



2010 Preliminary Results

March 3rd, 2011

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Agenda

- Highlights
- 2010 financial results
- Market update & 2011 outlook



2010 highlights

- Service Provider and Enterprise spending focused on supporting new applications and increasing network capacity
- Network Equipment Manufacturers and Mobile Device Suppliers innovating to bring new network elements and devices to market
- Our pace of innovation leads the market as we focus on areas that matter most to our customers
- Leveraging our sales and services organizations to deliver value to our customers across the globe
- Executing on our strategy delivered profitable growth in 2010

2010 key performance indicators

105

Book to Bill

(2009: 102)

+13%

Revenue

(2010 revenue: \$482.2 m)

+29%

Operating Profit⁽¹⁾

(2010 operating profit: \$114.5 m)

23.7%

Return on Sales⁽¹⁾

(2009: 20.8%)

\$82.6 m

Free Cash Flow

(2009 free cash flow: \$86.5 m)

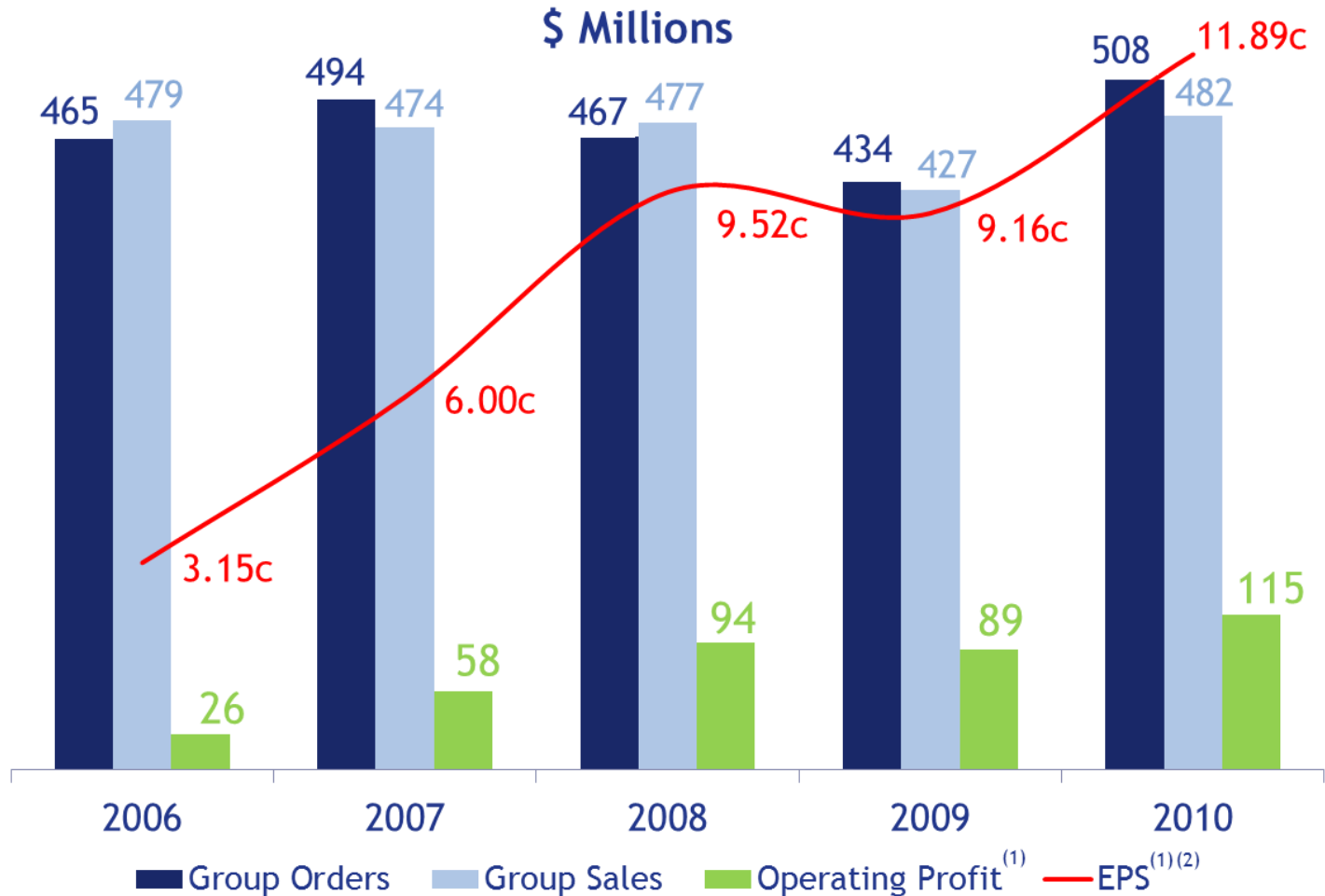
+30%

Adjusted EPS⁽¹⁾⁽²⁾

(2010 EPS: 11.89 cents)

Notes: (1) Before share-based payment and acquired intangible amortisation (2) At a pro forma tax rate for 2009 of 30.4% and before prior year tax

