

Turkish Airlines Announces Pricing of Private Offering of World's First JPY Denominated Enhanced Equipment Trust Certificates (EETC).

Turkish Airlines (“THY”) leases three A321-200 aircraft planned to be delivered in September, October and November 2015 by the **world’s first** JPY denominated EETC. The issuance consists of three classes and totally JPY 11.9 billion (approximately USD 99.3 million) was raised by EETC through Anatolia Pass Through Trust. In addition to this amount, remaining amount was provided by Japanese equity investors. So, 100% of the aircraft purchase price has been obtained by embedding the Japanese investors with EETC.

EETC structure is mainly used by US based airlines. In this structure, the aircraft is collateralized in order to strengthen the credit rating of the transaction and reduce the coupon rate. In March 2015, THY obtained three Boeing 777-300ER aircraft by the inaugural USD denominated EETC issuance in US capital markets. THY, as Lessee, successfully tapped to the EETC market in 2015 second times by this issuance in the Japanese markets. In addition to the current financing options, THY achieved to diversify its financing sources by accessing to both US and Japanese capital markets successfully which led to a deep market diversification for future financing requirements.

Thanks to the quality of the collateral pool and THY’s high credibility, Moody’s Investors Service (“**Moody’s**”) assigned A2 rating to Class A of JPY EETC similar to USD EETC in March 2015. By the help of credit rating, 1.228% (p.a. fixed) Class A coupon rate (approximately USD equivalent of 3.8% p.a) and 1.5% (p.a.) interest rate for the whole structure (approximately USD equivalent of 4.1% p.a) with a 12 year maturity was achieved by THY in an environment of increasing interest rates and tightening funding sources. As the leading financial institutions in Japan, Mizuho Securities Co.,Ltd. and DBJ Securities Co., Ltd. participated in the deal as the Book Runner & Structuring Agent and sales agent, respectively.

THY has approximately USD 3 billion financing need in 2016 by taking the current aircraft orders into account. The ability of Turkish Airlines in obtaining alternative and low-cost competitive with long maturity financial sources regardless of the fluctuations in financial markets, is remarkable.