

# CHEMRING GROUP PLC NOTICE OF ANNUAL GENERAL MEETING 20 MARCH 2018

Chemring  
Group |

**This document is important and requires your immediate attention.** If you are in any doubt about its contents you should consult your independent financial adviser. If you have sold or transferred all of your Chemring Group PLC ordinary shares you should send this document and all accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



# NOTICE OF ANNUAL GENERAL MEETING

**Notice is hereby given that the 112th Annual General Meeting of the shareholders will be held at 11.00am on 20 March 2018 at the offices of Freshfields Bruckhaus Deringer LLP, 26-28 Tudor Street, London EC4Y 0BQ for the purpose of considering and, if approved, passing the following resolutions:**

## Ordinary resolutions

1. To receive and adopt the Company's annual accounts for the year ended 31 October 2017, together with the directors' report and the auditor's report on those accounts.
  2. To receive and approve the directors' remuneration report (other than the part containing the directors' remuneration policy) contained within the Company's annual report and accounts for the year ended 31 October 2017.
  3. To approve the payment of a final dividend of 2.0p per ordinary share for the year ended 31 October 2017, to be paid on 20 April 2018 to shareholders on the register at the close of business on 6 April 2018.
  4. To re-elect Mr Carl-Peter Forster as a director.
  5. To re-elect Mr Andrew Davies as a director.
  6. To re-elect Mr Daniel Dayan as a director.
  7. To re-elect Mrs Sarah Ellard as a director.
  8. To re-elect Mr Michael Flowers as a director.
  9. To re-elect Mr Andrew Lewis as a director.
  10. To re-elect Mr Nigel Young as a director.
  11. To re-appoint Deloitte LLP as the Company's auditor, to hold office from the conclusion of the Annual General Meeting on 20 March 2018 until the conclusion of the next meeting at which accounts are laid before the Company.
  12. To authorise the directors to agree Deloitte LLP's remuneration as the auditor of the Company.
  13. (a) That the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to:
    - (i) allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company:
      - (A) up to an aggregate nominal amount of £932,836; and
      - (B) comprising equity securities (as defined in the Act) up to an aggregate nominal amount of £1,865,672 (including within such limit any shares issued or rights granted under paragraph (A) above) in connection with an offer by way of a rights issue:
        - (I) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
        - (II) to people who are holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities;
  - and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;
  - for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on 20 June 2019); and
  - (ii) make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired;
- (b) that subject to paragraph (c), all existing authorities given to the directors pursuant to section 551 of the Act be revoked by this resolution; and
- (c) that paragraph (b) shall be without prejudice to the continuing authority of the directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.
14. That the rules of the Chemring Group 2018 UK Sharesave Plan (the "2018 Sharesave Plan"), produced in draft to this meeting (the principal terms of which are summarised in Appendix 1 to this notice) and, for the purposes of identification, initialled by the Chairman, be and are hereby approved and the directors be authorised to:
  - (a) make such modifications to the 2018 Sharesave Plan as they may consider appropriate in order to qualify for tax-advantaged status under Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003; and
  - (b) do all acts and things which they may consider necessary or expedient for the purposes of implementing and giving effect to the 2018 Sharesave Plan.

### Special resolutions

15. That, subject to the passing of resolution 13 in the notice of the meeting and in place of all existing powers, the directors be generally empowered pursuant to section 570 and section 573 of the Act to allot equity securities (as defined in the Act) for cash, pursuant to the authority conferred by resolution 13 in the notice of the meeting as if section 561(1) of the Act did not apply to the allotment. This power:

- (a) expires (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next Annual General Meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on 20 June 2019), but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and
- (b) shall be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under resolution 13(a)(i)(B), by way of a rights issue only):
  - (i) to the ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to people who hold other equity securities, if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (c) in the case of the authority granted under resolution 13(a)(i)(A) shall be limited to the allotment of equity securities for cash otherwise than pursuant to paragraph (b) up to an aggregate nominal amount of £139,925.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words 'pursuant to the authority conferred by resolution 13 in the notice of the meeting' were omitted.