5 Year financials



Focus on future growth

Notes: (1) Before share-based payment and acquired intangible amortisation, (2) At a pro-forma tax rate of 30.4%

Eric Hutchinson, Chief Financial Officer



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Comparative results 2010

(\$ millions)	2010	2009	% change
Sales	482.2	427.2	13%
Gross Profit	321.1	283.4	
Gross Margin	66.6%	66.3%	
Product development	80.2	74.6	
Selling & distribution	87.9	78.0	
Administration	38.5	42.0	
Operating Profit	114.5	88.8	29%
<i>Return on Sales</i>	<i>23.7%</i>	<i>20.8%</i>	
Share-based payment and intangible amortization	1.8	2.0	
Reported Operating Profit	112.7	86.8	
Finance expense net	(0.5)	(1.9)	
Pre-Tax Profit	112.2	84.9	32%
Tax expense ⁽¹⁾	(34.1)	(25.8)	
Adjusted Net Income⁽¹⁾	78.1	59.1	
Adjusted EPS⁽¹⁾ (cents)	11.62	8.86	31%
Adj. EPS before Items⁽²⁾ (cents)	11.89	9.16	30%

- Sales growth driven by market recovery and demand for test to enable the expansion in data connectivity
- Gross Margin up due to mix change and software content
- Benefit of operating leverage on high sales growth
- Strong EPS growth

