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(Stock Exchange Code 7404)
March 2, 2020

To Shareholders with Voting Rights:

Chiaki Tanuma
President and Representative Director
Showa Aircraft Industry Co., Ltd.
600, Tanaka-cho, Akishima-shi, Tokyo

**NOTICE OF
THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the Extraordinary General Meeting of Shareholders of Showa Aircraft Industry Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing. If exercising your voting rights in writing, please review the attached Reference Documents for the General Meeting of Shareholders below, indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:00 p.m. on Monday, March 16, 2020, Japan time.

- 1. Date and Time:** Tuesday, March 17, 2020 at 1:00 p.m. Japan time (the venue opens at 12:00 p.m.)
- 2. Place:** Oh-rin Hall, First Floor, Forest Inn Showakan
4017-3 Haijima-cho, Akishima-shi, Tokyo, Japan
- 3. Meeting Agenda:**
Proposals to be resolved:
 - Proposal 1:** Reduction in the Amount of Capital Stock
 - Proposal 2:** Reduction in the Amounts of Legal Capital Surplus and Legal Retained Earnings
 - Proposal 3:** Appropriation of Surplus

4. Matters for Determination for the Convocation:

If you diversely exercise your voting right, you are required to notify the Company in writing to this effect, together with the reason thereof, at least three days prior to the date of the General Meeting of Shareholders.

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Also, please bring this Notice with you to preserve paper resources.
- Any modification made to the Reference Documents for the General Meeting of Shareholders shall be posted on the Company's website (<https://www.showa-aircraft.co.jp>).
- Please arrive at the venue early as reception will become crowded just before the Meeting starts.
- Please note that the Company will not distribute gifts to the shareholders at the Extraordinary General Meeting of Shareholders.
- Please be advised that the starting time of this meeting differs from that of an Annual General Meeting of Shareholders.

Reference Documents for the General Meeting of Shareholders

Introduction

According to the press release published on January 23, 2020 by BCPE Planet Cayman, L.P. (hereinafter the “Offeror”) titled “Notice Concerning the Tender Offer for the Common Stock of Showa Aircraft Industry Co., Ltd. (Securities Code 7404) by BCPE Planet Cayman, L.P.” (hereinafter the “Offeror’s Press Release”), the Offeror has decided to implement a tender offer (hereinafter the “Tender Offer”) pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) for the common stock of the Company (hereinafter the “Company Stock”) as part of a series of transactions (hereinafter the “Transactions”) with the objective that the Offeror makes the Company a wholly-owned subsidiary of the Offeror by acquiring all of the Company’s common stock (However, treasury stock held by the Company shall be excluded.) listed on the Second Section of the Tokyo Stock Exchange. As announced in the Company’s press release issued on January 23, 2020 titled “Notice Concerning the Company’s Opinion on Tender Offer for the Company’s Share Certificates, etc. by BCPE Planet Cayman, L.P., and Recommendation to Tender Shares” and in other relevant announcements, the Company resolved, at the meeting of its Board of Directors held on January 23, 2020, to express an opinion to support the Tender Offer and to recommend that our shareholders tender their shares in the Tender Offer, in relation to the Tender Offer.

