



Spirent Communications plc

(incorporated and registered in England and Wales under number 470893)

Notice of Annual General Meeting

This document is important and requires your immediate attention. If you are in doubt about its contents or the action you should take, you should consult your stockbroker, solicitor, accountant or other professional adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your Ordinary Shares in Spirent Communications plc (the "Company"), please pass this document together with the accompanying documents to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice of the Annual General Meeting of the Company to be held at UBS, 1 Finsbury Avenue, London, EC2M 2PP on Wednesday 4 May 2011 at 10.30am is set out on pages 4 and 5 of this document.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a Form of Proxy in accordance with the instructions printed on the enclosed form. The Form of Proxy must be received by our registrars no later than 10.30am on 2 May 2011.



29 March 2011

Dear Shareholder

I have pleasure in sending you the Notice of this year's Annual General Meeting ("2011 AGM") which we are holding at UBS, 1 Finsbury Avenue, London EC2M 2PP on Wednesday 4 May 2011 at 10.30am.

If you would like to vote on the resolutions but cannot come to the AGM, please fill in the Form of Proxy sent to you with this Notice and, in accordance with the instructions printed on the form, return it to our registrars as soon as possible. Alternatively, you may appoint a proxy electronically. Our registrars must receive your votes by 10.30am on 2 May 2011. Further details relating to voting by proxy are set out in the accompanying notes to the Notice on pages 6 and 7 of this document.

Notice is hereby given that the Spirent Communications plc Annual Report for 2010 has been published on the Company's website, www.spirent.com.

If you have elected to receive shareholder correspondence in hard copy, then a copy of the Annual Report will accompany this Notice. Should you wish to change your election at any time, or if you wish to request a hard copy of the Annual Report, you can do so by contacting our registrars, Equiniti, on 0871 384 2126. In line with our policy of promoting the use of electronic communications, the Company's Half-year Results are now only made available on the Company's website at www.spirent.com.

At the 2011 AGM the Company's Chief Executive Officer, Bill Burns, will make a short presentation and shareholders will have the opportunity to ask questions of their Board. There are also a number of formal matters to be dealt with and further details about these matters are set out below. The formal Notice of AGM is set out on pages 4 and 5 of this document.

Explanatory Notes on the Proposed Resolutions

Resolution 1 — Annual Report

The directors will present the Annual Report for 2010.

Resolution 2 — Approval of the Report on directors' remuneration

Shareholders are entitled to vote upon the Report on directors' remuneration which is published within our Annual Report on pages 45 to 52. This resolution is advisory only, in order to provide shareholder feedback to the Board.

Resolution 3 — Final dividend

The Board proposes payment of a final dividend of 1.40 cents (0.86 pence) per Ordinary Share for the year to 31 December 2010. If shareholders approve this resolution, payment will be made on 5 May 2011 to all Ordinary shareholders who were on the Register of Members at close of business on 11 March 2011.

Resolutions 4 to 9 — Re-election of directors

In accordance with the Company's Articles of Association, Eric Hutchinson, Duncan Lewis and Tom Maxwell are required to offer themselves for re-election and, being eligible to do so, these re-elections are proposed in resolutions 4 to 6.

In light of the new UK Corporate Governance Code, which replaces the existing Combined Code on Corporate Governance for accounting periods beginning on or after 29 June 2010, the Board has agreed that all directors will stand for re-election at each annual general meeting. Consequently, as a matter of best practice, Alex Walker, Ian Brindle and Bill Burns will retire from office at the conclusion of the 2011 AGM and, being eligible, offer themselves for re-election. These re-elections are proposed in resolutions 7 to 9.

Biographical details of all the directors and the Directors' Statement on corporate governance which provides further information with respect to the corporate governance of the Board can be found in the Company's Annual Report 2010 and on the Company's website at www.spirent.com.

As more fully explained in the Annual Report, having considered the performance and contribution made by each of the directors, the Board remains satisfied that the performance of each director continues to be effective and to demonstrate commitment to his role including devoting sufficient time and attention as is necessary in order to perform their duties and therefore recommends each for re-election.

Resolutions 10 and 11 — Appointment of auditors and paying their remuneration

On the recommendation of the Audit Committee, the Board proposes that Ernst & Young LLP be re-appointed as auditors of the Company.

Resolution 11 proposes that the directors be authorised to determine the level of the auditors' remuneration.