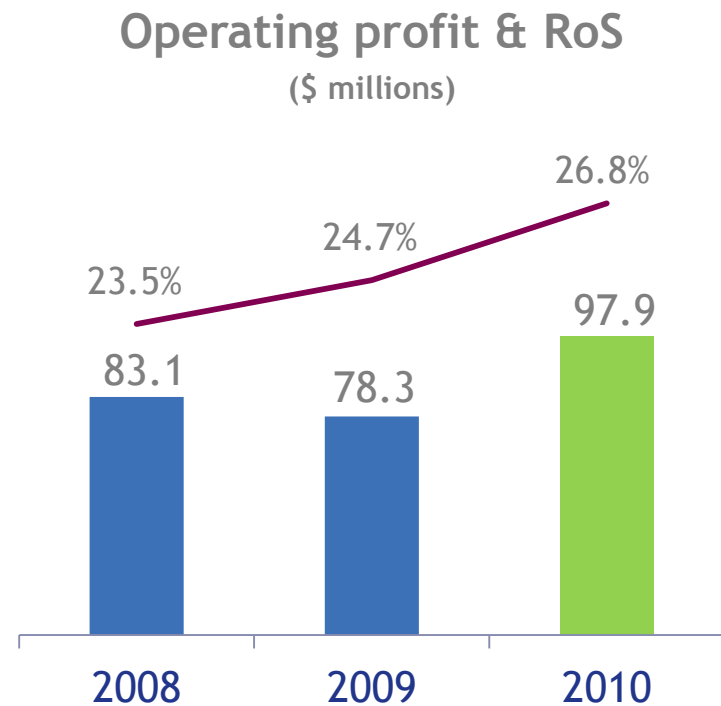
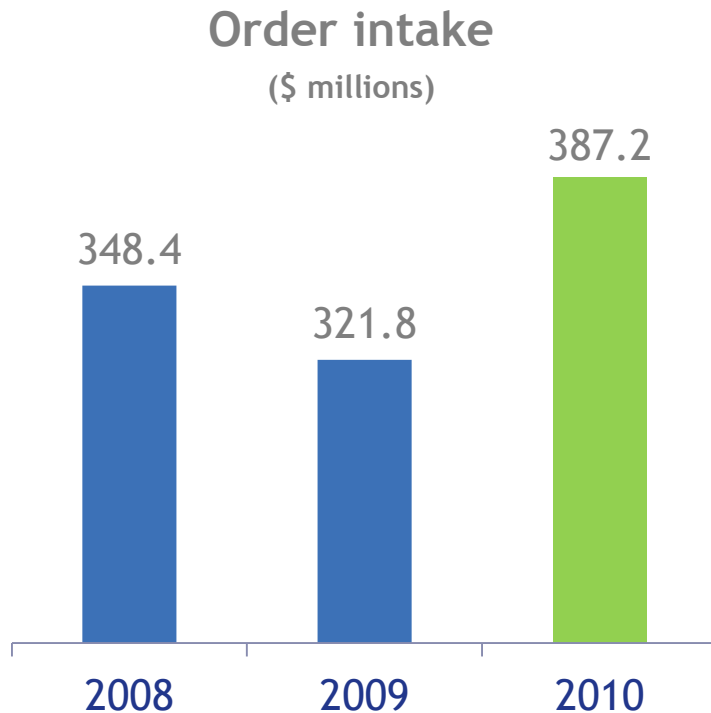
Notes: (1) At a pro forma tax rate for 2009 of 30.4% and before prior year tax (2) Before share-based payment and acquired intangible amortisation

Performance Analysis review

(\$ millions)	2010	2009	% change
Sales	365.8	316.8	15%
Gross Profit	262.9	231.4	
<i>Gross Margin</i>	<i>71.9%</i>	<i>73.0%</i>	
Product development	65.9	60.7	
Other expenses	99.1	92.4	
Operating Profit	97.9	78.3	25%
<i>Return on Sales</i>	<i>26.8%</i>	<i>24.7%</i>	

- 20% order intake growth resulting in Book to Bill of 106
- Spirent TestCenter, LTE and Positioning are the fastest growing segments in 2010
- ROS increase through operating leverage on sales growth driven by innovative new solutions and access to global markets

Performance Analysis - financial trends



- Focus on having the right products at the right time to capitalize on recovery in customer demand
- Order growth in all regions, with greater scale in North America
- Financial performance amongst the best in T&M industry

Service Assurance review

(\$ millions)	2010	2009	% change
Sales	57.0	52.6	8%
Gross Profit	36.8	30.1	
Gross Margin	64.6%	57.2%	
Product development	9.9	10.0	
Other expenses	13.9	12.6	
Operating Profit	13.0	7.5	73%
Return on Sales	22.8%	14.3%	

- Gross margin benefited from a major software contract
- Sales and operating profit growth in 2010 achieved by maintaining cost structure on higher sales levels and gross margin
- Focus on Ethernet Assurance and In-Home Testing
- Leverage Spirent global reach to expand into EMEA market

Systems review

(\$ millions)	2010	2009	% change
Sales	59.4	57.8	3%
Gross Profit	21.4	22.0	
<i>Gross Margin</i>	<i>36.0%</i>	<i>38.1%</i>	
Operating Profit	8.8	7.9	11%
<i>Return on Sales</i>	<i>14.8%</i>	<i>13.7%</i>	

