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If you have sold or transferred, or subsequently sell or transfer, all of your shares in Optare plc, please send this document and the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is effected for onward transmission to the purchaser or transferee.

The Directors, whose names appear on page 2 of this document, and the Company accept responsibility, collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made to the London Stock Exchange for the New Ordinary Shares (including the Placing Shares) to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares (including the Placing Shares) will commence on 9 January 2012. The Placing Shares will, on Admission, rank *pari passu* in all respects with the other New Ordinary Shares.

OPTARE plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with company number 06481690)

Placing of 1,483,146,334 New Ordinary Shares of 0.1p each at an aggregate subscription price of £4,000,000

Issue of Ashok Share Warrants

Waiver of Rule 9 of the City Code

Proposed Share Capital Sub-division

and

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 8 to 16 of this document and which recommends Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Cenkos Securities plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser, broker and financial adviser to the Company in connection with the matters described in this document. Persons receiving this document should note that Cenkos Securities plc will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos Securities plc or for advising any other person on the arrangements described in this document. Cenkos Securities plc has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Cenkos Securities plc for the accuracy of any information or opinions contained in this document or for the omission of any information. Cenkos Securities plc as nominated adviser and broker to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors.

Cenkos has given and not withdrawn its consent to the issue of this document and the references to its name in the form and context in which they appear. The Ashok Companies have given and not withdrawn their consent to the issue of this document and the references to their names in the form and context in which they appear.

The New Ordinary Shares (including the Placing Shares) will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States of America or qualify for distribution under any of the relevant securities laws of Canada, Australia or Japan, nor has any prospectus in relation to the Placing Shares or the other New Ordinary Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, neither the Placing Shares nor the other New Ordinary Shares may be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States of America, Canada, Australia or Japan or to or by any US Person (as such term is defined in Regulation S promulgated under the Securities Act) or any national resident or citizen of Canada, Japan or Australia or any corporation, partnership or other entity created or organised under the laws thereof. Overseas shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action. This document does not constitute an offer, or its solicitation, to subscribe for or buy any of the Placing Shares or other New Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the Placing Shares nor any other of the New Ordinary Shares are being made available to the public in conjunction with the Placing and the information concerning the proposed Placing set out in this document is being provided for information purposes only to existing shareholders.

Notice of a General Meeting of the Company, to be held at the offices of Optare Group Limited, Unit 3, Hurricane Way South, Sherburn in Elmet, LS25 6PT at 11.00 a.m. on 6 January 2012, is set out at the end of this document. To be valid the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned in accordance with the instructions printed on it as soon as possible and, in any event, so as to reach the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 11.00 a.m. on 4 January 2012 or two working days before any adjourned meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting in person should they so wish.

This document does not constitute an offer of securities and is accordingly not an approved prospectus for the purposes of, and as defined in, section 85 of the Financial Services and Markets Act 2000 (as amended) and has not been prepared in accordance with the Prospectus Rules, nor has it been approved by, or filed with, the FSA or by any other authority which could be a competent authority for the purpose of the Prospectus Rules. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.

DIRECTORS AND ADVISERS

Directors	John Fickling Jim Sumner Peter Phillips Jorma Halonen R. Seshasayee Venkatesan Venkataraman	<i>(Non-Executive Chairman)</i> <i>(Chief Executive Officer)</i> <i>(Chief Financial Officer)</i> <i>(Non-executive Director)</i> <i>(Non-executive Director)</i> <i>(Non-Executive Director)</i>
Company Secretary	Peter Phillips c/o Lower Philips Road Whitebirk Industrial Estate Blackburn Lancashire BB1 5UD	
Registered Office	Lower Philips Road Whitebirk Industrial Estate Blackburn Lancashire BB1 5UD	
Nominated Adviser and Broker	Centos Securities plc 6.7.8. Tokenhouse Yard London EC2R 7AS	
Solicitors to the Company	DLA Piper UK LLP Princes Exchange Princes Square Leeds LS1 4BY	
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA	

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PLACING STATISTICS

Placing Price ⁽¹⁾	0.270 pence
Number of Existing Ordinary Shares	752,145,493
Number of New Ordinary Shares (following the Sub-division but prior to the issue of the Placing Shares)	752,145,493
Number of Placing Shares	1,483,146,334
Gross proceeds of the Placing	£4,000,000
Estimated proceeds of the Placing receivable by the Company, net of expenses	approximately £3,780,000
Number of New Ordinary Shares in issue immediately following the Placing	2,235,291,827
Placing Shares as a percentage of the Enlarged Ordinary Share Capital	66.35%

- (1) The aggregate subscription price payable by the Ashok Companies to the Company in respect of the Placing Shares is £4,000,000. Expressed on a per share basis, the Placing Price (of 0.270 pence per Placing Share) has, for the purposes of this document, been rounded to three decimal places.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

This document posted to Shareholders (by first class post)	20 December 2011
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 4 January 2012
General Meeting	11.00 a.m. on 6 January 2012
Admission and dealings in the Placing Shares and other New Ordinary Shares expected to commence on AIM	8.00 a.m. on 9 January 2012

