

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR DULY AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.**

**IF YOU HAVE SOLD OR OTHERWISE TRANSFERRED ALL YOUR SHARES IN THE COMPANY, PLEASE SEND THIS DOCUMENT, AND THE ACCOMPANYING FORM OF PROXY, TO THE PURCHASER OR TRANSFEREE OR THE STOCKBROKER, BANK OR OTHER AGENT THROUGH WHOM THE SALE OR TRANSFER WAS EFFECTED FOR ONWARD TRANSMISSION TO THE PURCHASER OR TRANSFEREE.**

## QinetiQ Group plc – Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of QinetiQ Group plc (the 'Company') will be held at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA on Wednesday, 20 July 2016 at 11.00am, or at any adjournment thereof, to consider and, if thought fit, to pass the following 20 resolutions. Resolutions 1 to 16 (inclusive) will be proposed as ordinary resolutions and will be passed if more than 50% of the total votes cast are in favour of each such resolution. Resolutions 17 to 20 (inclusive) will be proposed as special resolutions and will be passed if not less than 75% of the total votes cast are in favour of each such resolution. Voting on all resolutions will be conducted by way of poll rather than a show of hands.

### Resolutions

#### **Resolution 1 – Report and Accounts**

To receive the accounts and the reports of the Directors and the auditor thereon for the financial year ended 31 March 2016.

#### **Resolution 2 – Remuneration Report**

To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy as it is not due for approval this year) for the financial year ended 31 March 2016 as set out on pages 80 to 81 and pages 83 to 95 of the Annual Report and Accounts 2016.

#### **Resolution 3 – Declaration of dividend**

To declare a final dividend for the year ended 31 March 2016 of 3.80 pence per ordinary share in the capital of the Company.

#### **Resolution 4 – Election of Lynn Brubaker**

To elect Lynn Brubaker as a Director of the Company.

#### **Resolution 5 – Re-election of Admiral Sir James Burnell-Nugent**

To re-elect Admiral Sir James Burnell-Nugent as a Director of the Company.

#### **Resolution 6 – Re-election of Mark Elliott**

To re-elect Mark Elliott as a Director of the Company.

#### **Resolution 7 – Re-election of Michael Harper**

To re-elect Michael Harper as a Director of the Company.

#### **Resolution 8 – Re-election of Ian Mason**

To re-elect Ian Mason as a Director of the Company.

#### **Resolution 9 – Re-election of David Mellors**

To re-elect David Mellors as a Director of the Company.

#### **Resolution 10 – Re-election of Paul Murray**

To re-elect Paul Murray as a Director of the Company.

#### **Resolution 11 – Re-election of Susan Searle**

To re-elect Susan Searle as a Director of the Company.

#### **Resolution 12 – Re-election of Steve Wadey**

To re-elect Steve Wadey as a Director of the Company.

#### **Resolution 13 – Re-appointment of Auditor**

To re-appoint KPMG LLP as auditor of the Company until the conclusion of the Annual General Meeting to be held in 2017.

#### **Resolution 14 – Authority to determine Auditor's remuneration**

To authorise the Audit Committee of the Board to determine the remuneration of the auditor.

#### **Resolution 15 – Political donations**

THAT in accordance with sections 366 and 367 of the Companies Act 2006 (the '2006 Act'), during the period beginning with the date of the passing of this Resolution 15 and ending at the conclusion of the Annual General Meeting to be held in 2017, the Company and all companies which are subsidiaries of the Company at any time during that period be and are hereby generally and unconditionally authorised:

- a) to make political donations to political parties and/or independent election candidates not exceeding £100,000 in total;
- b) to make political donations to political organisations other than political parties not exceeding £100,000 in total; and
- c) to incur political expenditure not exceeding £100,000 in total, provided that:
  - (i) in any event, the aggregate amount of political donations and political expenditure made or incurred by the Company and its subsidiaries pursuant to this Resolution 15 shall not exceed £100,000 in total; and
  - (ii) the authorised sum referred to in paragraphs (a), (b) and (c) above may be comprised of one or more amounts in different currencies which, for the purposes of calculating the said sum, shall be converted into pounds sterling at the exchange rate published in the London edition of the Financial Times on the date on which the relevant donation is made or expenditure incurred (or the first business day thereafter) or, if earlier, on the day on which the Company enters into any contract or undertaking in relation to the same.

