



DECISION No. 03 BD/ 14.03.2017

With a view to corroborating the Constitutive Act of IAR SA with the laws applicable to majority-state-owned open companies,

Considering the issuance of a decision of the Local Council of Ghimbav stipulating that new names shall be given to streets, which directly affects IAR SA as well,

Considering the structure of the medium term business plans of IAR SA,

Based on the competences granted by the Board of Directors of IAR S.A. by the Law no. 31/1990 republished, with its subsequent amendments and completions and by the Constitutive Act of IAR S.A.,

Taking into account the provisions of the GSM Resolutions no. 09/08.10.2014 and 05/12.07.2016,

THE BOARD OF DIRECTORS OF IAR S.A.

DECIDES:

Art. 1. *To endorse the amendments proposals of the Constitutive Act of IAR SA subject to the examination of the Board of Directors during their meeting on the 14th of March 2017.*

Art. 2. *To convene the Extraordinary General Meeting of the Shareholders for the 19th April 2017/20th April 2017, 11:00 a.m., with the following agenda:*

Approval of the following modifications of the Constitutive Act of IAR SA:

A. *Given the Decision of the Local Council Ghimbav no 9/01.28.2016 on approval of the list of streets names in the town of Ghimbav and renumbering of buildings and Notification No. 4858/05.04.2016 issued by the Town Hall of Ghimbav*

Paragraph 1 of Article 3 – Company headquarters in CHAPTER I - NAME, LEGAL FORM, HEADQUARTERS, DURATION - is amended as follows

Art. 3 – The company headquarters

(1) The Company headquarters is in Romania, Brasov, Ghimbav town, 34, HERMANN OBERTH Street.

B. *Due to the fact that the volume of contracts closed or in progress, for the following period, i.e. 2017-2019, commercial contracts of over 500 million lei, approximately 70% represent new programs for upgrade and retrofit of helicopters, with manufacturing of new optionals,*

Considering the fact that IAR SA is in talks with big cutting edge helicopters, assemblies, subassemblies manufacturers, what will determine that further, meaning even after 2020, the bulk of the turnover be the components and aircraft,

Seeing the fact that the main structure of the production facilities of IAR, is that of manufacturing, simple parts, assemblies, subassemblies and helicopters assembly,

Based on the provisions of ORDER no. 337 of 20th April 2007 regarding the update of the National Economy Activities Classification – NEAC ,

We consider it necessary to change the main object of activity code 3316 - Repair and maintenance of aircraft and spaceships, NEAC code 3030- Manufacturing of aircraft and spaceships, NEAC 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

The object of the company consists of activities defined and coded according to the National Classification of Economic Activities - NACE, as updated by Order No. 337 / 20.04.2007 issued by the President of the National Institute of Statistics.

(1) 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“

(2) The Company may conduct the following secondary activities:

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

C. Given the measures for establishment, organization and reorganization of ministries presented in Articles 2 and 7 of GEO 1/2017 - for establishing measures in the field of central public administration

Paragraph 2 of Art. 7 Share capital of CHAPTER - III - CAPITAL, SHARES - is modified as follows:

Art. 7 – Share capital

(2) The share capital is subscribed and paid by legal entities and individuals, as follows:

SHAREHOLDER	NO. OF SHARES	SHARE CAPITAL	%
<i>The Ministry of Economy, on behalf of the Romanian State</i>	<i>12,250,488</i>	<i>30,626,220</i>	<i>64.89</i>
<i>The Ministry of Social Justice</i>	<i>1,378,156</i>	<i>3,445,390</i>	<i>7.3</i>
<i>Other shareholders, juridical and physical entities</i>	<i>5,250,209</i>	<i>13,125,522.50</i>	<i>27.81</i>
TOTAL	18,878,853	47,197,132.50	100

D. Considering the provisions of Article 142 paragraph 1 of Lg 31/1990 - according to which "The Board is responsible for carrying out all the necessary and appropriate activities in order to carry out the object of activity of the company, except for those reserved by the law for the General Meeting of Shareholders," and seeing the dynamics of the economy and labor market, IAR SA, not infrequently being put in a position to make rapid and appropriate decisions, we propose to relieve the GSM of certain tasks, leaving to its powers only those tasks expressly provided by Article 111 and 113 of the Companies Law.

