REPORT ON DIRECTORS' REMUNERATION

Dear Shareholder

As Chairman of the Remuneration Committee, I am pleased to present our Remuneration Report for 2012, for which we will be seeking your approval at the Company's Annual General Meeting on 1 May 2013.

The Committee aims to ensure that remuneration packages are offered which:

- Set the total remuneration package at an appropriate level to reflect the competitive markets in which the Group operates;
- Link a significant proportion of the total remuneration package to the achievement of demanding performance targets;
- Structure the reward of executive directors and senior management to align their interests with those of shareholders over the long term;
- Encourage the retention and stability of the management team; and
- Underpin a high performance culture throughout the Group.

During the year, I was delighted to welcome Sue Swenson to the Committee following her appointment to the Board. Sue brings a wealth of experience to the Committee and I welcome the contributions that she makes to the deliberations of the Committee, particularly from her international experience.

As outlined earlier in this Annual Report, whilst Spirent made significant strategic progress in 2012 the achievements made were against a background of economic uncertainty in all regions which in turn tempered growth. The strong start to the year turned to a weak demand environment during the second quarter, which then persisted throughout the remainder of the year. The Committee believes that the remuneration for the executive directors for the year appropriately reflects the performance achieved against the demanding targets that were set for them.

The Committee is committed to there being a strong link between long term shareholder value creation and executive remuneration and it was pleasing therefore that the Performance share award which vested in November 2012 showed a TSR of 78.6 per cent over the performance period, resulting in above median performance.

Over the past year, there has been significant focus on improving transparency of reporting on executive pay and although based on the current timeline Spirent will not be formally required to provide disclosure in line with the expected legislation until the Remuneration Report published in 2014, we have provided some additional disclosures in this Remuneration Report in order to help shareholders better understand our current remuneration policy and practice. The Committee is strongly committed to open and transparent dialogue with shareholders on remuneration matters and takes every opportunity to engage with key shareholders, to understand their views on our remuneration arrangements and to discuss our policy going forward. Our 2011 Report on directors' remuneration received a strong level of support at the Company's AGM in May 2012 with 96 per cent of shareholders voting in favour of the advisory resolution.

The main priorities for the Committee for 2013 are:

- to continue to review remuneration policy in the light of evolving best practice, consulting with shareholders as appropriate;
- to ensure that the executive directors are fairly rewarded for both individual and Company performance; and
- to set incentive targets that support the long term strategy for the Group, are stretching, appropriate, and achievable.

On behalf of the Committee I hope that you find this Report comprehensive, clear and informative.

T Maxwell

Tom Maxwell
Chairman, Remuneration Committee
28 February 2013

REPORT ON DIRECTORS' REMUNERATION CONTINUED

Compliance with the UK Corporate Governance Code and best practice

This Remuneration Report has been prepared on behalf of the Board by the Remuneration Committee in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The Report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles and complied with the provisions of the UK Corporate Governance Code (the "Code") relating to directors' remuneration. The Board has complied fully with the provisions of Section D of the Code in relation to Directors' remuneration policy and practice and has followed Schedule A to the Code in relation to performance related remuneration policy. In line with current reporting regulations, this Report is presented in two parts: Part A, which is not subject to audit, sets out the Company's remuneration policy; Part B, which has been audited, provides details of the remuneration, pensions and share incentives of the directors for the period under review.

Part A: Unaudited information

Remuneration Committee

During 2012, Tom Maxwell (Chairman), Ian Brindle, Duncan Lewis and Sue Swenson served on the Remuneration Committee, Sue Swenson having joined the Committee on her appointment to the Board on 1 February 2012. All members of the Committee are independent non-executive directors and the Company Secretary is Secretary to the Committee.

The attendance of individual directors at Remuneration Committee meetings held during the year was as follows:

	Number of meetings held	Number of meetings attended
Tom Maxwell (Committee Chairman)	5	5
Ian Brindle	5	5
Duncan Lewis	5	5
Sue Swenson	5	5

Role of the Committee

The Committee is responsible for determining all elements of the remuneration of the Chairman, executive directors, Company Secretary and senior executives of the Group, reviewing remuneration policy and overseeing the operation of the Company's share incentive plans. The Committee's terms of reference, which are reviewed annually, can be found on the Company's website at www.spirent.com.

The Committee's principal activities during the year were:

- Review the executive remuneration strategy for 2013;
- Set the annual and quarterly incentive targets for executive directors and senior managers;
- Review and approve the outcome of executive directors' and senior managers' quarterly and annual incentives;
- Review remuneration benchmarking data; and
- Review and approve share incentive awards and vesting of share incentive awards.

Advisers to the Committee

In performing its duties and where considered appropriate, the Committee has taken advice on remuneration matters from the following:

- Aon Hewitt Consulting Inc – Radford executive remuneration data;
- Deloitte LLP – executive and non-executive director remuneration data;
- Ernst & Young LLP – independent verification of earnings per share ("EPS") performance measurement to determine the vesting of share incentives;
- Kepler Associates Limited – advice on performance metrics for share incentive plans and measurement of total shareholder return ("TSR") performance to determine the vesting of share incentives;
- Linklaters LLP – advice on share incentive plans; and
- PricewaterhouseCoopers LLP – advice on share incentive plans, executive remuneration data and policy review.

