

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

It contains the Resolutions to be voted on at the Annual General Meeting of Optos plc to be held on 23 February 2011. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

You will find enclosed with this Notice of Annual General Meeting (the "Notice") a Form of Proxy for use in connection with the Annual General Meeting. Whether or not you propose to attend the Annual General Meeting in person, you are requested to complete the Form of Proxy and return it to the Company's Registrars in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be received no later than 11h00 GMT on 21 February 2011.

This Notice should be read in conjunction with the Explanatory Notes and the Appendices contained at the end of this Notice. Please read both the Explanatory Notes and the Appendices carefully as they explain the background to the items of business proposed to be transacted at the Annual General Meeting. If you have sold or otherwise transferred all your ordinary shares ("Ordinary Shares") of £0.02 each in the Company, please forward this Notice together with the accompanying documents as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Ordinary Shares, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

OPTOS PLC
Registered in Scotland
SC139953



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "Meeting") of Optos plc (the "Company") will be held at the offices of **Maclay Murray & Spens LLP, Quatermile One, 15 Lauriston Place, Edinburgh, Scotland EH3 9EP United Kingdom at 11h00 GMT on 23 February 2011** for the transaction of the following business:

Ordinary Resolutions

To consider and, if thought fit, pass Resolutions 1 to 9 inclusive, each of which will be proposed as an Ordinary Resolution:

1. To receive and adopt the annual accounts of the Company for the financial year ended 30 September 2010 together with the Directors' and Auditors' Reports thereon.
2. To approve the Directors' Remuneration Report for the financial year ended 30 September 2010.
3. To re-appoint Ernst & Young LLP as Auditors of the Company to hold office from the conclusion of the Annual General Meeting of the Company until the conclusion of the next meeting at which accounts are laid before the Company.
4. To authorise the Directors of the Company to determine the Auditors' remuneration.
5. To elect Peter Herbert KEHOE (who has been appointed since the last Annual General Meeting of the Company) as a Director of the Company.
6. To re-elect Barry Michael ROSE as a Director of the Company.
7. THAT the Optos plc Deferred Bonus Plan (the "Plan") in the form produced to the Annual General Meeting of the Company and initialled by the Chairman of the Annual General Meeting for the purposes of identification, a summary of the Principal Terms of which is set out in Appendix 1 to the Notice of Annual General Meeting of the Company dated 24 January 2011 be and is hereby approved and adopted and the Directors of the Company be and are hereby authorised to:
 - (a) do all such acts and things as they may, in their absolute discretion, consider necessary or expedient to give effect to the Plan; and
 - (b) establish such further plans based on the Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under any such further plans are treated as counting against the limits on individual and overall participation in the Plan.
8. THAT the Trust instrument to establish the Optos plc Employee Benefit Trust (the "Trust"), in the form produced to the Annual General Meeting of the Company and initialled by the Chairman of the Annual General Meeting for the purposes of identification, a summary of the Principal Terms of which is set out in Appendix 2 of this Notice of Annual General Meeting of the Company dated 24 January 2011, be and is hereby approved and the Directors of the Company be and are hereby authorised to establish the Trust.

Notice of Annual General Meeting

continued

Ordinary Resolutions continued

9. THAT, in substitution for any existing authority under Section 551 of the Companies Act 2006 (the "**2006 Act**") but without prejudice to the exercise of any such authority prior to the date of this Resolution, the Directors of the Company be generally and unconditionally authorised, pursuant to Section 551 of the 2006 Act to exercise all powers of the Company to allot shares in the Company and to grant rights ("**relevant rights**") to subscribe for, or convert any security into, shares in the Company, up to an aggregate nominal amount of £472,990.22, being equal to approximately 33.3% of the Company's issued share capital as at 18 January 2011, to such persons and on such terms as the Directors of the Company may determine, such authorisation to expire at midnight GMT on 22 May 2012 or, if earlier, at the conclusion of the next Annual General Meeting of the Company held after the passing of this Resolution, unless previously renewed, revoked or varied by the Company in a general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or enter into an agreement or other arrangement which would, or might, require shares to be allotted or relevant rights to be granted after the expiry of this authorisation and the Directors of the Company may allot shares or grant relevant rights in pursuance of any such offer, agreement or other arrangement as if the authorisation conferred hereby had not expired.

