

**FINANCIAL DATA**

› January – March 2009

**OPERATIONAL DATA**

› January - March 2009



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## Speakers



*Dr. Temel KOTİL,  
CEO, Turkish Airlines*

- › Started his Turkish Airlines career in March 2003 as Executive Vice President (Technical) and was appointed as CEO in April 2005
- › Ph.D. in Mechanical Engineering University of Michigan, USA
- › M.Sc. in Mechanical Engineering University of Michigan, USA
- › M.Sc. in Aerospace Engineering University of Michigan, USA
- › B.Sc. in Aerospace Engineering, Istanbul Technical University, Istanbul
- › Board Members of IATA, Turkish Airlines Inc, Turkish Airlines Technical Inc. and Sun Express Inc.



## Speakers



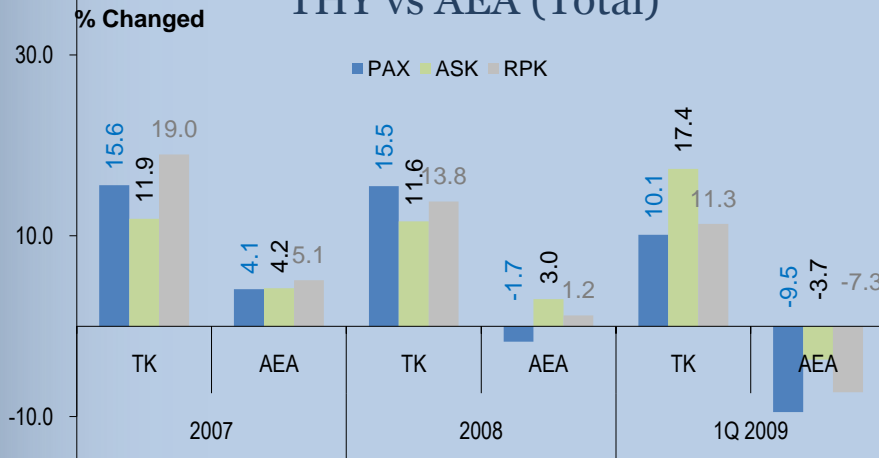
**Coşkun KILIÇ**  
*CFO, Turkish Airlines*

- › CFO as of March 2006
- › M.Sc. in Finance, Urbana Champaign Illinois University, USA
- › M.A. Economics, Ankara University
- › Certified Public Accountant
- › Board Member of Sun Express