Ernst & Young LLP is also the Company's auditor and Linklaters LLP is also one of the Company's general legal advisers. The remaining advisers listed above do not have any other connection with the Company.

Deloitte LLP, PricewaterhouseCoopers LLP and Kepler Associates Limited are members of the Remuneration Consultants Group and comply with its voluntary Code of Conduct in respect of the provision of remuneration consulting services, details of which can be found at www.remunerationconsultantsgroup.com.

During the year the Committee also consulted with the Company's Chairman, Chief Executive Officer, Chief Financial Officer, Vice President, Human Resources and the Company Secretary, but not on matters relating directly to their own remuneration.

Remuneration policy for executive directors

The Committee's policy is to set remuneration levels which ensure that executive directors are fairly and responsibly rewarded in return for high levels of performance. The remuneration policy set by the Committee aims to encourage a performance based culture which reinforces behaviour that will lead to the continued long term successful development of the business, is sufficient to attract, retain and motivate high calibre executive directors and senior managers and aligns their interests with those of shareholders. The Committee believes that the aims of the policy are achieved by ensuring that a significant proportion of total remuneration is linked to the achievement of stretching corporate and individual targets both in the short and long term.

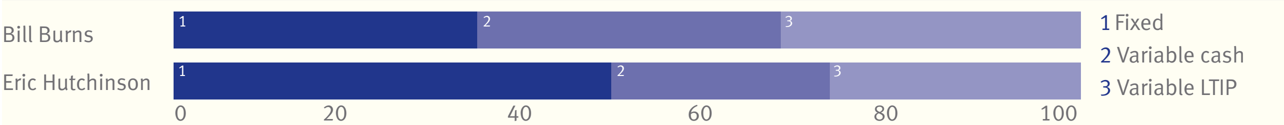
No incentive payments are made for below threshold levels of corporate and individual performance and all performance related remuneration is subject to caps.

As well as providing motivation to perform, remuneration plays an important retention role and needs to be competitive. The Committee therefore seeks to position total executive director remuneration around mid-market for on target performance taking into account the size and complexity of the Group compared to other peer companies. The Committee takes into account a range of factors including the Company's performance, economic conditions, the responsibilities, individual performance and experience of each executive director. Consideration is also given to pay and employment conditions of employees within the Group and the Committee particularly takes into account pay increases throughout the Group when determining salary increases for executive directors. The Committee is also mindful of the views of shareholders in determining appropriate levels of remuneration and in ensuring that shareholder and director interests are aligned.

The Committee's remuneration policy approach is summarised below:

Fixed remuneration	Performance related remuneration	
	Short term	**Long term**
Base salary Benefits	Quarterly and annual performance incentive	Employee incentive plan

In 2012, the target mix of remuneration was as follows:



REPORT ON DIRECTORS' REMUNERATION CONTINUED

Summary of remuneration

The following table summarises the various elements of executive remuneration:

Element	Purpose and link to remuneration policy	Key features	Policy operated in 2012	Policy for 2013
Base salary	• Reflects the competitive market salary level for the individual and their role • Takes account of personal performance and contribution to corporate performance	• Paid in cash • Based on individual contribution • Reviewed annually	• CEO $700,000 • CFO £312,850	• CEO $720,000, increase of 2.9% • CFO £320,000, increase of 2.3% • In line with salary increases within Group across North America and Europe
Annual incentive	• Rewards the achievement of stretching annual EPS and financial goals supported by individual goals linked to strategic milestones	• Paid in cash following year end	• No change: Target award of 33% of annual salary for CEO, subject to cap of 50% and 16.67% of base salary for CFO subject to cap of 25% • $72,333 and £16,164 payable to CEO and CFO respectively for 2012	• Target award of 33% of annual salary for CEO, subject to cap of 50% and 18.33% of base salary for CFO subject to cap of 27.5%
Quarterly incentive	• Rewards the achievement of stretching quarterly EPS and financial goals supported by individual goals linked to strategy	• Paid in cash following quarter end	• No change: Target award of 67% of annual salary for CEO, subject to cap of 100% and 33.33% of base salary for CFO subject to cap of 50% • $353,209 and £78,930 payable to CEO and CFO respectively for 2012	• Target award of 67% of annual salary for CEO, subject to cap of 100% and 36.67% of base salary for CFO subject to cap of 55%
Long term incentives	• Aligns with shareholder interests through the delivery of shares	• Limits of 250% and 125% of base salary for awards of SARs and PS respectively. Limit of 250% of base salary for combined awards where one PS is equivalent to two SARs.	• CEO received a PS award of 100% of base salary. CFO received a PS award of 60% of base salary	• CEO to receive a combined award of 250% of base salary. CFO to receive a combined award of 150% of base salary
	• Awards of Performance shares (PS) and Stock Appreciation Rights (SARs) reward growth in EPS and TSR	• Award vests after three years subject to performance conditions	• PS awards vest subject to a combination of 50% EPS and 50% TSR performance conditions	• SARs vest subject to EPS; PS awards vest subject to a combination of 50% EPS (after expensing share-based payment) and 50% TSR performance conditions
Benefits	• Reflects market practice		• Car allowance, health care, life insurance	
Pension	• Provide funds to allow executives to save for retirement in line with local market practice		• Contribution to 401(k) plan of $10,000 for CEO. 20% of base salary provided to CFO as a salary supplement in lieu of pension	