For the purposes of this Resolution 15, the terms 'political donation', 'political parties', 'independent election candidates', 'political organisation' and 'political expenditure' have the meanings given to them by sections 363 to 365 of the 2006 Act.

#### **Resolution 16 – Authority to allot new shares**

THAT the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the '2006 Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or convert, any security into shares in the Company ('Rights'):

- a) up to an aggregate nominal amount (within the meaning of sections 551(3) and (6) of the 2006 Act) of £1,955,408 (such amount to be reduced by the nominal amount allotted or granted under (b) below in excess of such sum); and

## Resolutions continued

b) comprising equity securities (as defined in section 560 of the 2006 Act) up to an aggregate nominal amount (within the meaning of sections 551(3) and (6) of the 2006 Act) of £3,910,816 (such amount to be reduced by any allotments or grants made under (a) above), provided that they are offered by way of a rights issue to holders of ordinary shares on the register of members at such record dates as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held or deemed to be held by them on any such record dates, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems arising under the laws of, or the requirements of, any regulatory body or stock exchange in any territory or any other matter,

provided that these authorisations shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 20 October 2017, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares or grant Rights pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the Directors to allot shares and grant Rights be and are hereby revoked.

### **Resolution 17 – Disapplication of pre-emption rights: standard**

THAT, subject to the passing of Resolution 16, the Directors be and are hereby empowered pursuant to sections 570(1) and 573 of the Companies Act 2006 (the '2006 Act') to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash either pursuant to the authority conferred by Resolution 16 above or by way of a sale of ordinary shares (as defined in section 560(1) of the 2006 Act) held by the Company as treasury shares, as if section 561(1) of that Act did not apply to any such allotment or sale provided that this power shall be limited to:

a) the allotment of equity securities and the sale of treasury shares in connection with an offer of equity securities (but in the case of the authority granted under paragraph (b) of Resolution 16 by way of rights issue only) in favour of the holders of ordinary shares on the register of members at such record dates as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held or deemed to be held by them on any such record dates, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates or legal or practical problems arising under the laws of, or the requirements of, any regulatory body or stock exchange in any territory or any other matter; and

b) in the case of the authorisation granted under paragraph (a) of Resolution 16 (or in the case of any sale of treasury shares), the allotment (otherwise than pursuant to sub-paragraph (a) of this Resolution 17) to any person or persons of equity securities up to an aggregate nominal amount of £293,000,

and shall expire upon the expiry of the general authority conferred by Resolution 16 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the Directors shall be entitled to allot equity securities or sell treasury shares pursuant to any such offer or agreement as if the power conferred hereby had not expired.

### **Resolution 18 – Disapplication of pre-emption rights: acquisitions**

THAT, subject to the passing of Resolutions 16 and 17 and in addition to the power given by that Resolution 17, the Directors be and are hereby empowered pursuant to sections 570(1) and 573 of the Companies Act 2006 (the '2006 Act') to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash either pursuant to the authority conferred by Resolution 17 above or by way of a sale of ordinary shares (as defined in section 560(1) of the 2006 Act) held by the Company as treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment or sale provided that this power shall be:

- a) limited to the allotment of equity securities for cash and the sale of treasury shares, up to an aggregate nominal amount of £293,000; and
- b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors have determined 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 this Notice, or for any other purposes as the Company in general meeting may at any time by special resolution determine,

and shall expire at the conclusion of the next Annual General Meeting of the Company (or, if earlier, on 20 October 2017), save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the Directors shall be entitled to allot equity securities or sell treasury shares pursuant to any such offer or agreement as if the power conferred hereby had not expired.