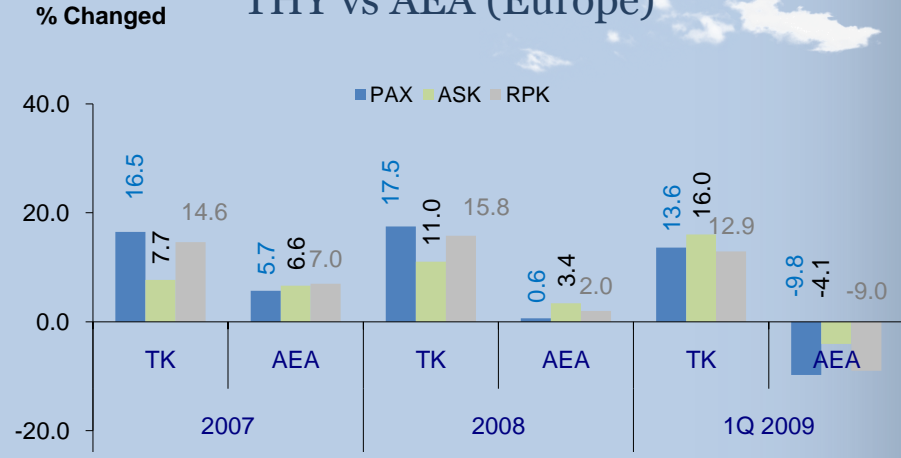
# THY vs AEA



## THY vs AEA (Total)

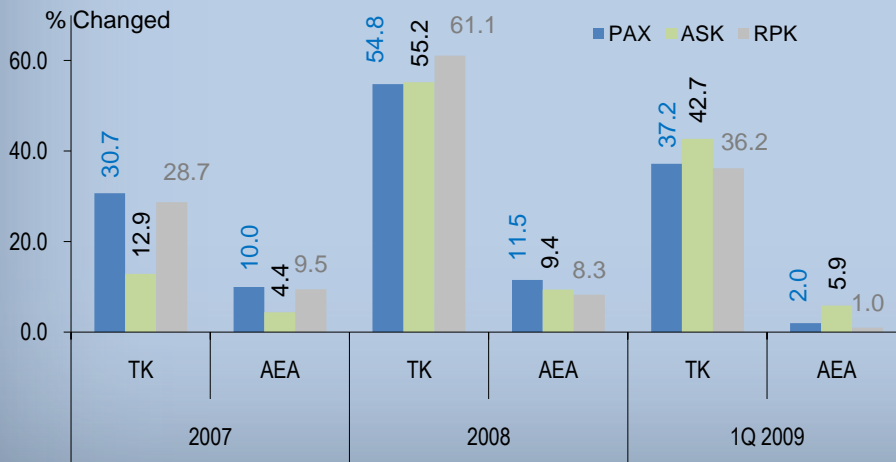


## THY vs AEA (Europe)

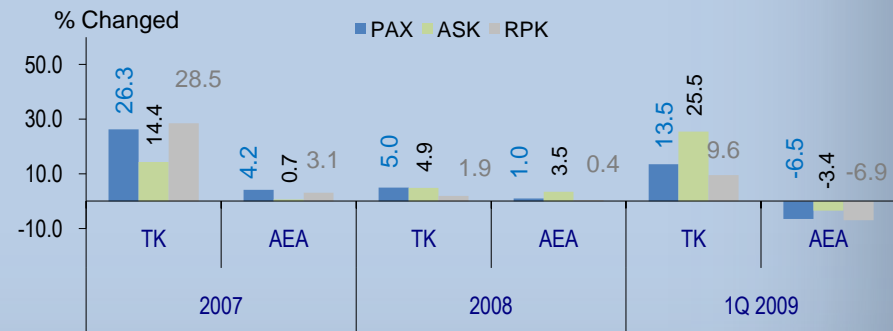


Middle East, Far East and Africa routes are expected to grow higher than average during the years 2009-2010, where THY has been successful in growing faster than AEA....

## THY vs AEA (Middle East)



## THY vs AEA (Far East)



# Company Overview



## > Destinations

### 115 International Lines

| AMERICAS (3) |
|--------------|
| CHICAGO      |
| NEW YORK     |
| SAO PAULO    |

| NORTH AFRICA (7) |
|------------------|
| ALGERS           |
| CARIO            |
| CASABLANCA       |
| KHARTOUM         |
| TRIPOLI          |
| TUNUS            |
| BENGAZI          |

| MID- AFRICA (4) |
|-----------------|
| ADISABABA       |
| LAGOS           |
| NAIROBI         |
| DAKAR           |

| SOUTH AFRICA (2) |
|------------------|
| JOHENSBURG       |
| CAPETOWN         |

| EUROPE (64) |                |          |               |
|-------------|----------------|----------|---------------|
| AMSTERDAM   | DÜSSELDORF     | MADRID   | SARAJEVO      |
| ATHENS      | FRANKFURT      | MILAN    | SIMFEROPOL    |
| BAKU        | GENEVA         | MINSK    | SKOPJE        |
| BARCELONA   | HAMBURG        | MOSCOW   | SOFIA         |
| BASEL       | HANNOVER       | MUNICH   | STOCKHOLM     |
| BELGRAD     | HELSINKI       | NICE     | STRASBOURG    |
| BERLIN      | KAZAN          | NURNBERG | ST PETERSBURG |
| BIRMINGHAM  | KIEV           | ODESSA   | STUTTGART     |
| BRUSSELS    | LEFKOSE        | OSLO     | TBILISI       |
| BUCHAREST   | LISBON         | PARIS    | TIRANA        |
| BUDAPEST    | LONDON         | PRAG     | VIENNA        |
| CHISINAOU   | LJUBLIANA      | RIGA     | ZAGREB        |
| COLOGNE     | LYON           | ROME     | WARSAW        |
| COPENHAGEN  | LVOV           | ROSTOV   | ZURICH        |
| DUBLIN      | MANCHESTER     | PRISTINA | VENICE        |
| DONETSK     | DNEPREPETROVSK | UFA      | YEKATERINBURG |

| FAR EAST (17) |           |
|---------------|-----------|
| ALMATY        | KARACHI   |
| ASKHABAT      | MUMBAI    |
| ASTANA        | NEW DELHI |
| BANGKOK       | SHANGAI   |
| BEIJING       | SEOUL     |
| BISKEK        | SINGAPORE |
| DUSANBE       | TASHKENT  |
| HONG KONG     | TOKYO     |
|               | OSAKA     |

| MIDDLE EAST (18) |          |
|------------------|----------|
| AMMAN            | KUWAIT   |
| ABU DHABI        | MUSCAT   |
| BAHREYN          | RIYAD    |
| BEIRUT           | SANAA    |
| DAMASCUS         | TEHRAN   |
| DUBAI            | TEBRIZ   |
| DOHA             | TEL AVIV |
| JEDDAH           | MEDINAH  |
| BAGDAT           | ALEPPO   |



# TK 1951 INCIDENT Company Overview



## > Destinations

37 Domestic Lines



## HABOM Project

- › The Joint Venture Company, established by THY Technic AS and Grup Company of Technologies Corporation, Pratt & Whitney has been registered as `THY Technic Aircraft Engine Maintenance Center Limited Corporation` to commercial registrar as of October 10th,2008.
- › JV agreement on engine maintenance was signed on January 7th 2008, with Pratt & Whitney.
- › Revenue stream from engine maintenance is expected to start by the first half of 2009.
- › MoU was signed on November 8, 2007 with Goodrich Aerostructures (Rohr Inc.) on Nacelle and Thrust Reverser maintenance.
- › Under HABOM, the plan is to increase the airframe maintenance capacity to approximately 400 aircraft per annum.
- › Expect over 500 mn\$ revenue by 2016 from HABOM Project.

THY will be developing its technical service and maintenance business through the HABOM Project



### Flight Training

- › THY has 4 full flight simulators RJ-100, B737-400, B737-800 and A320 for cockpit crew training.
- › THY has;
  - › A340 "Business class", B737 "Economy Class" Cabin Service Trainer(CST)
  - › B737/A310/A340 Cabin Emergency Evacuation Trainer(CEET)
- › For cabin crew training;
  - › THY provided training to 60 other airlines/companies cabin and cockpit training in 2008. Out of 60 , 39 domestic and 21 international.
  - › Besides third party training, THY has provided in-house training for its 8555 cabin crew and 6540 cockpit crew until December 31st, 2008.