Components of executive director remuneration

Base salary

In November each year, the Committee reviews and determines the parameters for the remuneration of executive directors for the following year including base pay, target cash and share incentive awards. The Committee's policy is to set base salaries at an appropriate level to attract, retain and motivate the quality of individual required to run a business of the size and complexity of Spirent but without paying more than is necessary to do so. The Committee therefore considers this in the context of remuneration levels at companies of a similar size and complexity and at comparable companies in the FTSE 250.

When setting the policy for directors' remuneration, the Committee has regard to the pay and employment conditions elsewhere within the Group, particularly in Europe and North America where the executive directors are based, and is kept informed on a regular basis on salary increases for the general employee population. While the Committee does not directly consult with employees as part of the process of reviewing executive pay, the Committee does receive updates and feedback on employee engagement surveys and takes these into account when reviewing executive pay. In the most recent survey, employee feedback continued to show high levels of employee engagement and most of our employees indicated that they feel fairly rewarded. The Committee is also mindful of the views of shareholders in determining appropriate levels of remuneration and in ensuring that shareholder and director interests are aligned.

Following its review of remuneration in November 2012, the Committee determined that Bill Burns' salary should be increased by 2.9 per cent to $720,000 from 1 January 2013 and Eric Hutchinson's by 2.3 per cent to £320,000, both of which increases are below the average increase of 3 per cent for employees in the wider Group based in Europe or North America. Mr Burns' and Mr Hutchinson's remuneration will next be reviewed from 1 January 2014.

Quarterly and annual performance incentives

An important element of remuneration for executive directors is the quarterly and annual performance incentives. The Committee sets stretching annual and quarterly performance incentive targets and performance measures to incentivise executive directors to meet the short term strategic objectives of the Spirent Group. These short term objectives are specifically selected to underpin the roadmap to achieving the Group's long term strategic objectives.

During 2012, the incentive plan continued to be structured so that two thirds of the incentive target could be earned in respect of quarterly targets and one third in respect of annual targets. Executive performance was measured against a carefully structured combination of financial and non-financial objectives, designed to achieve the short term strategic objectives of the Group and to underpin its long term strategy.

Growth targets in the Company's EPS and order intake, representing 75 per cent and 25 per cent of the incentive respectively, determined the maximum incentive which could be earned in a given performance period. Performance against other financial targets, engineering and product milestones, key strategic goals and specific personal objectives determined the actual incentive earned by each executive director for a particular performance period. The engineering and product milestones in particular provide the roadmap to the Group's long term strategic direction and success.

For 2012, the maximum total cash incentive available for Bill Burns was 150 per cent of base salary and for Eric Hutchinson was 75 per cent of base salary. For 2012, having reviewed performance achieved against the targets set, the Committee approved quarterly cash incentive payments for Mr Burns of $353,209, equivalent to 51 per cent of base salary, and for Mr Hutchinson of £78,930, equivalent to 25 per cent of base salary, ($124,709 at an average exchange rate of $1.58:£1). In February 2013, the Committee reviewed Mr Burns' and Mr Hutchinson's performance against the annual targets set and approved a cash incentive payment for 2012 of $72,333, equivalent to 10 per cent of base salary, for Mr Burns and £16,164, equivalent to 5 per cent of base salary, for Mr Hutchinson ($25,539 at an average exchange rate of $1.58:£1). The total quarterly and annual incentive payments to Mr Burns was $425,542, equivalent to 61 per cent of base salary and to Mr Hutchinson was £95,094 ($150,248 at an average exchange rate of $1.58:£1), equivalent to 30 per cent of base salary. For 2013, the maximum total quarterly and annual cash incentive available for Bill Burns and Eric Hutchinson will be 150 per cent and 82.5 per cent of base salary respectively.

Benefits and pension contributions or cash in lieu of pension

In addition to his base salary, Bill Burns participates in the US Group's medical, dental and vision plans, 401(k) Pension Plan, a non-qualified deferred compensation plan and receives disability coverage benefit, life insurance cover of four times base salary and a car allowance.

REPORT ON DIRECTORS' REMUNERATION CONTINUED

The Spirent Communications 401(k) Pension Plan (the "Plan") is a defined contribution plan established under the provisions of Section 401(k) of the US Internal Revenue Code ("US IR Code"). The Group makes matching contributions of up to 4 per cent of the maximum compensation permitted for these purposes under the US IR Code, and accordingly in 2012 made the maximum permitted contribution to the Plan of $10,000.

