



SDL PLC • Notice of Annual General Meeting • 20 April 2011

The Company's Annual Report & Accounts for the year ended 31 December 2010 are now available on the Company's website at www.sdl.com

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 or, if you are resident outside the United Kingdom, another appropriately qualified independent adviser.

If you have sold or otherwise transferred all your ordinary shares in SDL PLC please pass this document and the enclosed proxy form to the purchaser or transferee or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Letter from the Executive Chairman

SDL PLC

Registered in England and Wales Number 2675207
Globe House
Clivemont Road
Maidenhead
Berkshire SL6 7DY

21 March 2011

TO THE ORDINARY SHAREHOLDERS OF THE COMPANY

Dear Shareholder,

ANNUAL GENERAL MEETING 2011

I am pleased to send you details of our 2011 annual general meeting (“AGM”), which will be held at Globe House, Clivemont Road, Maidenhead, Berkshire SL6 7DY on 20 April 2011 at 9am.

The formal notice of the AGM, which is set out on pages 5 to 9 of this document (“Notice”), sets out the business to be considered at the AGM. The purpose of this letter is to provide you with further details about those items of business. This year, shareholders will be asked to approve 13 resolutions. Resolutions 1 to 10 (inclusive) and resolution 12 are proposed as ordinary resolutions. This means that, for each of those resolutions to be passed, more than 50 per cent of the votes cast must be in favour of the resolution. Resolutions 11 and 13 are proposed as special resolutions. This means that, for each of those resolutions to be passed, at least 75 per cent of the votes cast must be in favour of the resolution.

RESOLUTION 1: ANNUAL REPORT AND ACCOUNTS

The directors must present the Company’s annual accounts and directors’ and auditors’ reports to shareholders at a general meeting. Those to be presented at the AGM are in respect of the year ended 31 December 2010, and are called the Annual Report. The Annual Report is available on the Company’s website (www.sdl.com).

RESOLUTION 2: DIVIDEND

The directors are recommending a final dividend for the year ended 31 December 2010 of 5.5p per ordinary share which requires approval by the shareholders. If approved the final dividend will be paid on 3 June 2011 to shareholders whose names appear on the register at the close of business on 6 May 2011.

RESOLUTION 3: DIRECTORS’ REMUNERATION REPORT

Shareholders are entitled to vote on the directors’ remuneration report, which is set out in full on pages 55 to 62 of the Annual Report.

RESOLUTIONS 4 TO 7: REAPPOINTMENT OF DIRECTORS

Resolutions 4, 5, 6 and 7 propose the reappointment of John Matthews, Chris Batterham, Joe Campbell and John Hunter as directors. This is in accordance with the Company’s articles of association, which require that one third of the directors (or the number nearest to but not exceeding one third) retire by rotation at each AGM, with each director also being subject to reappointment at intervals of not more than three years.

Joe Campbell and John Hunter have been directors for the longest period of time since they were last appointed or reappointed by shareholders.

John Matthews and Chris Batterham have been directors for a period in excess of nine years and are therefore required for compliance with The UK Corporate Governance Code 2010 to stand for annual re-election.

Biographies of each of these directors are set out on pages 28 to 29 of the Annual Report.

Letter from the Executive Chairman

continued

RESOLUTIONS 8 AND 9: APPOINTMENT AND REMUNERATION OF AUDITORS

The Company is required to appoint auditors at each general meeting at which its annual accounts and reports are presented to shareholders. Therefore, resolution 8 proposes the appointment of KPMG Audit Plc as auditors (to hold office until the next such meeting) and, in accordance with normal practice, resolution 9 authorises the directors to determine the auditors' remuneration.

RESOLUTION 10: AUTHORITY TO ALLOT SHARES

Generally, the directors may only allot shares in the Company (or grant rights to subscribe for, or to convert any security into, shares in the Company) if they have been authorised to do so by shareholders.

Resolution 10 renews a similar power given at last year's AGM and is in two parts.