- Sales growth in newly served commercial and industrial markets
- Medical mobility sales broadly flat
- Profit improvement due to exchange hedge losses of \$2.3 million in 2009 not repeating, offset by \$1.1 million non-recurring charge in 2010

Free cash flow

(\$ millions)	2010	2009
Operating Profit	112.7	86.8
Depreciation	11.9	13.6
Intangible amortisation and share-based payment	2.0	2.5
Working capital	(9.7)	3.4
Cash flow from operations	116.9	106.3
Tax	(17.5)	(10.2)
Net cash flow from operating activities	99.4	96.1
Net interest income	0.8	0.6
Net capital expenditure	(17.6)	(10.2)
Free cash flow	82.6	86.5
Share capital, buy back and long term deposits	(14.4)	4.9
Dividend paid	(13.7)	(12.1)
Cash inflow	54.5	79.3
Effect of foreign exchange rate changes	(4.5)	8.6
Closing cash and cash equivalents	223.9	173.9

- Investment in the business through working capital to fund sales growth
- Capital expenditure to invest for future growth
- High conversion of earnings to cash

Tax and adjusted EPS

Tax

- 2010 current year effective tax rate of 30.4%, lower than the projected 32.2% as US federal authorities renewed the R&E tax credit in the second half of the year
- Cash taxes paid \$17.5 million, 16% of profit in 2010
- Expected tax rate for 2011 forecast to be 31.5% as Alternative Minimum Tax benefits cease in 2010

EPS

- Basic EPS comparison is distorted by the 2009 tax effects due to the recognition of deferred tax assets
- Adjusted basic EPS is calculated at a constant tax rate of 30.4% before share-based payment and intangible amortization
- Resulting in an increase of 30% to 11.89 cents per share

Shareholder distribution

- Strong financial performance in 2010 supports an increase of 30% in the total dividend per share to 2.50 cents
- A cash distribution for the year of \$16.7 million
- Dividend cover maintained at 4.6 times
- Final dividend per share of 1.40 cents
- Payable 5 May 2011 in sterling, set at 0.86 pence per share
- Dividend policy is to progress distribution with earnings growth
- Share buybacks will be made to offset the dilutive effect of the exercise of share-based incentives