The Spirent Communications Inc ("SCI") Deferred Compensation Plan is a non-qualified plan offered as a benefit to senior management in the US. This plan allows participants to defer up to 15 per cent of their base salary plus any cash incentive earned subject to a maximum of 50 per cent of base salary. SCI does not make contributions to this plan.

In addition to his base salary, Eric Hutchinson receives private medical insurance, life insurance cover of four times base salary and a car allowance. During the year under review, he received an annual cash allowance in lieu of pension of 20 per cent of base salary, totalling £62,570 ($98,860 at an average exchange rate of $1.58:£1) (2011 £58,970 ($94,352 at an average exchange rate of $1.60:£1)).

Long term share incentive awards

Executive directors are eligible to participate in the Company's 2005 Employee Incentive Plan ("EIP"), which is a discretionary share plan.

Under the EIP, the Company is able to award Performance shares, share options and share-settled stock appreciation rights ("SARs"). Any awards made to executive directors are subject to prior satisfactory performance of the individual and award levels vary in accordance with the individual's potential to add value to the business over the medium to long term.

In normal circumstances, the maximum value of an award of Performance shares under the EIP is limited to 125 per cent of base salary with awards of options or SARs limited to a maximum value of 250 per cent of base salary. For combined awards, the maximum value is limited to 250 per cent of base salary with one Performance share being equivalent to two share options or SARs. Awards are valued at the closing price for a Spirent Ordinary Share on the business day immediately preceding the date of award.

On 21 March 2012, the Committee approved awards of 287,287 Performance shares to Bill Burns and 142,235 Performance shares to Eric Hutchinson.

Vesting

In November 2010, the Committee reviewed the appropriateness of the historical performance conditions for awards under the EIP in the light of the Company's current and expected performance, together with current market practice for performance conditions and consulted with major shareholders on the proposed changes. The Committee considered a range of alternative performance measures including EPS, TSR, return on capital employed, cash generation and revenue growth and determined that for awards granted after November 2010, it was appropriate to have more than one performance condition for awards of Performance shares with vesting for 50 per cent of the award being based on the Company's relative Total Shareholder Return ("TSR") rating against a comparator group of companies and vesting for the remaining 50 per cent of the award being based on the rate of growth in the Company's EPS over the performance period. In addition, the Committee determined that it would set performance parameters that are relevant and appropriate at the time of each grant.

All awards are tested once on the third anniversary of grant. Any part of an award which does not vest will lapse and there is no retesting.

Performance conditions for awards made in 2011 and 2012

Performance shares

The performance conditions for Performance shares are calculated over a three year performance period as set out in the following table:

50% of award:

Growth in EPS[1] over the performance period (%)	Proportion of Performance shares vesting (%)
Below 15	0
15	30
Above 15 and below 25	On a straight line basis between 30 and 100
25 or above	100

Note

1 EPS means Adjusted Basic Earnings Per Share.

50% of award:

TSR Ranking	Proportion of Performance shares vesting (%)
Below median	0
Between median and upper quartile	On a straight line basis between 30 and 100
At or above upper quartile	100

The comparator group for determining TSR consists of the 30 largest companies by market capitalisation in the FTSE TechMARK 100 Index, excluding those companies who were also constituents of the FTSE 100 Index at the commencement of the performance period together with three non-UK listed direct competitors. The Committee considers the selected comparator group provides a suitable benchmark for the Company's TSR rating. In determining the TSR for the Company and its comparator group, share prices are averaged over the 90 day period immediately prior to, and at the end of, the performance period.

SARs and Share Options

The performance condition for SARs and share options is based on the rate of growth in the Company's EPS over the three year performance period.

Growth in EPS[1] over the performance period (%)	Proportion of SARs/share options vesting (%)
Below 15	0
15	30
Above 15 and below 25	On a straight line basis between 30 and 100
25 or above	100

Note
1 EPS means Adjusted Basic Earnings Per Share.

Performance conditions for awards made prior to 2011

Performance shares

The vesting of awards of Performance shares made prior to 2011 was based solely on the Company's relative TSR growth against a comparator group of companies over a three year performance period as set out in the table below.

TSR Ranking	Proportion of Performance shares vesting (%)
Below median	0
Between median and upper quartile	On a straight line basis between 30 and 100
At or above upper quartile	100

The comparator group and share price methodology used for the Performance share award in 2009 which vested in 2012 are the same as those set out above.

SARs and Share Options

The vesting of awards of SARs and share options made prior to 2011 was based on the rate of growth in the Company's EPS excluding any increase in the Retail Prices Index ("RPI") over a three year performance period.

Annual rate of growth in EPS[1] in excess of growth in RPI over the performance period (%)	Percentage of SARs/share options vesting (%)
Below 6	0
6	25
Above 6 and below 15	On a straight line basis between 25 and 100
15 or above	100

Note
1 EPS means Adjusted Basic Earnings Per Share.