The Company reserve the right to change any of the above times or dates. If any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service. All events listed in the above timetable following the General Meeting are conditional on the passing, at the General Meeting, of the Resolutions contained in the Notice of General Meeting.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Accelerated Panel Waiver”	the approval by the Takeover Panel of a waiver from the obligations that would otherwise apply to the Ashok Companies to make a general offer for the Company pursuant to Rule 9 of the Code as a result of their subscription for Placing Shares pursuant to the Placing, the Takeover Panel having received written confirmation from Independent Shareholders holding, in aggregate, in excess of 50 per cent. of the existing voting rights in the Company, capable of being voted at a general meeting, consenting to this waiver without the requirement for the waiver to be approved by Independent Shareholders at a general meeting;
“Act”	the Companies Act 2006 (as amended);
“Admission”	admission of the Placing Shares and/or the other New Ordinary Shares (as the context requires) to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
“AIM”	a market operated by the London Stock Exchange;
“AIM Rules”	the rules for AIM companies and their nominated advisers published by the London Stock Exchange from time to time;
“Articles”	the articles of association of the Company;
“Ashley Holdings”	Ashley Holdings Limited, a company incorporated in India, whose registered office is at No. 1, Sardar Patel Road, Guindy, Chennai 600032, India;
“Ashley Investments”	Ashley Investments Limited, a company incorporated in India, whose registered office is at No. 1, Sardar Patel Road, Guindy, Chennai 600032, India;
“Ashok” or “Ashok Leyland”	Ashok Leyland Limited, a company incorporated in India, whose registered office is at No. 1, Sardar Patel Road, Chennai 600032, India;
“Ashok Companies”	together Ashok Leyland, Ashley Holdings and Ashley Investments;
“Ashok Share Warrants”	the share warrants to be issued to the Ashok Companies pursuant to which they can, in aggregate, following the exercise of existing share warrants or share options of the Company (other than any existing share warrants issued by the Company to Ashok Leyland) subscribe for such number of New Ordinary Shares which, when combined with their shareholdings in the Company following the Placing, represents 75.10 per cent. of the issued ordinary share capital as enlarged by the issue of New Ordinary Shares pursuant to those share warrants or share options. The maximum number of New Ordinary Shares which the Ashok Companies can, in aggregate, subscribe for, assuming full exercise of all the existing share warrants and share options of the Company, is 128,739,439 New Ordinary Shares;
“Board” or “Directors”	the directors of the Company whose names are set out on page 2 of this document;

“Capita Registrars”	a trading name of Capita Registrars Limited
“Cenkos Securities”	Cenkos Securities plc;
“City Code” or “Code”	the City Code on Takeovers and Mergers;
“Company” or “Optare”	Optare plc;
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001 SI 2001: No.3755 (as amended)) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in those regulations);
“Deferred Shares”	the deferred shares of 0.9 pence each in the capital of the Company, arising pursuant to the Sub-division;
“Enlarged Ordinary Share Capital”	the entire issued ordinary share capital of the Company immediately following the issue and allotment of the Placing Shares;
“Existing Ordinary Shares”	the ordinary shares of 1 pence each in the capital of the Company in issue as at the date of this document;
“Form of Proxy”	the form of proxy for use at the General Meeting, which accompanies this document;
“FSA”	The UK Financial Services Authority;
“General Meeting”	the general meeting of the Company to be held at the offices of Optare Group Limited, Unit 3, Hurricane Way South, Sherburn in Elmet, LS25 6PT at 11.00 a.m. on 6 January 2012 or any adjournment thereof, notice of which is set out at the end of this document;
“Group” or “Optare Group” or “Optare”	the Company and its subsidiaries;
“Hinduja Group”	an international business conglomerate with a presence in multiple business sectors including automotive, banking and finance, energy, chemicals and IT;
“Independent Directors”	in relation to the Placing, the Directors other than Mr Halonen, Mr Seshasayee, and Mr Venkataraman;
“Independent Shareholders”	the Shareholders other than Ashok and any party deemed to be acting in concert with Ashok;
“London Stock Exchange”	London Stock Exchange plc;
“New Ordinary Shares”	ordinary shares of 0.1 pence each in the capital of the Company arising pursuant to the Sub-division and to be issued pursuant to the Placing;
“Notice of General Meeting”	the notice convening the General Meeting, which is set out at the end of this document;
“Panel” or “Takeover Panel”	the Panel on Takeovers and Mergers;
“Placing”	the proposed placing of the Placing Shares at the Placing Price;
“Placing Price”	0.270 pence per Placing Share (rounded to three decimal places);

“Placing Shares”	1,483,146,334 New Ordinary Shares to be issued by the Company pursuant to the Placing;
“Prospectus Rules”	the Prospectus Rules issued by the FSA;
“Resolutions”	the resolutions to be proposed at the General Meeting set out in the Notice of General Meeting;
“Rule 9 Offer”	the requirement for a general offer to be made in accordance with Rule 9 of the Code;
“Shareholders”	persons who are registered as holders of ordinary shares in the capital of the Company from time to time; and
“Sub-division”	the proposed sub-division of each of the Existing Ordinary Shares into one New Ordinary Share and one Deferred Share.

