

# POWER CHIPS plc

## GIBRALTAR COMPANY NUMBER 60528 INFORMATION CIRCULAR Fiscal Year 2001

### 1. SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation of proxies by the Management of Power Chips plc ("Company") for use at its Annual Meeting of Members to be held 11 September 2001 in Gibraltar with the Record Date of the meeting being 1 August 2001, for the purposes set forth in the accompanying Notice of Meeting. It is expected that the solicitation will be by mail, fax, e-mail, web page, telephone or in person by Officers and Directors of the Company. The cost of solicitation will be borne by the Company. The information contained here is given as of 6 August 2001, unless otherwise indicated. All dollar figures set forth are expressed in United States Dollars. The financial statements have been prepared in accordance with Gibraltar Accounting Standards, the Gibraltar Companies Ordinance 1930, and the Companies (Accounts) Ordinance 1999.

### 2. QUORUM AND VOTING:

The share capital of the Company consists solely of 10,000,000 common shares with par value of £0.01 per share, of which 7,209,967 shares were outstanding at the close of business 6 August 2001.

Each holder of a common share of record as of the Record Date for the meeting is entitled to attend the meeting and to cast one vote for each share. Proxies are being accepted by hand delivery, mail, e-mail, web page and by fax. Any resolution to be voted upon at the meeting must be approved by a majority of the votes cast, unless the Company's Memorandum of Association or Articles of Association stipulate a number or proportion of the votes cast in excess of a majority. The meeting will proceed as long as there is a quorum at the meeting place, with the voted proxies.

### 3. REVOCATION OF PROXIES:

Each shareholder has the power to revoke a proxy at any time as long as it has not been exercised. In addition to revocation in any other manner permitted by law, a member giving a proxy pursuant to this solicitation who wishes to revoke the proxy instrument may do so in writing to the address listed, or by fax to +350-59059. This must be executed by the member or by his attorney authorized in writing, or, if the member is a Corporation, under its Corporate seal or by an officer or attorney thereof duly authorized, and deposit it at any office of the Company, or by fax to +350-59059, at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof at which the proxy is to be used, or with the Chairman of such meeting on the day of the meeting, or adjournment thereof.

### 4. PRINCIPAL HOLDERS OF VOTING SHARES:

To the knowledge of the Directors and Officers of the Company there is no person who beneficially owns or exercises control or direction over shares carrying more than ten percent of the votes attached to shares of the Company as of 1 August 2001 except:

5,200,000 shares held by Borealis Technical Limited (which is a 99% owned subsidiary of Borealis Exploration Limited) which is 72% of the outstanding number of shares.

### 5. ELECTION OF DIRECTORS:

Directors are all being elected for staggered three year terms

Wayne S. Marshall, Ph.D.

Peter Vanderwicken, A.B.

Joseph J. Cox, B.A.

Rodney T. Cox, Ph.D.

Benjamin J. Cox, B.A.

Iris Oren Cox, B.A.

Isaiah W. Cox, A.B.

Nechama Cohen Cox, Ph.D.

#### Term

up for election

up for election

up for election

1 year

1 year

2 years

2 years

2 years

The enclosed instrument of proxy will be voted for the following proposed nominees (or for a substitute nominee in the event of contingencies not known at present) who will serve for a period of 3 years, or their successors if they are elected or appointed in accordance with the Memorandum of Association and Articles of Association of the Company. Respective reported share totals are as of 6 August 2001:

*WAYNE S. MARSHALL* became a Director of the Company on 23 March 2001. Dr. Marshall was Professor of Business Administration at Long Island University until his retirement on 31 August 1994. He is Chairman of the Executive and Compensation Committees of the Company, Chairman of the Executive and Compensation Committees of all the Borealis Family of Companies, and a member of the Audit Committee of Cool Chips plc. He is a Member and a Member of the Council of the VSBM Foundation Limited, the Hart Cox Foundation Limited, and the Jeremiah Toyam Cox Foundation Limited, among other Foundations based in Gibraltar. Wayne S. Marshall beneficially owns directly or indirectly 59,005 shares of Power Chips plc. As of 1 August 2001 all his remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