Special Resolutions

To consider and, if thought fit, pass Resolutions 10 to 12 inclusive, each of which will be proposed as a Special Resolution:

10. THAT, subject to the passing of Resolution numbered 9 in the Notice of Annual General Meeting of the Company dated 24 January 2011 (the "**Section 551 Resolution**") and in substitution for any existing authority under Sections 570 and 573 of the Companies Act 2006 (the "**2006 Act**") but without prejudice to the exercise of any such authority prior to the date of this Resolution, the Directors of the Company be empowered in accordance with those sections to allot equity securities (within the meaning of Sections 560 (1)(2)(3) of the 2006 Act), either pursuant to the Section 551 Resolution or by way of a sale of treasury shares, in each case as if Section 561(1) of the 2006 Act 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 such securities to all holders of Ordinary Shares of £0.02 each in the capital of the Company (the "**Ordinary Shares**") in proportion (as nearly as may be) to the respective number of Ordinary Shares held by them but subject to such exclusions, limits or restrictions or other arrangements as the Directors of the Company may deem necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or any legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever; and
 - (b) the allotment of equity securities for cash (otherwise than pursuant to paragraph (a) of this Resolution) up to an aggregate nominal amount of £71,019.55 being approximately 5% of the issued share capital of the Company as at 18 January 2011,
- provided that this power shall expire at midnight GMT on 22 May 2012 or, if earlier, at the conclusion of the next annual general meeting of the Company held after the passing of this Resolution, unless previously renewed, varied or revoked, save that the Company may at any time before such expiry of this power make an offer or enter into an agreement or other arrangement which would or might, require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of any such offer, agreement or other arrangement as if such expiry had not occurred.
11. THAT, the Company be generally and unconditionally authorised, pursuant to Section 701 of the Companies Act 2006 (the "**2006 Act**"), to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of its Ordinary Shares of £0.02 each in the capital of the Company (the "**Ordinary Shares**") provided that:
- (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 7,101,955, representing approximately 10% of the issued share capital of the Company as at 18 January 2011;
 - (b) the minimum price which may be paid for any Ordinary Share is £0.02, exclusive of the expenses of purchase (if any) payable by the Company;
 - (c) the maximum price which may be paid for any Ordinary Share, exclusive of the expenses of purchase (if any) payable by the Company, shall not be more than the higher of: (i) an amount equal to 5% above the average market value of the Ordinary Shares as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date on which the Ordinary Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out; and
 - (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at midnight GMT on 22 May 2012 or, if earlier, at the conclusion of the next Annual General Meeting of the Company held after the passing of this Resolution, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.
12. THAT, a general meeting of the Company, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

Recommendation

The Directors of the Company believe that the above Resolutions numbered 1 to 12 are in the best interests of the Company and its shareholders as a whole and are consistent with the Directors' duty to act in the way most likely to promote the success of the Company for the benefit of its shareholders as a whole. Accordingly, the Directors unanimously recommend that shareholders vote in favour of the above Resolutions as they intend to do in respect of their own beneficial holdings.

BY ORDER OF THE BOARD

John McNeil
Company Secretary
24 January 2011

Registered office:
Queensferry House
Carnegie Campus
Enterprise Way
Dunfermline, Scotland
KY11 8GR
UK

Notes:

