

**CHEMRING GROUP PLC**  
**NOTICE OF ANNUAL GENERAL MEETING**  
**19 MARCH 2015**

**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 109th Annual General Meeting of the shareholders will be held at 11.00 am on 19 March 2015 at Investec, 2 Gresham Street, London EC2V 7QP 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 2014, 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 2014.
3. To approve the payment of a final dividend of 1.7p per ordinary share for the year ended 31 October 2014, to be paid on 8 May 2015 to shareholders on the register at the close of business on 17 April 2015.
4. To elect Mr Michael Flowers, who retires under the provisions of Article 87.1 of the Company's Articles of Association.
5. To re-elect Mr Peter Hickson as a director.
6. To re-elect Mr Steve Bowers as a director.
7. To re-elect Mrs Sarah Ellard as a director.
8. To re-elect Mr Andy Hamment as a director.
9. To re-elect Mr Ian Much 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 19 March 2015 until the conclusion of the next meeting at which accounts are laid before the Company.
12. To authorise the directors to agree the remuneration of the auditor.
13. That the Board be and is hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or convert any securities into, shares in the Company up to an aggregate nominal amount of £644,323, provided that (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 19 June 2016 (whichever is the earlier), save that the Company may before the expiry of this authority make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after such expiry and the Board may allot shares or grant such rights in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

## **Special resolutions**

14. That subject to resolution 13 being passed, the Board be and is hereby generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash:

- (a) pursuant to section 570 of the Act and the authority conferred by resolution 13; and/or
- (b) pursuant to section 573 of the Act, where the allotment is an allotment of equity securities by virtue of section 560(2)(b) of the Act;

in each case, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited:

- (x) to the allotment of equity securities in connection with an offer for equity securities:
  - (i) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and
  - (ii) to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- (y) to the allotment of equity securities (otherwise than pursuant to paragraph (x) of this resolution) up to an aggregate nominal value of £96,648;

and (unless previously revoked, varied or reviewed) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 19 June 2016 (whichever is the earlier), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

15. 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 19,329,711 (representing approximately 10% of the issued ordinary share capital at 12 February 2015 (exclusive of treasury shares));
- (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% 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 (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 19 June 2016 (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.

16. 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

12 February 2015

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

# NOTES ON RESOLUTIONS

## Resolution 1

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 2014.

The annual report 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

In accordance with the provisions of the Companies Act 2006 (the "Act"), the directors' remuneration report in the 2014 annual report contains:

- a statement by Ian Much, 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 2014.

The directors' remuneration policy, which is set out on pages 59 to 66 of the directors' remuneration report in the 2014 annual report, is subject to a binding vote by shareholders at least every three years. The policy was approved by shareholders at the last Annual General Meeting on 20 March 2014, and therefore remains valid until the 2017 Annual General Meeting (subject to any changes being proposed prior to that date, or to the advisory vote on the annual implementation report on directors' remuneration not being passed). No changes are proposed to be made to the policy this year, and it has only been included in the 2014 annual report for ease of reference.

Resolution 2 is the ordinary resolution to approve the annual report on directors' remuneration, other than the part containing the directors' remuneration policy. This resolution is subject to an advisory vote and does not affect the future remuneration paid to any director.

## Resolution 3

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

In accordance with the Company's Articles of Association, Michael Flowers will be standing for election by shareholders as a director, following his appointment by the Board during the year.

In accordance with the Company's Articles of Association, all directors are required to submit themselves for re-election every three years. However, in order to ensure compliance with the UK Corporate Governance Code, all of the remaining directors, with the exception of Vanda Murray will voluntarily submit themselves for re-election at the forthcoming Annual General Meeting. Vanda Murray will stand down as a director at the Annual General Meeting.

Biographical information on all of the directors standing for election or re-election is given below.

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 program 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.

Steve Bowers was appointed Group Finance Director on 7 January 2013. He was formerly Finance Director of Umeco plc until its acquisition by Cytec UK Holdings Limited in July 2012. During Steve's time with Umeco he was involved in both acquisitions and disposals, as well as in the management of financial reporting, treasury functions and banking relationships. Prior to his appointment as Finance Director, he held a number of financial roles at Umeco, alongside the role of Company Secretary. He qualified as a Chartered Accountant with KPMG LLP and 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.

Andy Hamment was appointed as a non-executive director on 1 July 2013. He is also the Senior Independent Director of Senior plc, and was previously Group Marketing Director and a main Board director of Ultra Electronics plc. Andy has worked in defence and manufacturing industries for most of his career, primarily in business development and management roles. He joined Dowty in 1988 as Managing Director of its Controls business, and participated in the management buy-out that created Ultra Electronics.