Awards vesting in 2012

During 2012 the award of Performance shares granted to Bill Burns and Eric Hutchinson on 30 November 2009 vested. Based on the performance conditions for that award, the Committee determined that 129,260 of the Performance shares awarded to Bill Burns and 51,926 of the Performance shares awarded to Eric Hutchinson vested having achieved a growth in TSR of 78.6 per cent. This achievement resulted in a TSR percentile ranking of 51.5 per cent which translated to 34.2 per cent of the award vesting.

2013 Policy on long term share incentive awards

In 2013, the Committee expects to approve combined awards of Performance shares and SARs to Mr Burns and Mr Hutchinson equivalent to 250 per cent and 150 per cent of base salary respectively, with one Performance share being equivalent to two share options or SARs.

Performance conditions for awards expected to be made in 2013

Having reviewed the appropriateness of the performance parameters for awards under the EIP, the Committee has determined that for the awards expected to be made in 2013, the following performance parameters are apposite:

REPORT ON DIRECTORS' REMUNERATION CONTINUED

Performance shares

The performance conditions for Performance shares will be calculated over a three year performance period as set out in the following table:

50% of award:

Growth in EPS[1] over the performance period (%)	Proportion of Performance shares vesting (%)
Below 15	0
15	30
Above 15 and below 30	On a straight line basis between 30 and 100
30 or above	100

Note

1 EPS means Adjusted Basic Earnings Per Share after expensing of share-based payments.

50% of award:

TSR Ranking	Proportion of Performance shares vesting (%)
Below median	0
Between median and upper quartile	On a straight line basis between 30 and 100
At or above upper quartile	100

The comparator group for determining TSR will consist of the 30 largest companies by market capitalisation in the FTSE TechMARK 100 Index, excluding those companies who were also constituents of the FTSE 100 Index at the commencement of the performance period together with one non-UK listed direct competitor. The Committee considers the selected comparator group provides a suitable benchmark for the Company's TSR rating. In determining the TSR for the Company and its comparator group, share prices will be averaged over the 90 day period immediately prior to, and at the end of, the performance period.

SARs and Share Options

The performance condition for SARs and share options will be based on the rate of growth in the Company's EPS[1] over the three year performance period.

Growth in EPS[1] over the performance period (%)	Proportion of SARs/share options vesting (%)
Below 15	0
15	30
Above 15 and below 30	On a straight line basis between 30 and 100
30 or above	100

Note

1 EPS means Adjusted Basic Earnings Per Share after expensing of share-based payments.

Other share plans

Executive directors are also able to participate in all employee share plans if offered in the country within which they are resident. The applicable all employee plan in the UK is the UK Employee Share Purchase Plan and in the US is the US Employee Stock Purchase Plan.

During 2012, historical awards of vested share incentives held by executive directors under the Spirent Stock Incentive Plan ("SSIP") and 1995 Executive Share Option Scheme ("ESOS") remained outstanding. Both the SSIP and ESOS are now closed for new awards.

Further details of the Company's all employee and discretionary share plans are provided in note 29 to the consolidated financial statements and note 15 to the parent Company financial statements.

Single figure of total remuneration for 2012

The table below provides a single figure of total remuneration for 2012 for the executive directors:

	Salary[1] $000	Benefits[2] $000	Pension[3] $000	Performance related incentive[4] $000	Long term incentive[5] $000	Total 2012 $000
Bill Burns	700.0	29.2	–	425.5	307.6	1,462.3
Eric Hutchinson	495.1	26.2	98.9	150.2	123.6	894.0

Notes

1 Salary and fees: cash paid in respect of the year.

2 Benefits: taxable value of all benefits in respect of the year.

3 Pension: cash value in lieu of pension.

4 Performance related incentive: cash incentive payable in respect of the year.

5 Long term incentive: value of Performance shares vesting in the year based on the performance condition that ends in the year.

Shareholding guidelines for executive directors

The Committee believes that to further align their interests with those of shareholders, executive directors should have a significant shareholding in the Company equivalent to at least 100 per cent of their base salary in the form of shares or unfettered share incentive awards. At the date of this Report Bill Burns' shareholding, including vested and unfettered share awards represented 152 per cent of his base salary. Eric Hutchinson's shareholding at the date of this Report, including unfettered share awards represented 642 per cent of his base salary. Both Mr Burns and Mr Hutchinson are continuing to build their shareholdings through participation in the US and UK Employee Share Purchase Plans.

Shareholder dilution

The Committee is strongly committed to managing shareholder dilution in a responsible manner. No new shares were issued during the year, with all vesting and exercises of share incentives being satisfied by the transfer of shares held by the Company's ESOT. At the date of this Report, the ESOT holds 1.8 million Ordinary Shares for the purpose of satisfying the exercises of current and future awards by employees and former employees of the Group. Overall shareholder dilution resulting from the Company's share incentive plans (on a rolling ten year basis) has fallen by 0.2 per cent when comparing the positions at 31 December 2012 (9.0 per cent) and 31 December 2011 (9.2 per cent). The overall number of share incentives outstanding has fallen by 6.8 million during the year to 5.8 million at 31 December 2012 (2011 12.6 million).

