

**MINUTES OF THE ORDINARY GENERAL ASSEMBLY MEETING  
OF TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI  
HELD ON 07.05.2012**

Ordinary General Assembly Meeting of Türk Hava Yolları Anonim Ortaklığı was held on 07.05.2012 Monday at 10:00 hours at its Headquarter, in the Conference Hall located at General Management Building, Atatürk Hava Limanı, Yeşilköy, Bakırköy, İstanbul under the supervision of the Ministry Commissar Ms. Ayten YAVUZ appointed by the letter of The City Directorate of Industry and Trade of the Ministry of Industry and Trade dated 04.05.2012 and numbered 24634.

It was realized that, the invitation to the meeting which also included the agenda has been announced at the Turkish Commercial Gazette dated 17.04.2012 with numbered 8050 and at the newspaper Hürriyet dated 13.04.2012 in accordance with the law and the Articles of Association and the shareholders have been notified of the date and agenda of the meeting on time.

Homage was made, the Turkish National Anthem was sung. Upon examination of the Attendance List, it was established that out of 120.000.000.000 shares of the Company corresponding to the paid capital of TRL 1.200.000.000 a total of 61.022.461.796 shares were being represented in the meeting; 58.946.508.572 of which by representation and 2.073.600.100 of which by proxy and 2.353.124 of which in person thus the quorum requested by both the law and the Articles of Association was met and the meeting was opened by Mr. Hamdi TOPÇU. The discussions of the agenda started, after the opening speech, made by Mr. Hamdi TOPÇU about the general overview of the aviation sector in the world and in Turkey, as well as the growth of Turkish Airlines.

1. The 1<sup>st</sup> article of the agenda was discussed and upon voting of the proposal submitted by the representatives of the Privatization Administration, namely Mr. Ayhan KABAĞTEPE and Mr. İbrahim Halil KIRŞAN, it was approved by unanimously votes of the attendees, Mr. Cemal ŞANLI and Mr. Mehmet BÜYÜKEKŞİ be elected as the vote collectors and Mr. Ayhan KABAĞTEPE as the secretary for the assembly which was being chaired by the Chairman of the Board of Directors Mr. Hamdi TOPÇU in accordance with the Article 33 of the Articles of Association.

2. The 2<sup>nd</sup> article of the agenda was discussed and the authorization of the Assembly for issuance and execution of the minutes of the meeting has been accepted by unanimously votes of the attendees.

3. The 3<sup>rd</sup> article of the agenda was discussed and the proposal of the representatives of the Privatization Administration, suggesting to content with the rehearsal of the Report of the Board of Auditors only and not to read the Annual Report since all of the shareholders had been already notified of the Annual Report of The Board of Directors of 2011 in advance, was accepted unanimously. Report of the Board of Auditors, the Report of the Independent Audit Institution and in accordance with the CMB Communiqué Series IV, No: 42, the report regarding the fuel purchase from THY OPET HAVACILIK YAKITLARI A.Ş, within the related party disclosures in 2011, were read by Mr. Ümit KOPUZ. Report of the Board of Auditors and Annual Report of The Board of Directors of 2011 were discussed separately.

The shareholder Mr. Sefa İNAN has taken the floor and has stated that the balance sheet was reported in Turkish Lira in the first three quarters, but the last quarter was reported in US Dollar and has requested information regarding this functional currency change.

The Chairman of the Board of Directors Mr. Hamdi TOPÇU stated that the minority of Turkish Airlines' revenue is in Turkish Lira and the majority in US Dollar and Euro. Because of this, the balance sheet was not being presented in real terms causing misleading results for the shareholders. Thus, since 2010 we have been debating and communicating with several people and corporations in both domestic and international markets so that the balance sheet would be presented in more real terms and that the international analysts could make more real analyses. These negotiations took a very long time and we finally managed to change the functional

currency to USD in the last quarter of 2011.

After the debates, Annual Report of The Board of Directors of 2011 and Report of the Board of Auditors were separately voted and they were approved by unanimously votes of the attendees.

**4.** The 4<sup>th</sup> article of the agenda was discussed.

The Chairman of the Assembly, Mr. Hamdi TOPÇU has informed the attendees as follows;

Consolidated balance sheet and income statement for the period of 01.01.2011 – 31.12.2011 which was audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in accordance with the CMB Rules XI; No:29; the net profit according to the Capital Market consolidated report is 18.516.632.- TRL; according to legal books is - 1.040.827.727.- TRL .

The proposal of the representatives of the Privatization Administration was read. According to the proposal, the balance sheet and income statement prepared both in accordance with the Capital Market Rules and IFRS were not read since they had been already provided to the attendees in advance.

