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# Spirent plc

## Notice of 2004 Annual General Meeting

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### This document is important and requires your immediate attention

When considering what action you should take, you are recommended to seek advice immediately from your stockbroker, solicitor, accountant or other professional adviser duly authorised under the Financial Services and Markets Act 2000. If you no longer hold Ordinary shares in Spirent plc, please forward this circular (together with the Spirent plc Annual Report 2003) to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Notice of the Annual General Meeting of Spirent plc to be held at 10am on Tuesday, 11 May 2004 is set out in this circular. To be valid for use at the Meeting, the enclosed Form of Proxy should be completed and returned, in accordance with the instructions detailed thereon, to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL as soon as possible and, in any event, so as to arrive no later than 10am on Sunday, 9 May 2004.

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## Letter from the Chairman

12 March 2004

Dear Shareholder,

### 2004 Annual General Meeting (AGM)

I am writing to invite you to our AGM which will be held at 10am on Tuesday, 11 May 2004 at Spirent House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL. A location map appears at the end of this booklet. The business to be transacted at the Meeting is set out in the Notice of Meeting and the supporting explanatory notes on pages 3 and 4.

### Action to be Taken

Whether or not you are able to attend the AGM, the directors urge you to complete the enclosed Form of Proxy and return it to Lloyds TSB Registrars in the enclosed pre-paid envelope as soon as possible and, in any event, so as to arrive no later than 10am on Sunday, 9 May 2004. Completion and return of the Form of Proxy will not preclude you from attending and voting in person (in substitution for your proxy vote) should you subsequently decide to do so. As recommended by the Combined Code on Corporate Governance, the final proxy figures on each resolution will be available at the AGM and posted on the Company's website shortly after the Meeting.

If you have any questions or concerns arising out of the business to be conducted at the AGM, please do not hesitate to write to me at the address below or to send me an e-mail at [plc@spirent.com](mailto:plc@spirent.com).

### Recommendation

The Board believes that the proposed resolutions set out in the Notice of Meeting are in the best interests of the Company's shareholders as a whole. Accordingly, your directors recommend that you vote in favour of each resolution, as they intend to do in respect of their own beneficial holdings.

Thank you for supporting the Company and I look forward to welcoming those of you who are able to attend the AGM.

Yours faithfully



**John P Weston CBE**  
Chairman

**Spirent plc**  
Spirent House  
Crawley Business Quarter  
Fleming Way  
Crawley  
West Sussex RH10 9QL  
United Kingdom

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Registered in England Number 470893  
Registered at the above office

## Notice of 2004 Annual General Meeting

Notice is hereby given that the 55th Annual General Meeting of Spirent plc will be held at 10am on Tuesday, 11 May 2004 at Spirent House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL.

The following routine and special business will be transacted at the AGM of which items 1 to 9 will be proposed as Ordinary Resolutions requiring no less than a simple majority of votes cast in favour of the resolution to be passed. Items 10 and 11 will be proposed as Special Resolutions requiring no less than a 75 per cent majority of votes to be cast in favour of the resolution to be passed.

### Routine Business

#### Directors' Report and Accounts

1. To receive the Directors' Report and the Company's audited Accounts for the year to 31 December 2003.

#### Report on Directors' Remuneration

2. That the Report on Directors' Remuneration as set out on pages 21 to 28 of the Annual Report for the year to 31 December 2003 be approved.

#### Election of directors

3. To elect as a director Mr F D'Alessio who seeks election having been appointed to the Board since the last AGM\*.
4. To elect as a director Mr A F Given who seeks election having been appointed to the Board since the last AGM\*.

#### Re-election of directors

5. To re-elect as a director Mr N K Brookes who retires by rotation.
6. To re-elect as a director Mr G Ennerfelt who retires by rotation.
7. To re-elect as a director Mr J A D Wyness who retires by rotation\*.

#### Re-appointment of auditors

8. To re-appoint Ernst & Young LLP as auditors and to authorise the directors to determine their remuneration.

### Special Business

#### Authority to allot securities

9. That the authority conferred on the directors by paragraph 11(B) of Article 11 of the Company's Articles of Association be renewed for the period ending on the date of the AGM to be held in 2005 or, if earlier, 11 August 2005, and for such period the Section 80 Amount shall be £10,054,738.