## Resolutions continued

### **Resolution 19 – Authority to purchase own shares**

THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the '2006 Act') to make market purchases (within the meaning of section 693(4) of the 2006 Act) of any of its ordinary shares of 1 pence each of the Company on such terms and in such manner as the Directors may from time to time determine, provided that:

- a) the maximum number of ordinary shares hereby authorised to be acquired is 58,600,000;
- b) the minimum price which may be paid for any such share is 1.00 pence (which amount shall be exclusive of expenses, if any);
- c) the maximum price (exclusive of expenses) which may be paid for any such share is the higher of:
  - (i) an amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and
  - (ii) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by this Resolution 19 will be carried out;
- d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2017, or on 20 October 2017, whichever is the earlier, unless previously renewed, varied or revoked by the Company in general meeting; and
- e) the Company may make a contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its ordinary shares in pursuance of any such contract.

### **Resolution 20 – Notice Period for Extraordinary General Meetings**

THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By Order of the Board

#### **Jon Messent**

Company Secretary  
14 June 2016

Registered Office  
Cody Technology Park  
Ively Road, Farnborough  
Hampshire, GU14 0LX

Registered in England and Wales No. 4586941

### **VOTING BY PROXY**

A Proxy Form is enclosed with this Notice, and instructions for its completion and return by post are shown on the form. Alternatively, you can appoint a proxy online at [www.sharevote.co.uk](http://www.sharevote.co.uk).

Further details regarding the appointment of proxies and rights of shareholders to attend and vote at the Annual General Meeting are set out in the 'Important notes to shareholders' section which begins on page 6 (and which forms part of this Notice).

# Explanatory notes

## **Resolution 1 – Report and Accounts**

The Directors are required by law to present to the Meeting the accounts and the reports of the Directors and auditor for the year ended 31 March 2016.

## **Resolution 2 – Directors’ Remuneration Report**

The Annual Report on Remuneration, which includes a statement from Michael Harper, Chairman of the Remuneration Committee, is set out on pages 80 to 81 and pages 83 to 95 of the Company’s Report and Accounts 2016. The Directors’ Remuneration Report sets out payments and awards made to the Directors and details the link between Company performance and remuneration during the financial year under review, together with some details of how the remuneration policy will be implemented in the next financial year. The vote on the Directors’ Remuneration Report, under Resolution 2, is advisory in nature and the entitlement of any individual Director to remuneration is not conditional upon it.

There is no requirement for a shareholder vote on the Directors’ Remuneration Policy as it was approved by shareholders at the 2014 Annual General Meeting and remains unchanged. Unless there is a specific requirement to change the Directors’ Remuneration Policy, it is valid for three years and will therefore be put to a shareholder vote no later than the Annual General Meeting to be held in 2017. A summary of the Directors’ Remuneration Policy is included on page 82 of the Company’s Report and Accounts.

## **Resolution 3 – Declaration of a dividend**

Final dividends must be approved by shareholders but must not exceed the amount recommended by the Directors. If the Meeting approves Resolution 3, a final dividend in respect of the financial year ended 31 March 2016 of 3.80 pence will be paid on 2 September 2016 to the ordinary shareholders on the register of members at the close of business on 5 August 2016 in respect of each ordinary share.

## **Resolutions 4 to 12 – Election/Re-election of Directors**

Each member of the Board has offered himself/herself for election/re-election in order to comply with best practice in the Company’s application of corporate governance. The Board of Directors unanimously recommends that they each be elected/re-elected as Directors of the Company. The Chairman confirms that each of the Non-executive Directors who are seeking re-election at the Annual General Meeting continues to be an effective member of the Board and to demonstrate their commitment to their role. The Chairman himself is also seeking re-election to the Board. Michael Harper, in his capacity as Senior Independent Director, has confirmed that the Chairman continues to be an effective Chairman and demonstrates commitment to his role as Chairman.

## **Resolution 4 – Election of Lynn Brubaker**

Article 110 of the Company’s Articles of Association requires any Director newly appointed by the Board to offer himself/herself for re-appointment at the first annual general meeting following his/her appointment. Lynn Brubaker, who was appointed to the Board on 27 January 2016, accordingly offers herself for election. Lynn is a non-executive Director of FARO Technologies Inc, Hexcel Corp. and The Nordam Group. Previously, Lynn was a non-executive Director of Force Protection, Inc., Seabury Group, Graham Partners, Cordiem, Chairman of the Flight Safety Foundation and a member of the Management Advisory Council of the Federal Aviation Administration. Lynn retired from Honeywell International in 2005, where she was Vice-President and General Manager of Commercial Aerospace. Prior to that, she held a variety of roles in the commercial aerospace sector working for Allied Signal (which acquired Honeywell in 1999), the McDonnell Douglas Corporation, Republic Airlines and ComAir Airlines. The Board considers that Lynn

has a wealth of experience in the international aerospace industry, including responsibility for business development, strategy, operational and manufacturing issues. She has a strong track record of running international operations, as well as experience of businesses in which technology and intellectual property are important.