This does not mean that the GSM prerogatives are limited to to such competencies, the shareholders being always able to censor the work and decisions of the members of the Board by means of adminisitrative control, revoking or canceling decisions of the Board of Directors,

The amendment of this article is needed also in order to put in agreement the provisions on contracting of bank loans with the provisions of Decision No. 1/2017 OGSM, and to put it in agreement with article 241 of Law 297/2004 - on the capital market,

From those shown above we propose to amend paragraph 3 and 4 of Art. 12 – The prerogatives of the general meeting of shareholders in CHAPTER IV - GENERAL MEETING OF SHAREHOLDERS - as follows:

Art. 12 - The prerogatives of the general meeting of shareholders

...

3) The ordinary general shareholders meeting has the following main prerogatives:

- a) to discuss, approve or modify the annual financial statements, based on reports submitted by the Board of Directors, or, where appropriate, by the financial auditor and establish the dividend;**
- b) to appoint and dismiss the Board members,**

- c) to appoint or dismiss the financial auditor and establish the minimum duration of the financial audit contract;
- d) to establish the remuneration due for the current Board members;
- e) to decide on the Board of Directors administrative prerogatives,
- f) to establish the income and expenditure budget and, where appropriate, the activity program, for the following financial year;
- g) to decide the pledge, lease or closing of one or more units of company,
- h) to decide on the long terms bank loans contracting, ie over 5 (five) years
- i) to examine the reports of the Board on the status and the company's prospects with regard to profit and dividends, to the domestic and international market position, the technical level, quality, labor, environment, relationships with customers;
- j) to decide on legal action against the Board members,

(4) The Extraordinary General Meeting of Shareholders has the following main prerogatives:

- a) changing the legal form of the company;
- b) relocation of the company;
- c) change of the company's object of activity;
- d) the creation or abolition of some secondary units: branches, agencies or other such units without legal personality, unless the Constitutive Act provides otherwise;
- e) capital increase;
- f) reduction of share capital or reunification by issuing new shares;
- g) merger with other companies or division of the company;
- h) anticipated dissolution of the company;
- i) conversion of registered shares into bearer shares or bearer shares into registered shares;
- j) conversion of shares from one class to another;
- k) conversion of a category of bonds or shares in another category;
- l) the acts of the acquisition, exchange or constitution of guarantees on assets classified as intangible assets of the Company, whose value exceeds, individually or cumulatively during a financial year, 20% of total intangible assets,
- m) rentals of tangible assets for a period longer than one year, whose individual or cumulated value compared to the same counterparty or persons involved or acting jointly exceed 20% of the total assets,
- n) any other amendment of the Constitutive Act or any other resolution requiring the approval of the extraordinary general meeting,

E. For coordination of the term agreed in paragraph 3 of Art. 13 - Convening of the general meeting of shareholders in CHAPTER IV - GENERAL SHAREHOLDERS MEETING, with the provisions of article 227, paragraph 4 of Law 297/2004 and Article 6 of GO 26 / 2013

Paragraph 3 of Art. 13 - Convening of the general meeting of shareholders in CHAPTER IV - GENERAL SHAREHOLDERS MEETING, is modified as follows:

Art. 13 – Convening of the General Meeting of Shareholders

- (3) The Ordinary General Meeting are held at least once a year, no more than 4 (four) months from closing the economic and financial year, to examine and approve the annual financial statements drawn up according to the law for the previous year,*

F. Completion of Art. 15 – Exerting the voting rights in the general meeting of shareholders of Chapter IV - GENERAL SHAREHOLDERS MEETING, by a new paragraph, to enshrine the vote by correspondence, according to the CNVM Regulation 6/2009

Art. 15 – Exerting the right to vote in the general meetings of shareholders

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- 4) The company will guarantee the right to vote by mail, the procedure for exercising the right to vote by mail will be displayed on the web site of the company.*

G. The completion of paragraph 3 of Article 16 - Organization of CHAPTER V - BOARD OF DIRECTORS, with the phrase "and the Constitutive Act"

CHAPTER V - BOARD OF DIRECTORS

Art. 16 – Organization

...

3) The Board of Directors is responsible for carrying out all the necessary and appropriate activities in order to achieve the company's object of activity, except those reserved by law and the Constitutive Act to the general meeting of shareholders.