16. That, subject to the passing of resolution 13 in the notice of the meeting and in addition to any power given to them pursuant to resolution 15 in the notice of the meeting, the directors be generally empowered pursuant to section 570 and section 573 of the Act to allot equity securities (as defined in the Act) for cash, pursuant to the authority conferred by resolution 13 in the notice of the meeting as if section 561(1) of the Act did not apply to the allotment. This power:

- (a) expires (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on 20 June 2019), but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and
- (b) in the case of the authority granted under resolution 13(a)(i)(A) shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £139,925 and provided that the allotment is for the purposes of financing (or refinancing, if the power is used within six months of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-emption Rights most recently published by the Pre-emption Group prior to the date of the notice of the meeting.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words 'pursuant to the authority conferred by resolution 13 in the notice of the meeting' were omitted.

17. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of any of its ordinary shares in the capital of the Company ("Shares") on such terms and in such manner as the directors may from time to time determine, and where such Shares are held as treasury shares, the Company may use them for the purposes of its employee share schemes, provided that:

- (a) the maximum aggregate number of Shares which may be purchased is 27,985,091;
- (b) the minimum price (exclusive of expenses) which may be paid for a Share is the nominal value thereof;
- (c) the maximum price (exclusive of expenses) which may be paid for a Share is the higher of:

- (i) an amount equal to 105 per cent of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which such Share is contracted to be purchased; and
  - (ii) an amount equal to the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share on the trading venue where the purchase is carried out; and
- (d) unless previously renewed, revoked or varied, this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 20 June 2019 (whichever is the earlier), save that the Company may make a contract to purchase Shares which would or might be executed wholly or partly after the expiry of this authority, and may make purchases of Shares pursuant to it as if this authority had not expired.

All previous unutilised authorities to make market purchases of Shares are revoked, except in relation to the purchase of Shares under a contract or contracts concluded before the date of this resolution and where such purchase has not yet been executed.

18. That the Company be and is hereby generally and unconditionally authorised, from the date of the passing of this resolution and expiring at the conclusion of the next Annual General Meeting of the Company, to hold general meetings (other than Annual General Meetings) on not less than fourteen clear days' notice.

By order of the Board

**Sarah Ellard**

Group Legal Director & Company Secretary

15 February 2018

Chemring Group PLC  
Roke Manor  
Old Salisbury Lane  
Romsey  
Hampshire  
SO51 0ZN

## NOTES ON RESOLUTIONS

Resolutions 1 to 14 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 15 to 18 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three quarters of the votes cast must be in favour of the resolution.

### Resolution 1

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The directors are required to present to the meeting the audited accounts and the reports of the directors and the auditor for the financial year ended 31 October 2017.

The annual report and accounts can be accessed on the Company's website ([www.chemring.co.uk](http://www.chemring.co.uk)) or shareholders may obtain a copy by contacting the Company Secretary at the Company's registered office during usual business hours.

### Resolution 2

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In accordance with the provisions of the Companies Act 2006 (the "Act"), the directors' remuneration report in the 2017 annual report and accounts contains:

- a statement by Daniel Dayan, the Chairman of the Remuneration Committee;
- the directors' remuneration policy in relation to future payments to current and former directors; and
- the annual implementation report on directors' remuneration, which details payments made to directors during the year ended 31 October 2017.

Shareholders are requested to approve the directors' remuneration report, other than the part containing the directors' remuneration policy. This resolution is an advisory vote and does not affect the future remuneration paid to any director.

The directors' remuneration policy, which is set out on pages 57 to 63 of the directors' remuneration report in the 2017 annual report, is subject to a binding vote by shareholders at least every three years. The policy was approved by shareholders at the Annual General Meeting held on 21 March 2016, and therefore remains valid until the 2019 Annual General Meeting. No changes are proposed to be made to the policy this year, and it has only been included in the 2017 annual report for ease of reference.

### Resolution 3

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Shareholders must approve the final dividend payable for each ordinary share held. The final dividend declared cannot exceed the amount recommended by the directors.

### Resolutions 4 to 10

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In accordance with the Company's articles of association, all directors are required to submit themselves for re-election at every Annual General Meeting.

Biographical information on all of the directors is given below.

Carl-Peter Forster joined the Group as an independent non-executive director and Chairman-designate on 1 May 2016, and was appointed Chairman of the Board on 1 July 2016. He is currently the Senior Independent Director at IMI plc and a non-executive director of Cosworth Ltd, and was previously a non-executive director of Rexam PLC and Rolls-Royce plc. Carl-Peter is also Chairman of the London Taxi Company, a member of the Board of Volvo Cars Corporation, a member of the Board of Geely Automobile Holdings and a member of the Advisory Board of Rock Tech Lithium, Inc. Carl-Peter formerly held senior leadership positions in some of the world's largest automotive manufacturers, including BMW, General Motors and Tata Motors (including JaguarLandRover).