## **Resolution 5 – Re-election of Admiral Sir James Burnell-Nugent**

Admiral Sir James Burnell-Nugent, who was appointed to the Board on 10 April 2010, offers himself for re-election. Sir James is Non-executive Chairman of Witt Limited and was the High Sheriff of Devon during 2015. He commanded the aircraft carrier HMS Invincible and three other ships and submarines during a 37-year career in the Royal Navy that culminated in his appointment as Commander-in-Chief Fleet. Between operational duties he held several positions at the MOD and gained cross-Whitehall experience while on secondment to HM Treasury. The Board considers that Sir James’ significant experience of the defence industry, contracting with government, and management is highly beneficial in the context of QinetiQ’s government-sourced operations.

## **Resolution 6 – Re-election of Mark Elliott**

Mark Elliott, who was appointed to the Board on 1 June 2009 and as Chairman of the Company on 1 March 2010, offers himself for re-election. Mark is Chairman of Kodak Alaris Holdings Limited. He was a Non-executive Director of G4S plc (and Senior Independent Director and Chairman of the Remuneration Committee) from September 2006 until May 2016. He was a Non-executive Director of Reed Elsevier Group PLC (and also Chairman of its Remuneration Committee) and Reed Elsevier NV from April 2003 until April 2013. He worked for IBM for over 30 years, where he occupied a number of senior management positions, including General Manager of IBM Europe, Middle East and Africa and was a member of IBM’s Worldwide Management Council. The Board considers that Mark’s extensive experience of a variety of industry sectors and governance experience on the boards of FTSE listed companies, is a valuable asset to the Group in terms of leadership and of addressing the strategic issues that affect the Group.

## **Resolution 7 – Re-election of Michael Harper**

Michael Harper, who was appointed to the Board on 22 November 2011 and as Deputy Chairman and Senior Independent Non-executive Director in February 2012, offers himself for re-election. Michael is a Non-executive Director of the Aerospace Technology Institute. He was Chairman of Ricardo plc from November 2009 until November 2014, having joined that Board in 2003, Chairman of BBA Aviation plc from June 2007 until May 2014, having joined that Board in February 2005, and Chairman of Vitec Group plc from 2004 to 2012. He was Senior Independent Director of Catlin Group Limited from 2005 to 2011. He was previously a Director of Williams plc where, at the time of the demerger in 2000, he became Chairman of Kidde plc. The Board considers that Michael’s wealth of operational and corporate experience, including in the engineering sector and in listed company governance, enables him to make a significant contribution to the Board.

## **Resolution 8 – Re-election of Ian Mason**

Ian Mason, who was appointed to the Board on 3 June 2014, accordingly offers himself for re-election. Ian was the Group Chief Executive of Electrocomponents plc from 2001 until March 2015, having joined that company in 1995. Previously he worked for The Boston Consulting Group and was a Non-executive Director of The Sage Group plc from 2007 to 2013. The Board considers that Ian brings a broad range of experience in strategy, business transformation, ecommerce and international development.

## Explanatory notes continued

### **Resolution 9 – Re-election of David Mellors**

David Mellors, who was appointed to the Board on 20 August 2008, offers himself for re-election. David is the Chief Financial Officer of QinetiQ, and was interim CEO for the period from 1 January 2015 until 26 April 2015. David was previously deputy Chief Financial Officer of Logica plc. He was also Chief Financial Officer of Logica's international division covering operations in North America, Australia, Middle East and Asia and, before that, was the Group Financial Controller. His earlier experience includes various roles with CMG Plc, Rio Tinto plc and Price Waterhouse. David is a member of the Institute of Chartered Accountants in England and Wales.

