

**MINUTES OF THE ORDINARY GENERAL ASSEMBLY MEETING
OF TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI
HELD ON 04.05.2018**

Ordinary General Assembly Meeting of Türk Hava Yolları Anonim Ortaklığı was held on 04.05.2018 Friday at 14.30 hours at its Headquarter, in the Conference Hall located at Yeşilköy Mahallesi, Havaalanı Cad. No:3/1 Bakırköy, İstanbul under the supervision of Ministry - Representative Ms. Seda ÇAYCI AKKALE appointed by the letter of The City Directorate of Trade of the Ministry of Customs and Trade dated 03.05.2018 and numbered 34068315.

It was realized that, the invitation to the meeting has been announced at the Turkish Commercial Gazette dated 17.04.2018 numbered 9560 and at the newspaper Sabah dated 17.04.2018 in accordance with the Turkish Commercial Code (TCC), the Capital Markets Board (CMB) Legislation, 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 List of Attendants it was established that out of shares corresponding to TL 1,026,500,491.99198 of TL 1,380,000,000 which was the paid capital of the company, were represented in the meeting as follows: the shares corresponding to TL 677,884,848.575 were represented per procuration, the shares corresponding to TL 348,578,789.45 were represented by proxy, and the shares corresponding to TL 36,853.96698 were represented in person. It was determined that 8 members of the Board, Mr. Mehmet İlker AYCI, Mr. Bilal EKŞİ, Mr. Mehmet Muzaffer AKPINAR, Mr. Mecit Eş,Phd., Ms. Arzu AKALIN, Mr. İsmail Cenk DİLBEROĞLU, Mr. Ogün ŞANLIER and Mr. Orhan BİRDAL, and representative of KPMG Bağımsız Denetim ve Serbest Mali Müşavirlik A.Ş., Ms. Hatice Nesrin TUNCER were ready for the meeting. In this way, it was realized that the minimum quorum set forth in both law and the articles of association was available. The meeting was hence, inaugurated by the Chairman of the Board Mr. Mehmet İlker AYCI in physical environment and electronic environment simultaneously pursuant to the TCC and CMB legislation. The negotiation of the meeting agenda was launched.

1-The 1st item of the agenda, the proposal of The Republic of Turkey Prime Ministry Privatization Administration representative for election of the Chairman of the Board Mr. Mehmet İlker AYCI as the Chairman of the Assembly was discussed. The proposal was submitted for approval in both physical and electronic environment. At the end of the voting, Mr. Mehmet İlker AYCI was elected as the Chairman of Meeting by majority votes of the attendees by 1,026,485,433.99198 affirmative votes against 15,058 negative votes. Chairman of the Assembly Mr. Mehmet İlker AYCI established the Meeting Committee by determining Ms. Melek GÜNDEN ÇINAR as secretary in accordance with the article 419 of TCC.

2- The 2nd article of the agenda was discussed. The proposal of The Republic of Turkey Prime Ministry Privatization Administration Representative that the Activity Report should not be read as the Activity Report of the Board of Directors for the year 2017 had already been submitted for the information of shareholders was submitted for approval both physically and electronically.

Upon voting, the proposal that the Activity Report should not be read as the Activity Report of the Board of Directors for the year 2017 had already been submitted for the information of shareholders, was approved by majority votes of the attendees by 1,018,309,095.99198 affirmative votes against 8,191,396 negative votes.

The Activity Report of the Board of Directors was negotiated.

Shareholder, Mr. Sefa İNAN, has taken the floor and congratulated the Incorporation Upper Management for such a profitable year. On the other hand, he stated that in flight operations department, employees are divided into two, as pilots and cabin crew and cancellation of these employees' labor contract due to inefficiency was unfair and any difficulty in pilot employment might affect both the financials and the operations of the Incorporation. Shareholder, Mr. Bilal YILDIZ has requested free pass tickets and retirement identification card.

Chairman of the Assembly, Mr. Mehmet İlker AYCI said all stated opinions should be within the scope of Activity Report for the year 2017. Personal and union related matters are not within the scope of the General Assembly agenda and all these matters are known and considered by the Upper Management.