Bill Burns, Chief Executive Officer

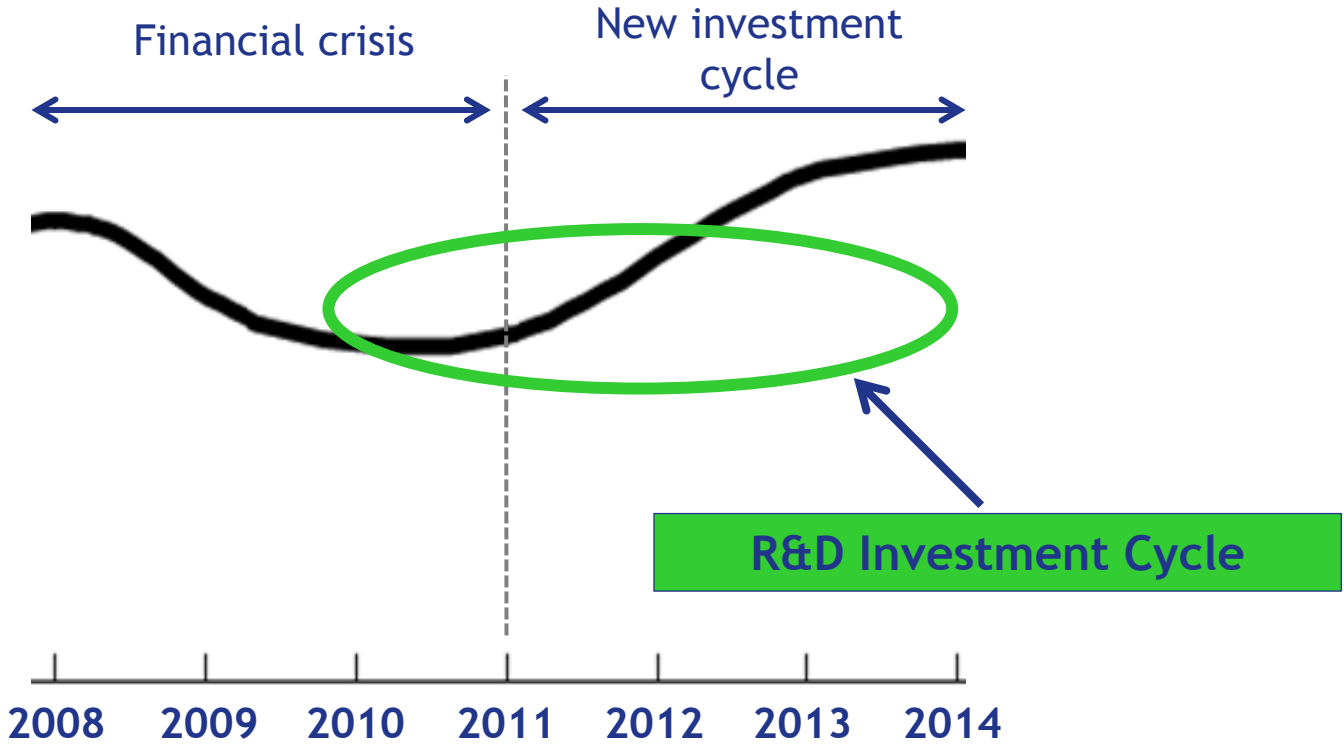
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Service Provider investment cycle