THY will be developing its technical service and maintenance business through the HABOM Project

# Airline Sector in Turkey



## › Passenger Traffic

| THY Passenger Traffic Domestic | 2005    | 2006    | 2007    | 2008    | Jan-Mar08 | Jan-Mar09 | 08 vs 09 |
|--------------------------------|---------|---------|---------|---------|-----------|-----------|----------|
| Landings                       | 65,448  | 78,910  | 86,428  | 92,187  | 20.499    | 20.824    | 1.6%     |
| ASK (million)                  | 5,431   | 7,123   | 8,087   | 8,440   | 1,952     | 1.953     | 0.0%     |
| RPK (million)                  | 3,992   | 5,213   | 5,893   | 6,377   | 1.393     | 1.421     | 2.0%     |
| Passenger # ('000)             | 7,197   | 8,906   | 9,892   | 10,993  | 2.328     | 2.414     | 3.7%     |
| L/F %                          | 73.5    | 73.2    | 73.0    | 75.6    | 71.4      | 72.8      | 1.4 pt   |
| THY Passenger Traffic Int'l    | 2005    | 2006    | 2007    | 2008    | Jan-Mar08 | Jan-Mar09 | 08 vs 09 |
| Landings                       | 61,689  | 73,626  | 83,920  | 97,762  | 20.241    | 23.746    | 17.3%    |
| ASK (million)                  | 22,741  | 29,811  | 33,552  | 37,878  | 7.970     | 9.445     | 18.5%    |
| RPK (million)                  | 16,355  | 20,170  | 24,357  | 27,790  | 5.535     | 6.118     | 10.5%    |
| Passenger # ('000)             | 6,937   | 8,040   | 9,711   | 11,543  | 2.199     | 2.494     | 13.4%    |
| L/F %                          | 71.9    | 67.7    | 73.2    | 73.8    | 70.0      | 65.0      | -5.0pt   |
| THY Passenger Traffic Total    | 2005    | 2006    | 2007    | 2008    | Jan-Mar08 | Jan-Mar09 | 08 vs 09 |
| Landings                       | 127,137 | 152,536 | 170,348 | 189,949 | 40.740    | 44.570    | 9.4%     |
| ASK (million)                  | 28,172  | 36,934  | 41,625  | 46,318  | 9.922     | 11.398    | 14.9%    |
| RPK (million)                  | 20,347  | 25,383  | 30,250  | 34,167  | 6.929     | 7.539     | 8.8%     |
| Passenger # ('000)             | 14,134  | 16,946  | 19,603  | 22,536  | 4.528     | 4.908     | 8.4%     |
| L/F %                          | 71.5    | 68.7    | 72.7    | 73.8    | 69.8      | 66.1      | -3.7 pt  |

### Total Passenger Traffic

January-March  
2008 vs 2009

|           |                      |
|-----------|----------------------|
| Landing   | : up by 9%           |
| ASK       | : up by 15%          |
| RPK       | : up by 9%           |
| Passenger | : up by 8.4%         |
| L/F       | : down by 3.7 points |

Significant Growth in  
Operational Data



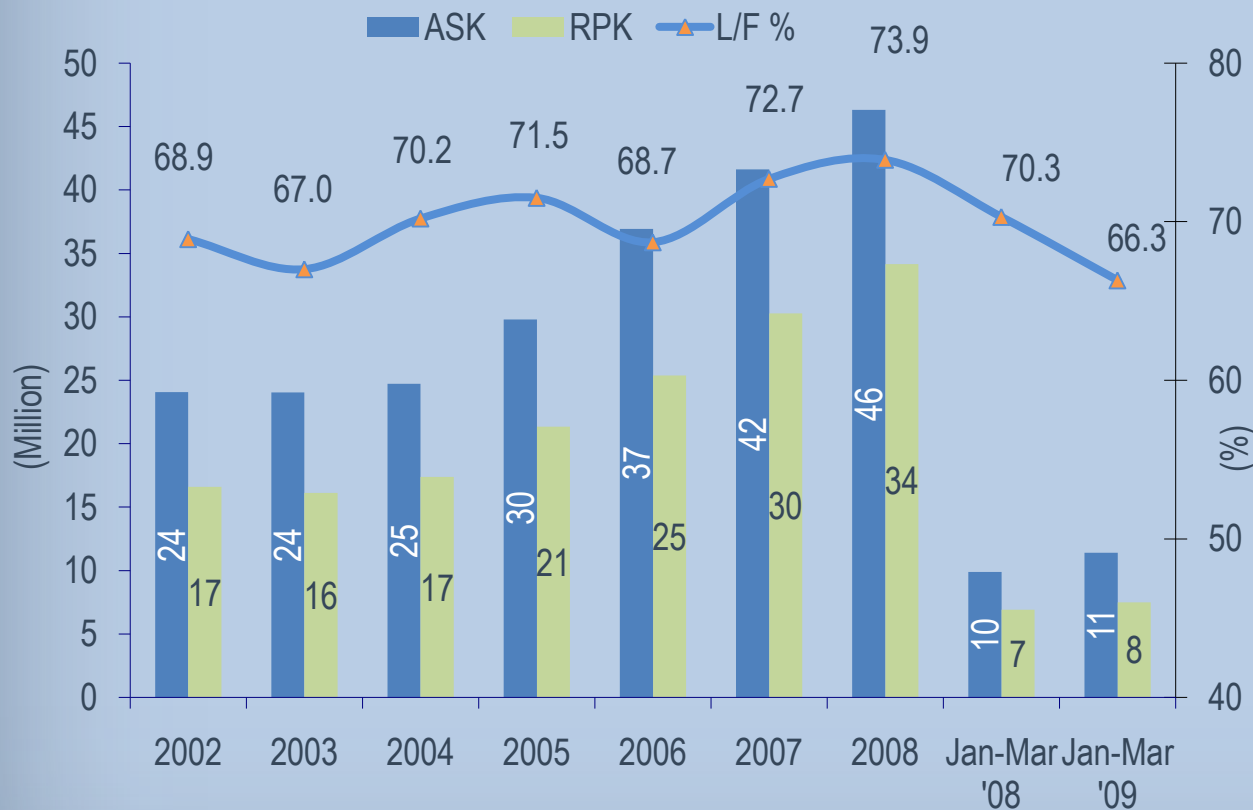
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# Company Overview