LETTER FROM THE CHAIRMAN OF OPTARE PLC

(Registered and incorporated in England and Wales under the Companies Act 1985 with company number 06481690)

Directors:

John Fickling	<i>(Non-Executive Chairman)</i>
Jim Sumner	<i>(Chief Executive Officer)</i>
Peter Phillips	<i>(Chief Financial Officer)</i>
Jorma Hanolen	<i>(Non-executive Director)</i>
R Seshasayee	<i>(Non-executive Director)</i>
Venkatesan Venkataraman	<i>(Non-executive Director)</i>

Registered Office:

Lower Philips Road
Whitebirk Industrial Estate
Blackburn
Lancashire
BB1 5UD

To Shareholders and, for information only, to the holders of warrants to subscribe for, and options over, Existing Ordinary Shares

20 December 2011

Dear Shareholder

**Placing of 1,483,146,334 Placing Shares
for an aggregate subscription price of £4,000,000
Issue of Ashok Share Warrants
Waiver of Rule 9 of the City Code
Proposed share capital Sub-division
and
Notice of General Meeting**

Introduction

It was announced today that the Company proposes to raise £4,000,000 (before deduction of expenses) by the issue of 1,483,146,334 Placing Shares at the Placing Price.

For the Placing to proceed the Company requires Shareholders to pass the Resolutions, such Resolutions being contained in the Notice of General Meeting which is set out at the end of this document. The General Meeting is being convened at the offices of Optare Group Limited, Unit 3, Hurricane Way South, Sherburn in Elmet, LS25 6PT, at 11 a.m. on 6 January 2012.

Subject to the completion of the Placing, the Ashok Companies will together hold 75.10 per cent. of the voting rights of the Company which, without the Accelerated Panel Waiver, would require the Ashok Companies to make a Rule 9 Offer for the Company. The Panel has, however, agreed to the Accelerated Panel Waiver following receipt of written confirmations from Independent Shareholders who hold, in aggregate, in excess of 50 per cent. of the Company's existing voting rights, capable of being voted at a general meeting, consenting to such waiver.

The purpose of this letter is to explain the background to and reasons for the Placing and related matters and to set out why the Board considers the Placing to be in the best interests of Shareholders as a whole and why the Independent Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting.

Background to and reasons for the Placing

As noted in the Company's half yearly results released on 27 September 2011, the Company's order book had increased to £55 million as at 30 June 2011 from £24 million as at the corresponding date last year. The order book at 20 December 2011 stands at £59 million, which includes the announced contract for South Africa. The Board believes the level of the current order book is a reflection of the investments made in new product and export market development in the past two years. The current order book compares to £34 million in January 2011 and a low of £7 million in October 2009.

In addition, the UK Government has also recently announced a further round of “Green Bus Funding” from April 2012, from which the Board believes Optare is well placed to secure further orders.

The Board has always been mindful of the requirement for increased banking facilities to a level commensurate with the Company’s growing order book and export opportunities. Accordingly, it has been in continuing discussions with the Company’s current bank and other banks with a view to ensuring that the working capital facilities are appropriate for the Company. The Company has also been in discussions with Ashok regarding the Company’s re-banking options. The Board previously entered into a facility agreement (the “Facility Agreement”) with the parent company of Ashok to provide Optare with up to £3.0 million working capital.

The Company’s current banking facility fell due for renewal on 30 September 2011, but the Company reached an agreement to extend this facility to 30 December 2011 provided the Facility Agreement is in place.

The Facility Agreement is for a fixed term to 31 December 2011 unless varied by mutual agreement and carries interest at eight percentage points above base rate per annum.

Following discussions with the Company’s current bank and other banks the Board has, as yet, been unable to find a solution to the re-banking of the Company on a stand alone basis. Accordingly, Ashok has confirmed that it would be prepared to facilitate through its own banking relationships the Company’s re-banking with a credit line of £12 million. However, in order to be in a position to do this, the Ashok Companies have indicated to the Board that they require voting control of at least 75.10 per cent. of the Company’s share capital to be effected by way of the Placing at the Placing Price (the “Ashok Proposal”). The Board anticipates that the re-banking of the Company under the Ashok Proposal will take approximately four weeks to implement. Accordingly, the Board has agreed a further extension to the Company’s current bank facility and to the Facility Agreement until the end of January 2012 to allow the re-banking under the Ashok Proposal to be completed.

Accordingly, the Board believes that the Placing and Accelerated Panel Waiver are in the best interests of the Company and Shareholders as the Placing is the only course presently available to ensure that Optare has an appropriate long term level of headroom and the working capital facilities that it needs.

Shareholders should be aware that, if the Resolutions are not approved at the General Meeting, the Company will be unable to complete the Placing. If the Placing does not proceed, the Company does not have, at this stage, alternative means with which to finance its ongoing operations and thus will not be able to continue to trade. The Board is, however, very confident that the Resolutions will be approved at the General Meeting due to the voting intentions and irrevocable undertakings received by the Company, as detailed in the paragraph below.

Voting intentions

The Company has received written indications from Shareholders holding, in aggregate, 227,728,202 Existing Ordinary Shares, representing 30.28 per cent. of the Existing Ordinary Shares, that they intend to vote in favour of the Resolutions at the General Meeting.