CAPEX Investments by Service Providers

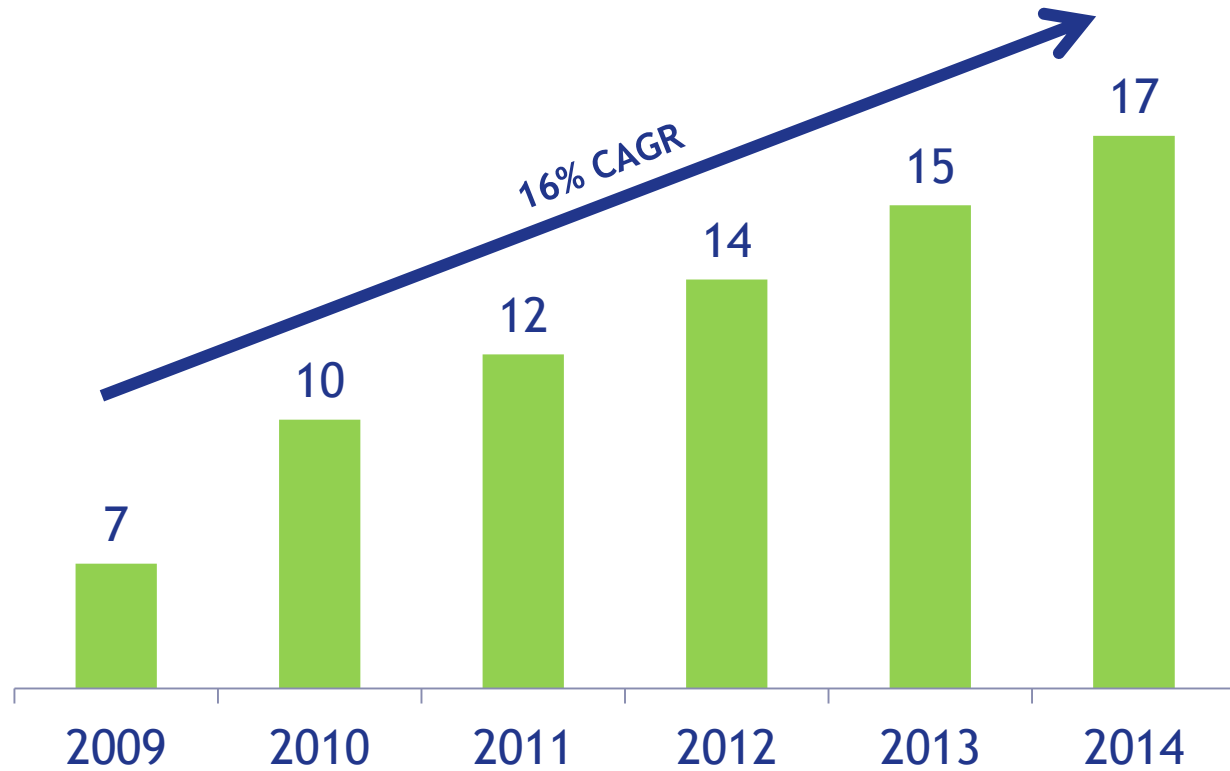


Source : Infonetics Research, Long-Term Forecast: Capex, Revenue, and Capex by Equipment Type Worldwide, November 2010 & Spirent Analysis



Growing Enterprise spend

Total Data Center and Storage Network Equipment (\$B)



Source : Infonetics Research: Data Center Network Equipment and SAN Equipment (Network), 3Q2010



Technology drivers

Wireless



Ethernet-based infrastructure



Private / Public Cloud Computing



Applications



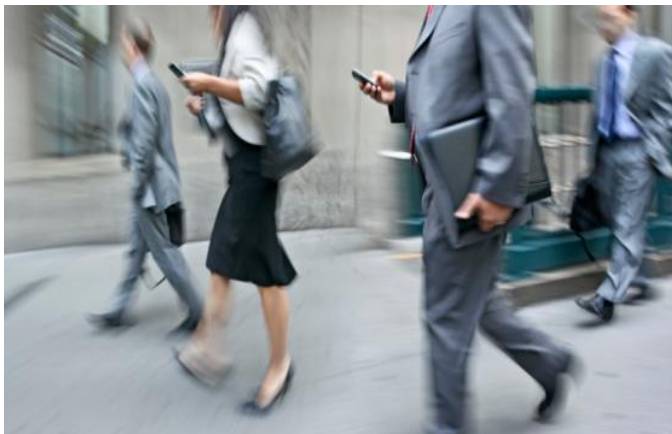
Wireless

Market Trends

The Anytime, Anywhere, Always-on
Consumer and Business Users

Mobile device units forecast to
increase from 1.4 billion units in 2010
to 1.9 billion units by 2014

Gartner



2010 Highlights

Strategic customer wins in next generation
technologies LTE, HSPA+ &
MIMO OTA

Large mobile operators and their suppliers
are our customers **Verizon** and
China Telecom

Our innovative products named
Product Line of the year by
Frost & Sullivan and **LTE visionary**
by TMC and Crossfire Media

Ethernet-based infrastructure

Market Trends

Ethernet is ubiquitous in all operator and enterprise networks

10GbE remains the fastest growing segment, with a remarkable 120% y/y port shipment increase

IDC



2010 Highlights

Spirent TestCenter is a market-leading Ethernet test platform including the Industry's most comprehensive

Ethernet Mobile Backhaul testing suite

Working with equipment manufacturers such as **Nokia Siemens Networks** in their next-generation wireless system deployments

Award winning **100 Gigabit Ethernet** solution and **Spirent TestCenter Live** Ethernet Service Assurance solutions

Private/Public Cloud Computing

Market Trends

Rapid adoption of cloud-based applications across the Enterprise

Growth of cloud-based applications expected to increase from \$7.5 billion in 2010 to \$20 billion by 2014

Gartner



2010 Highlights

We put the promise of cloud computing to the test with our **PASS** test methodology, **Spirent TestCenter** and **Spirent Avalanche Virtual**

Cloud computing service providers such as **Alibaba** ensure the highest quality of experience for their customers with Spirent