Peter Hickson joined the Group as a non-executive director on 1 July 2010, and was appointed Chairman of the Board on 1 October 2010. Currently Chairman of Communis plc, and a non-executive director of Coalfield Resources plc. Peter has had senior management experience with a number of large international companies, and previous appointments include Chairman of Anglian Water Group, Senior Independent Director of London & Continental Railways Ltd, Finance Director of Powergen plc and non-executive directorships of Scottish Power plc, Marconi Corporation plc, RAC plc and Kazakhmys plc. He is also a trustee and Board member of Orbis Charitable Trust, the international sight saving charity, and a Fellow of the Institute of Chartered Accountants.

# NOTES ON RESOLUTIONS CONTINUED

Ian Much joined the Group as a non-executive director in December 2004. He is Senior Independent Director and Chairman of the Remuneration Committee. Previous appointments include Chief Executive of De La Rue plc and T&N plc, and non-executive director of Admiral plc, Camelot plc, Manchester United plc, Simplyhealth Group Ltd and Senior plc. He is currently a non-executive director and Chairman of the Remuneration Committee of BTG plc.

Nigel Young became a non-executive director on 1 May 2013, following his appointment as Interim Chief Financial Officer in August 2012. He is a Fellow of the Institute of Chartered Accountants. Previous appointments include Finance Director of ALVIS PLC, First Technology PLC, Babcock International PLC and Morgan Advanced Materials PLC. He has also undertaken a number of interim and consultancy roles, including roles with the UK Atomic Energy Authority and McBride PLC. Nigel is a trustee and board member of certain development charities, and a non-executive director of P2i Limited, a provider of liquid repellent nano-coating protection.

## Resolutions 11 and 12

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

## Resolution 13

The directors of the Company may only allot 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. The authority will enable the directors to allot ordinary shares up to an aggregate nominal amount of £644,323, which represents approximately one third of the issued ordinary share capital of the Company (exclusive of treasury shares) as at 12 February 2015. This limit is in line with the guidelines issued by the Investment Association (the "IA") which, following the merger of ABI Investment Affairs with the Investment Management Association, has assumed responsibility for the guidance previously issued by the Association of British Insurers.

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 19 June 2016 (whichever is the earlier).

The Company holds 2,198,814 ordinary shares in treasury as at 12 February 2015. This amount represents 1.14% of the Company's issued ordinary share capital (exclusive of treasury shares) as at that date.

## Resolution 14

If passed, this resolution will allow the directors, pursuant to section 571(1) of the Act, to allot shares for cash without first offering them to shareholders in accordance with the Act and renews the authority given at the Annual General Meeting in 2014. This authority is limited to the allotment of shares for cash up to an aggregate nominal amount of £96,648, which represents approximately 5% of the issued ordinary share capital of the Company (exclusive of treasury shares)

as at 12 February 2015, without having to first offer them to shareholders in proportion to their existing holdings. This limit is in line with the guidelines issued by the Pre-emption Group. In addition, in accordance with normal practice, the resolution will enable the Board to allot shares pursuant to a rights issue or open offer, and to deal with overseas shareholders and fractional entitlements as it thinks fit in the context of any rights issue or open offer. The authority will expire at the conclusion of the next Annual General Meeting or on 19 June 2016 (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 15

If passed, this resolution will give the Company authority to purchase its own shares in the market up to a limit of 10% of its 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% anti-dilution limit set by the IA.

The directors 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.

As at 12 February 2015, there were options and awards over 6,015,138 ordinary shares in the capital of the Company, which represents 3.11% of the Company's issued ordinary share capital (exclusive of treasury shares) at that date. If the authority to purchase the Company's ordinary shares was exercised in full, these options and awards would represent 3.46% of the Company's issued ordinary share capital (exclusive of treasury shares). For the purpose of these calculations, it has been assumed that (i) all options and conditional share awards vest in full and (ii) none of the options or awards under any of the plans lapse prior to their applicable vesting dates. The actual number of ordinary shares that will vest in respect of awards under the share plans will only be determined at their applicable vesting dates, subject to the satisfaction of performance conditions and other requirements at those times.

## Resolution 16

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 companies 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 clear days' notice in writing. Resolution 16 seeks such approval.

# 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)870 889 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 17 March 2015. Alternatively, you may register your vote electronically by accessing the registrar's website at [www.eproxyappointment.com](http://www.eproxyappointment.com). In order to be valid, electronic votes must also be registered not later than 11.00am on 17 March 2015 or not later than forty-eight hours 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 forty-eight hours before the time appointed for holding the 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 17 March 2015 or, in the event that the meeting is adjourned, 6.00pm on the date which is two working 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 12 February 2015 (being the latest business day prior to publication of this Notice), the Company's issued share capital consisted of 195,495,925 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 2,198,814 ordinary shares in treasury, which leaves voting rights over 193,297,111 ordinary shares.

## SHAREHOLDER NOTES CONTINUED

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 all service contracts or letters of appointment between the Company and its directors are available for inspection at the Company's registered office during normal business hours every business day, and will be available for inspection at the place of the Annual General Meeting for one hour prior to and until the close of the meeting.
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)).