In addition to the above indications, the Company has received irrevocable undertakings from Shareholders (including Ashok) to vote in favour of the Resolutions at the General Meeting in respect of, in aggregate, 253,891,161 Existing Ordinary Shares representing 33.76 per cent. of the Existing Ordinary Shares.

In addition the Independent Directors have also given irrevocable undertakings to vote in favour of the Resolutions at the General Meeting in respect of 7,367,852 Existing Ordinary Shares representing 0.98 per cent. of the Existing Ordinary Shares. Accordingly, the Company has received, in aggregate, irrevocable undertakings to vote in favour of the Resolutions at the General Meeting in respect of 261,259,013 Existing Ordinary Shares representing approximately 34.74 per cent. of the Existing Ordinary Shares.

Current trading and prospects

As previously announced, the move to Optare's new assembly plant in Sherburn was completed during September and October this year as planned. The Leeds site previously occupied by the Company was also formally handed back to its landlord on 10 December 2011 and now incurs no further establishment costs. The Board anticipates that one of the key benefits of consolidation of production onto a single, modern site will be an overall reduction in the operation's fixed costs. The Directors believe that the move from a 'coach building' to a 'modern assembly' approach to designing and building buses will improve productivity and allow the business to scale output volume more efficiently as well as giving the major groups the confidence that Optare can support fleet orders.

As noted above, the order book is at record levels and the Board also anticipates stronger UK demand for single deck buses in 2012 and 2013, driven by an expected pre-buy of existing Euro 5 emission buses to avoid the additional cost of Euro 6 legislation compliance due in 2013, and to comply with the Disability Discrimination Act legislation which is required for all single deck buses by 2014.

To support the planned growth the Board has, for some time, been focused on reviewing banking and facility options. As highlighted in previous announcements, the industry has been challenged by a lack of trade credit insurance. This, along with the increase in credit requirements and the higher levels of export and fleet business, which the Directors expect to achieve, places considerable pressure on the Company's working capital position. To support the Company going forward the business requires banking facilities and headroom that is substantially higher than the present arrangements. As outlined above the Company has been unable to achieve this to date on a stand alone basis and the Directors believe that the Ashok Proposal is the only way the Company can achieve the level of banking facility that it requires to support it during its growth stage.

The Placing

The Company proposes to raise gross proceeds of £4 million (before expenses) through the issue of the Placing Shares at the Placing Price. The Placing Price represents a discount of approximately 80 per cent. to the closing mid-market price of 1.38 pence on 19 December 2011, being the latest practicable date prior to the publication of this document. The Placing Shares will represent approximately 66.35 per cent. of the Enlarged Ordinary Share Capital.

The Ashok Companies have conditionally agreed to subscribe for 1,483,146,334 Placing Shares in aggregate pursuant to the Placing, of which 25 per cent. will be subscribed by Ashok Leyland, 35 per cent. by Ashley Holdings and 40 per cent. by Ashley Investments. Conditional upon and following completion of the Placing, the Ashok Companies will hold the following interests in the Enlarged Ordinary Share Capital:

	<i>% of Enlarged Ordinary Share Capital</i>
Ashok Leyland	25.34
Ashley Holdings	23.22
Ashley Investments	26.54
Total for the Ashok Companies	75.10

The Placing is conditional, *inter alia*, upon:

- the Resolutions being passed at the General Meeting; and
- Admission of the Placing Shares having occurred by 8.00 a.m. on 13 January 2012 (or such later time and date as Ashok and the Company may agree).

The Placing Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid in respect of the New Ordinary Shares after the date of Admission and will otherwise rank *pari passu* in all respects with the existing New Ordinary Shares.

Dealings

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective, and dealings in the Placing Shares will commence, at 8.00 a.m. on 9 January 2012.

The Ashok Share Warrants

Following completion of the Placing, the Ashok Companies will have acquired, in aggregate, interests in 75.10 per cent. of the Enlarged Ordinary Share Capital. As existing share warrants and share options issued by the Company are exercised, the Ashok Companies will, pursuant to the Ashok Share Warrants, have the right to subscribe for further New Ordinary Shares by exercising the Ashok Share Warrants so that they are together able to maintain their aggregate holding of 75.10 per cent. of the voting rights of the Company. The existing share warrants issued to Ashok Leyland will be cancelled on the issue of the Ashok Share Warrants.

Share capital Sub-division

The Placing Price represents a discount to the current 1 pence nominal value of an Existing Ordinary Share. Company law prohibits the issue of shares at a price below their nominal value. Accordingly, a share capital sub-division will be necessary in order to undertake the Placing. It is therefore proposed that the share capital of the Company be sub-divided so that each Existing Ordinary Share is sub-divided into one New Ordinary Share of 0.1 pence and one Deferred Share of 0.9 pence.

The New Ordinary Shares will have the same rights (including voting and dividend rights) as each Existing Ordinary Share has at present. No new certificates will be issued in respect of the New Ordinary Shares and existing share certificates in respect of Existing Ordinary Shares will be valid and will continue to be accepted as evidence of title for the New Ordinary Shares.

In order to effect the Sub-division, the Articles will need to be amended to include the rights attaching to the Deferred Shares, which will be minimal thereby rendering them effectively valueless.