## › Passenger Traffic

### Capacity-Traffic Development Load Factor %



- › In 2009, capacity on domestic routes stayed the same, traffic increased by 2%, load factor increased by 1.4 pt to 72.8. Anadolu Jet's L/F was 77.4%.
- › On international routes; capacity increased by 17%, traffic increased by 11%, while load factor decreased by 5 pt to 65%. AnadoluJet's L/F was 65.4%
- › Total capacity increased by 15% while traffic increased by 9%. Load factor was 66.3% (-4pt).



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# Financial Highlights



## › Revenues

Total Revenues (Mn€ 2008)



Source: Financial statements released under Turkish CMB standards, converted to € Euro using average exchange rates

Revenue has positive correlation with growth in GDP in Turkey



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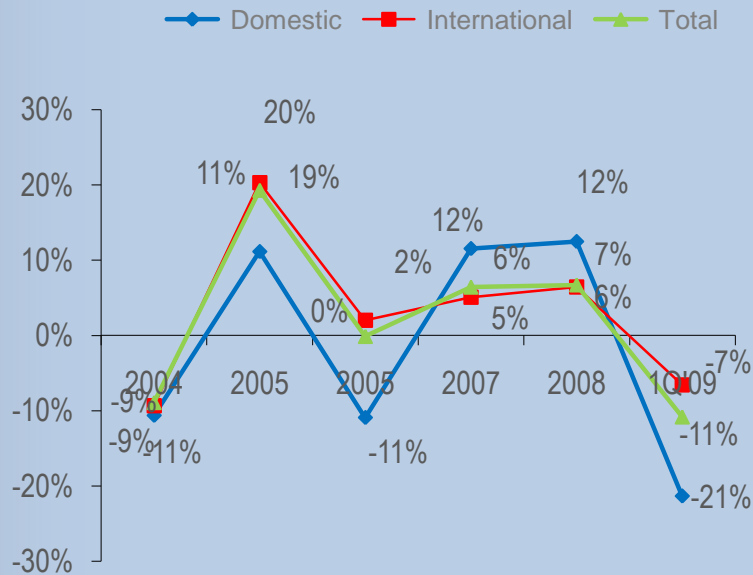


# Financial Highlights

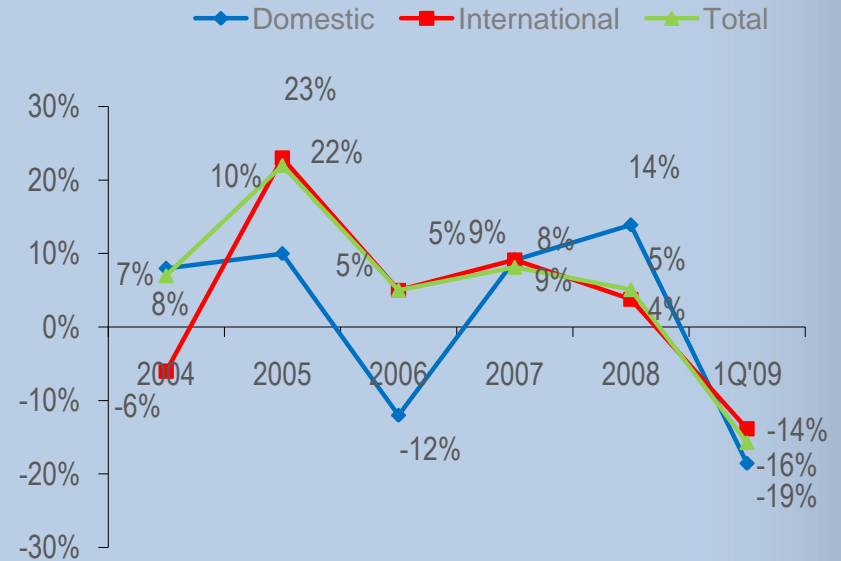


## › Revenues

### Change In R/Y (€)



### Change In RASK (€)



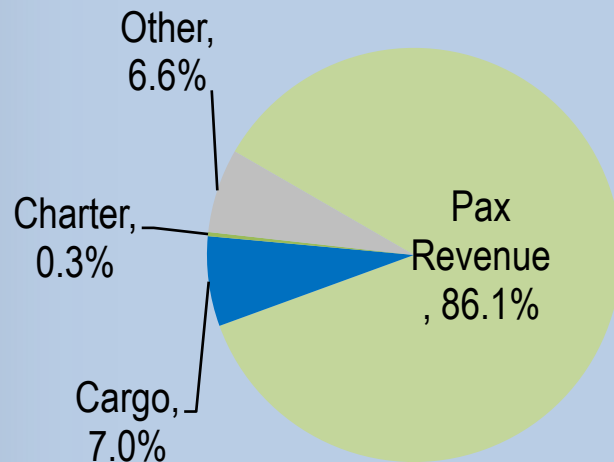
Source: Financial statements released under Turkish CMB standards, converted to € Euro using average exchange rates