According to the Offeror’s Press Release, the Tender Offer will commence on February 10, 2020 if the following conditions are satisfied: (1) A resolution to express an opinion to support the Tender Offer has been adopted at the meeting of the Board of Directors of the Company and such resolution has not been withdrawn; and a special committee established by the Company’s Board of Directors has submitted to the Company’s Board of Directors a report stating the committee’s opinion that the Transactions are not disadvantageous to the Company’s minority shareholders, and such opinion has not been withdrawn; (2) No decision has been rendered or is likely to be rendered by any judicial or administrative organ restricting or prohibiting the Tender Offer or the tendering in the Tender Offer by Mitsui E&S Holdings Co., Ltd. (hereinafter “MES”); (3) MES has duly performed in all material respects its obligations to be performed or complied with under the Tendering Agreement for Tender Offer concluded as of January 23, 2020 between the Offeror and MES; (4) The representations and warranties of MES are true and correct in all material respects; (5) Filings of any notification required pursuant to laws and regulations have been completed and the waiting period has expired; (6) The record date for the excise of voting rights and other rights at the Company’s Extraordinary General Meeting of Shareholders to be held on March 17, 2020 (hereinafter the “Extraordinary General Meeting of Shareholders”) as well as the record date pertaining to the dividend from surplus of ¥631 (before any deduction of withholding tax) per Company Share (hereinafter the “Special Dividend”) have been set to the business day immediately prior to the day on which the Tender Offer commences, a resolution by the Company’s Board of Directors regarding the convocation of the Extraordinary General Meeting of Shareholders has been adopted, and the announcement concerning the setting of such record date has been published in a lawful manner and not been withdrawn; and the said record date has duly arrived; and (7) No event that has a material adverse impact on the business operations, etc. of the Company Group has occurred or is reasonably likely to occur (Conditions listed in (1) through (7) above shall be hereinafter collectively referred to as the “Tender Offer Commencement Conditions.”) (However, in the event that any part or all of Tender Offer Commencement Conditions is not satisfied, the Offeror is not restricted from waiving such Tender Offer Commencement Conditions and proceeding with the Tender Offer at its discretion.)

In addition, as stated in the “Notice Concerning the Implementation of the Tender Offer for the Common Stock of Showa Aircraft Industry Co., Ltd. (Securities Code 7404) and the Partial Amendment to the ‘Notice Concerning the Tender Offer for the Common Stock of Showa Aircraft Industry Co., Ltd. (Securities Code 7404)’” announced by the Offeror on February 7, 2020, the Offeror commenced the Tender Offer from February 10, 2020 as scheduled.

Based on a proposal from the Offeror and as part of the Transactions, the Company plans to pay the Special Dividend subject to the conclusion of the Tender Offer and, accordingly, submits Proposal 1 through Proposal 3 to the Extraordinary General Meeting of Shareholders as proposals regarding the Special Dividend, respectively.

To secure the required amount available for the distribution of the Special Dividend, the Company proposes with Proposal 1 and Proposal 2, pursuant to Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, to reduce its capital stock, legal capital surplus, and legal retained earnings, and to transfer the whole of the amount by which the capital stock and legal capital surplus are reduced to other capital surplus and the whole of the amount by which legal retained earnings are reduced to retained earnings brought forward,

respectively.

In addition, the Company proposes to transfer the whole of the amount of general reserve and reserve for dividends, which are components of other retained earnings, to retained earnings brought forward, and pay the Special Dividend with Proposal 3, subject to the conclusion of the Tender Offer, the taking effect of the reduction in the amount of the capital stock in Proposal 1, and the taking effect of the reduction in the amounts of legal capital surplus and legal retained earnings in Proposal 2.

The Company resolved, at its Board of Directors meeting held on January 23, 2020, to the effect that the Company sets the record date for the Special Dividend to February 7, 2020 and will not pay any dividend from surplus at the end of the fiscal year ending March 31, 2020.

Proposal 1: Reduction in the Amount of Capital Stock

The supplementary explanation of this Proposal is as described in the “Introduction” on page 3 of this notice. We hereinafter use abbreviations defined in the said “Introduction.”

To secure the required amount available for the distribution of the Special Dividend as submitted in Proposal 3, the Company proposes, pursuant to Article 447, Paragraph 1 of the Companies Act, to reduce its capital stock and transfer the whole of the amount by which the capital stock is reduced to other capital surplus.

The reduction in the amount of the capital stock pertaining to this Proposal shall take effect subject to the conclusion of the Tender Offer.

The period for making an objection by a creditor with respect to the reduction in the amount of the capital stock is scheduled to expire on March 3, 2020.