In line with guidance issued by the Association of British Insurers ("ABI"), if passed, part (a) of resolution 10 will authorise the directors to allot ordinary shares in the Company (and to grant rights to subscribe for, or to convert any security into, ordinary shares in the Company) in connection with a rights issue only up to an aggregate nominal amount of £520,059 (as reduced by the aggregate nominal amount of any shares allotted or rights granted under part (b) of resolution 10). This amount (before any reduction) represents approximately two thirds of the issued ordinary share capital of the Company as at 14 March 2011, being the last practicable date before the publication of this document. The directors intend to follow emerging best practice as regards the use of this authority.

If passed, part (b) of resolution 10 will authorise the directors to allot shares in the Company (and to grant rights to subscribe for, or to convert any security into, shares in the Company) up to an aggregate nominal amount of £260,029 (as reduced by the aggregate nominal amount of any shares allotted or rights granted under part (a) of resolution 10 in excess of £260,029). This amount (before any reduction) represents approximately one third of the issued ordinary share capital of the Company as at 14 March 2011, being the last practicable date before the publication of this document.

If given, these authorities will expire at the conclusion of the Company's next AGM or on a date which is 15 months after the passing of the resolution (whichever is the earlier). It is the directors' intention to renew the allotment authority each year.

As at the date of this document, no ordinary shares are held by the Company in treasury.

The directors have no current intention to exercise either of the authorities sought under resolution 10. However, the directors consider that it is in the best interests of the Company to have the authorities available so that they have the maximum flexibility permitted by institutional shareholder guidelines to allot shares or grant rights without the need for a general meeting should they determine that it is appropriate to do so to respond to market developments or to take advantage of business opportunities as they arise.

RESOLUTION 11: DISAPPLICATION OF PRE-EMPTION RIGHTS

Generally, if the directors wish to allot new shares or other equity securities (within the meaning of section 560 of the Companies Act 2006 ("2006 Act") for cash, then under the 2006 Act they must first offer such shares or securities to ordinary shareholders in proportion to their existing holdings. These statutory pre-emption rights may be disapplied by shareholders.

Resolution 11, which will be proposed as a special resolution, renews a similar power given at last year's AGM and, if passed, will enable the directors to allot equity securities for cash up to a maximum aggregate nominal amount of £520,059 without having to comply with statutory pre-emption rights, but this power will be limited to allotments:

- (a) up to an aggregate nominal amount of (i) £520,059 in connection with a rights issue or (ii) £260,029 in connection with an open offer or other pre-emptive offer, in each case to ordinary shareholders and to holders of other equity securities (if required by the rights of those securities or the directors otherwise consider necessary), but (in accordance with normal practice) subject to such exclusions or other arrangements, such as for fractional entitlements and overseas shareholders, as the directors consider necessary; and

(b) in any other case, up to an aggregate nominal amount of £39,004 (which represents approximately five per cent of the issued ordinary share capital of the Company as at 4 March 2011, being the last practicable date before the publication of this document).

The Company has issued 1,042,320 ordinary shares in the last year and 3,031,786 ordinary shares in the last three years on a non pre-emptive basis, representing 1.3 and 3.9 per cent, respectively, of the issued ordinary share capital of the Company. This is in line with the 2008 Statement of Principles issued by the Pre-Emption Group which provides that a company should not issue shares representing more than 7.5 per cent of its issued ordinary share capital for cash in any rolling three-year period, other than on a pre-emptive basis, without prior consultation with shareholders.

If given, this power will expire at the conclusion of the Company's next AGM or on a date which is 15 months after the passing of the resolution (whichever is the earlier). It is the directors' intention to renew this power each year.

RESOLUTION 12: PROPOSED NEW LONG TERM SHARE INCENTIVE PLAN

The current SDL Long Term Share Incentive Plan was approved by shareholders at an Extraordinary General Meeting of the Company in April 2006 ("the 2006 plan"). The 2006 plan expires for the purposes of new awards in April 2011. No further awards can be made after the expiry date but existing awards will remain fully protected although existing awards will only vest to the extent that the related performance conditions are met (details of the performance conditions are set out on page 62 of the Annual Report).

