

**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.**

**Dear shareholder**

## **ANNUAL GENERAL MEETING OF CHEMRING GROUP PLC**

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I am pleased to inform you that the Company's 2015 annual report and accounts was published on 21 January 2016.

If you have requested a copy of the 2015 annual report and accounts, it is enclosed with this letter, together with the Notice of Annual General Meeting and any other associated documents. If you requested to receive the annual report and accounts electronically or did not return the election card previously sent to you, please accept this letter as notification that the 2015 annual report and accounts and associated documents have been published on our website ([www.chemring.co.uk](http://www.chemring.co.uk)), and can be accessed by clicking on the investors section on the home page. If you have only recently become a shareholder in Chemring Group PLC, we will write to you shortly regarding your options for shareholder communications.

This year's Annual General Meeting will be held on Monday 21 March 2016 at 11.00am at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS. The formal Notice of the Meeting, together with the explanatory notes concerning each of the resolutions, is enclosed with this letter if you have elected for a hard copy, or is available on the Company's website.

### **Poll voting**

Voting at the 2016 Annual General Meeting will be conducted by way of a poll. This reflects best corporate governance practice and allows those shareholders who are not able to attend the Annual General Meeting but who vote by proxy to have their votes fully recognised. Any directors appointed as proxies will cast their votes as directed by shareholders. The poll results will be published on the Company's website ([www.chemring.co.uk](http://www.chemring.co.uk)) and notified to the UK Listing Authority as soon as practicable following the conclusion of the meeting.

### **Resolutions**

I would like to draw your attention in particular to the following resolutions:

#### **Resolution 2**

This resolution seeks approval for an updated directors' remuneration policy, further details of which are set out in the notes accompanying the resolutions.

#### **Resolutions 4 to 9**

Resolutions 4 to 9 relate to the re-election of directors. In order to ensure compliance with the UK Corporate Governance Code, all directors, with the exception of Ian Much, are voluntarily submitting themselves for re-election at the Annual General Meeting. Ian will stand down as a director at the end of the Annual General Meeting.

Biographical details for the directors standing for re-election can be found in the notes accompanying the resolutions.

As Chairman, I confirm on behalf of the Board, that each of the directors standing for re-election continues to demonstrate commitment to their role and to make an effective and valuable contribution to the Board. Accordingly, I have no hesitation in recommending their re-election to the shareholders. As announced on 21 January 2016, I will stand down as Chairman, and from the Board, and Andy Hamment will stand down from the Board as soon as suitable replacements have been identified and appointed. The process to recruit our replacements is progressing; in the meantime, our fellow Board members believe both Andy and I continue to demonstrate commitment to our respective roles and to make effective and valuable contributions to the Board, and are therefore recommending our re-election to shareholders, thus maintaining the balance of the Board until our replacements are appointed.

#### **Resolution 13**

This resolution seeks approval for a new performance share plan to replace our existing plan, which will reach the end of its ten-year life in March 2016. Further details are set out in the notes accompanying the resolutions.

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Registered office as above

Chemring Group PLC  
Registered in England NO: 86662

## Future board appointments

As referred to above and previously announced, we believe it is time to reshape the membership of the Board. Processes are under way with outside executive search firms to identify suitable candidates and the Board intends to make appointments as soon as practicable. If a new director is appointed by the Board after the dispatch of the Notice of Annual General Meeting and before the Annual General Meeting on 21 March 2016, it is our intention to re-appoint that person to the Board after the Annual General Meeting for the next year. Any director so appointed will then submit him or herself for election at the 2017 Annual General Meeting in the normal way.

## Recommendation

The Board considers that all the resolutions being proposed are in the best interests of the shareholders and will promote the success of the Company, and accordingly recommends that you vote in favour of each of the resolutions, as the directors intend to do in respect of their own beneficial holdings amounting to 408,680 shares, representing 0.21% of the issued ordinary share capital of the Company as at 9 February 2016.

## Action to be taken

If you are able to attend the meeting, we will be delighted to see you. If, however, you are not able to attend the meeting in person, your vote is still important and I would urge you, regardless of the number of shares you own, to appoint a proxy. You may complete a proxy form electronically by accessing our registrars' website at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). Alternatively, you can complete your paper proxy form and return it to the registrars, Computershare Investor Services PLC. Further details are set out in the proxy form. Please note that all proxy forms, whether completed electronically or on paper, must arrive at the registrars not later than forty-eight hours before the time appointed for holding the Annual General Meeting. However, the completion and return of a proxy form will not prevent you from attending the Annual General Meeting and voting in person, should you wish to do so.

Yours sincerely

**Peter Hickson**

Chairman

10 February 2016