- (1) The amount by which the capital stock is reduced
The capital stock of ¥4,949,812,208 shall be reduced by ¥200,000,000 to ¥4,749,812,208.
- (2) The method of the reduction in the amount of the capital stock
The whole of the amount by which the capital stock is reduced shall be transferred to other capital surplus.
- (3) The day on which the reduction in the amount of the capital stock takes effect
March 17, 2020

Proposal 2: Reduction in the Amounts of Legal Capital Surplus and Legal Retained Earnings

The supplementary explanation of this Proposal is as described in the “Introduction” on page 3 of this notice. We hereinafter use abbreviations defined in the said “Introduction.”

To secure the required amount available for the distribution of the Special Dividend as submitted in Proposal 3, the Company proposes, pursuant to Article 448, Paragraph 1 of the Companies Act, to reduce its legal capital surplus and legal retained earnings, and transfer the whole of the amount by which the legal capital surplus is reduced to other capital surplus and the whole of the amount by which the legal retained earnings are reduced to retained earnings brought forward.

The reduction in the amount of the legal capital surplus and legal retained earnings pertaining to this Proposal shall take effect subject to the conclusion of the Tender Offer.

The period for making an objection by a creditor with respect to the reduction in the amount of the legal capital surplus and legal retained earnings is scheduled to expire on March 3, 2020.

- (1) The amount by which the legal capital surplus and legal retained earnings are reduced
The legal capital surplus of ¥6,218,555,741 shall be reduced by ¥4,993,784,930 to ¥1,224,770,811.
The legal retained earnings of ¥564,126,260 shall be reduced by ¥564,126,260 to ¥0.
- (2) The method of the reduction in the amount of the legal capital surplus and legal retained earnings
The whole of the amount by which the legal capital surplus is reduced and the whole of the amount by which the legal retained earnings are reduced shall be transferred to other capital surplus and retained earnings brought forward, respectively.
- (3) The day on which the reduction in the amount of the legal capital surplus and legal retained earnings takes effect
March 17, 2020

Proposal 3: Appropriation of Surplus

The supplementary explanation of this Proposal is as described in the “Introduction” on page 3 of this notice. We hereinafter use abbreviations defined in the said “Introduction.”

Based on discussions with the Offeror in light of proposals from the Offeror and the amount distributable by the Company while taking account of factors, such as cash and deposits held by the Company and the level of cash and deposits required for its business operations, the Company proposes to transfer the whole of the amount of general reserve and reserve for dividends to retained earnings brought forward, and pay, as stated below, the Special Dividend out of retained earnings brought forward and other capital surplus as the source of dividends.

The dividend of surplus (Special Dividend) pertaining to this Proposal shall take effect subject to the conclusion of the Tender Offer, the taking effect of the reduction in the amount of the capital stock in Proposal 1, and the taking effect of the reduction in the amounts of legal capital surplus and legal retained earnings in Proposal 2.

The Board of Directors of the Company has resolved that the Company shall, by setting February 7, 2020 as the record date of the Special Dividend, specify the shareholders and registered pledgees of shares who are entered or recorded in the final shareholder registry as of the said date as persons entitled to receive the payment of the Special Dividend.

1. Information on the Appropriation of Surplus

Items and amounts of surplus to be reduced

General reserve ¥5,153,000,000

Reserve for dividends ¥171,755,685

Item and amount of surplus to be increased

Retained earnings brought forward ¥5,324,755,685

2. Information on the Special Dividend

(1) Type of dividend assets

Cash

(2) Appropriation of dividend assets and amount of appropriation

¥631 per share of common stock of the Company

The total amount of the Special Dividend ¥20,579,617,621

The dividend per share will be ¥631 in total, comprising of ¥409 from retained earnings brought forward and ¥222 from other capital surplus.

(3) Surplus dividend effective date

March 18, 2020