

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

October 23, 2008

3. News Release

A press release reporting the material change was issued by Zarlink Semiconductor Inc. ("Zarlink" or the "Company") in Ottawa on October 23, 2008, a copy of which is attached.

4. Summary of Material Change

On October 23, 2008, the Company announced that the Toronto Stock Exchange ("TSX") had approved a notice of intention to make a normal course issuer bid permitting the Company to purchase for cancellation up to Cdn\$7,865,000 in aggregate principal amount of its 6 percent convertible unsecured subordinated debentures ("Debentures"), being 10 percent of its public float of Cdn\$78,650,000 in aggregate principal amount of Debentures as of October 22, 2008.

5. Full Description of Material Change.

On October 23, 2008, the Company announced that the TSX has approved a notice of intention to make a normal course issuer bid permitting the Company to purchase for cancellation up to Cdn\$7,865,000 in aggregate principal amount of Debentures, being 10 percent of its public float of Cdn\$78,650,000 in aggregate principal amount of Debentures as of October 22, 2008.

The Company plans to purchase up to 10 percent of its public float of Debentures using available cash during a 12-month period from October 27, 2008 to October 26, 2009. The timing and exact number of Debentures purchased under the bid will be at the Company's discretion, will depend on market conditions, and may be suspended or discontinued at any time. All Debentures purchased by the Company under the bid will be cancelled.

Purchases under the bid will be made at the prevailing market price through the facilities of the TSX. The average daily trading volume of the Company's Debentures over the last six complete calendar months was Cdn\$67,509 in aggregate principal amount (the "ADTV"). Under the TSX rules, the Company may purchase up to 25% of the ADTV (or Cdn\$16,877 in aggregate principal amount of Debentures) per trading day, subject to the weekly block purchase exception. As of October 22, 2008, there were issued and outstanding Debentures of Cdn\$78,750,000 in aggregate principal amount.

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

October 23, 2008

Zarlink Announces Convertible Debenture Buyback Program

OTTAWA, CANADA, October 23, 2008 – Zarlink Semiconductor Inc. (TSX:ZL) today announced that the Toronto Stock Exchange (TSX) has approved a notice of intention to make a normal course issuer bid permitting the Company to repurchase for cancellation up to Cdn\$7,865,000 in aggregate principal amount of its 6 percent convertible unsecured subordinated debentures (TSX:ZL.DB), being 10 percent of its public float of Cdn\$78,650,000 in aggregate principal amount of convertible debentures as of October 22, 2008.

Zarlink plans to repurchase up to 10 percent of its public float of convertible debentures using available cash during a 12-month period from October 27, 2008 to October 26, 2009. The timing and exact number of convertible debentures purchased under the bid will be at Zarlink's discretion, will depend on market conditions, and may be suspended or discontinued at any time. All convertible debentures purchased by Zarlink under the bid will be cancelled.

Purchases under the bid will be made at the prevailing market price through the facilities of the TSX. The average daily trading volume of Zarlink's convertible debentures over the last six complete calendar months was Cdn\$67,509 in aggregate principal amount (the "ADTV"). Under the TSX rules, Zarlink may purchase up to 25% of the ADTV (or Cdn\$16,877 in aggregate principal amount of convertible debentures) per trading day, subject to the weekly block purchase exception. As of October 22, 2008, there were issued and outstanding convertible debentures of Cdn\$78,750,000 in aggregate principal amount.

Management of Zarlink believes that, from time to time, the market price of the convertible debentures may not fully reflect the underlying value of the convertible debentures and that at such times the purchase of convertible debentures would be in the best interests of Zarlink. Such purchases will increase the proportionate interest of, and may be advantageous to, all remaining debenture holders. In addition, the purchases by Zarlink may increase liquidity to Zarlink's debenture holders wishing to sell their convertible debentures.

About Zarlink Semiconductor

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.

Shareholders and other individuals wishing to receive, free of charge, copies of the reports filed with the U.S. Securities and Exchange Commission and Regulatory Authorities, should visit the Company's web site at www.zarlink.com or contact Investor Relations.

Certain statements in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and assumptions include, among others, the following: our dependence on the successful development and market introduction of new products; our ability to integrate any business, technologies, product lines or services that we have or will acquire; our dependence on revenue generation from our legacy products in order to fund development of our new products; current market conditions, including the lack of liquidity in the markets and anticipated economic slow down, may increase our operating costs or reduce our revenue; thereby negatively impacting our operating results; our ability to operate profitably and generate positive cash flows in the future; our dependence on our foundry suppliers and third-party subcontractors; order cancellations and deferrals by our customers; our substantial indebtedness could adversely affect our financial position; the cost and accounting implications of compliance with new accounting standards; and other factors referenced in our Annual Report on Form 20-F. Investors are encouraged to consider the risks detailed in this filing.

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For further information:

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Media Relations and Investor Relations

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