The Remuneration Committee of the Board ("the Committee") has undertaken a review of the operation of the 2006 plan and the current alternatives in conjunction with external remuneration advisers. Following this review the Committee has concluded that the 2006 plan has proved successful both as a genuine incentive to key senior executives (including executive directors) and as a retention tool. As a consequence, the Committee has, subject to shareholder approval, decided that the 2006 plan should be replaced with a broadly similar plan to be known as the SDL Long Term Share Incentive Plan (2011) ("the 2011 Plan"). The proposed 2011 Plan will be updated to reflect current law and market practice and the proposed performance conditions will continue to be based on Total Shareholder Return ("TSR") and Earnings per Share ("EPS") as in the view of the Committee these remain the key drivers of the business. A summary of the principal terms of the proposed 2011 Plan is contained in the Appendix to this letter.

The proposed 2011 Plan, which has been designed following consultations with the main institutional shareholder committees (and which will replace the 2006 plan as the only long term discretionary executive share plan available to the executive directors and other senior executives) will comply with the overall dilution limits relating to the number of new shares (including the re-issue of treasury shares) that can be made available to employee share schemes as published by the Association of British Insurers ("ABI"). As an alternative to dilution, awards may be satisfied by the transfer of shares purchased in the market via the Company's existing Employee Benefit Trust should that route be considered to be in the best interests of the Company.

The Committee, having carefully considered current market practice, intends that the individual limit (summarised in paragraph 3 of the Appendix) will be restricted to 150% of basic salary per annum. This is the maximum annual limit and the actual level of awards will be considered each year by the Committee before they are made. The vesting of awards will be subject to challenging TSR and EPS performance conditions being achieved over a minimum period of three years. The performance conditions it is intended to set for the awards under the 2011 Plan are summarised in paragraph 4 of the Appendix.

It is proposed to seek your approval for the introduction of the 2011 Plan at the AGM. You will find the Notice, which includes the relevant resolution to be proposed as an ordinary resolution, on pages 5 to 9.

The full draft rules of the proposed 2011 Plan are available for inspection at the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including 20 April 2011 and at the AGM itself from at least 15 minutes prior to the appointed time for the meeting until the meeting is concluded or adjourned.

Letter from the Executive Chairman

continued

RESOLUTION 13: NOTICE PERIOD FOR GENERAL MEETINGS

Resolution 13 will be proposed as a special resolution to allow the Company to call general meetings (other than an AGM) on 14 clear days' notice.

Changes made to the 2006 Act by the Companies (Shareholders' Rights) Regulations 2009 increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be fewer than 14 clear days. AGMs will continue to be held on at least 21 clear days' notice.

Before the Regulations came into force, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining shareholder approval. Resolution 11 seeks such approval in order to preserve this flexibility. However, the shorter notice period would not be used as a matter of routine for such meetings, but only where it is merited by the business of the meeting and is considered to be in the interests of shareholders as a whole. If given, the approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

Note that the changes to the 2006 Act mean that, in order to be able to call a general meeting on fewer than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

RECOMMENDATION

The directors believe that the proposals set out above are in the best interests of the Company and its shareholders as a whole. The directors will be voting in favour of the resolutions set out in the Notice, and unanimously recommend that you do so as well.

If you would like to vote on the resolutions set out in the Notice but cannot come to the AGM, please appoint a proxy or proxies:

- by completing the Proxy Form sent to you with this document, and returning it to our registrars; or
- (if you are a CREST member) using the CREST electronic proxy appointment service.

Your proxy appointment must be received by 9am on 18 April 2011. Further details relating to voting by proxy are set out in the notes to the Notice and in the Proxy Form.

