

## **NOTE**

***regarding the taking of a decision in relation with the share package acquired by IAR S.A. following the withdrawal from the company, of the shareholder S.I.F. III Transylvania***

*We inform you that, by the application no 868 / 30.01.2018, the minority shareholder SIF III Transylvania SA, in accordance with the right conferred by art 134 of the Law 31/1990 of the companies, has exercised its right of withdrawal from the company, considering the adoption of the EGMS Decision no. 9 / 28.11.2017 regarding the change of the main object of the company's activity, from repairs of aircraft-code CAEN 3316, in the manufacture of aircraft and spacecraft-code CAEN 3030.*

*Considering the fact that the withdrawal of the shareholders from a joint stock company is a permitted situation either under contractual freedom, as a result of the agreement between the shareholders, or in precisely determined cases, for limiting reasons provided by law, without the intervention of the court, or for other reasons, following this process, in 2018, IAR SA acquired the shares of the retired shareholder.*

*In direct connection with the problem of acquiring their own shares as a result of the withdrawal of some shareholders from the company, according to the law, it is useful to mention on this occasion, 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 the share capital remaining after the withdrawal of some shareholders is sufficient, according to the law and the needs of the company.*

*Consequently, the general meeting of the shareholders will be the only one which has the right to decide whether the level of share capital remaining after the withdrawal of the shareholders is sufficient, according to the law and the needs of the company, and as such can be reduced, in a legal sense, by canceling the purchased shares, or if, being necessary, according to the law or the needs of the company, a new capitalization of the company, the purchased shares will not be canceled in whole or only in part, and the canceled ones will be resold to those interested, without such an operation having, in law, the significance and effects of a capital increase.*

*Therefore, the company will not be obliged to sale them within a time limit, but, if it does not make this, the financial effort that it has made by buying them, it will be proved to be inefficient from an economic point of view.*

*Also, it should be noted that the acquired shares in the present withdrawal procedure do not give the right to dividends during their holding by the company and the voting right conferred by the repurchased shares will be suspended during their holding by the company. The shares being included in the assets of the balance sheet, the balance sheet liabilities provided for a reserve of equal value, which cannot be distributed.*

***The suspension of the exercise of corporate rights is based on the premise that owning its own shares is a temporary situation of incompatibility, an overlap of the quality of the company as issuer, with that of shareholder. In this case, the suspension is not a sanction, but a consequence of the fact that the company cannot logically exercise its patrimonial rights, the collection of dividends being unnecessary for the company and, at the same time, impossible to be registered in accountability. In***

*addition, legally, the company is in a state of continuous confusion during the period of owning its shares, being at the same time the creditor and the debtor of the dividends distributed. As for the non-patrimonial company rights, these would end up being exercised by the management, meaning a situation of conflict of interests, which may be against of the interests of the other shareholders, which have the rest free shares.*

*In view of the above, as well as the fact that at this moment the company is involved in several operational projects that involve an immediate capitalization and consequently excludes an operation of total or partial cancellation of the acquired shares, the Board of Directors submits for the analysis and approval of the General Meeting of Shareholders the following:*

- the sale on the regulated market Bucharest Stock Exchange of the stock package acquired by IAR S.A., pursuant to art 134 of the Law 31/1990 on the companies, following the withdrawal from company of the shareholder SIF III Transylvania*
- to mandate of the administrative and executive management of IAR S.A. to submit all the necessary diligence for carrying out the process of selling the shares, including, but not limited to:*
  - selecting on the basis of the internal procedures of the agent / broker through which the operation of alienation of the shares will be carried out, as well as the conclusion of the intermediation contract*
  - the sale will be made at the price set by the regulated market BVB, from the date of sale*
  - issuing the sale order and / or concluding the shares sale contract, as the case may be*
  - any other operations strictly related to the process of selling the shares and which could not be foreseen when the mandate was given.*

***Octavian Alin GREBLĂ***

***CHAIRMAN OF THE BOARD***