1. Information about the Meeting is available from the Company's website: www.optos.com
2. As a shareholder, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a shareholder of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share.
3. A Form of Proxy is enclosed. To be valid, your Form of Proxy and any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority should be sent to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZR so as to arrive no later than 11h00 GMT on 21 February 2011.
4. If you appoint a proxy, this will not prevent you attending the Meeting and voting in person if you wish to do so.
5. The right to vote at the Meeting is determined by reference to the Company's Register of Members as at 18h00 GMT on 21 February 2011 or, if the Meeting is adjourned, at 18h00 GMT on the day two days prior to the adjourned meeting. Changes to entries on that Register after that time shall be disregarded in determining the rights of any shareholder to attend and vote at the Meeting.
6. As a shareholder, you have the right to put questions at the Meeting relating to the business being dealt with at the Meeting.
7. A copy of this notice has been sent for information only to persons who have been nominated by a shareholder to enjoy information rights under Section 146 of the Companies Act 2006 (a "Nominated Person"). The rights to appoint a proxy cannot be exercised by a Nominated Person; they can only be exercised by the shareholder. However, a Nominated Person may have a right under an agreement between him/her and the shareholder by whom s/he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, s/he may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights. It is important for any Nominated Person to remember that his/her main contact in terms of his/her investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on the Nominated Person's behalf). Therefore any changes or queries relating to a Nominated Person's personal details and holding (including any administration thereof) must continue to be directed to that Nominated Person's existing contact at his investment manager or custodian. The Company cannot guarantee dealing with matters that are directed in error. The only exception to this is where the Company, in exercising one of its powers under the Companies Act 2006, writes to a Nominated Person directly for a response.
8. The statement of the rights of shareholders in relation to the appointment of proxies in notes 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.
9. As at 18 January 2011, the Company's issued share capital comprised 71,019,554 ordinary shares of £0.02 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company was 71,019,554.
10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising 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.
11. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "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 instructions, as described in the CREST Manual, www.euroclear.com/CREST. The message must be transmitted so as to be received by the issuer's Agent ID RA19 by 11h00 GMT on 21 February 2011. For this purpose, the time of receipt 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 is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
12. 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 messages. 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(s), 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. 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.
14. Copies of Executive Directors' Service Contracts and Non-Executive Directors' Letters of Appointment will be available for inspection for at least 15 minutes prior to the Meeting and during the Meeting.
15. It is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the 2006 Act. 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 2006 Act. Where the Company is required to place a statement on a website under Section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under Section 527 of the 2006 Act to publish on a website.
16. 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.
17. Copies of the Rules of the Optos plc Deferred Bonus Plan and the Trust instrument to establish the Optos plc Employee Benefit Trust will be available for inspection during normal business hours GMT (Saturdays, Sundays and public holidays excepted) at the offices of Maclay Murray & Spens LLP, One London Wall, London EC2Y 5AB United Kingdom from the date of posting of this Notice until the close of the Annual General Meeting and also at the venue of the Meeting for at least 15 minutes before the commencement of the Meeting until its conclusion.

Explanatory notes

Resolution 1

The Directors of the Company are required, under the provisions of the Companies Act 2006 (the "2006 Act"), to lay before the Company at a general meeting copies of the Company's annual accounts and reports before the end of the relevant period for filing those accounts and reports.

Resolution 2

Under the 2006 Act, the Company must give its shareholders notice of an ordinary resolution approving the Directors' Remuneration Report. The vote on this resolution is, however, advisory and no aspect of an individual Director's entitlement to remuneration is conditional upon the passing of this resolution.

Resolutions 3 & 4

The provisions of the 2006 Act require auditors to be appointed for each financial year of the Company. Resolution 3 provides for the re-appointment of Ernst & Young LLP as Auditors of the Company to hold office from the conclusion of the Meeting until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and Resolution 4 seeks authorisation for the Directors of the Company to determine the Auditors' remuneration.

Resolution 5

Dr Peter Herbert Kehoe was appointed to the Board of Directors of the Company (the "**Board**") on 1 October 2010 and, having been appointed since the last Annual General Meeting of the Company, makes himself eligible for election in accordance with the Articles of Association of the Company (the "**Articles**").

Resolution 6

Barry Michael Rose has not been re-appointed at either of the preceding two Annual General Meetings of the Company and will, therefore, retire in accordance with the Articles and make himself eligible for re-election.

Biographies of each of the above-mentioned Directors, proposed respectively for election and re-election under Resolutions 5 and 6, are contained on pages 26 and 27 of the Company's 2010 Annual Report and Accounts.

Resolution 7

On the recommendation of the Company's Remuneration Committee, the Board of Directors is seeking shareholder approval for a new incentive plan, the Optos plc Deferred Bonus Plan (the "**Plan**").

It is proposed that, from the financial year beginning 1 October 2010, that there will be a mandatory deferral of 25% of any annual bonus earned by the Executive Directors. This deferral will be into shares in the Company which must be held for a minimum period thereafter of three years. In order to encourage share ownership, it is proposed that Executive Directors may also voluntarily defer a further 25% of any annual bonus into shares. Other members of the Operating Board may also be invited to voluntarily defer up to 30% of their annual bonus into shares in the Company for a three-year deferral period.