Resolutions 12 and 13 — Renewal of the powers of the Board to allot shares and to disapply pre-emption rights

Resolution 12 seeks renewal of the resolution passed at the general meeting held on 5 May 2010 and gives the directors the authority to allot new Ordinary Shares and grant rights to subscribe for, or convert other securities into, Ordinary Shares up to a nominal value of £7,505,723 which is equal to 33.3 per cent of the Company's issued Ordinary Share capital as at 10 March 2011, being the latest practicable date before the publication of this Notice.

At 10 March 2011, the Company did not hold any shares in treasury. The directors have no specific intention at the moment to undertake a rights issue or allot new Ordinary Shares, except in connection with employee share schemes. The directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise. If the resolution is passed, the authority will expire at the earlier of the next annual general meeting or 30 June 2012.

If the directors wish to allot new Ordinary Shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme), company law requires that these Ordinary Shares are offered first to shareholders in proportion to their existing holdings. Subject to this authority being passed, resolution 13 allows the directors to allot up to 33,775,754 new shares pursuant to the authority in resolution 12, or sell treasury shares, for cash in connection with a pre-emptive offer or rights issue or otherwise up to a nominal value of £1,125,858, equivalent to 5 per cent of the total issued Ordinary Share capital of the Company as at 10 March 2011, being the latest practicable date before the publication of this Notice, in each case without the Ordinary Shares first being offered to existing shareholders in proportion to their existing holdings. The Board considers the authority in resolution 13 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions. The Company will not allot more than 7.5 per cent of its total issued Ordinary Share capital for cash on a non-pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in a rolling three-year period without seeking further shareholder authority.

Resolution 14 — Authority for the Company to purchase its own shares

This resolution renews the authority for the Company to make market purchases of its own Ordinary Shares subject to the provisions of the Companies Act 2006 (“2006 Act”), and shall expire at the earlier of the next annual general meeting or 30 June 2012. This power will only be exercised if the directors believe that it is in shareholders’ best interests and can be expected to result in an increase in earnings per share. The resolution specifies that no more than 9.99 per cent of the Company’s issued Ordinary Share capital as at 10 March 2011 (67,483,956 Ordinary Shares) may be acquired together with the parameters for the minimum and maximum prices at which they may be bought. It is currently the directors’ intention, were shares to be bought back, for them either to be cancelled or retained in treasury pending a subsequent sale, cancellation or transfer. 9.8 million Ordinary Shares were bought back and cancelled during the 2010 financial year and, at the date of this Notice, the Company does not hold any Ordinary Shares in treasury.

As at 10 March 2011, there were 14.8 million outstanding share incentives granted under share incentives plans operated by the Company which, if exercised, would represent 2.2% of the issued Ordinary Share capital of the Company. If the proposed authority for the Company to purchase its own shares were utilised in full, that percentage would increase to 2.4%. As at 10 March 2011, there were no outstanding warrants to subscribe for equity shares in the Company.

Resolution 15 — Notice of general meetings

Changes made to the 2006 Act by the implementation of the Companies (Shareholders’ Rights) Regulations 2009 (the “Shareholders’ Rights Regulations”) increased the notice period required for general meetings of the Company to 21 clear days, unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (AGMs will continue to be held on at least 21 clear days’ notice). Prior to the Shareholders’ Rights Regulations coming into force, the Company was able to call general meetings other than an AGM on 14 clear days’ notice without obtaining such shareholder approval. In order to preserve this ability, this resolution seeks to renew the necessary shareholder approval to enable the Company to call general meetings on 14 clear days’ notice. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of the shareholders as a whole. The approval will be effective until the Company’s next AGM, when it is intended that a similar resolution will be proposed to renew this authority. The Company will also need to meet the requirements for electronic voting under the Shareholders’ Rights Regulations before it can call a general meeting on less than 21 clear days’ notice. The Company already provides the ability for shareholders to vote electronically at www.sharevote.co.uk.

Resolution 16 — Renewal of the US Employee Stock Purchase Plan (“US ESPP”) and Global All Employee Share Purchase Plan (“GAESPP”)

As an important element of its remuneration strategy, the Board believes that all employees should be offered the opportunity to own shares in the Company. This resolution proposes that shareholders approve the renewal of the US ESPP and the GAESPP. These plans were previously approved by shareholders in 2000 and 2001 respectively. Minor amendments have been made to the plans and a summary of the main features is set out in an appendix on page 8 of this document.