*PETER VANDERWICKEN* became a Director of the Company on 6 September 2000. Mr. Vanderwicken is a Director of Borealis Exploration Limited, Cool Chips plc, Power Chips plc, Photon Power Limited, and Roche Bay Mining Company Limited. Mr. Vanderwicken is Chairman of the Audit Committee of Cool Chips plc. Mr. Vanderwicken is President of Plumstead Group, Inc., a publishing and consulting firm, and since 1992 publisher of its Financial Digest, a newsletter for corporate financial executives. From 1986-91, he was senior vice president of Morgan Guaranty Trust Co., the principal unit of J.P. Morgan & Co., Inc., a banking firm. Previously, he was an executive with Booz, Allen & Hamilton, a management consulting firm, and a journalist with Time, Fortune, and The Wall Street Journal. He owns 4,799 shares of Power Chips plc. As of 1 August 2001 all his remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

*JOSEPH J. COX* became a Director of the Company on 1 August 2001. Mr. Cox was an independent technical contractor from June 1993 until March 1999. Mr. Cox was a Product Manager at PinPoint Corporation from March 1999 to September 2000. Since November 2000 Mr. Cox has been with Sabirx, Inc. where he works in the field of international taxation. Mr. Cox has worked in several capacities with the Borealis Family of Companies since 1990. He is a Director of Borealis Exploration Limited, Roche Bay Mining Company Limited, Cool Chips plc, Chorus Motors plc, and Photon Power Limited. At present, he is a technical contractor for the Borealis Family of Companies. He is a Member of the Council of the Hart Cox Foundation Limited, Jeremiah Toyam Cox Foundation Limited, and the Benjamin J. Cox Foundation Limited, among other Foundations based in Gibraltar. He beneficially owns directly or indirectly 13,375 shares of Power Chips plc. As of 1 August 2001 all his remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

**THE PRESENT POSITION AND OFFICE WITH THE COMPANY IF APPLICABLE, AND THE PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT OF THE INCUMBENT DIRECTORS AND OFFICERS ARE AS FOLLOWS. UNLESS OTHERWISE STATED, SUCH OCCUPATION OR EMPLOYMENT HAS CONTINUED FOR MORE THAN THE LAST FIVE YEARS.**

*RODNEY T. COX* became Chief Executive Officer on 11 February 1997. He became a Director and Chairman of the Board of the Company on 23 March 2001. Dr. Cox is a member of the Executive, Audit, and Compensation Committees. Dr. Cox is a Director, member of the Compensation, Audit, and Executive Committees, CEO, and Chairman for all companies in the Borealis Family of Companies. He is a Director of Thales Resources, Inc. and was a Partner in The Parmenides Group until February 2000 when he gifted his holding to the other Partner, Chana B. Cox, who then gifted The Parmenides Group to the Jeremiah Toyam Cox Foundation Limited. Rodney T. Cox is a Member and Member of the Council of the Hart Cox Foundation Limited, Jeremiah Toyam Cox Foundation Limited, VSBM Foundation Limited, and the Benjamin J. Cox Foundation Limited, among other Foundations based in Gibraltar. Rodney T. Cox beneficially owns directly or indirectly 258,280 shares of Power Chips plc. As of 1 August 2001 all his remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

*ISIAH W. COX* became a Director of the Company on 23 March 2001. Since 11 February 1997, he has been President, Chief Operating Officer, and a member of the Executive Committee and Compensation Committee of the Company. He is now President, Chief Operating Officer, a member of the Executive Committee and Compensation Committee, and a Director for all companies in the Borealis Family of Companies, except Roche Bay Mining Company where he is a Director and a member of the Executive Committee. He is also President of Thales Resources, Inc. He a Member and Member of the Council of the Hart Cox Foundation Limited and the Jeremiah Toyam Cox Foundation Limited, among other Foundations. Isaiah W. Cox beneficially owns directly or indirectly 21,750 shares of Power Chips plc.