Spirent Avalanche Virtual voted the **Most Innovative Testing Product of the Year** and named **Best of Interop**

Applications

Market Trends

Applications and content are vital in driving device sales

Cumulative application downloads from app stores will pass the 100 billion mark in 2013

Gartner



2010 Highlights

Broad suite of application testing solutions including Location-Based Services, Application Testing and Availability and In-Home Testing

Operators such as **Ziggo** are working with Spirent to validate application availability and network performance

Continued adoption of our award-winning **In-Home Testing** solutions that help technicians troubleshoot and provision services such as video, data, wireless hotspots, and voice in the home

Our strategy for 2011



Focus on growing and emerging markets



Invest in our people



Innovation



Evolve our solutions portfolio

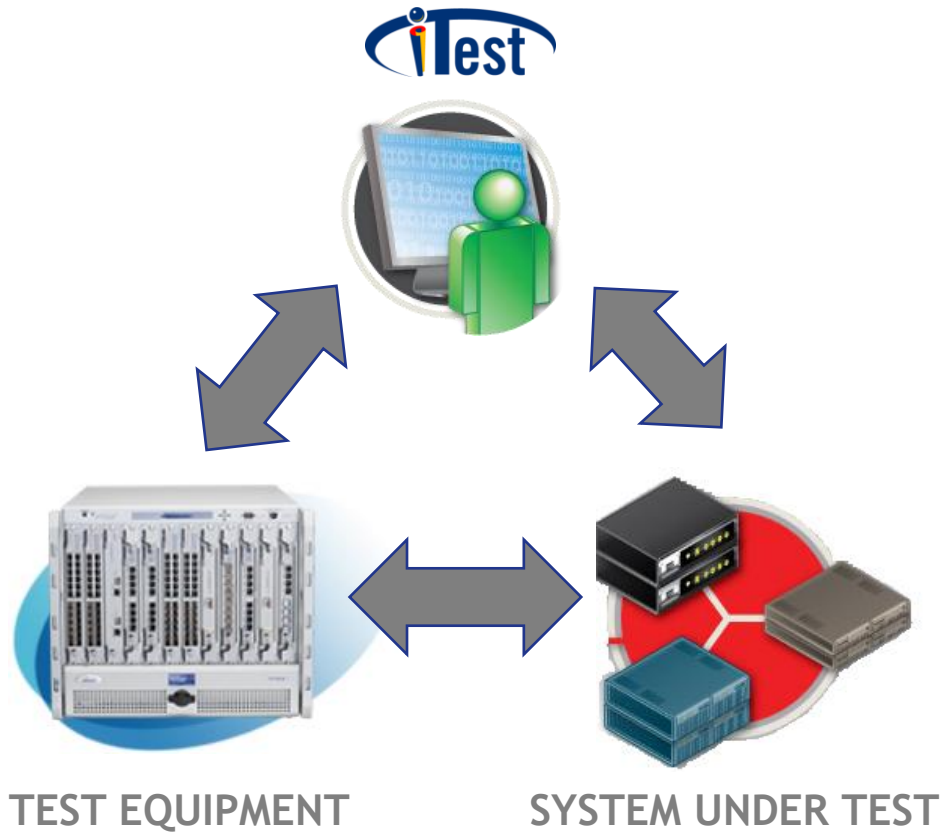


'Right Solution' at the 'Right Time'



Global reach

Spirent acquires Fanfare



- Spirent acquired Fanfare Group in February 2011 for \$15M
- Fanfare is a leader in test automation
- Automation reduces complexity, accelerates time to market and improves quality
- Fanfare/Spirent have been strong partners over the past 2 years

2011 outlook

- Customers continue to invest to bring next-generation technologies to market
- Spirent has the broadest test solution portfolio in our industry
- Continue our high level of engineering investment to drive industry-leading innovation
- Leverage our global sales and service organization
- Focus on executing our strategy of profitable growth
- Confidence that the market will show further growth in 2011 and future years



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Communications