Recommendation

The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Yours sincerely



Alex Walker
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("AGM") of Spirent Communications plc (the "Company") will be held at UBS, 1 Finsbury Avenue, London, EC2M 2PP on Wednesday 4 May 2011 at 10.30am

Resolutions 1 to 12 and 16 will be proposed as Ordinary Resolutions. Resolutions 13 to 15 will be proposed as Special Resolutions.

Resolutions

1. Annual Report

To receive the Company's accounts together with the Report of the directors and the Auditors' report on those accounts for the financial year ended 31 December 2010.

2. Report on directors' remuneration

To approve the Report on directors' remuneration as set out on pages 45 to 52 of the Company's Annual Report for the financial year ended 31 December 2010.

3. Final dividend

To declare a final dividend of 1.40 cents per Ordinary Share for the financial year ended 31 December 2010.

Re-election of directors

4. To re-elect Eric Hutchinson as a director of the Company
5. To re-elect Duncan Lewis as a director of the Company ^{ANR}
6. To re-elect Tom Maxwell as a director of the Company ^{ANR}
7. To re-elect Alex Walker as a director of the Company ^N
8. To re-elect Ian Brindle as a director of the Company ^{ANR}
9. To re-elect Bill Burns as a director of the Company

^A – Member of Audit Committee

^N – Member of Nomination Committee

^R – Member of Remuneration Committee

10. Re-appointment of Auditors

To re-appoint Ernst & Young LLP as the auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

11. Remuneration of Auditors

To authorise the directors to determine the remuneration of the auditors.

12. Authority to Allot Securities

To authorise the directors generally and unconditionally pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "2006 Act") to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares up to a nominal amount of £7,505,723, such authority to apply in substitution for all previous authorities pursuant to Section 551 of the 2006 Act and to expire at the end of the next annual general meeting of the Company or on 30 June 2012, whichever is the earlier but so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority ends.

13. Disapplication of Pre-Emption Rights

Subject to the passing of resolution 12 above, to empower the directors to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash pursuant to the authority given by resolution 12 above or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the 2006 Act, in each case:

- a) in connection with a pre-emptive offer; and
- b) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £1,125,858;

as if Section 561(1) of the 2006 Act did not apply to any such allotment; such power to expire at the end of the next annual general meeting of the Company or on 30 June 2012, whichever is the earlier but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends.

For the purposes of this resolution:

- i) "pre-emptive offer" means an offer of equity securities open for acceptance for a period fixed by the directors to holders (other than the Company) on the register on a record date fixed by the directors of Ordinary Shares in proportion to their respective holdings but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;
- ii) references to an allotment of equity securities shall include a sale of treasury shares; and
- iii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

14. Authority for Spirent Communications plc to purchase its own Ordinary Shares

To authorise the Company generally and unconditionally for the purposes of section 701 of the 2006 Act to make market purchases (within the meaning of section 693(4) of the 2006 Act) of its own Ordinary Shares of 3¹/₃ pence each subject to the following conditions:

- a) the maximum number of Ordinary Shares authorised to be purchased may not be more than 67,483,956 Ordinary Shares;
- b) the minimum price (exclusive of expenses) which the Company may pay for each Ordinary Share is 3¹/₃ pence being the nominal value of each Ordinary Share;
- c) the maximum price (exclusive of expenses) which may be paid for each Ordinary Share shall be the higher of:
 - (i) an amount equal to 105 per cent of the average of the closing price of the Company's Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; or
 - (ii) an amount equal to the higher of the price of the last independent trade of a share and the highest current independent bid for a share as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No. 2273/2003);
- d) unless previously renewed, varied or revoked the authority shall expire at the end of the next annual general meeting of the Company or 30 June 2012, whichever is the earlier; and
- e) a contract to purchase shares under this authority may be made prior to the expiry of this authority, and executed in whole or in part after the expiry of this authority.

15. Notice Period for general meetings

To resolve that a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice.