Participants will be granted an opportunity to earn a Matching Share Award of shares against the gross value of the bonus invested on up to a 1:1 ratio. Matching shares will vest at the end of the three-year deferral period. The vesting of Matching Share Awards will be based on suitably stretching financial performance conditions determined by the Remuneration Committee each year.

A summary of the Principal Terms of the Plan is provided in Appendix 1 to this Notice.

Resolution 8

The Company proposes to establish the Optos plc Employee Benefit Trust (the "**Trust**") which may operate in conjunction with the Plan and other employee share schemes established by the Company.

A summary of the Principal Terms of the Trust is provided in Appendix 2 to this Notice.

Resolution 9

Resolution 9, which is being proposed as an Ordinary Resolution, authorises the Directors of the Company to allot shares and to grant rights to subscribe for, or to convert any security into, shares in the Company up to a maximum nominal amount of £472,990.22, which figure represents approximately 33.3% of the issued share capital of the Company as at 18 January 2011, the latest practicable date prior to publication of this Notice. This authority will expire at midnight GMT on 22 May 2012 or, if earlier, at the conclusion of the next Annual General Meeting of the Company.

Shareholders last granted such general authority to the Directors of the Company at the Annual General Meeting of the Company held on 25 February 2010. Resolution 9 seeks to renew this authority. Whilst the Directors of the Company have no current plans to utilise this authority, the Resolution provides the Company with the flexibility to issue shares going forward.

The Company does not hold any shares in treasury as at 18 January 2011, the latest practicable date prior to the publication of this Notice.

Resolution 10

Resolution 10, which is being proposed as a Special Resolution, seeks to provide the Directors of the Company with authority to allot equity securities (as defined by Section 560 of the 2006 Act) or sell treasury shares for cash on a non-pre-emptive basis; i.e., without first offering them to existing shareholders in proportion to their shareholdings. There may be occasions when the Directors of the Company will need the flexibility to finance business opportunities by the issue of ordinary shares without a pre-emptive offer to existing shareholders. Shareholders last granted authority to the Directors of the Company to dis-apply pre-emption rights at the annual general meeting of the Company held on 25 February 2010 and such authority will expire at the end of the Meeting. Resolution 10 seeks to renew this authority. The Directors of the Company have no present intention to utilise the authority sought.

The authority sought under Resolution 10 will, unless previously renewed, varied or revoked, expire on the earlier of the conclusion of the next Annual General Meeting of the Company or at midnight GMT on 22 May 2012.

Resolution 11

In certain circumstances, and subject to the relevant legislative provisions, it may be advantageous for the Company to purchase its own shares and Resolution 11 seeks authority from the Company's shareholders to do so up to a limit of approximately 10% of the Company's issued share capital as at 18 January 2011, the latest practicable date prior to publication of this Notice.

Shareholders granted the Company authority to make market purchases of its own shares, up to a limit of approximately 10% of the issued share capital of the Company as at the relevant date, at the Annual General Meeting of the Company held on 23 February 2010. Such authority will expire at the end of the Meeting. Resolution 11 seeks to renew this authority to give the Company flexibility to purchase its own shares.

The Directors of the Company do not currently have any intention of exercising the authority granted by this Resolution. The Directors intend to exercise this power only when, in light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and that such purchases are in the best interest of Company's shareholders generally, consistent with the Directors' duty to act in the way most likely to promote the success of the Company for the benefit of its shareholders as a whole. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account before deciding upon this course of action.

If the Company buys back any of its shares, the Company may cancel such shares or hold them in treasury. The Directors of the Company believe it is advantageous for the Company to have this choice and the Directors would consider holding any shares repurchased pursuant to Resolution 11 as treasury shares. The Directors of the Company further believe that the holding of treasury shares would provide the Company with increased flexibility in managing its share capital. No voting rights would be exercised, or dividends paid, in respect of any treasury shares.

The authority sought by Resolution 11 will expire at the conclusion of the next Annual General Meeting of the Company or at midnight GMT on 22 May 2012, whichever is earlier. The Resolution sets out the minimum and maximum prices that the Company can pay for its ordinary shares.