A summary of the rights which will attach to the Deferred Shares is as follows:

- they will not entitle holders to receive any dividend or other distribution or to receive notice or, speak or vote at general meetings of the Company;
- on a return of assets on a winding up, they will only entitle the holder to the amounts paid up on such shares after the repayment of £10 million per New Ordinary Share;
- they will not be freely transferable;
- the creation and issue of further shares which rank equally or in priority to the Deferred Shares or the passing of a resolution of the Company to cancel the Deferred Shares or to effect a reduction of capital shall not constitute a modification or abrogation of their rights; and
- the Company shall have the right at any time to purchase all of the Deferred Shares in issue for an aggregate consideration of £1.00.

Application will be made for the New Ordinary Shares in issue immediately following the Sub-division to be admitted to trading on AIM, and Admission is expected to become effective at 8.00 a.m. on 9 January 2012. The Company will also apply for the New Ordinary Shares to be admitted to CREST so that general market transactions in the New Ordinary Shares may be settled within the CREST system.

No application will be made for the Deferred Shares to be admitted to trading on AIM or any other stock exchange. No share certificates will be issued for any of the Deferred Shares. There are no immediate plans to purchase or cancel the Deferred Shares, although the Directors propose to keep the situation under review.

Information on the Ashok Companies

Ashok Leyland

Ashok is an Indian commercial vehicle manufacturing company based in Chennai selling approximately 94,000 vehicles and about 17,000 engines annually and is the second largest commercial vehicle company in India in the medium and heavy commercial vehicle segment, with a market share of about 25.7 per cent. in 2010-11. Ashok is a market leader in the Indian bus market selling over 21,000 buses annually.

The sales turnover of Ashok in 2010-11 was US\$ 2.5 billion.

Ashok has seven plants in India, one in the Czech Republic and one in the Middle East with a current global capacity of over 150,000 buses and trucks.

In 2006 Ashok became the first automobile company in India to achieve the internationally renowned TS16949 certification.

The Directors believe that Ashok's two strategic business units in India and Detroit, USA, underpin its substantial global reach in technology-enabled end-to-end bus design, engineering, prototyping, manufacturing and testing and validation.

Ashok, listed on the Bombay Stock Exchange, is 51 per cent. owned by the Hinduja Group and has a current market capitalisation of approximately US\$ 1.2 billion.

Ashley Holdings and Ashley Investments

Ashley Holdings and Ashley Investments are investment companies, incorporated and based in India. Ashok Leyland holds 49.80 per cent. of the issued share capital of Ashley Holdings, with a further 49.97 per cent. held by Ashley Investments. Ashok Leyland holds 49.96 per cent. of the issued share capital of Ashley Investments with a further 49.82 per cent. held by Ashley Holdings.

Ashley Holdings and Ashley Investments act as investment companies for the Ashok Leyland group, holding various strategic investments in the automotive industry around the globe. Their joint investments currently include Avia Ashok Leyland Motors s.r.o., Prague, Czech Republic, Albonair GmbH, Germany, Ashok Leyland (UAE) LLC, in Ras-Al-Khaimah, United Arab Emirates and Defiance Testing and Engineering Services Inc. in the United States of America.

The Ashok Companies' intentions and strategic plans for Optare

Strategic plans for Optare

As part of its "global bus strategy", Ashok Leyland has in recent years been building its presence in the manufacture of buses across the globe. Following completion of the Placing, Ashok intends to work with the management and employees of Optare to grow Optare's business, in part by using Ashok's own expertise in launching cost-effective bus models suitable for application in various countries and integrating the technologies it uses with the design and production capabilities of Optare. The first step will be for Ashok to carry out a strategic review of Optare's business and operations, focussing in particular on how Ashok might further assist Optare to improve productivity within its business, in particular through the cost-effective sourcing of materials on a global basis and potentially through the launch in the future of new models assisted by Ashok's own technology. A full strategic review has not as yet been undertaken, but Ashok has no firm intentions regarding any rationalisation or restructuring of Optare's own facilities and operations other than those already announced by and being implemented by Optare itself. Indeed, Ashok's own internal global bus strategy attaches significant importance to the role that Optare might in the future play in enhancing Ashok's global footprint, and Ashok presently envisages further increases in the volumes of buses manufactured by Optare in the future as part of this.

Ashok Leyland's intentions for Optare's management, employees and location of business

Ashok Leyland attaches great importance to the active participation and continued commitment of Optare's management and employees. Accordingly Ashok intends that, upon and following completion of the Placing, the existing contractual and statutory employment rights and pension rights of all employees will be fully safeguarded and that the Optare Group will continue to comply with the contractual and other entitlements in relation to pension and employment rights of existing employees.

Optare has been implementing a restructuring plan itself, which has involved a move to its new modern assembly plant in Sherburn, which was completed recently, together with related improvements to design, production and assembly techniques facilitated by these new premises. The Ashok Companies intend to continue to support Optare and its management in implementing these restructuring plans with a view to supporting Optare in making its operations viable and products competitive in the markets in which it operates. Whilst Ashok cannot pre-empt what the results of any future detailed strategic review of Optare's business and operations might be, Ashok has not presently formulated any additional restructuring or strategic plans, beyond the restructuring plans already announced by and being implemented by Optare's current management, which will have any repercussions on the employment of the management and employees of the Optare Group, the location of the Optare Group's places of business or any redeployment of Optare's fixed assets. Ashok recognises that the employees and management of the Optare Group will be key to the success of the Group going forward.