# Financial Highlights



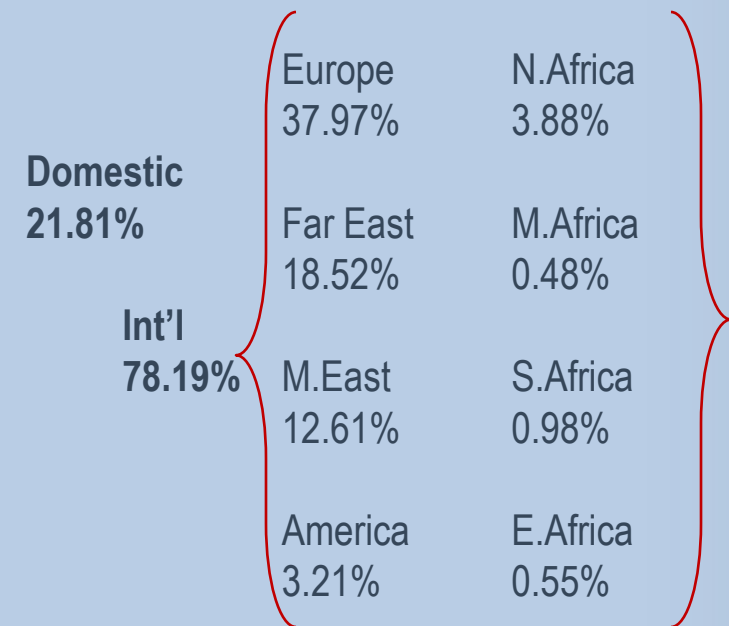
## › Revenues

Revenues Split (1Q '09)



Source: Financial statements released under Turkish CMB standards, converted to € Euro using average exchange rates

Passenger Revenues Split by Geography



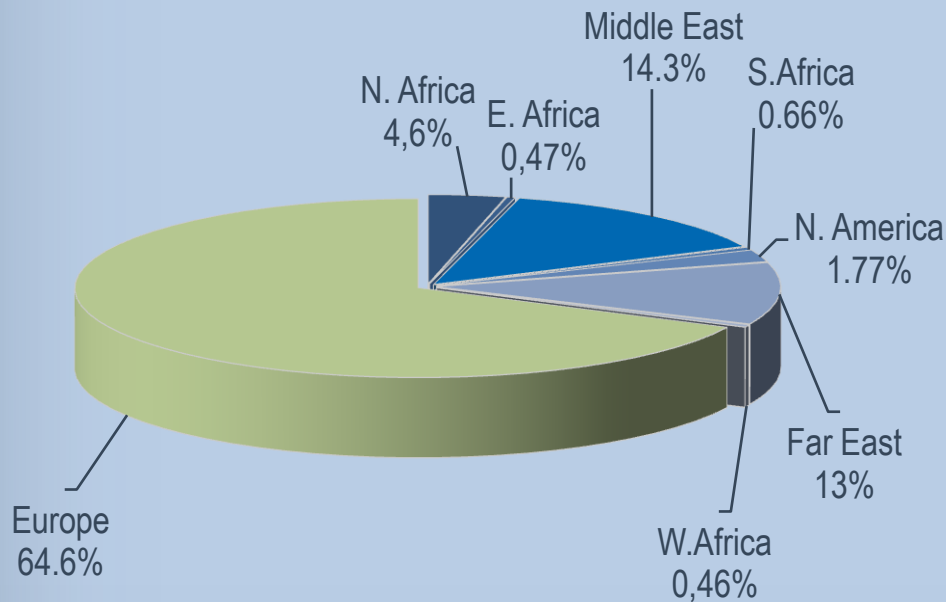
## Breakdown of Passenger Revenue Constant Over the Years

# Company Overview



## › Passenger Breakdown

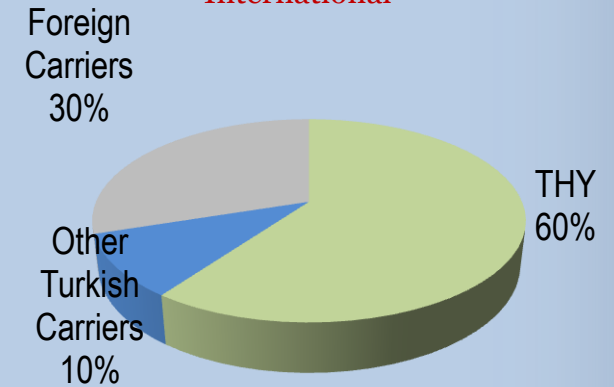
### Int'l. Traffic Breakdown by Geography (1Q2009)



