

CURRENT REPORT

as per the CNVM Regulation No. 1/2006 regarding the issuers and securities operations

Date of the report: 13.10.2017

Name of the issuing entity: IAR S.A. Company

Social headquarters: 34, Hermann Oberth Street, Ghimbav, county of Brasov

Telephone / Fax number: 0268475108/0268476981

Sole Registration Code with the Trade Registry Office: 1132930

Order Number with the Trade Registry: J08/IV/1991

Social capital registered and deposited: 47.197.132,50 lei

The regulated market onto which transactions of issued securities are traded: The Stock Exchange Bucharest, Capital titles sector – Shares Standard Category

I. Important events to be reported:

The Board of Directors of IAR S.A. decided to convene the Extraordinary General Meeting of Shareholders on the day of 27-28.11.2017, adopting thus Decision No 23CA / 12.10.2017.

The Convening of the EGMS 27-28.11.2017 is presented hereafter:

CONVENING LETTER

Under the Law no. 31/1990, as amended and supplemented to date, under the Law no. 297/2004 on the capital market and the Law no. 24/2017, the CNVM Regulation no. 1/2006 on issuers and securities operations, the CNVM Regulation no. 6/2009 regarding exercise of certain rights of shareholders in the general meetings of companies and the Constitutive Act of the IAR S.A. Company, the chairman of the Board of Directors of the Company convenes the IAR SA Extraordinary General Meeting of Shareholders dated 27.11.2017 at 11:00, at the company's headquarters - No. 34, Hermann OBERTH Str., Ghimbav, Braşov, for all its shareholders registered in the Shareholders Register by the end of 07.11.2017, with the following agenda:

1. Approval of the following amendaments to the Constitutive Act of IAR SA Company:

- A. Replacement of the main object of activity NCEA code 3316 - Repair and maintenance of aircraft and spaceships, with NCEA code 3030 - Manufacturing of aircraft and spaceships, NCEA code 3316 becoming secondary activity.**

Thus art. 6 Object of activity of CHAPTER II – SCOPE AND OBJECT OF ACTIVITY OF THE COMPANY – changes as follows:

"Art. 6 – The object of activity

- (1) The object of the company consists of activities defined and coded according to the National Classification of Economic Activities - NCEA, as updated by Order No. 337 / 20.04.2007 issued by the President of the National Institute of Statistics.
- (2) The main activity performed by the company is that set out in Class 3030 - "Manufacture of aircraft and spacecraft" which is part of Group 303 "Manufacture of aircraft and spacecraft "Division 30 - Manufacture of other transport equipment."
- (3) The Company may conduct the following secondary activities:

ACTIVITY CODE	ACTIVITY
3316	Repair and maintenance of aircraft and spacecraft
1392	manufacture of textile articles, except apparel and underwear
1399	manufacture of other textiles: n.c.a.
1512	manufacture of luggage, handbags and saddlery and harnesses