#### Authority to disapply pre-emption rights

10. That, conditional upon the passing of Resolution 9 above, the power conferred on the directors by paragraph 11(C) of the Company's Articles of Association be renewed for the period referred to in such Resolution and for such period the Section 89 Amount shall be £1,580,596.

#### Authority for the Company to make market purchases of its own shares

11. That the Company be generally and unconditionally authorised for the purposes of Section 166 of the Companies Act 1985 (the Act) to make market purchases (within the meaning of Section 163 of the Act) of Ordinary shares of 3½ pence each in the capital of the Company (Ordinary shares) and where shares are held in treasury the Company may use them for the purposes of its employee share schemes provided that:

- (i) the maximum number of Ordinary shares hereby authorised to be purchased shall be 47,417,892;
- (ii) the minimum price which may be paid for an Ordinary share shall be 3½ pence;
- (iii) the maximum price which may be paid for an Ordinary share shall be an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary share of the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is purchased;
- (iv) the authority hereby conferred shall expire at the conclusion of the AGM of the Company to be held in 2005 or, if earlier, 11 August 2005 unless such authority is renewed prior to such time; and
- (v) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary shares in pursuance of such contract.

Further information on Resolutions 2 to 7 and 9 to 11 inclusive is provided in the explanatory notes on pages 3 and 4.

By Order of the Board

**Paul Eardley**  
Company Secretary

12 March 2004

Registered Office:  
Spirent House  
Crawley Business Quarter  
Fleming Way  
Crawley  
West Sussex RH10 9QL  
United Kingdom

\*Member of the Remuneration Committee

## Notes

A member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.

To be valid, a completed Form of Proxy and any power of attorney or other authority under which it is executed (or a duly certified copy thereof) must be lodged with the Company's Registrar (Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL), not less than 48 hours before the time appointed for the Meeting or adjourned Meeting at which it is to be used. Completion and return of a Form of Proxy will not preclude a member from personally attending and voting at the Meeting (in substitution for their proxy vote) if they subsequently decide to do so. A pre-paid envelope in which you can return the Form of Proxy is enclosed with this Notice of AGM.

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered in the Register of Members of the Company as at 10am on Sunday, 9 May 2004 or, if the Meeting is adjourned, 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend or vote at the Meeting in respect of the number of Ordinary shares registered in their names at that time. Changes to entries on the Company's Register of Members after 10am on Sunday, 9 May 2004 or, if the Meeting is adjourned, 48 hours before the time fixed for the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Meeting, notwithstanding the provisions of any enactment, the Company's Articles of Association or any other instrument to the contrary.

The following documents will be available for inspection during normal business hours at the Company's Registered Office and at the place of the AGM for at least 15 minutes before the Meeting is held until its conclusion:

- (a) copies of executive directors' service contracts, together with all letters of appointment in respect of non-executive directors; and
- (b) the statutory register of directors' interests.

## Explanatory Notes on Resolutions 2 to 7 and 9 to 11

### Resolution 2: Report on Directors' Remuneration

The Directors' Remuneration Report Regulations 2002 (the Regulations) require all companies listed on the London Stock Exchange to include a resolution at their AGM which invites shareholders to approve the Report on Directors' Remuneration (the Report) for the year under review. The Report can be found on pages 21 to 28 of the Annual Report 2003. Resolution 2 invites shareholders to consider, and if thought fit, to approve the Report. Please note that, in line with the Regulations, the resolution is advisory only, in order to provide shareholder feedback to the Board.

### Resolutions 3 to 7: Election and Re-election of Directors

Biographical details of the directors can be found on pages 14 and 15 of the Annual Report 2003. In accordance with the revised Combined Code published in July 2003 (the revised Code), the Board has established a process to evaluate the performance of the Board, including the most appropriate balance and composition, and the relevant contribution of each director.

Resolution 3 proposes that, having been appointed since the last AGM, Frederick D'Alessio will retire at the forthcoming AGM and, being eligible, offers himself for election. Mr D'Alessio has over 30 years' experience in the telecoms industry which will be particularly valuable to the Board as the Group continues to focus on the development of its communications activities.

Resolution 4 proposes that, having been appointed since the last AGM, Andrew Given will retire at the forthcoming AGM and, being eligible, offers himself for election. The revised Code requires that the Audit Committee includes a member who has recent, significant and relevant financial experience and the Board believes that the addition of Andrew Given (who was previously Group Finance Director of Logica plc, a UK listed company) brings such additional experience both to the Board and the Audit Committee.