Resolution 12

Section 307A of the 2006 Act increases the minimum notice period for general meetings of a company to 21 days unless shareholders agree to a shorter notice period. Resolution 12 seeks such agreement. The resolution will be effective until the Company's next Annual General Meeting in 2012 when, it is intended, a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under Section 307A of the 2006 Act before it can call a general meeting on 14 days' notice.

Appendix 1

Summary of the principal terms of the Optos plc deferred bonus plan (the “Plan”)

Overview

In any year, the Remuneration Committee may, in its absolute discretion, invite senior executives who receive an annual bonus to defer a proportion of their bonuses. The maximum proportion of a bonus that may be deferred will be set by the Remuneration Committee at each invitation, subject to an overall limit of 50%. For Executive Directors, it is intended that 25% of the bonus will be deferred on a mandatory basis and that they will be offered the opportunity to defer up to a further 25% of their annual bonus. It is intended that participants who are not Executive Directors will be offered the opportunity to voluntarily defer up to 30% of bonus.

Executive Directors who are required to defer part of their annual bonus and employees who accept an invitation to defer part of their bonuses will be granted a Basic Share Award and a Matching Share Award.

Basic Share Awards will take the form of either: (a) an award over a number of shares (“Deferred Shares”) with a market value, as at the date the award is made, equal to the amount of the gross bonus deferred (prior to the deduction of income tax, National Insurance Contributions and equivalent social security contributions) (a “Deferred Share Award”) or (b) the purchase of shares (“Investment Shares”) using part of a participant’s net bonus (after the deduction of income tax, National Insurance contributions and equivalent social security contributions) which will be held for the purposes of the Plan in accordance with arrangements determined by the Remuneration Committee.

Matching Share Awards will take the form of an award over additional shares in the Company (“Matching Shares”) with a market value of up to 100% of the pre-tax value of the bonus deferred.

The operation of the Plan will be supervised by the Remuneration Committee.

Eligibility

Participants in the Plan will be selected by the Remuneration Committee from amongst those eligible employees (including Executive Directors) of the Company or any of its subsidiaries (together the “Group”) who earn a bonus under the Company’s annual bonus plan for the financial year preceding the date of grant of the relevant award under the Plan. It is currently proposed that participation will extend to Executive Directors of the Company and to members of the Operating Board, which is comprised of the Executive Directors together with the Company’s most senior management.

Grant of Awards

Awards may be granted within the period of 42 days beginning with the date of approval of the Plan; however it is currently proposed that the Plan will first be operated in respect of and following the payment of bonuses for the Company’s financial year ending on 30 September 2011.

Awards may ordinarily only be made within the period of 42 days following the announcement by the Company of its results for any period. The Remuneration Committee will have in its absolute discretion the power to grant awards at other times if it so considers and determines that exceptional circumstances exist which would justify the granting of Awards.

In practice, Awards will normally be granted to coincide with the payment of bonuses under the Company’s annual bonus arrangements.

No payment is required for the grant of an Award (other than the application of the relevant proportion of the net bonus in the acquisition of Investment Shares where applicable).

Awards shall not be taken into account for pension purposes.

Awards may not be granted more than 10 years after the approval of the Plan by shareholders.

Form of Awards

Deferred Share Awards may take the form of either: (a) a conditional award to receive Deferred Shares at no cost or (b) a nil/nominal cost option to acquire Deferred Shares or (c) such other form of Award as has substantially the same purpose or effect.

Matching Share Awards may take the form of either: (a) a conditional Award to receive Matching Shares for no cost, subject to the satisfaction of performance conditions; (b) a nil or nominal cost option to acquire Matching Shares, subject to the satisfaction of performance conditions; or (c) such other form of award as has substantially the same purpose or effect.

Nil/nominal cost options will lapse no later than the tenth anniversary of the date of grant to the extent unexercised.

Performance Conditions for Matching Share Awards

A Matching Share Award may only be granted on the basis that its vesting is ordinarily subject to the satisfaction of a Performance Condition. Performance Conditions will be determined by the Remuneration Committee and will be based on certain financial performance targets ordinarily to be measured over a period of three years.

The Performance Conditions which will apply to the first Awards granted under the Plan will be determined by the Remuneration Committee before those Awards are granted, which is intended to first take place following the end of the Company’s financial year ending 30 September 2011.