1624	<i>manufacture of wooden containers</i>
2219	<i>manufacture of other rubber products</i>
2512	<i>manufacture of elements of carpentry and metal work</i>
2550	<i>manufacture of metal wrought products; powder metallurgy</i>
2561	<i>treatment and coating of metals</i>
2599	<i>manufacture of other metal items n.c.a.</i>
2540	<i>manufacture of weapons and ammunition</i>
3109	<i>manufacture of furniture n.c.a.</i>
3530	<i>steam and air conditioning supply</i>
3600	<i>collection, purification and distribution of water</i>
4520	<i>vehicles maintenance and repair</i>
4690	<i>specialized wholesale trade</i> <i>import-export of military goods according to normative acts which:</i> <i>- approve the lists of weapons, ammunition and other military products and dual-use items,</i> <i>- governs the control of exports of dual-use technologies,</i> <i>- governs the import and export control of strategic goods</i>
4724	<i>retail trade of bread, confectionery and sugar confectionery in specialized stores</i>
5223	<i>other food service</i>
5629	<i>road goods transport</i>
4941	<i>passenger air transport</i>
5110	<i>handlings</i>
5224	<i>storage</i>
5210	<i>renting and leasing of cars and light road vehicle</i>
7711	<i>activities of renting and leasing of air transport equipment</i>
7735	<i>renting and leasing of vehicles and office equipment (including computers)</i>
7733	<i>other food service</i>
7739	<i>renting and leasing of other machinery, equipment and tangible goods n.c.a.</i>
6202	<i>IT consultancy activities</i>
6201	<i>activities to develop custom software (customer –oriented software)</i>
6311	<i>data processing, hosting and related activities</i>
6312	<i>activities of web portals</i>
6820	<i>lease and sublease of own or leased real estate</i>
7219	<i>research and development on natural sciences and engineering</i>
7320	<i>activities on market research and public opinion polling</i>
7022	<i>consulting activities for business and management</i>
7120	<i>technical testing and analysis activities</i>
8219	<i>activities photocopying, document preparation and other specialized office support activities</i>
8559	<i>other education n.c.a.</i>
8621	<i>general healthcare activities</i>
9311	<i>activities of sports facilities</i>
9319	<i>other sports activities</i>

B. Paragraph 3 of Art. 12 – General Shareholders Meeting is completed as follows:

"(3)...

k) to determine the minimum value of the insured amount and the maximum value of the insurance premium for the professional liability insurance of the members of the Board of Directors, respectively of the directors."

C. Paragraphs 1-7 of Art. 14 – Organizational issues related to the general meeting of shareholders, is modified or completed as follows:

"(1) The Ordinary General Meeting of the Shareholders is validly constituted and can take decisions if at the first call shareholders holding at least 1/2 of the total voting rights are present and the resolutions are taken by shareholders holding the majority of the casted votes.

(2) In case of the non-fulfillment of the conditions stipulated at paragraph (1), the general meeting of the shareholders shall meet at a second call and may deliberate on the issues of the agenda of the first meeting, regardless of the quorum, taking decisions with the majority of the casted votes.

(3) The Extraordinary General Meeting of the Shareholders is validly constituted and may take decisions if at the first call shareholders holding at least 1/2 of the total voting rights are present and the resolutions are taken by a majority of the votes held by the shareholders present or represented. At the second call, the extraordinary general meeting may deliberate on the agenda items of that first meeting, under the same quorum and majority conditions required for the first call.

(4) Participation at the meeting shall be in accordance with the specific legislation in force and the Constitutive Act of IAR S.A. Company by direct representation or by special / general empowerment.

(4¹) The forms for the special empowerments upon which the shareholders may be represented at the meetings of the general meeting of shareholders and the mail the voting ballots are made available to the shareholders both in Romanian and in English, and they can be downloaded from the web page of Company, www.iar.ro.

(4²) The shareholders may supplement and transmit the special empowerments and the voting ballot either in Romanian or in English.

(4³) The special empowerments necessary for the voting, as well as the main voting ballots, shall be filed in original at IAR SA headquarters, at least one hour before the meeting, valid also for filing the copies of the general empowerments, containing the words "according to the original".

(4⁴) Any shareholder who wishes to appoint his representative by electronic means may send notice of such designation to office@iar.ro. Notification may be made only in writing, in Romanian and / or in a language of circulation in the international financial field.

(5) The general meeting of shareholders shall be chaired by the chairman of the board, by the administrator appointed by him to chair the meeting or, failing that, by a person designated by the shareholders.

(6) The shareholders present will appoint, among them, one or more meeting secretaries, who will check the attendance list of the shareholders as well as the fulfillment of all the formalities required by the law and by the constitutive act for the holding of the meeting. The President may designate, among the employees of the company, one or more technical secretaries to take part in the execution of the operations / formalities required by the law and by the Constitutive Act for the holding of the general meeting.