Andrew Davies was appointed as an independent non-executive director on 17 May 2016. He was formerly Chief Executive of Wates Group Ltd. Andrew has a wealth of relevant sector experience, having served in senior operational and strategic roles at executive committee level at BAE Systems plc for more than fourteen years.

Daniel Dayan was appointed as an independent non-executive director and Chairman of the Remuneration Committee on 7 March 2016. He is currently Group Chief Executive Officer of the Klöckner Pentaplast Group. Daniel has held a number of senior level executive and non-executive roles within the engineering and manufacturing sectors, including an eight-year appointment as Chief Executive of Fiberweb plc, and two years as Chairman and Chief Executive Officer of LINPAC before its acquisition by Klöckner Pentaplast. He was previously a non-executive director of Stobart plc and a trustee in the charity sector.

Andrew Lewis joined the Group as Group Finance Director on 9 January 2017 and was appointed to the Board on 19 January 2017. Andrew spent eight years as Group Finance Director of Avon Rubber p.l.c., where he also performed the Interim Chief Executive Officer role during 2015. Prior to joining Avon, Andrew was Group Financial Controller of Rotork plc and before that he was a Director at PricewaterhouseCoopers in Bristol and New Zealand. He is a member of the Institute of Chartered Accountants.

Sarah Ellard was appointed as Group Legal Director on 7 October 2011, having been Group Company Secretary since 1998. Prior to joining the Group, Sarah trained and worked at Ernst & Young LLP. She is a Fellow of the Institute of Chartered Secretaries and Administrators.

Michael Flowers was appointed to the Board as Group Chief Executive on 24 June 2014, having previously been Group Director – Munitions, with responsibility for running and subsequently disposing of the Group's European munitions businesses. Michael joined Chemring in 2006, and ran the Group's Australian operations for seven years. Prior to joining Chemring, Michael worked for BAE Systems in programme management roles, principally in the weapons systems and electronic warfare domains. Prior to his time with BAE Systems, Michael served as an officer in the Australian Army for twenty two years, and was a graduate of the Australian Command and Staff College and the British Royal Military College of Science.

Nigel Young became an independent non-executive director on 1 May 2013, following his appointment as Interim Chief Financial Officer in August 2012. Nigel is Senior Independent Director and Chairman of the Audit Committee. He is a Fellow of the Institute of Chartered Accountants. His previous appointments include Finance Director of ALVIS PLC, First Technology PLC, Babcock International PLC and Morgan Advanced Materials PLC. Nigel has also undertaken a number of interim finance roles, including a role with McBride PLC. He is currently a non-executive director and Chairman of P2i Limited, a provider of liquid repellent nanotechnology, and a trustee and Board member of Orbis UK, a leading global eye charity.

## Resolutions 11 and 12

These resolutions propose the re-appointment of Deloitte as the auditor, and authorise the directors, in accordance with standard practice, to agree the remuneration to be paid to the auditor.

The Audit Committee has commenced a tender process for the selection and appointment of a new audit firm. Pending the conclusion of this process, the directors continue to recommend the re-appointment of Deloitte at the Annual General Meeting.

## Resolution 13

The directors of the Company may only allot shares, or grant rights to subscribe for, or convert any securities into, shares if authorised to do so by the shareholders in general meeting. This resolution, if passed, will grant new authority under section 551 of the Act and will give the directors flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new ordinary shares. Paragraph (A) of the resolution authorises the directors to allot ordinary shares, and grant rights to subscribe for, or convert any security into, shares, up to an aggregate nominal amount of £932,836 which represents approximately one third of the issued ordinary share capital of the Company (exclusive of treasury shares) as at 2 February 2018 (being the latest practicable date prior to the publication of this notice). Paragraph (B) of the resolution authorises the directors to allot, including the shares referred to in paragraph (A) of the resolution, further of the Company's shares, and grant rights to subscribe for, or convert any security into, shares, up to an aggregate nominal amount of £1,865,672 in connection with a pre-emptive offer to existing shareholders by way of a rights issue (with exclusions to deal with fractional entitlements to shares and overseas shareholders to whom the rights issue cannot be made due to legal and practical problems). This limit is in line with the latest guidelines issued by the Investment Association.

