

10 February 2016

Dear Shareholder

## **Notification to Shareholders in accordance with Financial Reporting Standard 101**

The purpose of this letter is to notify shareholders of the proposal to adopt a new financial reporting basis for the parent company financial statements of QinetiQ Group plc ('the Company').

The parent company financial statements of QinetiQ Group plc (the 'Company'), as set out on pages 137 to 139 of the QinetiQ Group plc Annual Report for the year ended 31 March 2015, were prepared in accordance with UK Generally Accepted Accounting Practice. The UK Financial Reporting Council ('FRC') has issued a new financial reporting framework which took mandatory effect for accounting periods commencing on or after 1 January 2015. Accordingly the Company is required to prepare its parent company financial statements on one of the new bases permitted by the FRC.

The Company proposes to adopt Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101') for its parent company financial statements for the year ending 31 March 2016 and on an ongoing basis, until such time as the Company notifies shareholders of any change to its chosen accounting framework for the parent company financial statements. FRS 101 enables a company to use the same recognition and measurement principles of EU International Financial Reporting Standards but also take advantage of a number of specified disclosure exemptions.

The consolidated financial statements of the QinetiQ Group will continue to be prepared in accordance with EU International Financial Reporting Standards and are unaffected by the new financial reporting framework.

The Company's proposal to adopt FRS 101 for its parent company financial statements does not require shareholder approval. It is necessary, however, for the Company to notify shareholders in writing of the proposed use of the disclosure exemptions permitted under FRS 101. A shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in the Company may serve objections to the use of the disclosure exemptions. Objections must be served in writing and delivered to the Company Secretary at the Company's registered office, Cody Technology Park, Ively Road, Farnborough, Hampshire GU14 0LX, United Kingdom, by no later than **10 March 2016**.

Please note that if you do not have any objections to this proposal, you do not need to take any further action.

Yours faithfully



**Jon Messent**  
**Company Secretary**