Maintenance of existing trading facilities

Optare is currently listed on AIM, and the Ashok Companies have no present intention to cancel that listing.

Related Party Transaction

As at 19 December 2011 (the latest practicable date prior to the publication of this document), Ashok held Existing Ordinary Shares representing approximately 26 per cent. of the Existing Ordinary Shares. As stated above, the Ashok Companies have agreed to subscribe for 1,483,146,334 Placing Shares. Under the AIM Rules, as a Shareholder holding more than 10 per cent. of the Existing Ordinary Shares, Ashok is a related party of the Company and the subscription by the Ashok Companies for Placing Shares constitutes a related party transaction. Where a company enters into a related party transaction, under the AIM Rules the independent directors of the company are required, after consulting with the company's nominated adviser, to state whether, in their opinion, the transaction is fair and reasonable in so far as its shareholders are concerned. Having consulted with Cenkos Securities, the Company's nominated adviser, the Independent Directors believe that the participation by Ashok in the Placing is fair and reasonable in so far as Shareholders are concerned.

The AIM Rules do not prohibit Ashok from exercising the voting rights attached to its holding of Existing Ordinary Shares at the General Meeting.

The Takeover Code

The proposed Placing gives rise to certain considerations under the Code. Brief details of the Panel, the Code and the protections they afford are described below.

The Code is issued and administered by the Panel. The Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed or unlisted public company resident in the United Kingdom, the Channel Islands or the Isle of Man (and to certain categories of private limited companies). The Company is a listed public company resident in the United Kingdom and its Shareholders are entitled to the protections afforded by the Code.

Under Rule 9 of the Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares already held by him and an interest in shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company which is subject to the Code, that person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the Code also provides that, among other things, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but does not exceed more than 50 per cent. of the voting rights of a company which is subject to the Code, and such person, or any person acting in concert with him, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he is interested, then such person is

normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

A Rule 9 Offer must be in cash (or with a cash alternative) and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him.

Rule 9 of the Code further provides, among other things, that where any person who, together with persons acting in concert with him holds over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares.

For the purposes of the Code, persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by them of shares in a company, to obtain or consolidate control of that company. The Ashok Companies are acting in concert for the purposes of the Code.

Following completion of the Placing, the Ashok Companies will have acquired in aggregate interests in shares carrying approximately 75.10 per cent. of the voting rights of the Company which, without a waiver of the obligations under Rule 9, would oblige the Ashok Companies to make a general offer to Shareholders under Rule 9.

Dispensation from a Rule 9 Offer

Under Note 1 on the Notes on the Dispensations from Rule 9 of the Code, the Takeover Panel will normally waive the requirement for a general offer to be made in accordance with Rule 9 of the Code if, *inter alia*, the shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him pass an ordinary resolution on a poll at a general meeting (a “Whitewash Resolution”) approving such a waiver. The Takeover Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Code) if shareholders who are independent of the person who would otherwise be required to make an offer and who hold more than 50 per cent. of the company’s shares capable of being voted on such a resolution confirm in writing that they would vote in favour of the Whitewash Resolution were such a resolution to be put to the shareholders of the company at a general meeting.

The Company has obtained such written confirmation from Independent Shareholders holding more than 50 per cent. of the Company’s shares capable of being voted at a general meeting and the Panel has accordingly waived the requirement for a Whitewash Resolution. Accordingly, by voting in favour of the Resolutions to be proposed at the General Meeting, the Placing will be effected without the requirement for any of the Ashok Companies to make a Rule 9 Offer.

Shareholders should note that, following the Placing, the Ashok Companies will together hold over 50 per cent. of the voting rights of the Company and will therefore be entitled to increase their interest in the voting rights of the Company without incurring a further obligation under Rule 9 of the Code to make a general offer.

Shareholders should also note that, following completion of the Placing, the Ashok Companies will together control 75.10 per cent. of the voting rights of the Company. This may in turn have the effect of reducing the liquidity of trading in the New Ordinary Shares on AIM. The voting rights of the Company held by the Ashok Companies will also mean that the Ashok Companies will be able, if they so wish, to exert significant influence over resolutions proposed at future general meetings of the Company. Although it is not the current intention of Ashok to seek a resolution at a general meeting of the Company to de-list the New Ordinary Shares from AIM, the Ashok Companies could, if they so wish in the future, propose and pass such a resolution.

General Meeting

Set out at the end of this document is a notice convening the General Meeting to be held at the offices of Optare Group Limited, Unit 3, Hurricane Way South, Sherburn in Elmet, LS25 6PT at 11 a.m. on 6 January 2012 for the purposes of considering and, if thought fit, passing the Resolutions.