Yours faithfully

Mark Lancaster

Executive Chairman

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2011 Annual General Meeting of the Company will be held at Globe House, Clivemont Road, Maidenhead, Berkshire, SL6 7DY on 20 April 2011 at 9am for the following purposes:

RESOLUTIONS

To consider and, if thought fit, to pass resolutions 1 to 10 (inclusive) and resolution 12 which will be proposed as ordinary resolutions and resolutions 11 and 13 which will be proposed as special resolutions:

1. To receive the Directors' Report and Accounts for the financial year ended 31 December 2010 and the auditors' report thereon and the auditable part of the Directors' Remuneration Report.
2. To declare a final dividend for the year ended 31 December 2010 of 5.5p per share on the ordinary shares of 1p each of the company, be declared payable on 3 June 2011 to shareholders registered at the close of business on 6 May 2011.
3. To approve the Directors' Remuneration Report for the financial year ended 31 December 2010.
4. To re-elect John Matthews, who retires by rotation, as a non-executive director.
5. To re-elect Chris Batterham, who retires by rotation, as a non-executive director.
6. To re-elect Joe Campbell, who retires by rotation, as a non-executive director.
7. To re-elect John Hunter, who retires by rotation, as a director.
8. To appoint KPMG Audit Plc as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting before which accounts are laid.
9. To authorise the directors to fix the auditors' remuneration.
10. THAT, pursuant to section 551 of the Companies Act 2006 ("the Act"), the directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot Relevant Securities:
 - (a) comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £520,059 (such amount to be reduced by the aggregate nominal amount of Relevant Securities allotted pursuant to paragraph (b) of this resolution) in connection with a rights issue (as defined in the listing rules published by the Financial Services Authority):
 - (i) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and
 - (ii) to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,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 any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - (b) otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £260,029 (such amount to be reduced by the aggregate nominal amount of Relevant Securities allotted pursuant to paragraph (a) of this resolution in excess of £260,029),

provided that:

- (i) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the date which is 15 months after the passing of this resolution (whichever is the earlier) unless previously varied, revoked or renewed by the Company in general meeting; and
- (ii) the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require Relevant Securities to be allotted after the expiry of such authority and the directors may allot any Relevant Securities pursuant to such offer or agreement as if such authority had not expired; and

Notice of Annual General Meeting

continued

- (iii) all prior authorities to allot Relevant Securities be revoked but without prejudice to the allotment of any Relevant Securities already made or to be made pursuant to such authorities.

In this resolution, “Relevant Securities” means shares in the Company or rights to subscribe for or to convert any security into shares in the Company; a reference to the allotment of Relevant Securities includes the grant of such a right; and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or to convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right.

11. THAT, subject to the passing of the previous resolution and pursuant to section 570 of the Act, the directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities conferred by the previous resolution as if sub-section (1) of section 561 of the Act did not apply to any such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer of equity securities (whether by way of rights issue, open offer, or otherwise, but in the case of an allotment pursuant to the authority granted by paragraph (a) of the previous resolution, such power shall be limited to the allotment of equity securities in connection with a rights issue):

(i) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

(ii) to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

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 any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) in the case of an allotment pursuant to the authority granted by paragraph (b) of the previous resolution, to the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal value of £39,004, and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the date which is 15 months after the passing of this resolution (whichever is the earlier), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted for cash after such expiry and the directors may allot equity securities for cash in pursuance of such an offer or agreement as if the power conferred hereby had not expired. This power is in substitution for all existing powers under section 570 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

12. THAT, the SDL Long Term Share Incentive Plan (2011), the main features of which are summarised in the appendix of this Notice dated 21 March 2011, to be constituted by the rules produced to the meeting and signed by the chairman of the meeting for the purposes of identification, be approved, and the directors be and they are hereby authorised to do all acts and things necessary to carry the same into effect.

13. THAT a general meeting of the Company (not being an annual general meeting) may be called by notice of at least 14 clear days.

The directors believe that the proposals in resolutions 1 to 13 (inclusive) are in the best interests of shareholders as a whole and they unanimously recommend that you vote in favour of all the resolutions.