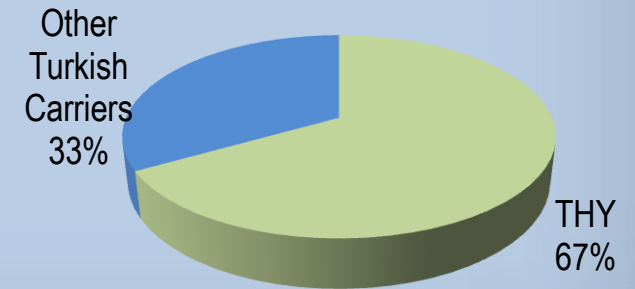
Stable Market Share in International Traffic

### Market Shares (1Q 2009)

#### International



#### Domestic

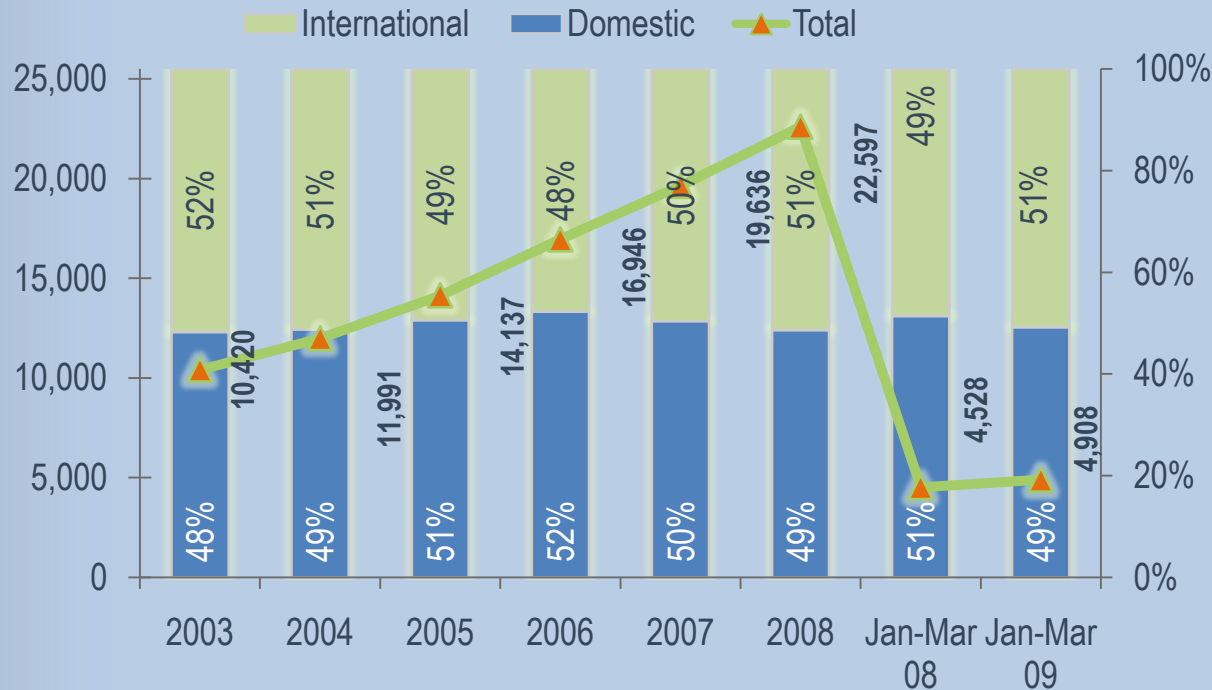


# Company Overview



## › Passenger Breakdown

Passenger Breakdown  
(2003 – 2008)



Balanced Breakdown Between Domestic and International Traffic

- › THY carried 4.9 million passengers in 2009, with an increase of 9% compared to 2008.
- › Domestic and International passenger breakdown consistent over the years.
- › Haj and charter passengers each accounted for 2% of the passenger traffic.



# Company Overview



## > Fleet Development

### Fleet as of May 2009

| Type         | Total      | Owned     | Financial Lease | Operational Lease |
|--------------|------------|-----------|-----------------|-------------------|
| B737-800     | 51         | -         | 38              | 13                |
| B737-700     | 4          | -         |                 | 4                 |
| B737-400     | 7          | -         |                 | 7                 |
| A320-200     | 22         | -         | 12              | 10                |
| A321-200     | 21         | -         | 14              | 7                 |
| A319-100     | 4          | -         |                 | 4                 |
| A330-200     | 6          | -         | 5               | 1                 |
| A340         | 9          | 7         |                 | 2                 |
| A310         | 2          | 2         |                 | -                 |
| B777-3ER(*)  | 3          | -         |                 |                   |
| A310 Cargo   | 4          | 3         |                 | 1                 |
| <b>Total</b> | <b>133</b> | <b>12</b> | <b>69</b>       | <b>49</b>         |
| <b>%</b>     |            | <b>9%</b> | <b>52%</b>      | <b>37%</b>        |

(\*) B777-3ER's are currently under wet-lease and will be converted to dry lease within this year.

| Additions    |          | Fleet Exits  |          | Seat Capacity After Additions&Exits |        |
|--------------|----------|--------------|----------|-------------------------------------|--------|
| Type         | 2009     | Type         | 2009     | Type                                | 2009   |
| B777-ER      | 3        | A321- 200    | 1        | Seat Capacity                       | 23.425 |
| B737-700     | 1        | B737-400     | 4        |                                     |        |
| A321-200     | 0        | <b>Total</b> | <b>5</b> |                                     |        |
| A330-200     | 2        |              |          |                                     |        |
| <b>Total</b> | <b>6</b> |              |          |                                     |        |