### **Resolution 10 – Re-election of Paul Murray**

Paul Murray, who was appointed to the Board on 25 October 2010, offers himself for re-election. Paul is currently a Non-executive Director and Chair of the Audit & Risk Committee at Royal Mail Group plc. He is also a Director of Independent Oil and Gas plc, Ventive Limited, and Naked Energy Ltd. He was previously a Director of Knowledge Peers plc, Senior Independent Director of Taylor Nelson Sofres plc, a Non-executive Director of Thomson SA and Tangent Communications plc, a Trustee of Pilotlight and has also been Group Finance Director of Carlton Communications plc and LASMO plc. The Board considers that Paul brings a broad range of experience in finance and corporate governance from a cross-section of industries, all of which leverage technology.

### **Resolution 11 – Re-election of Susan Searle**

Susan Searle, who was appointed to the Board on 14 March 2014, offers herself for re-election. Susan is a Non-executive Director and Chair of the Remuneration Committee of both Benchmark Holdings plc and Horizon Discovery Group plc. She is also Chair of Woodford Patient Capital Trust plc and Chair of Mercia Technologies plc (and chair of its Nominations Committee), having been previously Deputy Chair and Chair of the Audit Committee. She is also a member of the international advisory board of PTT. Susan was a founder of Imperial Innovations Group, leading it as CEO from 2002 to July 2013, and has served on a variety of private company boards in engineering, healthcare and materials. Susan was a Trustee of Fight for Sight from 2013 to 2016. The Board considers Susan's extensive experience of investing in growing technology businesses, acquisitions, intellectual property and exploitation of new technologies to be of particular relevance to QinetiQ as it pursues its strategic objectives.

### **Resolution 12 – Re-election of Steve Wadey**

Steve Wadey, who was appointed to the Board on 27 April 2015, offers himself for re-election. Steve, QinetiQ's Chief Executive Officer, was appointed Chair of the Industry Liaison Board of the UK Trade and Industry Defence & Security Organisation and a member of the Prime Minister's Business Advisory Group during the year under review. Also during the year under review, Steve ceased to be Co-Chair of the Defence Growth Partnership and a non-executive Director of the UK MOD Research and Development Board. Previously he held various roles with MBDA from 2001 to 2014, most recently as Managing Director of MBDA UK and Technical Director of the MBDA Group. Before that, Steve held various roles in engineering with Matra BAe Dynamics from 1996 to 2001, and various roles with British Aerospace from 1989 to 1996. He was also Co-Chair of the National Defence Industries Research and Development Group.

### **Resolutions 13 and 14 – Re-appointment of auditor and determining their remuneration**

The Company is required to appoint an auditor at each general meeting at which accounts are laid, to hold office until the end of the next such meeting. Resolution 13, which is recommended by the Audit Committee, proposes the re-appointment of KPMG LLP

as auditor of the Company and Resolution 14 follows best practice in giving authority to the Audit Committee to determine their remuneration.

### **Resolution 15 – Political donations**

Resolution 15 is designed to deal with rules on political donations and expenditure contained in Part 14 of the 2006 Act (sections 362 to 379). Under section 378 of the 2006 Act, a company may not make donations to an EU political party, or other EU political organisation, or to an independent election candidate in the EU, of more than £5,000 in total, or incur any EU political expenditure, without first obtaining shareholder approval. It is the Company's policy not to make donations or other contributions to political parties. There is no intention to change that policy. What constitutes a 'political donation', a 'political party', a 'political organisation' or 'political expenditure' under the 2006 Act is not clear, as the legislation is capable of wide interpretation and may have the effect of covering a number of normal business activities that would not be thought to be political donations in the usual sense. To avoid any possibility of inadvertently contravening the 2006 Act, the Board considers that it would be prudent to follow the procedure specified in the 2006 Act to obtain shareholder approval for the Company and its subsidiaries to make political donations or incur political expenditure in the forthcoming year until the conclusion of the Annual General Meeting of the Company in 2017 (up to a total amount of £100,000 either individually or in aggregate). This authority will not be used to make any political donations as that expression would normally be understood.

### **Resolution 16 – Authority to allot new shares**

Resolution 16 deals with the Directors' authority to allot shares.