By order of the Board

John Hunter
Director

21 March 2011

Registered Office: Globe House, Clivemont Road, Maidenhead, Berkshire SL6 7DY

NOTES:

To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the company's register of members at 6pm on 18 April 2011 (the 'specified time'). If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at 6pm on the date which is two working days before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote at the meeting instead of him/her. A proxy need not also be a member of the Company. A Proxy Form is enclosed. If you appoint more than one proxy each proxy must be appointed to exercise the rights attached to a different share or shares held by you. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. The box on the Proxy Form must also be ticked to indicate that the proxy instruction is one of multiple instructions being given. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid. A proxy may only be appointed in accordance with the notes set out below and the notes to the proxy form.

Forms of proxy must be completed, signed and deposited at the Company's registrars, Capita Registrars, The Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 9am on 18 April 2011 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).

CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. 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 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 is 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 Capita Registrars (ID RA10) no later than 9am on 18 April 2011 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). 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 Capita Registrars 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 UK & Ireland Limited 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 or her 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.

Notice of Annual General Meeting

continued

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. Details of proxy votes lodged on all resolutions will be disclosed at the meeting prior to any vote to be taken on a show of hands, or following completion of a validly requested poll.

The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.

Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in these notes does not apply to Nominated Persons. The rights described in such notes can only be exercised by shareholders of the Company.

As at 14 March 2011, being the latest practicable date prior to the publication of this document, the Company's issued share capital consists of 78,008,856 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at that date are 78,008,856.

A member or members having a right to vote at the meeting and holding at least five per cent of the total voting rights of the Company, or at least 100 members having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital, may require the Company to publish on its website a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting in accordance with section 527 of the Act. Any such request must:

- (a) identify the statement to which it relates, by either setting out the statement in full or, if supporting a statement requested by another shareholder, clearly identifying the statement which is being supported;
- (b) comply with the requirements set out below; and
- (c) be received by the Company at least one week before the meeting.

Where the Company is required to publish such a statement on its website:

- (i) it may not require the shareholders making the request to pay any expenses incurred by the Company in complying with the request;
- (ii) it must forward the statement to the Company's auditors no later than the time when it makes the statement available on the website; and
- (iii) the statement may be dealt with as part of the business of the meeting.

Any request by a member or members to require the Company to publish audit concerns as set out above:

(a) may be made either:

- (i) in hard copy, by sending it to Globe House, Clivemont Road, Maidenhead, Berkshire SL6 7DY; or
- (ii) in electronic form, by sending it to 01628 416386, marked for the attention of the Company Secretary's office or ppickering@SDL.com (please state "SDL PLC: AGM" in the subject line of the email);

must state the full name(s) and address(es) of the member(s) and (where the request is made in hard copy form or by fax) must be signed by the member(s).

Members have the right to ask questions at the meeting relating to the business being dealt with at the meeting in accordance with section 319A of the Act. The Company must answer any such question unless:

- (i) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information;
- (ii) the answer has already been given on a website in the form of an answer to a question; or
- (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

If you have sold or otherwise transferred all your ordinary shares in the Company, please forward this document to the purchaser or transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The following documents will be available for inspection during normal business hours at the registered office of the Company and at DLA Piper UK LLP, 3 Noble Street, London EC2V 7EE from the date of this notice until the time of the meeting. They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends.

- (a) A statement or summary of transaction of directors (and their family interests) in the share capital of the Company.
- (b) Copies of the service contracts of the executive directors.
- (c) Copies of the letters of appointment of the non-executive directors.
- (d) Proposed amendments to the articles of association.
- (e) Proposed SDL Long Term Share Incentive Plan (2011).

Biographical details of all those directors who are offering themselves for appointment or reappointment at the meeting are set out on pages 28 to 29 of the enclosed annual report and accounts.

The information required by section 311A of the Act to be published in advance of the meeting, which includes the matters set out in this notice and information relating to the voting rights of shareholders, is available at www.sdl.com.