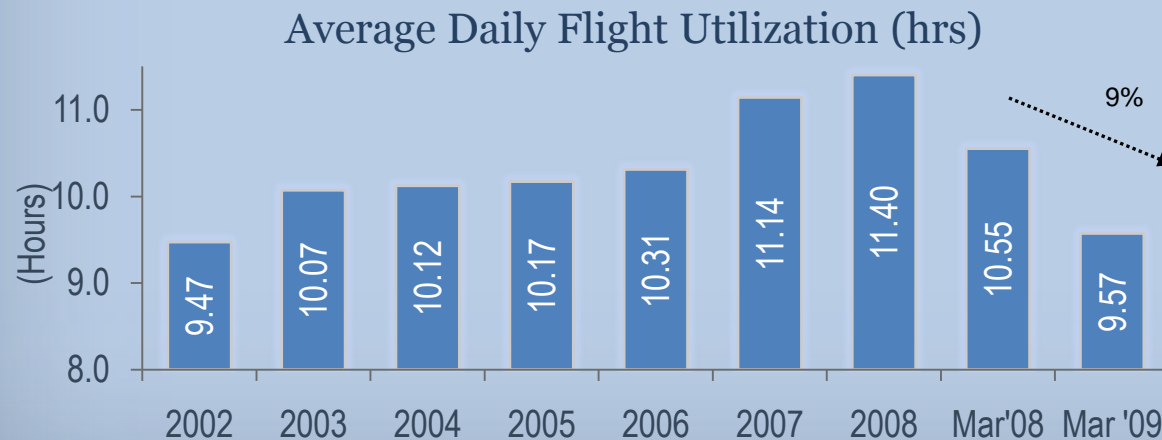
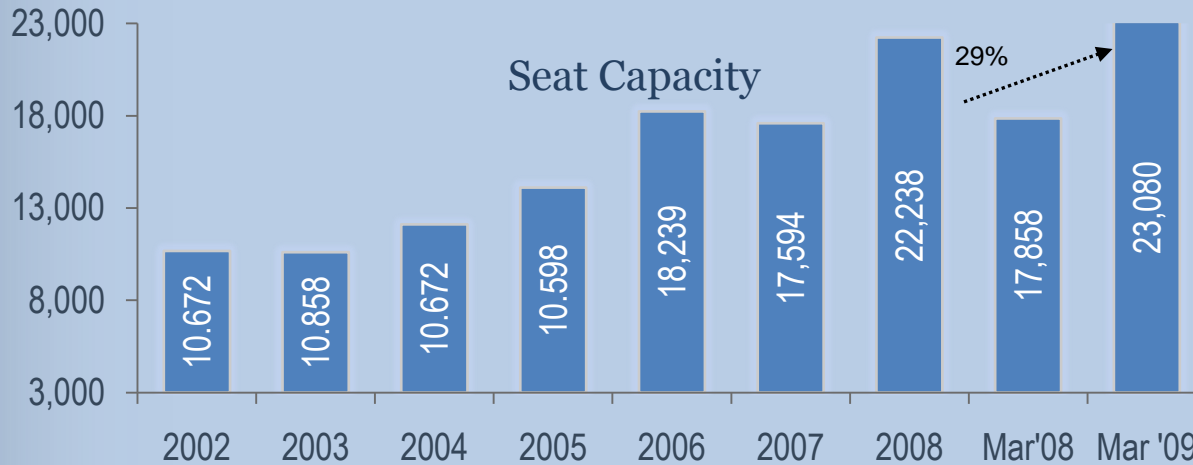
- > At the end of 1Q 2009, total seat capacity reached to 23.080 (91% increase since 2004), with an average age of 6,1 years.
- > During 2009, annual lease payments expected to be approximately around \$522 million, including 2 /A321 and 2/A330 aircraft to be delivered in 2009.
- > According to the Fleet Plan for 2009-2023, decision was made to purchase 25 firm, 10 optional total of 35 Wide Body Long-Haul aircraft with double aisle and 50 firm, 20 optional total of 70 Narrow Body Medium-Haul aircraft.

Seat capacity increased by 29% in 1Q 2009 compared to same period of 2008

# Company Overview



## › Fleet Development



- › Since 2004, seat capacity has increased by 91% in 2009.
- › Aircraft utilization has been rising due to better fleet composition and a more dynamic scheduling process. However for 1Q'09 due to rapid capacity increase, the utilization has decreased.