*IRIS OREN COX* became a Director of the Company on 24 July 2001 at which time she also became a Director of Borealis Exploration Limited, Roche Bay Mining Company Limited, Power Chips plc, Chorus Motors plc, and Photon Power Limited. She has worked with Intellectual Property for the Borealis Family of Companies since 1997. She is a Member and a Member of the Council for the Cox Hart Foundation Limited, Jeremiah Toyam Cox Foundation Limited, and for the Benjamin J. Cox Foundation Limited, among other Foundations based in Gibraltar. She owns no shares of Power Chips plc. As of 1 August 2001 all her remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

*BENJAMIN J. COX* was appointed a Director of Borealis Exploration Limited on 6 September 2000. He became the President of Roche Bay Mining Company Limited on 24 June 1998. He has worked with the Borealis Family of Companies since 1992 in various capacities. He is the Founder and Chief Executive Penguin of the LinuxFund.org, a charity devoted to advancing Linux and other open source software, where he has been working since March 1999. June 2000 to November 2000 he has also been Vice President of Business Development of New Sphere Inc., a Boston company developing innovative methods for managing and distributing information on the Internet. He is currently a Member and a Member of the Council in the Hart Cox Foundation Limited, the Jeremiah Toyam Cox Foundation Limited, and the Benjamin J. Cox Foundation Limited, among other foundations based in Gibraltar. Benjamin J. Cox beneficially owns no shares of the Company.

*NECHAMA COHEN COX* became a Director of the Company on 1 August 2001. From June 1991 she has been working in the Borealis Family of Companies. From July 1993 to January 1998 she was the Patent Manager for Borealis Technical Limited. Since February 1998 Dr. Cox is the Regional Manager for the European activities of Borealis Technical Limited, Cool Chips plc, Power Chips plc, and Chorus Motors plc. She also founded the Mishkan School as well being a Founding Governor of the Noam Primary School in 1999. She is a Member and a Member of the Council of the Hart Cox Foundation Limited and the Jeremiah Toyam Cox Foundation Limited, among other Foundations based in Gibraltar. Nechama Cohen Cox beneficially owns directly or indirectly 4,775 shares of Power Chips plc. As of 1 August 2001 all her remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

*BDO Fidecs Management Limited* became Corporate Secretary of all the companies in the Borealis Family of Companies on 21 May 2001. BDO Fidecs Management Limited replaced Grays Services Limited and Abraham Cohen on that date.

**6. APPOINTMENT OF AUDITORS:**

Unless otherwise specified therein, it is presently intended to vote the accompanying proxy instrument to appoint PricewaterhouseCoopers LLP as auditors of the Company, to hold office until the next annual meeting of shareholders, and to authorize the Directors to fix their remuneration.

**7. INSURANCE:**

The Company has liability insurance for its various office and laboratory facilities that it uses worldwide. The Company indemnifies all its Officer and Directors against any legal actions or threatened legal actions that are in any way related to their relationship to the Borealis Family of Companies. The indemnification includes paying all legal bills and all costs of any sort relating to any such claims.

**8. INTEREST OF LARGE SHAREHOLDERS IN MATERIAL TRANSACTIONS WITH THE COMPANY:**

Borealis Exploration Limited collects a nominal annual retainer fee for managing the business of Power Chips plc, but pays all of Power Chips plc expenses. All funds raised by the sale of Power Chips plc shares go to Borealis Exploration Limited, where they become an account payable to Power Chips plc.

**9. GENERAL:**

The Management knows of no matter to come before the Annual Meeting other than the matters referred to in the Notice of the Meeting. If any matters that are not now known to the Management should properly come before the meeting, the accompanying proxy instrument will be voted on such matters in accordance with the best judgment of the person or persons voting it. The contents and sending of this information have been approved by the Directors of the Company.

Dated 6 August 2001

Power Chips plc

A large, stylized handwritten signature in black ink, appearing to be 'R T Cox', written over a horizontal line.

**Rodney T. Cox, Ph.D.**  
**CEO/Chairman of the Board**

A large, stylized handwritten signature in black ink, appearing to be 'I W Cox', written over a horizontal line.

**Isaiah W. Cox, A.B.**  
**President/COO**