The directors have no present intention of exercising this authority except for the purpose of allotting shares under the terms of the Company's employee share schemes. The authority will expire at the conclusion of the next Annual General Meeting or on 20 June 2019 (whichever is the earlier).

The Company holds 1,788,710 ordinary shares in treasury as at 2 February 2018. This amount represents 0.64% of the Company's issued ordinary share capital (exclusive of treasury shares) as at that date.

## Resolution 14

Resolution 14 is seeking authority from shareholders to approve the Chemring Group 2018 UK Sharesave Plan (the "2018 Sharesave Plan").

The 2018 Sharesave Plan is a HM Revenue & Customs approved all-employee savings-related share option arrangement, and will replace the current plan which expires this year. Participants are required to enter into a savings contract, the proceeds of which are then used to exercise an option at the end of the savings period. The option exercise price may be set at a discount of up to 20% of the market value of the shares at the date of grant.

A summary of the principal terms of the 2018 Sharesave Plan is set out at Appendix 1 to this notice, and the full text will be available for inspection at the Annual General Meeting.

## Resolutions 15 and 16

If the directors wish to allot shares, or grant rights to subscribe for, or convert securities into, shares, or sell treasury shares for cash (other than pursuant to an employee share scheme), they must first offer them to existing shareholders in proportion to their holdings. There may be occasions when the directors need the flexibility to finance business opportunities by allotting shares without a pre-emptive offer to existing shareholders, and this can be done if the shareholders have first given a limited waiver of their pre-emption rights.

Resolution 15 and resolution 16 ask shareholders to grant this limited waiver. The resolutions will be proposed as special resolutions.

Resolution 15 contains a two-part waiver. The first is limited to the allotment of shares for cash up to an aggregate nominal value of £139,925 (which includes the sale on a non-pre-emptive basis of any shares held in treasury), which represents approximately 5 per cent of the issued ordinary share capital of the Company (exclusive of treasury shares) as at 2 February 2018 (being the latest practicable date prior to the publication of this notice), without having to first offer them to shareholders in proportion to their existing holdings. The second is limited to the allotment of shares for cash in connection with a rights issue, to allow the directors to make appropriate exclusions and other arrangements to resolve legal or practical problems which, for example, might arise in relation to overseas shareholders.

The waiver granted by resolution 16 is in addition to the waiver granted by resolution 15. It is limited to the allotment of shares for cash up to an aggregate nominal value of £139,925 (which includes the sale on a non-pre-emptive basis of any shares held in treasury), which represents approximately 5 per cent of the issued ordinary share capital of the Company (exclusive of treasury shares) as at 2 February 2018 (being the latest practicable date prior to the publication of this notice), without having to first offer them to shareholders in proportion to their existing holdings. This further waiver may only be used for an allotment of shares for cash for the purposes of financing (or refinancing, if the waiver is used within six months of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Pre-emption Group's March 2015 Statement of Principles.

The authority will expire at the conclusion of the next Annual General Meeting or on 20 June 2019 (whichever is the earlier). It is the directors' intention to review this authority every year. There are no present plans to exercise this authority.

### Resolution 17

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If passed, this resolution will give the Company authority to purchase its own shares in the market up to a limit of 10 per cent of the Company's issued ordinary share capital. The maximum and minimum prices are stated in the resolution. The directors believe that it is advantageous for the Company to have this flexibility to make market purchases of its own shares. In the event that shares are purchased, they will either be cancelled (and the number of shares in issue will be reduced accordingly) or retained as treasury shares, as an alternative to cancelling them.

Shares repurchased as treasury shares will be held with a view to possible resale at a future date, rather than having to cancel them. This gives the Company the ability to reissue treasury shares quickly and cost effectively, and provides the Company with additional flexibility in the management of its capital base. Any issues of treasury shares for the purposes of the Company's employee share schemes will be made within the 10 per cent anti-dilution limit set by the Investment Association.

The directors have no present intention of making such purchases and will only exercise this authority if they are satisfied that a purchase can be expected to result in an increase in earnings per share and will be in the interests of shareholders generally. This authority will expire at the conclusion of the next Annual General Meeting or on 20 June 2019 (whichever is the earlier).

As at 2 February 2018, there were options over 1,737,834 ordinary shares in the capital of the Company which represents 0.62% of the issued ordinary share capital (excluding treasury shares) at that date. If the authority to purchase ordinary shares was exercised in full, these options would represent 0.69% of the issued ordinary share capital (excluding treasury shares).