The Directors may allot shares and grant rights to subscribe for, or convert any security into, shares only if authorised to do so by shareholders. The authority granted at the last Annual General Meeting is due to expire at this year's Annual General Meeting. Accordingly, Resolution 16 will be proposed as an ordinary resolution to grant new authorities to allot shares and grant rights to subscribe for, or convert any security into, shares.

Paragraph (a) of Resolution 16 will allow the Directors to allot shares in the capital of the Company up to a maximum nominal amount of £1,955,408 representing approximately one third of the Company's issued ordinary share capital as at 2 June 2016 (the latest practicable date prior to publication of this Notice). In accordance with the latest institutional guidelines issued by the Investment Association, paragraph (b) of Resolution 16 will also allow Directors to allot, including the ordinary shares referred to in paragraph (a) of Resolution 16, ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of £3,910,816, representing approximately two thirds (66.66 per cent) of the Company's existing issued share capital calculated as at 2 June 2016. The power will last until the conclusion of the next Annual General Meeting in 2017 or, if earlier, 20 October 2017.

The Directors have no present intention of exercising this authority. However, if they do exercise the authority, the Directors intend to follow emerging best practice as regards its use as recommended by the Investment Association.

As at the date of this Notice, the Company does not hold any ordinary shares in the capital of the Company in treasury.

### **Resolution 17 – Disapplication of pre-emption rights: standard**

Resolution 17 will give the Directors authority to allot equity securities or sell treasury shares in the capital of the Company, pursuant to the authority granted under Resolution 16 above, for cash without complying with the pre-emption rights in the 2006 Act in certain

## Explanatory notes continued

circumstances. Apart from offers or invitations in proportion to the respective number of shares held, the authority will be limited to the allotment of equity securities and sales of treasury shares for cash up to an aggregate nominal value of £293,000 (being just under five per cent of the Company's issued ordinary share capital at 2 June 2016, the latest practicable date prior to publication of this Notice). If given, this power will expire on 20 October 2017 or at the conclusion of the Annual General Meeting in 2017, whichever is the earlier.

The figure of five per cent reflects the Pre-Emption Group 2015 Statement of Principles for the disapplication of pre-emption rights (the "Statement of Principles"). Your Directors will have due regard to the Statement of Principles in relation to any exercise of this power, in particular they do not intend to allot shares for cash on a non-pre-emptive basis pursuant to this power in excess of an amount equal to 7.5 per cent of the total issued ordinary share capital of the Company excluding treasury shares in any rolling three-year period, without prior consultation with shareholders.

The Directors have no present intention of exercising this authority.

### **Resolution 18 - Disapplication of pre-emption rights: acquisitions**

The Directors are seeking this year a further power from shareholders to allot equity securities or sell treasury shares for cash otherwise than to existing shareholders pro rata to their holdings, to reflect the Statement of Principles. Accordingly, Resolution 18 will be proposed as a special resolution to grant such a power. The power will be limited to the allotment of equity securities and sales of treasury shares for cash up to an aggregate nominal value of £293,000 (being five per cent of the Company's issued ordinary share capital (excluding treasury shares) at 2 June 2016, the latest practicable date prior to publication of this Notice. This is in addition to the five per cent referred to in Resolution 17). If given, this power will expire on 20 October 2017 or at the conclusion of the Annual General Meeting in 2017, whichever is the earlier. Your Directors will have due regard to the Statement of Principles in relation to any exercise of this power and in particular they confirm that they intend to use this power only in connection with a transaction which they have determined to be an acquisition or other capital investment (of a kind contemplated by the Statement of Principles most recently published prior to the date of this Notice) which is announced contemporaneously with the announcement of the issue, or which has taken place in the preceding six month period and is disclosed in the announcement of the issue.

The Directors have no present intention of exercising this authority.

If the Directors were to exercise the authorities detailed in Resolutions 16 to 18, in the light of the Company's ongoing share buyback programme, the Directors undertake that they would do so only to the extent of the relevant percentage of the ordinary share capital in issue as at the date of the AGM when the Resolutions are approved.