Resolutions 5, 6 and 7 propose that pursuant to the Company's Articles of Association and the revised Code, Nicholas Brookes, Göran Ennerfelt and James Wyness will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election. As the Company's Articles of Association and the revised Code require that each director must stand for re-election at intervals of no more than every three years, Mr Brookes, having last been re-elected in 2001, must stand for re-election notwithstanding his forthcoming retirement. James Wyness, having served more than nine years on the Board, also offers himself for re-election pursuant to the revised Code. The Board believes resolutions 5, 6 and 7 should be approved as each director being proposed for re-election continues to be effective and to demonstrate commitment to their respective roles.

The Directors' Statement on Corporate Governance (see pages 18 to 20 of the Annual Report 2003) provides further information in respect of the corporate governance of the Board.

None of the directors subject to election or re-election, other than Nicholas Brookes, have service contracts with the Company.

#### **Resolutions 9 and 10: Authority to Allot Securities and Disapply Pre-emption Rights**

The purpose of these resolutions is to renew for a further period until the conclusion of the AGM in 2005 or, if earlier, 11 August 2005, the authorities which were given at last year's AGM pursuant to Sections 80 and 89 of the Companies Act 1985.

Resolution 9 will renew the directors' authority to allot relevant securities up to an aggregate nominal amount of £10,054,738 being 301,642,153 Ordinary shares of 3½ pence each. No Ordinary shares are currently held by the Company in treasury.

Resolution 10 will renew the directors' authority to allot equity securities for cash, either by way of a rights issue or to persons other than existing shareholders, provided that any allotment for cash to such persons shall not exceed 47,417,892 Ordinary shares of 3½ pence each (representing 5 per cent of the Company's current issued share capital).

Although the directors have no present intention of making use of the authorities sought, they wish to retain the flexibility to act quickly and allot securities within these limits if they consider it in the interests of the Company to do so. In any event, no issue will be made which would effectively alter the control of the Company without the prior approval of shareholders in General Meeting.

#### **Resolution 11: Authority for the Company to Make Market Purchases of its Own Shares**

Section 162 of the Companies Act 1985 permits a company to purchase its own shares provided it is authorised to do so by its Articles of Association and the purchase has been authorised by the shareholders in general meeting. Your directors consider that there may be occasions when it would be desirable for the Company to purchase its own shares in the market for cancellation or to be held in treasury.

The purpose of this resolution is to renew, for a further period until the conclusion of the AGM to be held in 2005 or, if earlier, 11 August 2005, the authority for the Company to make purchases of up to 47,417,892 Ordinary shares of 3½ pence each in the market (representing 5 per cent of the Company's current issued share capital).

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the Regulations) came into force on 1 December 2003. The effect of the Regulations is to allow companies the choice of either holding their own shares acquired by way of market purchase as treasury stock or cancelling them. No dividends will be paid on, and no voting rights will attach to, shares while they remain in treasury. The Companies Act 1985, which has been amended to incorporate the changes introduced by the Regulations, allows companies to either sell treasury shares for cash, transfer them for the purposes of its employee share schemes or cancel them. The directors believe that it is desirable for the Company to have the choice of either cancelling or holding in treasury, shares which it purchases as it gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company added flexibility in managing its share capital base.