16. Renewal of US Employee Stock Purchase Plan and Global All Employee Share Purchase Plan

To:

- a) approve the renewal of the rules of the US Employee Stock Purchase Plan and the Global All Employee Share Purchase Plan (the "Plans"), the principal features of which are summarised in the appendix to this Notice of Annual General Meeting, and a copy of which will be produced in draft to the Annual General Meeting and initialled by the Chairman for the purpose of identification;
- b) authorise the directors to do all things necessary to operate the Plans, including making such modifications as the directors consider appropriate to maintain any tax-qualified status and to take account of the UK Listings Authority and best practice; and
- c) authorise the directors to establish such further plans for the benefit of employees overseas based on the Plans, subject to such modifications as may be necessary or desirable to take account of overseas securities laws, exchange control and tax legislation, provided that any Ordinary shares of the Company made available under such further plans are treated as counting against any limits on individual participation or overall participation in the Plans.

By Order of the Board



Rachel Whiting

Company Secretary
29 March 2011

Spirent Communications plc
Registered Office:
Northwood Park
Gatwick Road
Crawley
West Sussex RH10 9XN
United Kingdom
Registered in England and Wales
Company No: 470893

NOTES

1. The directors believe that all the proposals to be considered at the 2011 AGM are in the best interests of Spirent Communications plc and its shareholders as a whole. They recommend that you vote in favour of the proposed resolutions. The directors will be voting their own beneficial shareholdings in favour of all of the proposed resolutions.
 2. Entitlement to attend, speak and vote at the 2011 AGM, and the number of votes which may be cast at the 2011 AGM, will be determined by reference to the Company's register of members at 6.00pm on 2 May 2011 or, if the meeting is adjourned, not more than 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.
 3. If you cannot come to the 2011 AGM, you can appoint another person as your proxy to come to the meeting, speak and vote for you. Alternatively you can appoint the Chairman as your proxy. If there is a poll, your proxy can vote for you and can also join in the demand for a poll. A proxy does not have to be a shareholder. If you want to appoint a proxy, fill in the Form of Proxy which is enclosed and return it to the Company's registrars. You may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you wish to appoint multiple proxies for your shareholding please read the guidance detailed on the Form of Proxy enclosed.
 4. The Company's registrars must receive your proxy instructions by 10.30am on 2 May 2011. If you fill in and send back a form of proxy you can still come to the 2011 AGM and vote instead of your proxy. If you do this and there is a poll vote, the votes you have given previously to your proxy will not be counted.
 5. You may, if you wish, register the appointment of a proxy or proxies, or voting instructions for the meeting electronically by logging on to www.sharevote.co.uk. You will need to use a 25 digit number made up of your Voting ID, Task ID and Shareholder Reference Number printed on your Form of Proxy. Full details of the procedure are given on the website. The proxy appointment and/or voting instructions must be received by Equiniti Ltd by 10.30am on 2 May 2011. Please note that any electronic communication sent to the Company or Equiniti that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the 2011 AGM is governed by Equiniti Ltd's conditions of use set out on the website, www.sharevote.co.uk, and may be read by logging on to that site.
 6. If you have received this Notice of Meeting by virtue of being a nominated person within the meaning of Section 146 of the Companies Act 2006 you may have the right to be appointed a proxy by the registered shareholder to attend, speak and vote at the meeting; and you may be able to give your voting instructions to the registered shareholder. The ability to appoint a proxy does not however apply to nominated persons.
 7. Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office up to and including the date of the 2011 AGM and at the 2011 AGM from 15 minutes before the 2011 AGM until it ends:
 - i) copies of the executive directors' service contracts;
 - ii) copies of the non-executive directors' letters of appointment; and
 - iii) copies of the amended US Employee Stock Purchase Plan and the Global All Employee Share Purchase Plan.
 8. Shareholders are advised that unless otherwise provided, the telephone numbers, website and email addresses which may be set out in this Notice or Form of Proxy are not to be used for the purpose of serving information or documents on the Company (including the service of documents or information relating to proceedings at the Company's 2011 AGM).
 9. As at 10 March 2011, being the latest practicable date before the publication of this Notice, the issued Ordinary Share capital of Spirent Communications plc consisted of 675,515,075 Ordinary Shares with voting rights. Therefore, the total number of voting rights in Spirent Communications plc at that date was 675,515,075.
- 10. Electronic proxy appointment through CREST**
- CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the 2011 AGM to be held on 4 May 2011 and any adjournment(s) thereof by using the procedures described in the CREST Manual (available at www.euroclear.com/CREST). 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.
- In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Equiniti (ID RA19) by the latest time(s) for receipt of proxy appointments specified in this Notice. 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 Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear 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.
11. 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.

