

ZARLINK SEMICONDUCTOR INC.

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and address of Company

Zarlink Semiconductor Inc.
400 March Road
Ottawa, Ontario
K2K 3H4

2. Date of Material Change

July 16, 2007

3. News Release

A press release reporting the material change was issued by Zarlink Semiconductor Inc. ("Zarlink") in Ottawa on July 16, 2007, a copy of which is attached.

4. Summary of Material Change

On July 16, 2007, Zarlink announced it has filed a preliminary short form prospectus in respect of an offering of subscription receipts exchangeable into convertible unsecured subordinated debentures with the Canadian securities regulatory authorities in each of the provinces of Canada and the Securities and Exchange Commission in the United States. Zarlink expects to raise approximately Cdn\$55 million pursuant to the offering.

5. Full Description of Material Change

See press release attached hereto.

6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

7. Omitted Information

None.

8. Executive Officer

For further information, please contact Don McIntyre, Senior Vice-President Human Resources, General Counsel and Corporate Secretary (613) 592-0200.

9. Date of report

July 16, 2007

PRESS RELEASE



Zarlink Semiconductor Inc.
400 March Road
Ottawa (Ontario), K2K 3J4
www.zarlink.com

Telephone: (613) 592-0200

ZARLINK SEMICONDUCTOR ANNOUNCES FILING OF PRELIMINARY PROSPECTUS

Ottawa, Ontario, July 16, 2007 – Zarlink Semiconductor Inc. (NYSE/TSX:ZL) (“Zarlink” or the “Company”) is pleased to announce that it has filed a preliminary short form prospectus in respect of an offering (the “Offering”) of subscription receipts of the Company with the Canadian securities regulatory authorities in each of the provinces of Canada and in the United States under the multi-jurisdictional disclosure system. The Offering will be led by CIBC World Markets, together with a syndicate of underwriters including National Bank Financial, RBC Capital Markets and Scotia Capital.

The proceeds of the Offering will be used to partially finance Zarlink’s acquisition (the “Acquisition”) of Legerity Holdings, Inc., previously announced in a news release on June 25, 2007. Each subscription receipt will entitle the holder thereof to receive, without payment of additional consideration, Cdn\$1,000 principal amount of convertible unsecured subordinated debentures of Zarlink upon closing of the Acquisition, expected in early August 2007.

The Company expects to raise approximately Cdn\$55 million in the Offering. In addition, the Company has granted the underwriters an option, exercisable in whole or in part at any time until 30 days following the closing of the Offering, to purchase up to an additional 15% of the subscription receipts issued at the closing of the Offering.

Closing of the Offering is expected to take place on or about July 30, 2007 and is subject to required securities, regulatory and stock exchange approvals.

A registration statement relating to the subscription receipts, the convertible debentures, and the common shares into which the debentures may be converted has been filed with the United States Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

When available, a copy of the preliminary prospectus relating to the Offering may be obtained from the offices of CIBC World Markets Inc., 161 Bay Street, Toronto, ON M5J 2S8, Lovena Doodahand (416) 594-7270.

FOR OVER 30 YEARS, ZARLINK SEMICONDUCTOR HAS DELIVERED SEMICONDUCTOR SOLUTIONS THAT DRIVE THE CAPABILITIES OF VOICE, ENTERPRISE, BROADBAND AND WIRELESS COMMUNICATIONS. THE COMPANY’S SUCCESS IS BUILT ON ITS TECHNOLOGY STRENGTHS INCLUDING VOICE AND DATA NETWORKS, OPTOELECTRONICS AND ULTRA LOW-POWER COMMUNICATIONS. FOR MORE INFORMATION, VISIT WWW.ZARLINK.COM.

CERTAIN STATEMENTS IN THIS RELEASE, INCLUDING STATEMENTS REGARDING FUTURE RESULTS AND PERFORMANCE, ARE FORWARD-LOOKING STATEMENTS (AS SUCH TERM IS DEFINED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995) BASED ON CURRENT EXPECTATIONS. THE ACCURACY OF SUCH STATEMENTS IS SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES AND ASSUMPTIONS THAT MAY CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED, INCLUDING, BUT NOT LIMITED TO, THE EFFECT OF GENERAL ECONOMIC CONDITIONS, DECREASES IN DEMAND FOR THE COMPANY’S PRODUCTS, INCREASES IN RAW MATERIAL COSTS, FLUCTUATIONS IN SELLING PRICES AND ADVERSE CHANGES IN

For more information :

Media :

Ed Goffin
Media Relations
(613) 270-7112
edward.goffin@zarlink.com

Investor relations:

Mike McGinn
Investor Relations
(613) 270-7210
mike.mcgin@zarlink.com