Shareholder approval for EIP

Shareholder approval was given in 2005 to operate the EIP until 2015, subject to further shareholder approval being required on the use of new issue shares and any material changes to the plan. No material changes to the EIP are proposed and therefore no specific shareholder approval is required at the 2013 AGM to continue to operate this plan.

Service contracts

Bill Burns has a service agreement with Spirent Communications Inc. ("SCI"), and, being a US resident, his contract is in line with US employment practice and is governed by the laws of the State of California.

Eric Hutchinson has a service agreement with Spirent Communications plc, and, being a UK resident, his contract is in line with UK employment practice and is governed by the laws of England.

It is the Company's policy that service contracts for the executive directors have no fixed term and are capable of termination on no more than 12 months' notice from either the Company or the executive director. It is intended that this policy would also apply to new appointments of executive directors.

The contract dates and notice periods for each executive director are as follows:

	Date of contract	Notice period by either Company or director month(s)
Bill Burns	6 November 2008	1
Eric Hutchinson	13 December 1999	12

Exit payment policy

The Committee is committed to ensuring that it does not pay more than is necessary when executives leave the Group and its policy on exit payments is in line with market practice in the country in which the executive director resides:

- Both Bill Burns' and Eric Hutchinson's service contracts contain provisions for the removal of the director for poor performance or material misconduct without compensation;
- Payment in lieu of notice may be paid under each contract if the relevant notice period is not given to the Director or if, having received notice from the Director, the employer does not wish him to serve it;
- In the case of Bill Burns, mitigation provisions are contained in his service contract. In addition to one month's base salary, or payment in lieu, he would be entitled to accrued base salary, cash incentives, and vacation pay. Mr Burns would also be entitled to 11 months' base salary subject to a set-off for any base salary earned from alternative employment during the 12 month period following termination ("Severance Period") and monthly COBRA premium payments for the duration of the Severance Period subject to a set-off for health insurance provided by an alternative employer during the Severance Period;
- In the case of Eric Hutchinson, the Company would seek to apply practical mitigation measures to any payment of compensation on termination, taking into account all relevant circumstances;
- Neither contract contains provision for additional compensation on termination following a change of control;
- Neither contract contains provision for liquidated damages of any kind;
- Incentives:
  - Cash incentives: As noted above, Bill Burns' contract entitles him to accrued cash incentives. Eric Hutchinson is not eligible for bonus payments made following his termination.
  - Employee Incentive Plan (EIP): Leaver provisions were approved by shareholders when they approved the EIP. For good leavers (as defined in the plan rules), awards generally vest at the point of exit, pro-rated for time and subject to the satisfaction of each award's performance conditions. Awards are generally forfeited in all other circumstances; and
- Both service contracts contain appropriate provisions to protect the legitimate interests of the Company with respect to preventing any terminated director from working in a business which competes against the Company.

REPORT ON DIRECTORS' REMUNERATION CONTINUED

External appointments

The Company recognises that its executive directors may be invited to become non-executive directors of other companies and that such appointments can broaden their knowledge and experience, to the benefit of the Company. At the date of this Report, neither Bill Burns nor Eric Hutchinson hold any such external positions.

Non-executive directors' fees and letters of appointment

The Company's remuneration policy with regard to fees for non-executive directors, including the Chairman, is to pay fees which are in line with market practice for companies of a similar size and complexity. Fees for the non-executive directors are normally reviewed by the Board once every three years and were last reviewed on 1 January 2012, having been frozen since 1 January 2008. It was determined that the basic annual fee for non-executive directors would be set at £40,000 per annum for 2012 to 2014. Fees for the Chairman, which are determined by the Remuneration Committee, were set at £160,000 per annum for 2012 to 2014, having been frozen since 1 January 2009. The Chairmen of the Audit and Remuneration Committees each receive additional fees of £11,000 and £9,000 respectively. It is considered that non-executive director fees are at the median level for comparable companies. Fees for non-executive directors and the Chairman will next be reviewed on 1 January 2015.

All non-executive directors have a letter of appointment with the Company for a period of not more than three years, subject to the Company's Articles of Association. However, since 2011 and in accordance with the Code, all directors stand for re-election at each AGM.

Details of individual appointments are as follows:

Director	First appointed a director	Current appointment due to expire
Ian Brindle	22 December 2006	2015 AGM
Duncan Lewis	1 July 2007	2014 AGM
Tom Maxwell	1 October 2007	2015 AGM
Sue Swenson	1 February 2012	2015 AGM
Alex Walker	22 December 2006	2015 AGM