Upon voting, the balance sheet and income statement for the period of 01.01.2011- 31.12.2011 were separately voted and they were approved by unanimously votes of the attendees.

**5.** The 5<sup>th</sup> article of the agenda was discussed. The proposal submitted by the representatives of the Privatization Administration was read. The release of Board of Directors and Board of Auditors on financial and operational activities relating to fiscal year 2011 were separately voted and;

- Release of Board of Directors were approved by unanimously votes of the attendees.
- Release of Board of Auditors were approved by unanimously votes of the attendees.

**6.** The 6<sup>th</sup> article of the agenda was discussed. The Chairman of the Assembly, Mr. Hamdi TOPÇU has informed the attendees as follows;

Consolidated balance sheet and income statement for the period of 01.01.2011 – 31.12.2011 which was audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in accordance with the CMB Rules XI; No:29; the net profit according to the Capital Market consolidated report is 18.516.632.- TRL; according to legal books net loss is - 1.040.827.727.- TRL .

According to legal books net loss is greater than the sum of other capital items subject to profit distribution which is 199.766.169.- TRL. Thus, there will not be any profit distribution to shareholders.

With the decision dated 12.04.2012 and numbered 65; The Board of Directors decided to transfer the loss of 1.040.827.727.- TRL according to legal books, to previous years' loss account; net profit of 18.516.632.- TRL, according to Capital Market consolidated report, to previous years' profit account and also to approve attached Dividend Statement of 2011.

The proposal of the representatives of the Privatization Administration regarding The Board of Directors' decision not to distribute any profit due to the loss according to legal books and the Dividend Statement of 2011 was read.

Upon voting, in accordance with the decision of the Board of Directors' dated 12.04.2012 numbered 65; the Dividend Statement of 2011 and the decision not to distribute any profit due to the loss according to the legal books was approved by unanimously votes of the attendees.

7. The 7<sup>th</sup> article of the agenda was discussed and Chairman of Assembly Mr. Hamdi TOPÇU informed the shareholders that the Incorporation did not institute any collateral, pledge and mortgage in favor of third parties.

8. The 8<sup>th</sup> article of the agenda was discussed. The Chairman of the Assembly, Mr. Hamdi TOPÇU has informed the attendees as follows;

Independent Audit Service Contract for 3 years-period between the Incorporation and DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte Touche) has expired as of 31.12.2011. In this framework, DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte Touche) submitted an annual offer of 87.000 TRL + VAT (limited audit for June period, full audit for December period) for external audit service for the fiscal years 2012 and 2013. The Board of Directors approved this offer and with the decision dated 16.03.2012 numbered 48, decided to choose DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte Touche) as the Incorporation's Independent Audit Firm for 2 years-period and to sign a contract with them.

The Board of Directors' decision dated 16.03.2012 numbered 48, to receive independent audit service from DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte Touche) for the fiscal years 2012 and 2013 with an annual cost of 87.000.- TRL + VAT (limited audit for June period, full audit for December period) and to sign a contract with them was accepted by majority votes of the attendees by 61.020.701.662 affirmative votes against the 826.353 negative votes of Ms. H. Vuşlat SÜMEN who was representing shares by proxy and 905.781 negative and 28.000 abstaining votes of Ms. Berna YAZKAN, who was representing shares by proxy.

9. The 9<sup>th</sup> article of the agenda was discussed. The Chairman of the Assembly, Mr. Hamdi TOPÇU has informed the attendees about the donation policy of the Incorporation as follows;

Turkish Airlines, in compliance with it's social responsibility, could make donation or provide relief by virtue of the Board of Directors approval, within the scope of the principles indicated by the Capital Markets Board and under the Turkish Commercial Code. In selection of the donation type and amount of the donation to an individual or to an entity, Turkish Airlines corporate social responsibility policies will be the guidance. The details of the donations made are submitted to the shareholders during the Ordinary General Assembly of the respective year.

The Board of Directors' decision regarding the Donation Policy determined in accordance with Corporate Governance Guidelines was submitted to the approval of the Assembly and was accepted by majority votes of the attendees by 61.022.268.271 affirmative votes against the 193.525 negative votes of Ms. H. Vuşlat SÜMEN who was representing shares by proxy.

10. The 10<sup>th</sup> article of the agenda was discussed. The Chairman of the Assembly, Mr. Hamdi TOPÇU has informed the attendees as follows;

In 2011, in order to eradicate the dramatic situation in Somalia, the Incorporation organized humanitarian aid flights, totaling 544.104.- TRL which was not asked but in return received donation receipt/letter from the Prime Ministry.