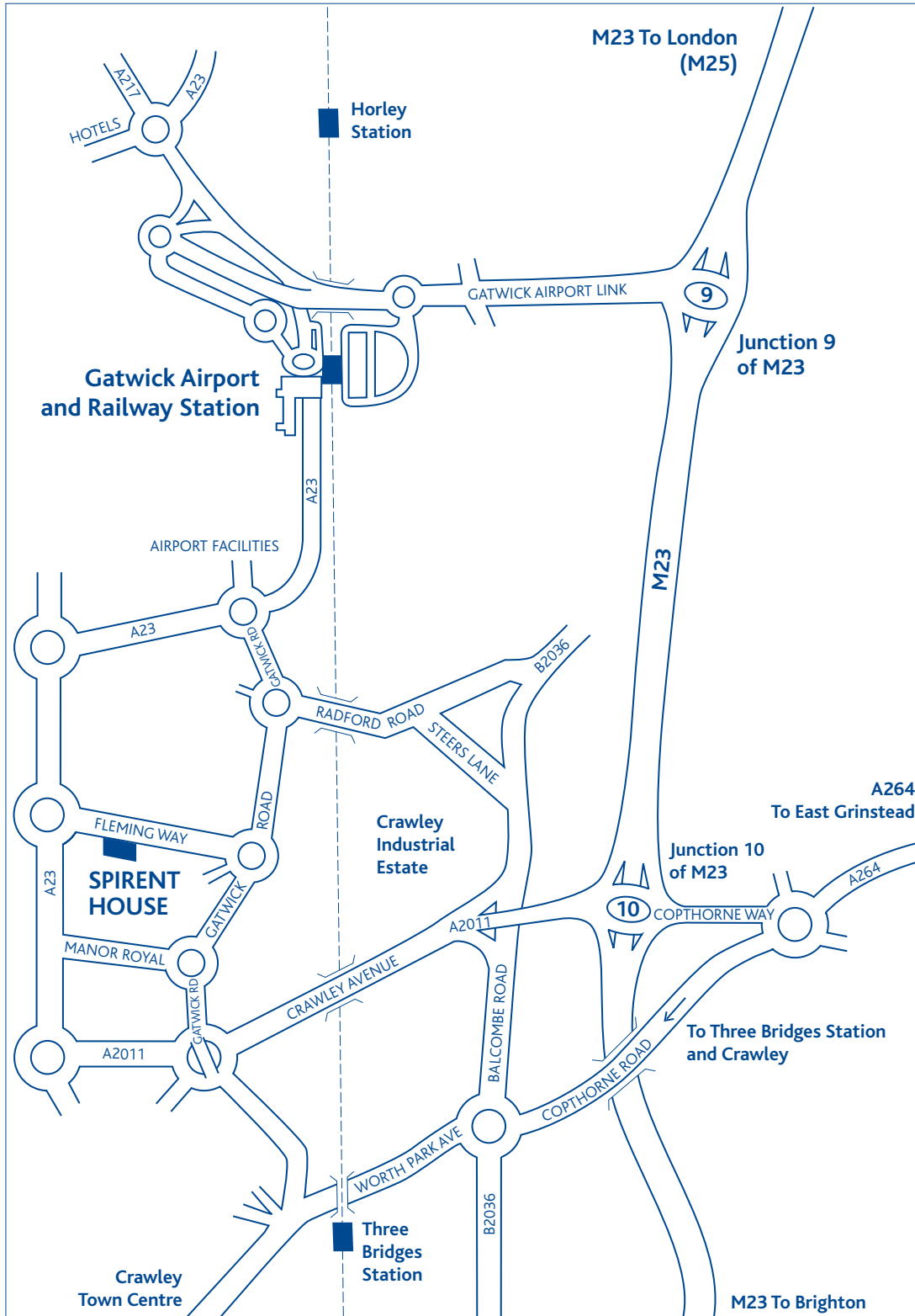
Authorisation is sought for the Company to use any shares repurchased and held in treasury for the purposes of its employee share schemes. If any such shares are used the Company will, so long as required under the guidelines of the Association of British Insurers Investment Committee, count them towards the limits in the schemes on the number of new shares which may be issued under them.

This proposal should not be taken as an indication that the Company will purchase its Ordinary shares at any particular price or, indeed, at all or to imply any opinion on the part of your directors as to the market or other value of the Company's shares. Your directors will only exercise the power to effect the purchase by the Company of its own shares at price levels and in circumstances which they consider to be in the interests of the Company, after taking into account its investment opportunities and overall financial position, and which, in particular, would lead to a beneficial impact on the earnings per share of the remaining issued Ordinary shares. In any event, no purchase will be made which would effectively alter the control of the Company without the prior approval of shareholders in General Meeting.

The total number of employee options and purchase rights to subscribe for equity shares currently outstanding (excluding options under acquisition related schemes) is approximately 95.8 million. This represents approximately 10.1 per cent of the Company's current issued share capital. If the Company bought back the maximum number of shares permitted pursuant to the passing of this Resolution and all such shares were cancelled, the total number of options and purchase rights outstanding would represent approximately 10.7 per cent of the Company's issued share capital. There are currently no outstanding warrants to subscribe for equity shares in the Company.

## How to find the AGM venue

The AGM will be held at 10am on Tuesday, 11 May 2004 at Spirent House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex RH10 9QL. Car parking will be available.



**Spirent plc**  
Spirent House  
Crawley Business Quarter  
Fleming Way, Crawley  
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