### Resolution 18

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The Act provides that general meetings of a company may be held on not less than fourteen clear days' notice in writing. However, the Shareholder Rights Directive (Directive 2007/36/EC), which came into force on 1 August 2009, made it a requirement for a company whose shares are traded on the London Stock Exchange (among other markets), to seek approval each year from its shareholders if any general meeting is to be held on less than twenty one days' notice in writing. Resolution 18 seeks such approval. It will only be effective until the conclusion of the next Annual General Meeting, when the Company may propose a similar resolution. It is intended that the shorter notice period would not be used as a matter of routine for such meetings but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole.



## SHAREHOLDER NOTES

1. A shareholder entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies (who need not be shareholders in the Company) to attend, speak and vote instead of him/her. A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to a different share or shares held by him/her. A separate proxy form should be used for each proxy appointment. If you intend appointing additional proxies, please contact Computershare Investor Services PLC on +44(0)370 889 3289 to obtain (an) additional proxy form(s). Alternatively, you may photocopy the enclosed form. A shareholder appointing more than one proxy should indicate the number of shares for which each proxy is authorised to act on his/her holding. Failure to specify the number of shares to which each proxy form relates or specifying a number which, when taken together with the number 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.
2. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting. A proxy form accompanies this notice and in order to be valid should be completed and returned to the Company's registrars: Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by not later than 11.00am on 16 March 2018. Alternatively, you may register your vote electronically by accessing the registrar's website at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). In order to be valid, electronic votes must also be registered not later than 11.00am on 16 March 2018 or not later than two business days before the time appointed for any adjourned meeting.
3. Shareholders who are users of the CREST system (including CREST Personal Members) may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint a proxy or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, the CREST message must be received by the Company's agent (ID number 3RA50) not later than 11.00am on 16 March 2018 or not later than two business days before the time appointed for any adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Company's agent is able to retrieve the message. CREST Personal Members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings, please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
4. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers, provided that if two or more representatives purport to vote in respect of the same shares (i) if they purport to exercise the power in the same way as each other, the power is treated as exercised that way; and (ii) in other cases, the power is treated as not exercised.
5. A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by who he/she was nominated, have the right to be appointed (or to have someone else appointed) as a proxy for the Annual General 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.
6. The statements of the rights of shareholders in relation to the appointment of proxies in this notice do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by registered shareholders.
7. Under section 319A of the Companies Act 2006 any member attending the meeting has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
8. Only persons entered in the register of members of the Company at 6.00pm on 16 March 2018 or, in the event that the meeting is adjourned, 6.00pm on the date which is two business days prior to the reconvened meeting, shall be entitled to attend or vote at the meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend and vote at the meeting or adjourned meeting.
9. As at 2 February 2018 (being the latest practicable day prior to publication of this notice), the Company's issued share capital (excluding treasury shares) consisted of 279,850,912 ordinary shares, carrying one vote each, and 62,500 preference shares. Preference shareholders are not entitled to attend and vote at the meeting. The Company holds 1,788,710 ordinary shares in treasury (which represents 0.64% of the Company's existing issued ordinary share capital (excluding treasury shares) as at 2 February 2018 (being the latest practicable day prior to publication of this notice)), which leaves voting rights over 279,850,912 ordinary shares.
10. It is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting or any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the members requesting that any such statement be published on its website to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes that statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on its website.

11. Copies of the following documents are available for inspection at the registered office of the Company during normal business hours every business day, and will also be available at the place of the Annual General Meeting for one hour prior to and until the close of the meeting:

- (a) the rules of the Chemring Group 2018 UK Sharesave Plan proposed by resolution 14; and
- (b) all service contracts or letters of appointment between the Company and its directors.

A copy of the rules of the Chemring Group 2018 UK Sharesave Plan will also be available for inspection at these times at the offices of FIT Remuneration Consultations LLP, 5 Fitzhardinge Street, London W1H 6ED from the date of this notice during normal business hours on every business day until the Annual General Meeting is concluded or adjourned.

12. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found on the Company's website ([www.chemring.co.uk](http://www.chemring.co.uk)).

13. As soon as practicable following the Annual General Meeting, the results of the voting will be announced via a regulatory information service and also placed on the Company's website ([www.chemring.co.uk](http://www.chemring.co.uk)).