Except as provided above, shareholders who wish to communicate with the Company in relation to the meeting should do so by calling our shareholder helpline on 0871 664 0300* (calls cost 10p per minute plus network extras; lines are open Mon–Fri 8:30am–5:30pm).

No other methods of communication will be accepted.

Appendix

SUMMARY OF THE PRINCIPAL TERMS OF THE SDL LONG TERM SHARE INCENTIVE PLAN (2011) (“THE 2011 PLAN”)

1. INTRODUCTION

Grants may be made under the 2011 Plan in the form of conditional rights to receive ordinary shares, forfeitable shares or nil-cost options (“Awards”), subject to the satisfaction of conditions as to the future performance of SDL PLC (“the Company”) as set out below. Awards may be made within the 30 days following the Annual General Meeting of the Company (“AGM”) to be held on 20th April 2011 or subsequently within the 42 days following the date on which the Company announces its annual or interim results in any year while the 2011 Plan subsists.

2. PARTICIPANTS

Senior employees of the Company (including executive directors) and/or of any group company are eligible for Awards under the 2011 Plan. Awards will be at the discretion of the Remuneration Committee of the Board (“the Committee”) which is comprised entirely of non-executive directors, none of whom are eligible to participate in the 2011 Plan.

3. CALCULATION OF AWARDS AND RESTRICTIONS

The number of shares comprised in an Award to any individual in any calendar year will be such number as the Committee determines, provided that such number when multiplied by the share price (established in accordance with the paragraph below), does not exceed a specified percentage of the basic annual salary (i.e. excluding bonuses and non-cash benefits if any) of the participant at the date of an Award. The maximum percentage permitted is 150% of basic annual salary but Awards may be based on lower percentages of basic annual salary, depending on a number of factors determined by the Committee prior to Awards being made in any year including seniority.

The number of shares comprised in an Award will be based on the market value of an ordinary share in the Company on the business day immediately preceding the date of the Award.

No shares will normally be released or issued to participants until the end of a specified performance period of not less than three years (see paragraph 4 below) and only then if the performance conditions have been satisfied and the participant is still in the group’s employment at that time. The exceptions to this are set out in paragraph 5 below.

The benefit of Awards will be non-pensionable.

4. PERFORMANCE CONDITIONS

The Committee wish to reinforce the link between executive reward and the creation of value for shareholders and believe that the use of relative Total Shareholder Return (“TSR”) as the primary performance criterion, supported by a secondary Earnings per Share (“EPS”) growth requirement, is in the best interests of the Company as an effective long term incentive.

Shares will be released or issued to participants only if, in the opinion of the Committee, the Company’s performance so warrants. Awards (the first of which, subject to shareholder approval, will be made shortly following the AGM) will be subject to the following conditions each of which will be measured over a three year performance period.

For minimum vesting where the Awards will vest at the 25% level:

For minimum vesting both of the following conditions must be met;

- (a) the TSR must at least match that of the FTSE 250 index (excluding investment trust companies) (“the Index”), by reference to the total return as shown in that Index, over the performance period; and
- (b) the EPS of the Company must increase by at least inflation +3% per annum during the performance period (with inflation measured by reference to the Consumer Prices Index (“CPI”).

If one or both of these minimum levels of performance are not achieved the Awards will lapse.

For maximum vesting where the Awards will vest at the 100% level:

For maximum vesting the Company's TSR over the performance period must, in addition to meeting the EPS condition in (b) above, outperform the total return by reference to the Index by at least 100%. Where the TSR falls between the minimum level in (a) above and the maximum level Awards will vest proportionately (subject to meeting the EPS condition).

Example

If the Company's TSR over the performance period outperforms the Index by 50% (and the EPS condition is met), 62.5% of each Award will vest (i.e. 25% + 37.5%).