### **Resolution 19 – Authority to purchase own shares**

Resolution 19 gives the Company the authority to purchase its own ordinary shares in the market (as permitted by the 2006 Act) up to a maximum of 58,600,000 ordinary shares until the conclusion of the Annual General Meeting to be held in 2017. This represents approximately 10% of the ordinary shares in issue as at 2 June 2016 (the latest practicable date prior to publication of this Notice) and the Company's exercise of this authority is subject to the maximum and minimum prices specified in Resolution 19.

Other than to complete the £50 million share buyback which began in 2015 following the announcement of the half-year results in November 2015, the Directors have no other intention at the present time of exercising this authority. The authority will be

exercised only if the Directors believe that it will be in the best interests of the Company to purchase ordinary shares to satisfy awards or the exercise of options under employee share schemes or if the Directors otherwise believe that this will improve earnings per share. The current expectation is that any shares purchased under this authority would either be used to satisfy awards or the exercise of options under employee share schemes or would be held as treasury shares, but the Company would retain the flexibility to cancel any such shares or sell them for cash if it considers this to be in its best interests.

As at 2 June 2016 (the latest practicable date prior to publication of this Notice), there were options outstanding over 9,140,743 ordinary shares, which represent approximately 1.56% of the Company's issued share capital. If this authority were exercised in full and the purchased shares were cancelled, then these options would represent approximately 1.73% of the Company's then issued share capital. There are no warrants outstanding.

### **Resolution 20 – Notice of meetings**

Resolution 20 is a resolution to allow the Company to hold general meetings (other than annual general meetings) on 14 clear days' notice. Before the introduction of the Companies (Shareholders' Rights) Regulations 2009 in August 2009, the minimum notice period permitted by the 2006 Act for general meetings (other than annual general meetings) was 14 days. One of the amendments that the Companies (Shareholders' Rights) Regulations 2009 made to the 2006 Act was to increase the minimum notice period for listed company general meetings to 21 clear days, but with an ability for companies to reduce this period back to 14 clear days (other than for annual general meetings) provided that: (i) the Company offers facilities for shareholders to vote by electronic means; and (ii) there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 clear days to 14 clear days. The Board is therefore proposing Resolution 20 as a special resolution to approve 14 clear days as the minimum period of notice for all general meetings of the Company other than annual general meetings. The approval will be effective until the Company's next Annual General Meeting, when it is intended that the approval be renewed. The Company will use this notice period when permitted to do so in accordance with the 2006 Act and when the Directors consider that it is appropriate to do so.

### **Important notes to shareholders**

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 360(b)(2) of the 2006 Act, specifies that only those shareholders on the register of members at 6.30pm on 18 July 2016 are entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time or, if the Meeting is adjourned, as at 6.30pm on the date which is two days prior to the adjourned Meeting (as the case may be). In each case, changes to the register of members after that time 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. A shareholder entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a shareholder of the Company) to exercise all or any of his/her rights to attend, speak and vote at the Meeting. A shareholder can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him/her.

## Explanatory notes continued

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the Meeting for your vote to be counted. As referred to above, details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the Meeting and voting in person.
4. You may register your proxy appointment and voting directions electronically by visiting the [www.sharevote.co.uk](http://www.sharevote.co.uk) website, where full details of the procedure are given. If you return more than one proxy appointment, either by paper or electronic communication, that received last by the registrar before the latest time for receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
5. In order to be valid, an appointment of a proxy must be returned (together with the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated) by one of the following methods:
  - (a) deposited with the Company's registrar, by either mailing it to them at the address shown on the proxy form or via [www.sharevote.co.uk](http://www.sharevote.co.uk); or
  - (b) in the case of CREST members, lodged using the CREST proxy voting service – see note 10 below, and in each case must be received not later than 11.00am on Monday, 18 July 2016 or 48 hours (excluding non-working days) before the time for holding any adjourned Meeting (or in the case of a poll taken subsequently to the date of the Meeting or adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll).
6. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the close of the Meeting and may also be inspected at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA from 10.00am on Wednesday, 20 July 2016 until the conclusion of the Meeting:
  - (a) copies of the executive Directors' service contracts with the Company;
  - (b) copies of the Non-executive Directors' letters of appointment;
  - (c) copy of the Company's current Articles of Association; and
  - (d) minutes of the last Annual General Meeting.
7. As soon as practicable following the Annual General Meeting, the results of the voting at the Meeting and the numbers of proxy votes cast in respect of each of the resolutions will be announced via a Regulatory Information Service and also placed on the Company's website [www.QinetiQ.com](http://www.QinetiQ.com).
8. If you have sold or transferred all your shares, this Notice and the accompanying proxy form should be passed to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.
9. The statement of the rights of shareholders in relation to the appointment of proxies above does not apply to any person who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a 'Nominated Person'). The right to appoint proxies can only be exercised by shareholders of the Company and not by a Nominated Person. However, Nominated Persons may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on Wednesday 20 July 2016 and any adjournment(s) thereof by using the procedures described in the CREST Manual. The CREST Manual can be viewed at [www.euroclear.com](http://www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be received by Equiniti (ID RA19) no later than 11.00am on Monday, 18 July 2016, or 48 hours (excluding non-working days) before the time for holding any adjourned Meeting (or, in the case of a poll taken subsequently to the date of the Meeting or adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll).