The Remuneration Committee is committed to setting Performance Conditions which are both stretching and challenging but also achievable in the environment in which the Company is operating at the time the Matching Share Awards are granted.

Performance Conditions may provide for different levels of vesting depending on the level of performance achieved.

The Remuneration Committee may vary the Performance Condition applying to existing Matching Share Awards if an event has occurred which causes the Remuneration Committee to consider that it would be appropriate to amend the Performance Condition provided the Remuneration Committee considers the varied conditions to be fair and reasonable and not materially less difficult to satisfy than the original conditions would have been but for the event in question.

Vesting of Awards

Ordinarily, Matching Share Awards will vest on the third anniversary of the date of grant.

For any element of the bonus which has been deferred on a mandatory basis Basic Share Awards will vest on the third anniversary of the date of grant and will be subject to a claw-back provision such that, at the discretion of the Remuneration Committee, the Deferred Shares Award may lapse (or the Investment Shares may be forfeited) and the related Matching Share Award may lapse should it be confirmed before the relevant Award vests that the original results on which the bonus was calculated contained a material mis-statement of the Company’s financial results.

For any element of the bonus which has been deferred on a voluntary basis:

- a participant can call for his/her Deferred Shares or his/her Investment Shares to be transferred to him/her at any time. If s/he does this before the third anniversary of the date of grant, his/her related Matching Share Award will lapse (unless it has already vested in the circumstances described below - on cessation of employment or on a change of control and/or other corporate event); and

- if a participant does not exercise the right to call for his Deferred Shares or his/her Investment Shares, then if and when his/her related Matching Share Award vests either his/her Deferred Share Award will vest automatically or his/her Investment Shares will be released to him/her.

Cessation of Employment

If a participant ceases to be employed in the Group by reason of death, illness, injury, disability, redundancy, sale out of the Group of the company for which, or business in which, s/he works, or any other reason at the discretion of the Remuneration Committee, the Remuneration Committee shall determine whether:

- his/her Matching Share Award will vest at the date of cessation, subject to the extent to which the Remuneration Committee considers the Performance Condition has been satisfied, and the Deferred Share Award will vest automatically or his/her Investment Shares will be released to him/her. In this case, a participant will have a shortened period following his/her cessation of employment to exercise any Deferred Share Award that had been granted as a nil/nominal cost option; or
- his/her Matching Share Award will vest at the ordinary vesting date, subject to the satisfaction of the Performance Condition and subject to the participant not exercising his/her right to call for his/her Deferred Shares or his/her Investment Shares before the ordinary vesting date.

In either case, the extent to which the Matching Share Award vests shall ordinarily be subject to a pro-rata reduction taking into account the length of the performance period for which the participant was employed.

The Remuneration Committee will have the discretion not to make a pro-rata reduction to the extent to which the Matching Share Award vests.

If a participant ceases to be employed in the Group other than in the circumstances referred to above:

- for any element of the bonus which has been deferred on a voluntary basis his/her Deferred Share Award will vest automatically or his/her Investment Shares will be released to him/her. In this case, a participant will have a shortened period following his cessation of employment to exercise any Deferred Share Award that had been granted as a nil/nominal cost option;
- for any element of the bonus which has been deferred on a mandatory basis Basic Share Awards will vest on the third anniversary of the date of grant and will be continue to be subject to the claw-back provision described above; and
- his/her Matching Share Award will lapse.

Change of Control and Other Corporate Events

In the event of a change of control, reconstruction or winding-up of the Company, Matching Share Awards will vest at the time of the relevant event, subject to the extent to which the Remuneration Committee considers the Performance Condition has been satisfied, and subject to a pro-rata reduction taking into account the length of the performance period that has elapsed.

The Remuneration Committee will have the discretion not to make a pro-rata reduction to the extent to which a Matching Share Award vests.

Basic Share Awards will vest early on the occurrence of such a relevant event.

The Remuneration Committee may permit the early release/vesting of an award in the event of a demerger, dividend in specie, super dividend or other transaction which the Remuneration Committee determines could affect or has affected the current or future value of the award.