(7) The minutes, signed by the president and the secretary of the meeting, shall observe the fulfillment of the convening formalities, the date and the place of the meeting, the agenda, the shareholders present, the number of shares, the summaries, the decisions taken and, at the request of the shareholders, their declarations made during the meeting. The minutes of the meeting shall be edited, signed, and shall be attached to the Registry of the Minutes of the Meetings and deliberations, which shall be kept sealed and initialed."

C. A part of Paragraph 1 of the Art. 15 – Exercising the right of the vote during the general meeting of the shareholders is canceled, this paragraph becoming as follows:

"(1) The decisions of the general meetings shall be taken by open vote. Shareholders exercise their right to vote directly or through representatives mandated for that purpose by empowerment. The secret vote is mandatory for the election of the members of the board of directors, for their revocation, for the decisions regarding the liability of the members of the administration, executive management and control bodies of the company, as well as under other conditions stipulated by the law. "

D. Paragraphs 5, 7, 13 (adding 13¹), 14, 16 (adding 16¹) and 18 of Art. 16 – Organizational issues, Chapter V - Board of directors, is modified as follows:

" ...

(5) The members of the board and directors of the company (within the meaning of Law No. 31/1990 republished, with the subsequent amendments and completions) are insured for professional liability.

...

(7) In case of vacancy of one or more of the positions of member of the board, the board of directors shall appoint temporary administrators until the ordinary general meeting of the shareholders will take place.

...

(13) The Board of Directors shall meet at the Company's headquarters, in another established place, or by video- or audio-conference, whenever necessary, but at least every three months, at the convocation of the Chairman. The Board of Directors shall also be convened on a reasoned request by at least two of its members or the Director-General. The meeting shall be chaired by the chairman, and in the absence thereof, by the administrator appointed by the board of directors as substitute.

(13¹) The board of directors shall appoint a secretary, either from the executive members of the board or from the employees of the company, establishing its monthly remuneration.

(14) For the validity of the decisions, the presence of at least 3 (three) members of the board of directors is required and the decision shall be taken by the absolute majority vote of the members of the board. In case of parity, the provisions of the law are applied.

...
(16¹) In exceptional cases justified by the urgency of the situation and by the interest of the company, the decisions of the Board of Directors may be taken by unanimous vote in writing of the members, without the need for a meeting.

...
(18) An electronic minutes shall be drawn up at each meeting, containing the names of the participants, the order of deliberations, the taken decisions, the number of votes and the separate opinions. The minutes shall be signed by the chair of the meeting and by at least one other administrator who attend the meeting."

E. Art 17 – Tasks of the Board of Directors is modified as follows:

"(1) The Board of Directors shall have the following tasks:

- a) approves the organization and functioning regulations of the company;
- b) establishes the main directions of activity and development of the company;
- c) sets the tactics and marketing strategy;
- d) approves the business plan;
- e) appoints / revokes the directors of the company and determines their remuneration;
- f) approves the collective labor agreement in the company, negotiated by the general director and the team appointed by him;
- g) analyzes and submits the approval of the general meeting of shareholders, the contracts of association with third parties;
- h) submits annually to the analysis and approval of the general meeting of the shareholders, no later than 4 (four) months after the end of the financial year, the report on the company's activity, the annual financial statements for the previous year and the draft of the program of activity
- i) the annual financial statements accompanied by the management report and the supporting documents, shall be submitted to the financial auditors at least one month before the date set for the general meeting of the shareholders;
- j) establishes the accounting and financial control system and approves the financial planning;
- k) introduces the request for opening the insolvency procedure of the company, according to the specific legislation in force;
- l) oversee the activity of directors;
- m) decides on the rental and sub-leasing of its own real estate, except for the assets as defined in the legislation on the privatization of companies within the limits set by the specific legislation in force;
- n) approves the organizational structure of the company and the number of positions of the functional and production compartments;
- o) decides on the conclusion of short- and medium-term bank loans, respectively less than 5 (five) years, without real estate collateral, according to the law and within the limits set by the General Meeting of Shareholders;
- p) informs the General Meeting of Shareholders about short and medium term bank loans (up to 5 years);
- q) performs any other duties and resolves any other matters established by the general meeting of the shareholders, or provided by law;

(2) The Board of Directors shall mandate by decision the General Director and the other directors to perform part of his duties.