H. Considering the amendment of paragraph 3 and 4 of Article 12 and of paragraph 3 of Article 13 it is similarly required to complete the tasks of the Board of Directors

Thus, Art. 17 – The prerogatives of the Board of Directors in CHAPTER V - BOARD OF DIRECTORS - is amended as follows:

Art. 17 – The prerogatives of the Board of Directors

(1) The Board has the following main responsibilities:

- a) to approve the rules of organization and functioning of the company;*
 - b) to set out the main directions of company activity and development;*
 - c) to establish marketing tactics and strategy;*
 - d) to approve the business plan;*
 - e) to appoint / dismiss the managing directors of the company and to establish their salaries;*
 - f) to approve the collective labour agreement negotiated by the company general manager and team appointed thereby;*
 - g) is responsible for the company property management, under the law;*
 - h) to approve the revenues and payments, according to the powers granted;*
 - i) to examine and submit for approval by the general shareholders meeting, association contracts with third parties;*
 - j) to submit to annual review and approval of the general meeting of shareholders no later than 4 (four) months from the conclusion of the financial year, the company's business report, the annual financial statements for the previous year and the draft of activities program*
 - k) the annual financial statements and the management report accompanied by supporting documents, are presented to the financial auditors at least one month before the date set for the General Meeting of Shareholders;*
 - l) to establish the accounting system and the financial control and approve the financial planning;*
 - m) to introduce the company's demand for opening of insolvency proceedings under the law in force;*
 - n) to survey the directors' activity;*
 - a) to decide on the lease and sublease of own property excluding the assets as defined in the legislation on the privatization of companies or leased within the limits set out by specific legislation in force*
 - p) to approve the company's organizational structure and number of posts and establish the normative setup of the functional departments and production;*
 - q) to decide on bank loans on short and medium term, ie less than 5 (five) years, as well as on bank guarantees,*
 - r) to exert any other powers and solve any other issues determined by the general meeting of shareholders, or stipulated by the law; (2) Consiliul de administrație va mandata prin decizie pe directorul general și pe ceilalți directori să îndeplinească o parte din atribuțiile sale.*
- (3) The Board may not delegate the mentioned powers to the directors under Art. 17, letters b), d), e), j), k), l), m) and p).*

I. Considering that the 4th Directive of C.E is no longer applicable and that the financial statements are no longer submitted to the Trade Registry

We amend Art. 23 - The accounting records and annual financial statements in CHAPTER VII - COMPANY ACTIVITY, as follows:

Art. 23– The accounting records and annual financial statements

(1) The Company shall keep the accounting records as per the Accounting Law, the Accounting Regulations compliant in accordance with the International Financial Reporting Standards and other regulations in force for each financial year.

(2) The annual financial statements will be filed and made public under the conditions provided by law.

J. Considering the new regulations on insolvency, which concludes that the insolvency does not automatically lead to the dissolution of the company, we propose to delete letter (j) paragraph 1 Art. 27 - Dissolution of the company from CHAPTER VIII - AMENDMENT OF THE LEGAL FORM, DISSOLUTION, LIQUIDATION, LITIGATIONS, as follows:

Art. 27 – Dissolution of the company

(1) The following situations lead to the dissolution of the company:

- a) the impossibility of conducting its business;
- b) the declaration of the company nullity;
- c) the resolution of the General Shareholders Meeting;
- d) bankruptcy;
- e) reducing capital below 90.000 lei, after the reserve fund has been consumed if the general meeting of shareholders decides against the completion of the capital or to reduce the remaining amount;
- f) the number of shareholders will be reduced below the number required by the law for a period longer than 9 months;
- g) reducing the net assets (calculated as the difference between the total assets and its total debts) less than 1/2 of the share capital subscribed, provided the general meeting of shareholders decides not to reconstitute the net asset value at least equal to half of the share capital;
- h) at the request of any shareholder, if the circumstances of force majeure and their consequences last more than 8 months, and the General Meeting of Shareholders notes that the company's operation is no longer possible;
- i) the decision of the court at the request of any shareholder, for good reasons, such as serious disagreements between them, hindering the functioning of society;
- ~~j) the provisions of Law no. 85/2006 on insolvency proceedings are met,~~

(2) Dissolution of the company must be registered in the Commercial Register and published in the Official Gazette.

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K. CHAPTER IX – FINAL PROVISIONS

Art. 30 - Final provisions

The provisions of this Constitutive Act are supplemented by the legal provisions on companies.

This Constitutive Act was updated in accordance with article 204 of Law no, 31/1990 today on”.

2 Approval of the date of 10.05.2017 as registration date, i.e. identification of the shareholders to be affected by the effects of the ordinary general shareholders’ meeting held on the 19/20.04.2017 and of the date of 09.05.2017 as an ex-date, in conformity with the provisions of Law No. 297/2004 regarding the capital market.

Given at the Company's headquarters, today, 14.03.2017.

Ion Rareş POPESCU

CHAIRMAN OF THE BOARD