The Resolutions deal with the following matters:

- (i) Resolution 1, which will be proposed as an ordinary resolution, is to authorise the Directors (conditionally upon Admission) to:
 - allot the Placing Shares to the Ashok Companies up to an aggregate nominal value of £1,483,147, such authority to expire at the conclusion of the next annual general meeting of the Company; and
 - issue the Ashok Share Warrants convertible into a maximum of 128,739,439 New Ordinary Shares and the subsequent allotment of such shares;
- (ii) Resolution 2, which will be proposed as a special resolution, seeks approval for the following:
 - (a) the sub-division of each of the Existing Ordinary Shares into one New Ordinary Share and one Deferred Share;
 - (b) the amendment of the Articles to include provisions in relation to the rights attaching to the Deferred Shares; and
- (iii) Resolution 3, which will be proposed as a special resolution, is to disapply Shareholders' statutory pre-emption rights (which would otherwise require the Company to offer all cash allotments of shares first to existing Shareholders in proportion to their holdings) in relation to:
 - the issue of the Placing Shares up to an aggregate nominal value of £1,483,147; and
 - the issue of the Ashok Share Warrants and the conversion rights thereunder up to a maximum aggregate nominal value of £128,739.44,

such authority also to expire at the conclusion of the next annual general meeting of the Company.

The attention of Shareholders is also drawn to the voting intentions of the Directors as set out in the paragraph entitled "Recommendation" below.

Voting intentions

The Company has received written indications from Shareholders holding, in aggregate, 227,728,202 Existing Ordinary Shares representing 30.28 per cent. of the Existing Ordinary Shares that they intend to vote in favour of the Resolutions at the General Meeting.

In addition to the above indications, the Company has received irrevocable undertakings from Shareholders (including Ashok) to vote in favour of the Resolutions at the General Meeting in respect of, in aggregate, 253,891,161 Existing Ordinary Shares representing 33.76 per cent. of the Existing Ordinary Shares.

The Independent Directors have also given irrevocable undertakings to vote in favour of the Resolutions at the General Meeting in respect of 7,367,852 Existing Ordinary Shares representing 0.98 per cent. of the Existing Ordinary Shares. Accordingly, the Company has received, in aggregate, irrevocable undertakings to vote in favour of the Resolutions at the General Meeting in respect of 261,259,013 Existing Ordinary Shares representing approximately 34.74 per cent. of the Existing Ordinary Shares.

Responsibility statement

The Company, whose name and registered office appears on page 2 of this document, and the Directors on page 2 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (each of whom have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Action to be taken

A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions printed on it and returned to the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, so as to be received by no later than 11 a.m. on 4 January 2012. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

Importance of voting in favour of the Resolutions

As described above, the Directors believe that should Shareholders not vote in favour of the Resolutions and the Company is consequently not able to complete the Placing, the Company does not have alternative means with which to finance its ongoing operations and thus will not be able to continue to trade. Therefore, the Directors would urge Shareholders to vote in favour of the Resolutions.

Recommendation

As Ashok is participating in the Placing and is a related party (as defined in the AIM Rules), and as Mr Halonen and Mr Seshasayee are directors of Ashok and Mr Venkataraman is a senior executive of Ashok's parent company, Hinduja Automotive Limited, they are not independent directors for the purposes of the Placing.

The Directors consider that the Placing is in the best interests of the Company and the Shareholders as a whole. In addition, the Independent Directors, having been so advised by Cenkos Securities, the nominated advisers to the Company, consider that the participation in the Placing by Ashok is fair and reasonable in so far as the Independent Shareholders and the Company as a whole are concerned.

The Independent Directors unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their own beneficial holdings, amounting, in aggregate, to 7,367,852 Existing Ordinary Shares representing 0.98 per cent. of the Existing Ordinary Shares.

Yours faithfully

John Fickling
Non-Executive Chairman

OPTARE PLC

(Registered and incorporated in England and Wales under the Companies Act 1985 with company number 06481690)

Notice of General Meeting

Notice is hereby given that a general meeting (the “**General Meeting**” or the “**Meeting**”) of Optare plc (the “**Company**”) will be held at the offices of Optare Group Limited, Unit 3, Hurricane Way South, Sherburn in Elmet, LS25 6PT on 6 January 2012 at 11 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolution 1 will be proposed as an ordinary resolution and resolutions 2 and 3 will be proposed as special resolutions. Expressions used in this notice of general meeting have the meanings given to them in the circular to shareholders of the Company of which this notice of General Meeting forms part (unless the context otherwise requires).

Ordinary Resolution:

1 That the directors of the Company be and are generally and unconditionally authorised (in addition to all existing authorities under section 551 of the Act) for the purposes of section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Act) in the Company, provided that this authority shall be limited to:

- 1.1 the allotment of the Placing Shares to the Ashok Companies up to a maximum aggregate nominal amount of £1,483,147; and
- 1.2 conditional on Admission the issue to Ashok Leyland Limited, or as Ashok Leyland Limited directs to such company in the same group of companies as Ashok Leyland Limited, of share warrants by the Company convertible into a maximum of 128,739,439 New Ordinary Shares (subject to the terms of such share warrants) (“the Ashok Share Warrants”) and the subsequent allotment of all or any of such New Ordinary Shares being equity securities up to a maximum aggregate nominal amount of £128,739.44,

and further provided that this authority shall expire at the conclusion of the next annual general meeting of the Company, except that the Company may (before such expiry) make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of that offer or agreement as if this authority had not expired.