5. EARLY VESTING

In the event of a participant ceasing to be employed by the group before the end of the relevant performance period Awards will normally lapse. However, if such cessation of employment is by reason of death, ill-health, injury, disability, redundancy or retirement or the sale or transfer of the employing company, undertaking or part-undertaking out of the group, there are some discretions built into the 2011 Plan that will permit the Committee to recommend the early release or issue of shares subject to an Award. The number of shares released or issued will not exceed an amount proportionate to the length of service during the relevant performance period and will be subject to a judgement as to the performance of the Company between the commencement of the relevant performance period and the date of cessation of employment.

In the event of a change of control, reconstruction or winding-up of the Company, Awards will lapse unless the Committee exercises its discretion to release or issue shares subject to Awards. In exercising its discretion, the Committee will apply similar restrictions to those set out in the previous paragraph.

6. SHARE LIMITS

- (a) The maximum number of new shares which may be issued or issuable (including any commitments to re-issue treasury shares), under all employee share schemes operated by the Company, during the period of ten years ending on the relevant date of grant or award, may not exceed ten per cent of the issued ordinary share capital of the Company from time to time (currently representing approximately 78,000,000 shares).
- (b) Within paragraph (a) above, the maximum number of new shares which may be utilised for discretionary awards to the executive directors and other senior executives under the 2011 Plan and any other discretionary employee share scheme operated by the Company (excluding therefore any all-employee savings related share scheme or any other all-employee share scheme), during the period of ten years ending on the relevant date of grant or award, may not exceed five per cent of the issued ordinary share capital of the Company from time to time (currently representing approximately 3,900,000 shares).

7. SHARES AND DIVIDENDS

- The shares to be used for the purposes of the 2011 Plan will be fully paid ordinary shares in the capital of the Company.
- Participants will not be eligible to receive dividends in respect of shares subject to an Award except in relation to a record date falling on or after the date on which the shares are transferred or issued to participants pursuant to the vesting of such Awards.

8. VARIATION PROVISIONS

On a variation of capital of the Company (including but not limited to a rights or capitalisation issue) or on any payment to shareholders of a special dividend which, in the opinion of the Committee, has a significant effect on the value of the Company's ordinary shares, the Committee may adjust the number of shares subject to an Award and/or any rights and conditions attaching thereto provided that the Company's auditors or other independent advisers confirm any such adjustments to be, in their opinion, fair and reasonable.

In relation to any Award, the performance criteria and conditions described in paragraph 4 above may be adjusted by the Committee where they consider that events have occurred which would make the amended criteria a fairer

Appendix

continued

measure of performance provided that the Company's auditors or other independent advisers confirm any such adjustments to be, in their opinion, fair and reasonable and provided also that, in the Committee's reasonable opinion, any such adjustments do not result in the performance criteria and conditions being less challenging than originally envisaged.

9. AMENDMENT AND TERMINATION

The 2011 Plan may be amended by the directors (or a duly authorised committee thereof) provided that no amendment shall be made to the advantage of participants without the prior consent of shareholders in general meeting except for minor amendments relating to the administration of the 2011 Plan or to take account of changes to legislation or to obtain or maintain favourable tax or social security contribution treatment of participants, the Company or any group company or, in respect of overseas participants, if it is necessary or desirable in order to take account of taxation, securities or exchange control laws or regulations provided that the terms of Awards granted to overseas participants are broadly comparable with the terms of Awards granted to UK participants. Subject thereto, no amendment shall prejudice subsisting rights of participants save with the majority consent of such participants in accordance with the rules of the 2011 Plan.

No Awards shall be made under the 2011 Plan on or after the tenth anniversary of its adoption by shareholders in general meeting.

NOTE

This appendix provides a summary of the main features of the rules of the proposed SDL Long Term Share Incentive Plan (2011) but does not form part of the rules and should therefore not be taken as affecting the interpretation thereof.



SDL PLC
Globe House
Clivemont Road
Maidenhead
Berkshire SL6 7DY

t +44 (0)1628 410100
f +44 (0)1628 410150

www.sdl.com

Registered in England and Wales Number 2675207