(3) The Board of Directors may not delegate to the directors the attributions specified in art. 17 b), d), e), h), i), j), k), l) and n). "

G. Art. 19 is renamed "Financial Auditor and internal audit" and it is modified as follows:

"(1) The financial statements of the company shall be audited by financial auditors, individuals or legal entities, under the conditions provided by the law.

(2) At IAR SA Company, the Financial Audit activity is carried out by a financial auditor appointed by the ordinary general meeting of shareholders.

(3) The financial audit shall be performed in accordance with the Auditing Standards issued by the Romanian Chamber of Auditors, based on a service contract approved by the Board of Directors, at the proposal of the Audit Committee, for a period which is determined by the Ordinary General Meeting of Shareholders.

(4) The company organizes its internal audit in accordance with the legal provisions. "

2. Approval of the date of 19.12.2017 as registration date, i.e. identification of the shareholders to be affected by the effects of the extraordinary general shareholders' meeting held on the 27/28.11.2017 and of the date of 18.12.2017 as an ex-date, in conformity with the provisions of Law No. 24/2017.

Completion of the agenda by shareholders and / or their presentation of decisions projects can be made no later than the end of the day 31.10.2017 and only under the conditions stipulated by the CNVM Regulation 6/2009, Article 7.

The materials to be examined and decision drafts of shareholders can be found starting on 28.10.2017, by accessing the site www.iar.ro/Investors/General Meetings of Shareholders/EGMS 27-28.11.2017.

Shareholders have the right to address questions according to Art.13 of the CNVM Regulation no. 6/2009. The answers to the questions raised by the shareholders will be posted on the Company's website in the shortest time but not later than three (3) days of receipt of these questions.

At the meeting may participate and vote only individuals who act as shareholders of the IAR S.A. Company reference on 07.11.2017. Attendance and voting shall be done according to specific legislation in force and the Constitutive Act of IAR SA, through direct representation or under special/general empowerment. Voting by mail is only permitted provided that the provisions of the specific procedure posted on the website of the Company, the www.iar.ro/Investors/General Meetings of Shareholders/Procedure for exercising the vote through correspondence.

Special empowerments under which shareholders may be represented at the Extraordinary General Meeting of Shareholders convened on 27.11.2017 and mail the voting ballots are available to shareholders both in Romanian and in the English language and can be downloaded from on the Company's website (address mentioned above), with effect from 28.10.2017. Shareholders can complete and submit the voting ballots and special empowerments either in Romanian or in English.

Special empowerments representation necessary to express a vote and mail voting ballots shall be submitted in original at the Company's headquarters not later than the 27.11.2017, 08:30, term which is also valid for submission of the general powers copies at the company, including the word "according to the original".

Any shareholder wishing to appoint a representative by electronic means may send notification of such designation at office@iar.ro. The notification can only be written in Romanian and/or a foreign language used in international finances.

If the first meeting does not meet the legal conditions of representation, a new Extraordinary General Meeting of Shareholders is convened in the same place, on **28.11.2017, 11:00**.

Further information can be obtained on tel. 0268-475108, daily between the hours of 7:15- 3:15 p.m.

This current report is available and can be accessed at the address [www.iar.ro/Investors/Reports according to the capital market requirements/5. Current Reports regarding the privileged information under the Law 297/2004, Art 226, Par \(1\)/ 12.10.2017 Current report convening EGSM 27-28.11.2017](http://www.iar.ro/Investors/Reports according to the capital market requirements/5. Current Reports regarding the privileged information under the Law 297/2004, Art 226, Par (1)/ 12.10.2017 Current report convening EGSM 27-28.11.2017).

Ion Rareș POPESCU - CHAIRMAN OF THE BOARD OF DIRECTORS