Shareholder, Mr. Bilal YILDIZ has requested free pass tickets and retirement identification card.

Chairman of the Assembly, Mr. Mehmet İlker AYCI restated that shareholders should state their opinions within the scope of the Activity Report for the year 2017; and also mentioned that it is not appropriate to state personal requests that are not related to today's agenda.

Shareholder, Mr. Mintaz DERDİYOK stated that there is no capital increase and asked if the Incorporation has been making any investment.

Chairman of the Assembly, Mr. Mehmet İlker AYCI addressed the question to Mr. Murat ŞEKER, Chief Financial Officer, and Mr. ŞEKER stated that capital and investment are quite different subjects and added that the Incorporation has been making investments.

Upon negotiation, the Activity Report of the Board of Directors for the year 2017 was approved by majority votes of the attendees by 1,018,309,095.99198 affirmative votes against 8,191,396 negative votes.

3- The 3rd article of the agenda was discussed. Ms. Kübra KARADEMİR has taken the floor in order to read the Report of Auditor and Group Auditor belonging to the year 2017.

Report of Auditor and Group Auditor belonging to the year 2017 were read by Ms. Kübra KARADEMİR.

4- The 4th article of the agenda was discussed.

The Chairman of the Assembly, Mr. Mehmet İlker AYCI has informed the attendees as follows:

"According to the legal books related to the accounting period 2017 of our Incorporation prepared within the framework of tax legislation, net profit for the period is TL 639,000,000 (previous year's loss is TL 7,142,969,041). However, net loss for the period is TL 2,912,238,735 according to the financial statements drawn up in accordance with IFRS pursuant to TCC and CMB legislation."

The proposal of The Republic of Turkey Prime Ministry Privatization Administration representatives that the balance sheet and profit and loss accounts of the year 2017 prepared according to IFRS pursuant to TCC and CMB regulations should be negotiated without being

read as it has already been submitted for the information of shareholders was submitted for approval in physical and electronic environment.

At the end of the voting of the proposal, the proposal that the balance sheet and profit and loss accounts of the year 2017 prepared according to IFRS pursuant to TCC and CMB regulations should be negotiated without being read as it has already been submitted for the information of shareholders was accepted by majority votes of the attendees by 1,018,309,095.98198 affirmative votes, against 8,191,396.01 negative votes.

Shareholder, Mr. Bilal YILDIZ has taken the floor and stated his opinions regarding bad debt. He mentioned that the bad debt of TL 269 million of 2016 increased up to TL 300 million in 2017. Mr. Bilal YILDIZ asked the reason of this increase and actions that are being taken in order to collect and track the bad debt of the Incorporation.

Chairman of the Assembly, Mr. Mehmet İlker AYCI gave the floor to Mr. Murat ŞEKER, Chief Financial Officer, and Mr. ŞEKER indicated that bad debt does not constitute a significant amount, when the balance sheet and the revenue of the Incorporation are taken into consideration. In addition, Mr. Murat Şeker gave information about collection of the bad debt by relevant departments of the Incorporation.

Following, Chairman of the Assembly, Mr. Mehmet İlker AYCI has taken the floor and stated that Turkish Airlines is a global airline, operating in 125 countries, each of which has different commercial practices and risks. He also added that the Incorporation has the responsibility of tracking and collecting the bad debt and shareholders should not have any doubts in this regard.

Shareholder, Mr. Yusuf TEKİN asked the reason of the decrease in profit in Fiscal Years 2014, 2015 and 2016.

Chairman of the Assembly, Mr. Mehmet İlker AYCI addressed the question to Mr. Murat ŞEKER, Chief Financial Officer, and Mr. ŞEKER explained that income and expense items are recorded differently due to the discrepancies in Turkish Tax Procedure Law (VUK) and IFRS standards. Besides, he mentioned that Turkish Airlines posted record profit for the year 2015.

Accordingly, balance sheet and profit and loss accounts of the year 2017 were approved both physically and electronically. Upon voting, it was approved by majority votes of the attendees by 1,018,309,095.99198 affirmative votes, against 8,191,396 negative votes.