On the other hand, total net revenue of 327.600.- TRL to be received within 3 years period under the contract "THY A.O. Kantin/Kafeterya Mahalleri İşletimi Hizmeti" signed on 04.08.2011 between the Incorporation and Erboz Gıda Turizm San. Ve Dış Tic. Ltd. Şti , will be donated to THY Sports Club according to the decision of the Board of Directors dated 16.09.2011 numbered 146.

Although voting is not required for this agenda item; Ms. H. Vuslat SÜMEN, who was representing shares by proxy, used 4.850.306 abstaining votes.

11. The 11<sup>th</sup> article of the agenda was discussed. The proposal submitted by the representatives of the Privatization Administration was read. Shareholder Mr. Sefa INAN, declared his candidacy for member of the Board of Auditors as the representative of the shareholders holding Group A shares open for public.

The candidates for members of the Board of Auditors determined by the proposal of Privatization Administration have been submitted to the approval of the General Assembly.

Representing 51% of the shares; shareholders holding Group A shares open for public, Ms. Lale KAPLAN and Ms. Fulya SAKINÇ, nominated Mr. Orhan BİRDAL and Mr. Ateş VURAN as members of the Board of Auditors.

According to Article 21 of the Articles of Association of the Incorporation, in order to be able to nominate Auditor candidates by the shareholders holding Group A shares open for public, they are required to be represented in the rate of minimum 2 % of the total issued share capital during the Shareholders Assembly in which the Auditor will be elected. After the List of the Attendants is examined; it has been perceived that shareholders holding Group A shares open for public cannot nominate Auditor candidates due to the fact that shareholders holding Group A shares open for public that are present at the meeting and are being represented by proxy are represented in the rate of 1,73%.

The candidates for members of the Board of Auditors determined by the proposal of Privatization Administration have been submitted to the approval of the General Assembly.

Mr. Naci AĞBAL (as the representative of the C Group Share), Mr. Orhan BİRDAL and Mr. Ateş VURAN were elected as the members of the Board of Auditors by majority votes of the attendees by 61.002.281.783 affirmative votes against the 5.453.006 negative vote of Ms. H. Vuslat SÜMEN who was representing shares by proxy and 2.006.007 negative vote of Ms. Berna YAZKAN, who was representing shares by proxy.

It has been observed that all of the elected members of the Board of Auditors were present at the meeting.

12. The 12<sup>th</sup> article of the agenda was discussed. The Chairman of the Assembly, Mr. Hamdi TOPÇU has informed the attendees as follows;

In accordance with the Articles 4.6.2 and 4.6.3 of the Communiqué Series IV No 56, issued by the Capital Market Board (CMB) on the 'Application of the Corporate Governance Principles' published in the Official Gazette dated 30.12.2011 and numbered 28158; the remuneration policy of the Incorporation regarding Board of Directors and Senior Executives' remunerations is determined by The Board of Directors' decision dated 12.04.2012 numbered 66 as follows;

### **Remunerations of Board Of Directors**

The remunerations of the members of the Board of Directors are set by taking into account the responsibilities undertaken by them, together with the the experience, competency and time consumed. However, the above criteria and the remuneration amount set by the High Planning Committee (Yüksek Planlama Kurulu) for the members of the board of directors are applied by ensuring that the renumeration level of the Independent Members of the Board of Directors' will maintain its independence, furthermore in the frame work of the corporate governance principles stock options or payment plans based on company's profit are not applicable.

## **Remunerations of Senior Executives**

The remunerations of the company's senior executives, are specified by the Committee of Corporate Governance and proposed to the Board of Directors by taking into account of the duties, responsibilities, experience undertaken by them as well as by considering the company's human resources policies. Company's senior executives do not receive any other compensation except the compensations set by the law and regulations.

The remunerations of the company's senior executives is determined by the decision of the Board of Directors.

Although voting and discussion is not required for this agenda item; Ms. H. Vuşlat SÜMEN, who was representing shares by proxy, stated that she has objection against the remuneration policy.

13.The 13<sup>th</sup> article of the agenda was discussed. The proposal of the representatives of the Privatization Administration regarding The Remunerations of the Board of Directors and Board of Auditors was read.

