

To,

General Meeting of the Shareholders of IAR SA Company

Please be informed that, by application no. 868 / 30.01.2018, the minority shareholder SIF III Transilvania SA, under the right conferred by Article 134 of Law 31/1990 of the companies, exercised the right to withdraw from the company, in view of the adoption of the EGMS Decision no. 9 / 28.11.2017 regarding the change of the object of the company's activity, from the repair of aircraft-code CAEN 3316, in the manufacture of aircraft and spacecraft-CAEN code 3030.

Upon request of IAR S.A. for the appointment of an expert for the purpose of drawing up the report setting the value of the shares in the withdrawal procedure, the Office of the Trade Register at the Law Court Brasov, pursuant to Article 134, paragraph 4, of Law 31/1990 and in compliance with the provisions of Art. 91 of the Law 24/2017, appointed as independent authorized evaluator the Company DARIAN DRS SA, having its registered office in Cluj Napoca, a company registered in the CNVM Register - Section 16 Independent Evaluators, Subsection 2 Independent Valuers / Independent Experts under No PJR 16EVPJ / 120 011.

In order to prepare the Report, at the request of the Evaluator DARIAN DRS, IAR S.A. provided in writing/electronic format, the necessary documents for carrying out the evaluation work.

Having regard to the provisions of Article 91, paragraph 2 of Law 24/2017 on Issuers of Financial Instruments and Market Operations, according to which "the Issuer has the obligation to pay the equivalent value of the shares held by the shareholders who exercised their right to withdraw from the company within the 4 months after submitting the request for withdrawal ", we consider that the only rational and consistent solution to the letter and purpose of the provisions of art. 134, as amended and supplemented by Law no. 441/2006, is that the purchase price of the shares to be the one established true the Evaluation Report drawn up by the valuer DARIAN DRS.

Taking into account that this withdrawal procedure is an exception to the principle of the free transfer of shares, this will be done by the law, pursuant to Article 134 of Law 31/1990.

Analyzing the above provisions, we consider that it is necessary the approval of the general meeting of the shareholders regarding the consequences of this withdrawal, which will decide whether the level of the share capital left after the withdrawal of the shareholders is sufficient, according to the law and the needs of the company.

Thus, the social capital of the company:

- can be reduced by canceling the purchased shares,*
- can be kept at the same level by keeping or alienating redeemed shares by the company.*

We specify that:

- the shares acquired through this withdrawal procedure do not give rise to dividends during the period of their holding by the company,*
- the voting right granted by the redeemed shares will be suspended during the period of their holding by the company,*

- the shares will be included in the asset's balance sheet and the balance sheet liability provides for the distributed source of the net profit for that redemption and which can not be used by the company for other purposes.

In view of the above, the administrative and executive management of IAR SA submit to the OGSM the approval to sale on the Stock Exchange Bucharest the shares which could be acquired by IAR SA in case of the withdrawal of the shareholder SIF III Transilvania from the company. The sale of shares acquired by the company, will be made at a price at least equal to the redemption price.

Claudia Maria BAICU

CHAIRMAN OF THE BOARD

ANNEXES:

- 1. Application no. 868/30.01.2018 regarding the withdrawal of SIF III Transilvania from the Company IAR SA***
- 2. Registration certificate SIF III Transilvania at ORC Brasov***
- 3. The situation of SIF III Transilvania's holdings at IAR SA on 26.01.2018***
- 4. Evaluation report drawn up by the assessor DARIAN DRS***