12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
13. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company 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 2011 AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous annual general meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. 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 Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, 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 2011 AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
14. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
 - a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; or
 - b) the answer has already been given on a website in a form of an answer to a question; or
 - c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. A copy of this Notice and other information required by section 311A of the Companies Act 2006 can be found at www.spirent.com.

APPENDIX

Resolution 16: Renewal of the US Employee Stock Purchase Plan (“US ESPP”) and the Global All Employee Share Purchase Plan (“GAESPP”) (together, the “Plans”)

A summary of the main features of the Plans is set out below.

Outline: The Plans can be operated in a variety of different ways, for example, as a discounted option plan (on a similar basis to the UK SAYE Plan) or as a share purchase plan. The US ESPP has been designed to conform with the provisions of Section 423 of the United States Internal Revenue Code 1986 (“Section 423”) to enable participants to acquire shares in a tax efficient manner subject to certain conditions.

It is currently intended that the Plans will operate as a share purchase arrangement under which employees can use a percentage of their periodic salary payments to buy shares in the Company. Based on the amount elected by participants, the Company grants the participant a “purchase right” which is automatically exercised at the end of every month.

Benefits under the Plans are not pensionable.

Administration: The Plans will be administered by the Board or a duly constituted committee of it.

Eligibility: All employees of participating companies (including full time executive directors) are eligible to participate in the Plans subject to such criteria as set by the Board.

Issue of invitation: Invitations to join the Plans may normally only be issued within 42 days following the announcement of the Company’s results for any period. It is currently intended that invitations will be made on a biannual basis.

Grant of purchase rights and price: The price at which shares can be acquired on the exercise of a purchase right can be set at a discount of up to 15% of the market value of a share either at the date of grant of the purchase right or on the purchase date, whichever is the lower. Where shares are to be subscribed, the price must not be lower than the nominal value. As the Plans will be operated as a share purchase arrangement, it is currently intended that the price at which shares are acquired will be equal to the market value of a share on the purchase date.

Payroll deductions and exercise: When joining the Plans, participants must elect an amount of up to 15% of their base salary which will be deducted from salary each pay period. The individual maximum limit will be set by the Board prior to each invitation period.

Where the Plans operate as a share purchase arrangement, payroll deductions are automatically applied in the on market acquisition of shares at the end of each month.

Where the Plans are operated as an option plan, the payroll deductions will accumulate over a fixed period of time (not exceeding two and three years in respect of the US ESPP and GAESPP, respectively). At the end of the period, the purchase rights may be exercised to the extent of the deductions at that time.

Purchase rights are not transferable.

Early exercise

Purchase rights may be exercised early in certain circumstances, for example where a participant dies or leaves the Company’s employment due to injury, disability, redundancy, retirement or following a sale or transfer of his employing company or business or a takeover, reconstruction or winding up of the Company.

In these circumstances, the participant may only use the deductions which are held in his account at that time to exercise the pro-rata proportion of the purchase right. A participant’s purchase right will automatically lapse on cessation of employment for any other reason.

Plan limits: When operated as a share purchase arrangement, shares will normally be acquired on market. When the Plans are operated as an option plan, the exercise of purchase rights will be satisfied either by the issue of new shares or by the on market purchase of shares. The Plans are subject to limits on the number of shares which may be issued or issuable under them. The overall limit is that, in any 10 year period, not more than 10% of the issued Ordinary share capital of the Company may be issued or issuable under the Plans and any other employee share scheme operated by the Company.

Section 423 requires that a numerical limit is included for the purposes of a US employee stock purchase plan. Consequently, the US ESPP provides that no more than 43,500,000 shares may be issued under that plan.

Issue of shares: Shares issued on the exercise of purchase rights will rank equally with shares of the same class in issue on the date of allotment, except in respect of rights arising by reference to a prior record date. Application will be made to the London Stock Exchange for the shares to be admitted to listing.

Variation of share capital: Purchase rights may be adjusted in the event of variation in share capital of the Company.

Amendments and termination: The rules of the Plans relating to eligibility, plan limits, purchase price, rights attaching to purchase rights, shares and rights of participants in the event of a variation of capital may not be amended to the advantage of participants without shareholder approval, except for minor amendments to benefit the administration of the Plans or to take account of any change in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or members of its group. Unless terminated earlier by the Board or shareholders, the Plans will terminate on the tenth anniversary of approval of the Plans by shareholders. The provisions of the Plans will continue in relation to purchase rights already granted.