Upon voting, it was accepted by majority votes of the attendees by 61.021.668.271 affirmative votes against the 793.525 negative vote of Ms. H. Vuşlat SÜMEN who was representing shares by proxy that the net wage of the members of the Board of Directors and Board of Auditors should be three (3) times of the net wage determined by High Planning Committee (YPK) for members of the Board of Directors and Board of Auditors working in State Economic Enterprises and that the net wage of members of executive committee should be four (4) times of the net wage determined by YPK; in case of any increase on the wages determined by YPK for members of Board of Directors and Board of Auditors working in State Economic Enterprises, such increased wage should be taken into account for the calculation of the wages of the Board of Directors and Board of Auditors; bonus payment should be made to Board of Directors and Board of Auditors for the amount of their net monthly wage at the same period and same quantity as the Personnel payroll and personal income tax which shall arise out of these wages at the end of the fiscal year shall be paid by Türk Hava Yolları A.O. by including the same into the wage and that no other honorarium apart from these should be paid.

14.The 14<sup>th</sup> article of the agenda was discussed.

Shareholder Cahit BAŞARAN has taken the floor and stated that operational profit has been decreasing by years and the growth has been affecting the profitability and also asked the amount of investments made in 2011 and the expectations for the fiscal year 2012.

The Chairman of the Assembly, Mr. Hamdi TOPÇU has informed as follows;

In 2011 Turkish Airlines has taken place in the top league in the civil aviation sector and has given great importance to branding; 31 aircraft has been added to the fleet for the first time in Turkish Airlines history, total investments, except aircraft investment and purchases, of 921.000.000.- USD, has been made, Turkish Airlines is one of the financially strongest companies, despite the difficulties in the aviation sector and in a time that the biggest players of the sector have been going through mass lay-offs, Turkish Airlines did not make any mass lay-off in 2011.

Shareholder Mr. Sefa İNAN has taken the floor and mentioned that Atatürk Airport has exceeded its' capacity and this excess volume will increase more with the new additions to the Incorporation's fleet. He inquired if Turkish Airlines is taking any actions for possible solutions and also if Turkish Airlines is planning to open new hubs.

The Chairman of the Assembly, Mr. Hamdi TOPÇU has informed as follows;

Ministry of Transport, General Directorate of State Airports Authority (DHMI), TAV and Directorate General of Civil Aviation has been working together on this issue, utilizing all their

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resources in hand efficiently; delays can be seen in all hubs of all airlines and that all corporations are mobilized for air traffic density of Atatürk Airport.

Shareholder Mr. Ümit UTKU has taken the floor and stated that he has been a shareholder since 1958 and that he is sending his greetings and congratulations to all Turkish Airlines personnel. He mentioned that Turkish Airlines has been through real difficult times, but this management has always succeeded. Being very proud of Turkish Airlines, he also congratulated The Board of Directors, General Manager, Chief Officers and all Turkish Airlines personnel.

Shareholder Mr. Suphi AYVAZ has taken the floor and has mentioned follows;

I have a good fellowship with the Incorporation for 44 years. At all General Assembly Meetings, I focused on two aspects. I have mentioned that Ataturk Airport should be an important transit spot when the transit passenger ratio was around 10%. Today we are at a very good spot. At the time of the ground breaking for General Management Building, which took place on 25.05.1985, settlements in Ataköy was not completed; fairground settlement did not even exist. As of today, surroundings invaded Atatürk Airport and thus these current issues come up and minor recovery plans are needed.

I am very glad to hear the Tree Sapling Project for Turkish Airlines passengers aged 0-2 years. I would suggest all Turkish Airlines personnel to give tree saplings as a gift at their wedding ceremonies and this to be announced to all personnel. I would also suggest that a documentary book to be prepared for the 80th anniversary of the Incorporation. My other suggestion would be to bring the first jet aircraft of Turkish Airlines to the General Management Building of Turkish Airlines that is currently at an aircraft boneyard and present it here. Also the original red-and-white striped pajamas design is a nostalgia for Turkish Airlines. I would also recommend that one of our aircrafts to be painted with this pattern. Another suggestion would be to make aircraft models of Turkish Airlines aircraft. Aviation collectors are very interested in Turkish Airlines aircraft models. Up to today I have made 1.720 flights with Turkish Airlines and I prepared a documentary about all the details of these 1.720 flights. I would appreciate if Mr. Hamdi TOPÇU accepts this documentary as my first gift to Turkish Airlines museum.

Since there was no other subject to discuss, the meeting was closed by the Chairman of the Assembly. The minutes of the meeting is issued, read and executed at the meeting venue.  
07.05.2012

Attachment: 2011 Dividend Statement

(original signature)  
**Ayten YAVUZ**  
Ministry Commissar

(original signature)  
**Hamdi TOPÇU**  
Chairman of the Assembly

(original signature)  
**Cemal ŞANLI**  
Vote Collector

(original signature)  
**Mehmet BÜYÜKEKŞİ**  
Vote Collector

(original signature)  
**AYHAN KABAKTEPE**  
Secretary