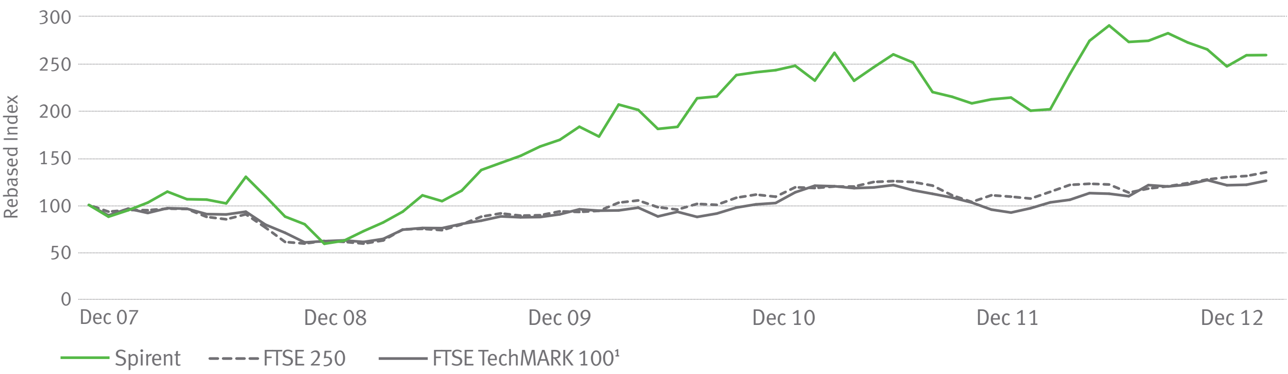
The letters of appointment are available for inspection on request and will be available for inspection at the 2013 AGM. An example of a letter of appointment for a non-executive director is available on the Company's website at www.spirent.com.

Non-executive directors are not eligible to participate in cash incentive or share incentive arrangements and their service does not qualify for pension or other benefits. No element of their fee is performance related.

Total Shareholder Return performance

The graph below shows the TSR performance for the last five financial years of Spirent Communications plc against the FTSE 250 Index and the FTSE TechMARK 100 Index, excluding those companies who were also constituents of the FTSE 100 Index at the commencement of the period. The Committee believes that these provide broad equity market indices against which the performance of the Company can be fairly compared, and that the FTSE TechMARK 100 Index provides a particularly representative collection of comparator companies.

Five-year TSR performance – Spirent vs FTSE TechMARK 100[1] and FTSE 250



Note
1 As of 1 January 2008, excluding FTSE100 companies.

Part B: Audited information
Directors' remuneration

	Base salary and fees $000	Taxable benefits $000	Performance related incentive paid in cash $000	Cash in lieu of pension $000	Total 2012[2] $000	Total 2011 $000
Executive directors						
Bill Burns	700.0	29.2	425.5	–	1,154.7	1,468.9
Eric Hutchinson[1]	495.1	26.2	150.2	98.9	770.4	923.5
Non-executive directors						
Ian Brindle	80.6	–	–	–	80.6	75.2
Duncan Lewis	63.2	–	–	–	63.2	57.6
Tom Maxwell	77.4	–	–	–	77.4	72.0
Sue Swenson	57.9	–	–	–	57.9	–
Alex Walker	252.8	–	–	–	252.8	240.0
2012	1,727.0	55.4	575.7	98.9	2,457.0	–
2011	1,517.4	55.2	1,170.2	94.4	–	2,837.2

Notes
1 Eric Hutchinson earned a fee of $800 (2011 $800) in respect of his services to the Board and its Committees.
2 These figures relate to the period of director's Board membership.

Figures in sterling have been translated at an average exchange rate of $1.58:£1 (2011 $1.60:£1).

REPORT ON DIRECTORS' REMUNERATION CONTINUED

Summary of directors' remuneration

	2012 $000	2011 $000
Total emoluments for all directors	2,457.0	2,837.2
Gains made on the vesting and exercise of share incentives[1]	1,159.6	670.5
Pension Plan contributions[2]	10.0	9.8
	3,626.6	3,517.5

Notes

1 Gains made on the vesting and exercise of share incentives:

2012: On 9 March, Eric Hutchinson exercised 234,000 ESOS share options granted on 2 April 2002 at an exercise price of 133.5 pence and 387,000 ESOS share options granted on 2 May 2002 at an exercise price of 113 pence. Mr Hutchinson disposed of 555,213 of the Ordinary Shares acquired at a price of 155.8467 pence per share to cover the tax liability arising on the combined gain of £218,108 ($344,611) and retained the balance of the award.

On 16 March, Bill Burns exercised 62,500 SSIP stock appreciation rights granted at a base price of 53 pence on 25 August 2005. The applicable fair market value of 160.3 pence resulted in a gain of £67,062 ($105,959).

On 30 November, 129,260 and 51,926 Performance shares vested and were allotted to Bill Burns and Eric Hutchinson respectively, which at a fair market value of 150.6 pence resulted in a gain of £194,666 ($307,572) for Mr Burns and £78,201 ($123,557) for Mr Hutchinson.

On 3 December, Bill Burns exercised 170,625 SSIP stock appreciation rights granted at a base price of 47.5 pence on 5 May 2006. The applicable fair market value of 150.6 pence resulted in a gain of £175,914 ($277,945).

