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(Stock Exchange Code 7404)  
June 4, 2018

**To Shareholders with Voting Rights:**

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

## **NOTICE OF THE 114TH ANNUAL 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 114th Annual 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, June 25, 2018, Japan time.**

**1. Date and Time:** Tuesday, June 26, 2018 at 10:00 a.m. Japan time

**2. Place:** Oh-rin Hall, First Floor, Forest Inn Showakan  
4017-3 Haijima-cho, Akishima-shi, Tokyo, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 114th Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 114th Fiscal Year (April 1, 2017 - March 31, 2018)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Election of one (1) Director

**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.
- Notes on the Consolidated Financial Statements and Notes on the Non-consolidated Financial Statements have been posted on the Company's website (<http://www.showa-aircraft.co.jp>) based on laws and regulations and Article 16 of the Company's Articles of Incorporation and have not been included in the documents attached to the Notice of the 114th Annual General Meeting of Shareholders.

The Consolidated Financial Statements and the Non-consolidated Financial Statements in the documents attached to this Notice are a part of the documents that were audited by the Accounting Auditors and Corporate Auditors in preparing the Accounting Audit Reports and the Audit Reports.

- Any modification made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements shall be posted on the Company's website (<http://www.showa-aircraft.co.jp>).
- Please arrive at the venue early as reception will become crowded just before the Meeting starts.
- All attendants from the Company are to be lightly dressed in the "business casual" style. We appreciate your understanding, and we ask that you come to the meeting wearing light clothing.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### **Proposal 1:** Appropriation of Surplus

The Company considers the appropriate return of profits through continuous improvement of corporate value as one of the important management issues. Its policy is to pay dividend with a basic principle of maintaining stable dividend over the long term, while considering of performance trends, etc., as well.

With respect to the dividend for the fiscal year under review, taking comprehensive account of the business performance and management environment, the Company proposes to pay a year-end dividend as follows, adding commemorative dividend of the Company's 80th anniversary of its foundation on June 5, 2017:

Information on the year-end dividend

(1) Type of dividend assets

Cash

(2) Appropriation of dividend assets to shareholders and amount of appropriation

¥6 per share of common stock of the Company (of which, ordinary dividend of ¥4 and commemorative dividend of the Company's 80th anniversary of its foundation of ¥2)  
total amount ¥195,688,524

(3) Surplus dividend effective date

June 27, 2018

(As the Company paid an interim dividend of ¥4 per share, the annual dividend will be ¥10 per share.)

**Proposal 2:** Election of one (1) Director

Director Yuji Kozai will resign at the conclusion of this General Meeting. Accordingly, the Company proposes to elect one (1) new Director below.

The term of office of the Director to be elected at this General Meeting will expire, in accordance to the Articles of Incorporation of the Company, at the conclusion of the Annual General Meeting of Shareholders to be held next year, which is when the terms of office of other incumbent Directors will expire.

The candidate for Director is as follows:

Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held
<p>Shoichi Taguchi (April 9, 1958)</p> <p>[New election]</p>	<p>April 1985      Joined Mitsui Engineering &amp; Shipbuilding Co., Ltd. (current Mitsui E&amp;S Holdings Co., Ltd.)</p> <p>March 2006      General Manager of Business Co-ordination Dept., Machinery Factory, Machinery and Systems Hq., Mitsui Engineering &amp; Shipbuilding Co., Ltd.</p> <p>July 2007        Manager of Corporate Planning Dept., Mitsui Engineering &amp; Shipbuilding Co., Ltd.</p> <p>June 2013        General Manager of Machinery Factory, Machinery and Systems Hq., Mitsui Engineering &amp; Shipbuilding Co., Ltd.</p> <p>April 2014        Deputy Director, Mitsui Engineering &amp; Shipbuilding Co., Ltd.</p> <p>April 2015        Executive Officer, Mitsui Engineering &amp; Shipbuilding Co., Ltd.</p> <p>April 2016        Managing Executive Officer, General Manager of Tamano Works, President's Special Missions (Manufacturing Division Supervisor), Mitsui Engineering &amp; Shipbuilding Co., Ltd.</p> <p>March 2018        President and Representative Director, Mitsui E&amp;S Business Service Co., Ltd. (to present)</p> <p>[Significant concurrent positions] President and Representative Director, Mitsui E&amp;S Business Service Co., Ltd.</p> <p>[Reasons for election of the candidate for Director] Mr. Shoichi Taguchi has been successively taking key positions in production division and Corporate Planning Department at Mitsui E&amp;S Holdings Co., Ltd., and has been serving as President of Mitsui E&amp;S Business Service Co., Ltd. since March 2018. Based on his abundant experience and knowledge, the Company has judged that he is able to contribute to enhancing the transparency and soundness of management and strengthening corporate governance of the Company, and therefore proposes to appoint him as Director of the Company.</p> <p>[Special interests] Mitsui E&amp;S Holdings Co., Ltd. is the parent company of the Company, substantively holding 21,372 thousand shares of the Company (investment ratio of 65.53%). The Company leases its real estate to the company and deposits surplus funds with the company under the CMS deposit and lending system. There are no significant transactions or other special interests between the Company and Mitsui E&amp;S Business Service Co., Ltd.</p> <p>[Liability Limitation Agreement] The Company has entered into agreements with Directors (excluding Executive Directors, etc.) to limit liability for damages as provided for in Article 427, Paragraph 1 of the Companies Act. The limit of liability for damages under the agreement shall be greater of ¥1 million or the minimum liability amount specified in Article 425, Paragraph 1 of the Companies Act. If the appointment of Mr. Shoichi Taguchi is approved at this Annual General Meeting of Shareholders, the Company plans to enter into the same agreement with Mr. Taguchi.</p>	<p>0</p>