5- The 5th article of the agenda was discussed. The proposal of The Republic of Turkey Prime Ministry Privatization Administration representative concerning the release of the members of the Board of Directors for their accounts and activities in 2017 was read. The release of the members of the Board of Directors was voted both physically and electronically.

Shareholder Mr. Yusuf TEKİN presented opposition annotation in written form and voted negatively. Letter of opposition annotation was attached to the minutes of the meeting. **(Attachment-1)**

The release of the members of the Board of Directors was approved by majority votes of the attendees by 1,019,670,802.35298 affirmative votes against 6,829,689.639 negative votes.

6- The 6th article of the agenda was discussed. The Chairman of the Assembly Mr. Mehmet İlker AYCI has informed the attendees as follows:

“According to the consolidated financial statements belonging to the accounting period of 01.01.2017-31.12.2017 prepared in accordance with the International Financial Reporting Standards within the framework of the provisions of the Communiqué of the CMB Serial: II, and Number: 14.1 and audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., net profit for the period is TL 639,000,000. On the other hand, according to the legal books (under the provisions of Turkish Tax Procedure Law), the net loss of the period is TL 2,912,238,735 and previous years' loss account has a balance of TL 7,142,969,041. The loss amount according to the legal books will be transferred to previous years' loss account. As there will not be any distributable profit (according to the legal books), the net profit of TL 639,000,000 (according to IFRS) will be transferred to the previous years' profit account. The acceptance of the proposal of the Board of Directors concerning the profit distribution for the year 2017 and the Statement of Profit Distribution was submitted for approval of the General Assembly.”

The proposal of The Republic of Turkey Prime Ministry Privatization Administration representative for "the acceptance of the proposal of the Board of Directors concerning the profit distribution for the year 2017 and the Statement of Profit Distribution exactly as they are" was read. Then, voting started in the physical and electronic environments.

Shareholder Mr. Yusuf TEKİN presented opposition annotation in written form and voted negatively. Letter of opposition annotation was attached to the minutes of the meeting. **(Attachment-2)**

At the end of the voting, it was decided to accept the resolution of the Board of Directors dated 09.03.2018 and numbered 37 and the statement of profit distribution for the year 2017 given in the attachment of that resolution exactly as they were **(Attachment -3)** by majority votes of the attendees by 1,025,147,991.98198 affirmative votes against 1,352,500.01 negative votes.

7- The 7th article of the agenda was discussed. The proposal of our shareholder, The Republic of Turkey Prime Ministry Privatization Administration, that net wages of the members of the Board of Directors be 5 (five) times as much as the net wage determined by Higher Planning Council (HPC) for the board members working at the office at State Economic Enterprises, for increased amounts be taken as basis for calculation, if any increase occurs in the wages determined for the board members working at the State Economic Enterprises as a result of a decision taken by HPC, such premiums be given to the members of the Board of Directors in values corresponding to their net monthly wages, for such premiums to be paid in the same number and time as those given to the staff, the amount of income tax, which occurs at the end of the financial year due to all these payments, to be covered by Turkish Airlines Incorporation by including in payments, and for other matters, to take action according to the Remuneration Policy" was read.

Shareholder, Mr.Sefa İNAN has stated that the employment income tax of the Board Members should be paid by the members of the Board, instead of the Incorporation.

Upon voting, it was decided that net wages of the members of the Board of Directors to be 5 (five) times as much as the net wage determined by Higher Planning Council (HPC) for the Board Members working at State Economic Enterprises, for increased amounts to be taken as basis for calculation if any increase occurs in the wages determined for the board members holding office at State Economic Enterprises as a result of a decision taken by HPC, for premiums to be given to the members of the Board of Directors in values corresponding to their net monthly wages, for such premiums to be paid in the same pieces and times as those given to the staff , for the amount of income tax, which is to occur at the end of financial year due to all these payments, to be included in payments and covered by Turkish Airlines

Incorporation, and for other matters, to take action according to the Remuneration Policy, by majority votes of the attendees by 699,656,447.88698 affirmative votes, against 326,844,044.105 negative votes.

8- The 8th article of the agenda was discussed.

The proposal of The Republic of Turkey Prime Ministry Privatization Administration representative for the election of KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., to be elected by the General Assembly for the fiscal year 2018 as the Auditor and Group Auditor pursuant to the article 399 and article 400 of the TCC was read.

