
| 8.10     | ➤ Review and approve compensation structure for employees across the Company or group. Review and note annually the remuneration trends across the Company or group. Ensure that a rigorous and effective appraisal programme is in place. Ensure that automatic increases are not implemented, that the relative pay between different employee groups is appropriate, and that remuneration reasonably reflects relative performance, contributions to the Company’s results, and competitive market conditions. |  |
| 8.11     | ➤ Be aware of and oversee any major changes in employee benefits structures throughout the Company or group;   |  |
| 8.12     | ➤ Agree the policy and process for authorising the reimbursement of claims for expenses from the directors;  |  |
| 8.13     | ➤ Ensure that all provisions regarding disclosure of remuneration including pensions are fulfilled; and  |  |
| 8.14     | ➤ Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee: and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help fulfil its obligations.  |  |
| <b>9</b> | <b>Reporting responsibilities</b>  |  |
| 9.1      | The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities except to the extent a conflict of interest exists.  |  |
| 9.2      | The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.  |  |

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| 9.3       | The Committee shall produce an annual report of the Company’s remuneration policy and practices which will form part of the Company’s Annual Report and ensure each year that it is put to shareholders for approval at the AGM.   |  |
| <b>10</b> | <b>Other</b>   |  |
| 10.1      | The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.  |  |
| <b>11</b> | <b>Authority</b>   |  |
| 11.1      | The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.  |  |
| 11.2      | In connection with its duties the Committee is authorised by the Board to obtain, at the Company’s expense, any outside legal or other professional advice. In connection with its duties the Committee is required by the Board to select, set the terms of reference and appoint Remuneration Consultants, at the Company’s expense. |  |
| 11.3      | Although the Committee can seek the advice and assistance of any of the Company’s executives, it needs to ensure that this role is clearly separated from their role within the business.  |  |
| <b>12</b> | <b>Procedure</b>   |  |
|           | Subject to the articles of association of the Company, the Committee shall determine its own procedures.   |  |