## Explanatory notes continued

11. As at 2 June 2016 (being the latest practicable business day prior to the publication of this Notice), the Company's issued ordinary share capital consisted of 586,681,200 ordinary shares carrying one vote each. Therefore, the total voting rights in the Company are 586,681,200 as at that date. Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. On a vote by show of hands, every ordinary shareholder who is present has one vote and every proxy present, who has been duly appointed by a shareholder entitled to vote, has one vote. On a vote by poll, every ordinary shareholder who is present, in person or by proxy, has one vote for every ordinary share of which he/she is the holder.
12. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held. As soon as practicable following the Meeting, the results of the voting at the Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and also placed on the Company's website, [www.QinetiQ.com](http://www.QinetiQ.com).
13. Any corporation which is a member of the Company may appoint one or more corporate representatives. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that he/she does not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
14. Members satisfying the thresholds in section 527 of the 2006 Act can require the Company to publish a statement on its website setting out any matter relating to: (a) 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 (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the Meeting. The Company cannot require a member requesting the publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Any statement placed on the website, under section 527 of the 2006 Act, must also be sent to the Company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required to publish, under section 527 of the 2006 Act, on its website.
15. Any member attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business to be 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.
16. Certain items will not be permitted in the Annual General Meeting. These include bags, cameras, recording equipment, items of any nature with potential to cause disorder and such other items as the Chairman or designated officers of the Meeting may specify.
17. The contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting, details of the totals of the voting rights that members are entitled to exercise at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website [www.QinetiQ.com](http://www.QinetiQ.com).
18. You may not use any electronic address (within the meaning of section 333(4) of the 2006 Act) provided in this Notice of Meeting (or any related document) to communicate with the Company for any purpose other than those expressly stated.

### You could help QinetiQ help the environment

You can do this by electing to receive future Company communications by email rather than in paper form. Simply visit the Shareholder Services page on the QinetiQ website at [www.QinetiQ.com](http://www.QinetiQ.com).

By making this election you are helping us reduce print, paper and postage costs and the associated environmental impact. You will be able to view the Report and Accounts the day they are published. You will also be able to access your individual shareholding quickly.

### Protection from fraud

Protecting your shareholding is important to us. Please read the tips below to help safeguard your shareholding.

- Keep all your certificates safe, or hold your shares electronically in CREST via a nominee.
- Any correspondence received from the registrar which shows your shareholder reference number should be kept in a safe place, or destroyed by shredding – never just put in the bin.
- If you receive a letter from the registrar regarding a change of address and you have not recently moved, contact the registrar immediately as you may be a victim of identity theft.
- Elect to have your dividends paid direct into your bank. This will stop payments being intercepted, or lost, in the post. Please remember to tell the registrar if you change your bank account details.
- When buying or selling shares, only deal with brokers in your country of residence or the UK.

### Attending the Annual General Meeting

The Annual General Meeting will be held at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA on Wednesday, 20 July 2016 at 11.00am.

### Timetable

10.00am	Doors open. Registration. Please bring your admission card and register at the registration desk. Tea, coffee and cold beverages will be served.
10.45am	Take seats in the auditorium.
11.00am	The Annual General Meeting will begin.