The proposal was put to vote of the General Assembly physically and electronically.

Upon voting, KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was elected as Auditor and Group Auditor of Türk Hava Yolları A.O. for the fiscal year 2018, pursuant to the article 399 and article 400 of the TCC, by majority votes of the attendees by 913,779,297.54198 affirmative votes against 112,721,194.45 negative votes.

9- The 9th article of the agenda was discussed. The Chairman of the Assembly Mr. Mehmet İlker AYCI has informed the attendees as follows:

"There is no guarantee, pledge, and mortgage given in favor of 3rd parties except for the purpose of conducting the ordinary commercial activities of our Incorporation, and there is no income or interest obtained in relation with the afore-mentioned."

10- The 10th article of the agenda was discussed. The Chairman of the Assembly Mehmet İlker AYCI has informed the attendees as follows:

"The donations made by our Incorporation throughout the year must be submitted for the information of the General Assembly, in accordance with the article 1.3.10 of the Principles of Corporate Governance. The total donations made within 2017 totalled TL 372,667. There was no other donation.

On the other hand, the article 19/5 of the CMB includes the following provision: "In publicly-held corporations", the limit of the donation to be made shall be determined by the General Assembly of the publicly-held corporation". Pursuant to this provision, the limit of the donations to be made shall be determined by the General Assembly of the Incorporation. In the past years, some donations had been made due to natural disaster, war and similar cases in a frame of social responsibility and the General Assembly has been informed regarding these donations. We, hereby are submitting to the information and discretion of the General Assembly that similar donations can be made any time.

The proposal of the Privatization Administration concerning the upper limit of the donations to be made in 2018 was read. The proposal was submitted for approval both physically and electronically.

Upon voting, it was decided for the donations to be made in 2018 not to exceed the upper limit to be determined by the CMB in accordance with the Article 19 of the CMB by majority votes of the attendees 729,204,637.54198 affirmative votes against 297,295,854.45 negative votes.

11-The 11th article of the agenda was discussed.

Shareholders Mr. Şerif İbrahim DEMİRER, Nabi DELİCE, Talat BAŞAK, Hamza İL, Bilal YILDIZ and Ms. Nilüfer ER has taken the floor and stated their views.

Shareholder, Mr. Şerif İbrahim DEMİRER has spoken about giving the right of free pass tickets and confirmed free pass tickets for the employees of TGS Yer Hizmetleri A.Ş.

Shareholder, Mr. Nabi DELİCE has requested information regarding the 2018 targets of the Incorporation and the transition process to the İstanbul New Airport.

Shareholder, Mr. Talat BAŞAK has stated it would be better to determine the wages of the Board Members on a performance basis.

Shareholder, Ms. Nilüfer ER has mentioned the difficulties of the transportation to the İstanbul New Airport.

Shareholder, Mr. Hamza İL has mentioned about the crises in the world, currency appreciation and asked if there will be new aircraft addition to the fleet. Mr. İL also thanked Turkish Airlines top management and staff for the success they achieved.

Shareholder, Mr. Bilal YILDIZ criticised the Human Resources policy of the Incorporation regarding the top management assignments.

Chairman of the Assembly, Mr. Mehmet İlker AYCI gave the floor to Mr. Murat ŞEKER, Chief Financial Officer, and Mr. ŞEKER informed the shareholders about 2018 targets of Turkish Airlines. Accordingly, total number of passengers carried is targeted to reach 74 million, Passenger load factor is expected to be in the band of 79% and 80% and capacity increase will be between 5.5%-6%. Unit cost is expected to increase by between 3% and 5%, due to the increase in fuel prices and dollar appreciation. The Incorporation is targeting to generate 11.8 billion USD of sales revenue. Although, the number of aircraft is expected to go down from 329 to 327, by the end of the year, the fleet will be renewed with 13 aircraft, including 3 freighters.