Special Resolutions

2 That:

- (a) each Existing Ordinary Share be sub-divided into one New Ordinary Share and one Deferred Share with each new class of shares having the rights set out in the articles of association of the Company as amended pursuant to paragraph (b) of this resolution; and
- (b) the articles of association of the Company be and are hereby amended by the insertion of the following new article 178:

Deferred Share rights

178.1 Notwithstanding any other provisions of these articles of association, the holders of Deferred Shares shall not by virtue of or in respect of their holdings of Deferred Shares have the right to receive notice of any annual general meeting or general meetings of the Company nor the right to attend, speak or vote at any such meeting. The Deferred Shares shall not entitle their holders to receive any dividend or other distribution or to participate in any way in the income or profits of the Company. The Deferred Shares shall on the return of assets in a winding up entitle the holders only to the repayment of the amount that is paid up on such shares after repayment of the capital paid up on Ordinary Shares and the payment of £10,000,000 per Ordinary Share. Save as

aforesaid, the holders of the Deferred Shares shall have no interest or right to participate in the assets of the Company. The Company shall have an irrevocable authority at any time after the adoption of this Article:

- (i) to appoint any person on behalf of any holder of Deferred Shares to enter into an agreement to transfer and to execute a transfer of the Deferred Shares to such person as the Board may determine and to execute any other documents which such person may consider necessary or desirable to effect such transfer or give instructions to transfer any Deferred Shares held in uncertificated form to such person as the Board may determine, in each case without obtaining the sanction of the holder(s) of them and without any payment being made in respect of that transfer;
- (ii) to acquire all or any of the Deferred Shares (in accordance with the provisions of the Act) and in connection with any such acquisition to appoint any person on behalf of any holder of Deferred Shares to enter into any agreement to transfer and to execute a transfer of the Deferred Shares in favour of the Company and to execute any other documents which such person may consider necessary or desirable to effect such transfer or to give instructions to transfer any Deferred Shares held in uncertificated form to the Company, in each case without obtaining sanction of the holder(s) of them and for a payment of not more than £1.00 for all Deferred Shares, the subject of such acquisition, and to cancel the same, without making any payment to the holders thereof;
- (iii) to cancel all or any of the Deferred Shares for no consideration by means of a reduction of capital effected in accordance with the provisions of the Act or to create or issue further shares in the capital of the Company which rank equally or in priority to the Deferred Shares, without sanction on the part of the holders of the Deferred Shares or otherwise in accordance with the Act; and
- (iv) pending any such transfer or cancellation or acquisition to retain the certificate of any Deferred Shares held in certificated form.

178.2 Other than as specified in Article 178.1, the Deferred Shares shall not be transferable nor shall the holders of them be entitled to mortgage, pledge, charge or otherwise encumber them or create or dispose of or agree to create or dispose of any interest whatsoever in any Deferred Share.

3 That, subject to and conditional upon the passing of resolution 1 above, the directors of the Company be given power pursuant to section 571 of the Act to allot equity securities (as defined in section 560 of the Act) of the Company for cash pursuant to the authority conferred by resolution 1 above as if section 561 of the Act did not apply to any such allotment, provided this power shall be limited to:

- 3.1 the allotment of the Placing Shares up to a maximum aggregate nominal amount of £1,483,147; and
- 3.2 the issue of the Ashok Share Warrants and the conversion rights thereunder being equity securities up to a maximum aggregate nominal amount of £128,739.44;

and further provided that this power shall expire at the conclusion of the next annual general meeting of the Company, provided that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the directors may allot equity securities in pursuance of that offer or agreement as if the power had not expired.

This resolution is in addition to all subsisting resolutions under section 571 of the Act.

Dated: 20 December 2011

By order of the Board

Registered office:

Lower Philips Road
Whitebirk Industrial Estate
Blackburn
Lancashire
BB1 5UD

Peter Phillips
Company Secretary

Notes:

1 Entitlement to attend and vote

Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001 (as amended), the Company specifies that only those holders of ordinary shares of 1p each in the capital of the Company registered in the Company's register of members at:

- 1.1 6.00 p.m. on 4 January 2012; or
- 1.2 if this meeting is adjourned, at 6.00 p.m. two working days prior to the date of the adjourned meeting;

shall be entitled to attend and vote at the Meeting in respect of the number of ordinary shares of 1p each in the capital of the Company registered in their name at that time. Subsequent changes to entries in the register of members shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

2 Appointment of proxies

- 2.1 If you are a member of the Company at the time set out in paragraphs 1.1 or 1.2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting (whether on a show of hands or on a poll) and you should have received a proxy form with this notice of meeting. A proxy need not be a shareholder of the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to your proxy form.
- 2.2 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. 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 appointment is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.
- 2.3 When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar or the proxy form may be photocopied. State clearly on each proxy form the number of shares in relation to which the proxy is appointed.
- 2.4 The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - 2.4.1 completed and signed;
 - 2.4.2 sent or delivered to Capita PXS, 34 Beckenham Road, Beckenham Kent BR3 4TU; and
 - 2.4.3 received by Capita Registrars no later than 11 a.m. on 4 January 2012 or 48 hours prior to any adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, one working day before the time appointed for the taking of the poll.
- 2.5 In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
- 2.6 The sending of a completed form of proxy to the Company's registrars will not preclude members from attending and voting at the meeting, or any adjournment of it, in person, should they so wish.

3 Corporate representatives

A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