Adjustment of Awards

In the event of any variation of the share capital of the Company (including a capitalisation issue, rights issue, sub-division or consolidation) or a demerger or payment of a special dividend or other event similarly affecting awards, the Remuneration Committee may make such adjustments as it considers necessary to the number of shares subject to any Award.

Limit on the Use of New Issue or Treasury Shares

Awards may be satisfied by shares that are newly issued by the Company, shares held by the Company in treasury or shares purchased in the market other than into treasury.

On any day, the number of new issue shares that may be made subject to awards under the Plan, when added to the number of new issue shares issued or capable of issue pursuant to awards under the Plan or any other employees' share scheme operated by the Company and granted in the period of 10 years preceding that day, shall not exceed 10% of the Company's ordinary share capital in issue on that day.

Treasury shares shall be treated as new issue shares for the purposes of this limit for so long as they are required to be so treated in accordance with guidelines issued by the Association of British Insurers. Shares issued or capable of issue pursuant to awards granted before shares in the Company were listed on the London Stock Exchange shall not count towards this limit.

Rights Attaching to Shares and Dividend Equivalents

Shares acquired pursuant to the Plan shall rank equally with all other shares in issue, but will not qualify for dividends or other rights for which the record date is earlier than the date of their allotment.

The Remuneration Committee may determine, in the case of a Basic Share Award (other than a Basic Share Award granted in the form of the acquisition of Deferred Shares where the participant is entitled to the dividends paid on those shares over the deferral period) or in the case of a Matching Share Award that the participant may be entitled to an additional number of shares following the release/vesting date with a value equal to the value of the dividends that would have been paid on the released/vested shares between the date of grant and the release or vesting date. Where the Remuneration Committee determines that a participant shall be entitled to such additional shares, it may also determine that the participant shall receive, in lieu of some or all of the additional shares, an amount of money equal to the value of the dividends (or relevant proportion of the dividends) that would have been paid.

Alteration

The Remuneration Committee may alter the rules of the Plan. However, no amendment to the advantage of participants (or future participants) may be made to the provisions relating to eligibility, the overall limit on the use of new issue or treasury shares, the maximum entitlement for any participant, the basis for determining a participant's entitlement to, and the terms of shares to, be acquired under the Plan and the adjustment thereof in the event of a variation of capital without the prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or any member of the Group).

The Board of Directors, upon recommendation of the Remuneration Committee, may amend the Rules of the Plan at any time up to the Annual General Meeting provided that any amendment does not conflict in any material respect with this summary of the Principal Terms of the Plan. This Appendix sets out a summary of the Principal Terms of the Plan and shall not affect the Remuneration Committee's interpretation of the detailed rules of the Plan.

The Rules of the Plan will be available for inspection as referred to in Note 17 to this Notice of Annual General Meeting.

Appendix 2

Summary of the principal terms of the Optos plc employee benefit trust (the “Trust”)

Constitution

The Trust will be established as a discretionary employee benefit trust, constituted by a Trust instrument entered into between the Company and independent off-shore professional trustees (the “Trustees”).

The Trust will be established and operated as an employee share scheme within the meaning of Section 1166 of the Companies Act 2006, with the purpose of encouraging and facilitating the holding of shares by bona fide employees of the Company (including the Executive Directors) and its subsidiaries, former employees and certain of their relatives, or for their benefit.

Power and Funding

The Trustees will have full discretion with regard to the application of the trust fund and may consider recommendations made by the Company and/or the Remuneration Committee.

The Trustees will have the power to subscribe for and/or purchase ordinary shares in the Company and any ordinary shares so acquired may be used for the purposes of any employee share scheme operated by the Company, including the proposed Optos plc Deferred Bonus Plan.

The Trust may be funded by way of loan or gift to acquire ordinary shares in the Company either by market purchase or by subscription.

Limits to Holdings and Dividend Waiver

Without prior shareholder approval, the Trust will not, at any one time, hold more than five per cent. of the ordinary share capital of the Company. Unless directed otherwise the Trustees will waive any dividends paid on the ordinary shares held in the Trust.

The Board of Directors, upon recommendation of the Remuneration Committee, may amend the terms of the instrument before the Trust is established, provided that any amendment does not conflict in any material respect with this summary of the Principal Terms of the Trust.

The instrument proposed to establish the Trust will be available for inspection as referred to in Note 17 to this Notice of Annual General Meeting.