Since there was no other subject to discuss, the meeting was closed by The Chairman of the Assembly. The minutes of the meetings is issued, read and executed at the meeting venue. 04.05.2018

Attachment

- 1-Yusuf TEKİN's letter of opposition annotation about Article 5
- 2-Yusuf TEKİN's letter of opposition annotation about Article 6
- 3-Statement of profit distribution

(signature)
Seda ÇAYCI AKKALE
Ministry Representative

(signature)
Melek GÜNDEM ÇINAR
Secretary

(signature)
Mehmet İlker AYCI
Chairman of the Assembly

Attachment 1-Yusuf TEKİN's letter of opposition annotation about Article 5

EK-1

Gönderilen 5. maddesi ile ilgili Muhtalefat Şikâyetleri

Şirketin net dönem kasının 2015-2016-2017 yıllarında sürekli düşmesi, yönetiminde bir zayıflık olduğunu göstermektedir. Bununla ilgili yöneticilerin sorumluluklarını açıkça belirtir. Bununla ilgili gerekleri 5. maddesine muhtalefat ediyoruz.

Yusuf Tekin
Yusuf Tekin

M. İlker Ateci
M. İlker Ateci
Toplantı Başkanı

Bakanlık Temsilcisi
Seda GAYET AKKAC
Seda Gayet Akkac

Attachment 2-Yusuf TEKİN's letter of opposition annotation about Article 6


EK-2

Gündem'in benzerleri ile ilgili Muhalefet Fehimdir.

Anonim şirketin ancak kar elde edip karın paylaşılmaya
değil, Yarıktaki acılarına göre gelir kar veya
kar elde eden şirketin kar pay dağıtması, özellikle
6102 sayılı TTK sisteminde göre özel hali gerektirir,
(TK 923) bakımından hükümlerde mümkün değildir. Bunun
dolu, ilgili şirketin maddesine maddesidir.

Yusuf Tekin
Yusuf Tekin
M. .
Mehmet İlker ATCI
Tophane Bankası

Botanik Sınıksız
Sadece ÇEVRE AKKAK



Attachment 3-Statement of profit distribution

TÜRK HAVA YOLLARI A.O. 2017 PROFIT DISTRIBUTION (TL)			
1. Paid in / Issued Share Capital		1.380.000.000	
2. Total Legal Reserves (According to Legal Books)		75.738.987,22	
Information on Profit Distribution privileges according to Articles of Association		NONE	
		As per SPK	As per Legal Books
3.	Profit and Loss for the Period	813.000.000	-2.869.492.938
4.	Taxes Payable (-)	-174.000.000	0
5.	Net Profit and Loss for the Period (=)	639.000.000	-2.869.492.938
6.	Previous Years' Losses (-)	0	-7.142.969.041
7.	Primary Legal Reserves (-)	0	0
8.	NET DISTRIBUTABLE PROFIT (=)	639.000.000	0
9.	Donations Made During the Year(+)	372.667	0
10.	Net Distributable profit determined with the addition of donations made during the year, as the basis for first dividends	639.372.667	0
11.	First Dividend to Shareholders	0	0
	- Cash	0	0
	- Bonus Share	0	0
	- Total	0	0
12.	Dividends to Holders of Preferred Shares	0	0
13.	Other Dividends	0	0
	- Board of Directors	0	0
	- Personnel	0	0
	- Other	0	0
14.	Dividends to Holders of Usufruct Shares	0	0
15.	Second Dividend to Shareholders	0	0
16.	Secondary Legal Reserve	0	0
17.	Statutory Reserves	0	0
18.	Special Reserves	0	0
19.	EXTRAORDINARY RESERVES	639.000.000	0
20.	Other Resources to be Distributed	0	0

Disclaimer: This English-language release is provided for information purposes only; reliance should only be placed for all statutory and regulatory and other purposes on the original Turkish language version alone.

TURKISH AIRLINES INFORMATION ON PROFIT DISTRIBUTION RATIO 2017						
	GROUP	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND / NET DISTRIBUTABLE PROFIT	DIVIDEND FOR EACH 1 TL NOMINAL SHARE	
		CASH (TL)	BONUS SHARE (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
NET	A	0	0	0,00%	0,0000	0,00%
	C	0	0	0,00%	0,0000	0,00%
	TOTAL	0	-7.152.969.041	0,00%	-5,1833	-518,33%