## APPENDIX I

### Summary of the principal terms of the Chemring Group 2018 UK Sharesave Plan (the "2018 Sharesave Plan")

#### Operation

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The operation of the 2018 Sharesave Plan will be supervised by the Board of directors of the Company (the "Board").

The 2018 Sharesave Plan will offer employees and directors the opportunity to acquire options over ordinary shares in the Company ("Shares") on a tax-advantaged basis.

#### Eligibility

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Employees and full-time directors (who are contracted to work at least 25 hours per week) of the Company and any designated participating subsidiary, who are UK resident tax payers, are eligible to participate. The Board may require employees to have completed a qualifying period of employment of up to five years before the grant of options. The Board may also allow other employees to participate.

#### Grant of options

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Invitations for the grant of options may generally only be issued within the period of 6 weeks following: (i) the announcement of the Company's interim or final results; or (ii) if a new savings contract is announced by HMRC; or (iii) at any other time if the Board consider there are sufficiently exceptional circumstances.

Options can only be granted to employees who enter into HMRC approved savings contracts, under which monthly savings are normally made over a period of three or five years. Options must be granted within thirty days (or forty two days if applications are scaled back) of the first day by reference to which the option price is set. The number of Shares over which an option is granted will be such that the total option price payable for those Shares will correspond to the proceeds on maturity of the related savings contract.

An option may not be granted more than ten years after shareholder approval of the 2018 Sharesave Plan. Options are not pensionable and are not transferable, except on death.

#### Individual participation

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Participants must make a monthly savings contribution of between £5 and £500 per month (or such other minimum or maximum amount determined by the Board and permitted by legislation). The £500 limit is calculated taking into account any other savings contract linked to this or any other sharesave scheme. Monthly contributions will be deducted from the employee's salary (after tax).

#### Option price

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The price per Share payable upon the exercise of an option will not be less than the higher of: (i) 80 per cent. of the market value of a Share at the date an invitation is sent to employees (using the share price quoted by the London Stock Exchange); and (ii) if the option relates only to new issue Shares, the nominal value of a Share.

#### Exercise of options

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Options will normally be exercisable for a six month period from the third or fifth anniversary of the commencement of the related savings contracts.

Earlier exercise is permitted in the following circumstances:

- following cessation of employment by reason of death, injury, disability, redundancy, retirement, or the business or company that the employee works for ceasing to be part of the Company's group; and
- where employment ceases more than three years from the date of grant for any reason (other than dismissal for misconduct); and
- in the event of a takeover (including by way of a scheme of arrangement) or voluntary winding-up of the Company, except in the case of an internal corporate re-organisation when the Board may decide to exchange existing options for equivalent new options over shares in a new holding company.

Except where stated above, options will lapse on cessation of employment or directorship with the Company's group.

The participant may exercise his/her option to acquire Shares up to the total value of his monthly savings contributions plus any bonus or interest paid thereon. Alternatively, the participant may withdraw his contributions and any bonus or interest.

Shares will be allotted or transferred to participants within thirty days of exercise.

#### Variation of capital

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If there is a variation in the Company's share capital then the Board may make such adjustment as it considers appropriate to the number of Shares under option and the option exercise price under the 2018 Sharesave Plan. Any adjustment may be made in such manner as the Board determines to be appropriate provided that the total option exercise price (which must not exceed the expected proceeds of the related savings contract at the bonus date) and the total market value of Shares under option must remain substantially the same.

#### Rights attaching to Shares

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Options will not confer any shareholder rights until the options have been exercised and the participants have received their Shares.

Any Shares allotted when an option is exercised under the 2018 Sharesave Plan will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

### Overall plan limits

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The 2018 Sharesave Plan may operate over new issue Shares, treasury Shares or Shares purchased in the market.

Under the 2018 Sharesave Plan, in any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent of the issued ordinary share capital of the Company under the 2018 Sharesave Plan and any other employee share plan adopted by the Company.

Shares subject to options that have lapsed or been surrendered are excluded when calculating this limit. Likewise, options satisfied using existing Shares, which are purchased on the market (but excluding treasury Shares), are excluded when calculating this limit. Treasury Shares will count as new issue Shares for the purposes of these limits for so long as the guidelines of UK institutional investors state that they need to count in this way.

### Alterations to the 2018 Sharesave Plan

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The Board may amend the provisions of the 2018 Sharesave Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares to be acquired and the adjustment of options.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the 2018 Sharesave Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.