2011: On 1 January, 24,721 options granted to Eric Hutchinson on 26 September 2003 under the Spirent Savings Related Share Option Scheme at an exercise price of 38 pence per share matured, resulting in a deemed gain of £27,144 on a market price of 147.8 pence per Ordinary Share. On 21 October 2010, Mr Hutchinson had elected to receive these options as shares on their maturity.

On 7 November, 313,262 Performance shares vested and were allotted to Bill Burns. Mr Burns sold 158,012 Ordinary Shares to cover the tax liability arising on the deemed gain of $626,861 which was realised on a market price of 124.6 pence per Ordinary Share and retained the remaining 155,250 Ordinary Shares.

2 Pension Plan contributions:

During the year, contributions totalling $10,000 in respect of Bill Burns were made to the Spirent Communications Group 401(k) Pension Plan (2011 $9,800).

Directors' interests in shares

The beneficial interests of the directors and their connected persons in the shares of the Company are set out below:

	At 28 February 2013 Ordinary Shares[1, 2]	At 31 December 2012 Ordinary Shares[1]	At 31 December 2011 Ordinary Shares[1]
Executive directors			
Bill Burns	219,634	218,850	213,242
Eric Hutchinson	1,300,693	1,300,379	1,232,570
Non-executive directors			
Ian Brindle	4,525	4,525	4,525
Duncan Lewis	–	–	–
Tom Maxwell	26,955	26,955	26,955
Sue Swenson	–	–	–
Alex Walker	80,481	80,481	80,000

Notes

1 Directors' beneficial interests do not form part of the remuneration provided by the Company.

2 Events since 31 December 2012:

On 24 January 2013, Bill Burns acquired 328 Ordinary Shares under the US Employee Stock Purchase Plan and Eric Hutchinson acquired 166 Ordinary Shares under the UK Employee Share Purchase Plan, both at a price of 151.0 pence per share.

On 25 February 2013, Bill Burns acquired 456 Ordinary Shares under the US Employee Stock Purchase Plan and Eric Hutchinson acquired 148 Ordinary Shares under the UK Employee Share Purchase Plan, both at a price of 167.9751 pence per share.

	Plan and award type[1]	At 1 January 2012	Lapsed during the period	Exercised/ vested during the period	Granted during the period	At 31 December 2012	Date of grant	Exercise price per share pence	Market price on date of grant pence	Date first exercisable[2]	Expiry date
Bill Burns											
	SSIP	62,500	–	62,500	–	–	25 Aug 05	53	53	25 Aug 08	25 Aug 12
	SSIP	170,625	–	170,625	–	–	05 May 06	48	48	05 May 07	05 May 13
	EIP SAR	374,000	–	–	–	374,000	07 Nov 08	51	51	07 Nov 11	06 Nov 18
	EIP PS	377,953	248,693	129,260	–	–	30 Nov 09	Nil[3]	98	30 Nov 12	30 Nov 12
	EIP PS	255,859	–	–	–	255,859	23 Mar 11	Nil[3]	143	23 Mar 14	23 Mar 14
	EIP PS	–	–	–	287,287	287,287	21 Mar 12	Nil[3]	153	21 Mar 15	21 Mar 15
Eric Hutchinson											
	ESOS	234,000	–	234,000	–	–	02 Apr 02	134	134	02 Apr 06	01 Apr 12
	ESOS	387,000	–	387,000	–	–	02 May 02	113	113	02 May 06	01 May 12
	EIP SAR	56,600	–	–	–	56,600	25 Aug 05	53	53	25 Aug 08	24 Aug 15
	EIP PS	151,829	99,903	51,926	–	–	30 Nov 09	Nil[3]	98	30 Nov 12	30 Nov 12
	EIP PS	109,366	–	–	–	109,366	23 Mar 11	Nil[3]	143	23 Mar 14	23 Mar 14
	EIP PS	–	–	–	142,235	142,235	21 Mar 12	Nil[3]	153	21 Mar 15	21 Mar 15

Notes

An explanation of each share plan and its operation is given in note 29 to the audited consolidated financial statements of the Group and note 15 to the parent Company financial statements.

1 Key to share plan and type of award:
 EIP SAR – 2005 Employee Incentive Plan Stock Appreciation Rights.
 EIP PS – 2005 Employee Incentive Plan Performance shares.
 ESOS – 1995 Executive Share Option Scheme Share Options.
 SSIP – Spirent Stock Incentive Plan Stock Appreciation Rights.
2 Awards which have passed the date first exercisable have vested and are unfettered, having passed the relevant performance conditions.
3 There is no exercise price payable for a Performance share upon vesting. Further details on Performance shares are provided above.
4 The market price on date of grant is the price of an Ordinary Share at the close of business on the day before the date of grant.

The middle market price of an Ordinary Share at the close of business on 3 January 2012 and 31 December 2012 (being the first and last days the London Stock Exchange was open for trading in 2012) was 121.4 pence and 150.7 pence, respectively, and during that period ranged between a high of 174 pence and a low of 115 pence.

Signed on behalf of the Board

Tom Maxwell
Chairman of the Remuneration Committee
28 February 2013