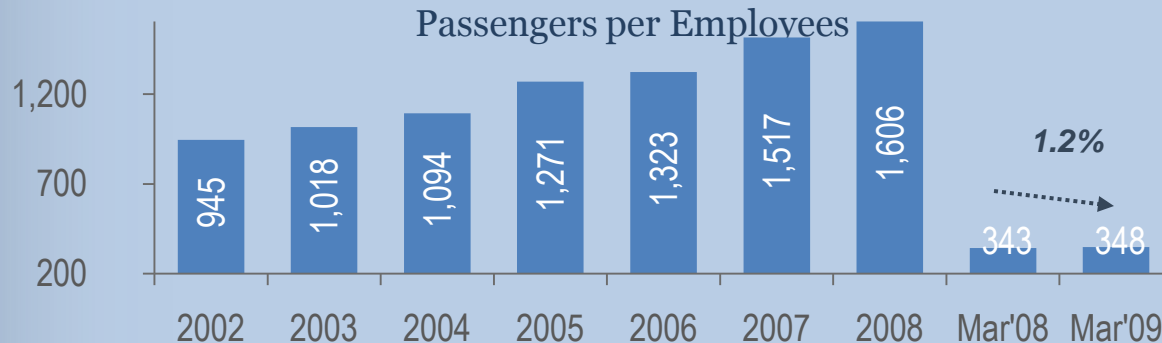
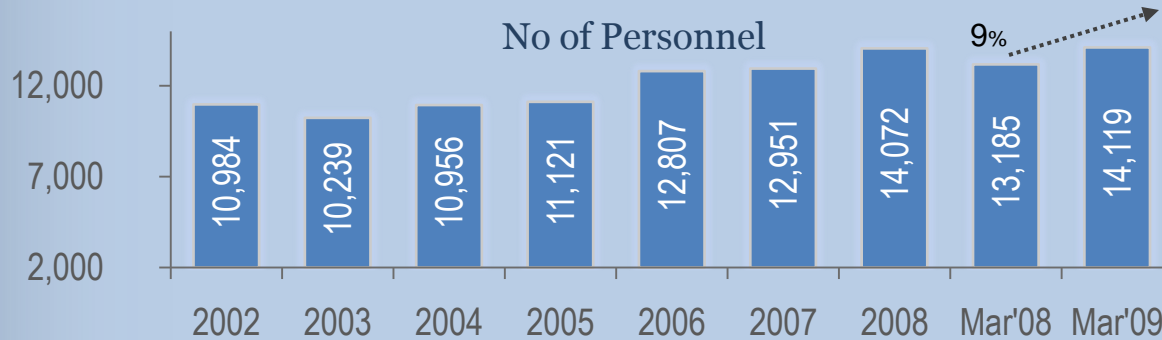
**Strong capacity growth and better flight utilization**



# Company Overview



## › Operating Efficiency



- › THY enjoys high personnel efficiency compared to its competitors.
- › Personnel cost of THY per ASK was only €1.3 cents for 1Q2009
- › 108 employees per aircraft and 348 passengers per employee for the 1Q '09.

Personnel efficiency is the key driven while increasing fleet size

# Financial Highlights

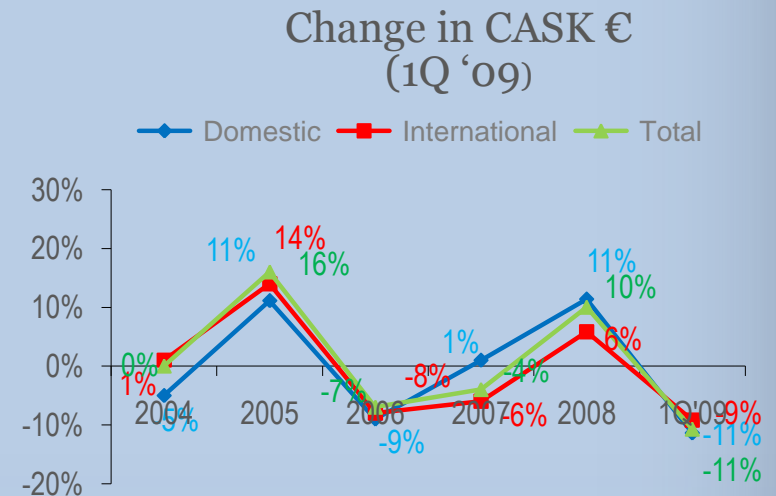
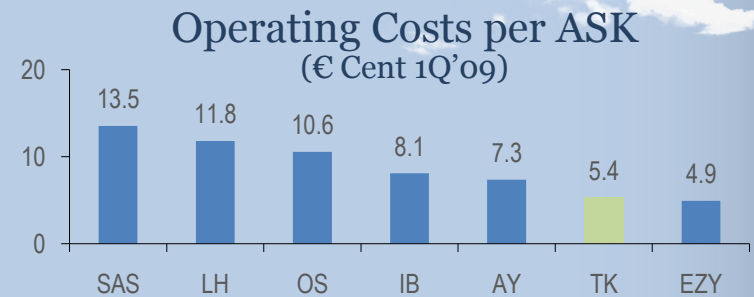


## › Operating Expenses

### Operating Expenses (€ Euro Mn)

| (€ Mn)                 | 1Q'08      | % in Total | 1Q'09      | % in Total | 09/'08 %     |
|------------------------|------------|------------|------------|------------|--------------|
| Personnel              | 149        | 24%        | 150        | 25%        | 1%           |
| Fuel                   | 186        | 30%        | 130        | 21%        | -30%         |
| Rents                  | 28         | 5%         | 48         | 8%         | 75%          |
| Maintenance            | 42         | 7%         | 39         | 6%         | -6%          |
| Insurance              | 4          | 1%         | 6          | 1%         | 49%          |
| Depreciation           | 46         | 8%         | 43         | 7%         | -7%          |
| Landing                | 42         | 7%         | 54         | 9%         | 29%          |
| Ground handling        | 30         | 5%         | 39         | 6%         | 31%          |
| Passenger Catering     | 29         | 5%         | 32         | 5%         | 12%          |
| Sales and Marketing    | 45         | 7%         | 52         | 8%         | 14%          |
| General Administration | 5          | 1%         | 5          | 1%         | 7%           |
| Others                 | 6          | 1%         | 10         | 2%         | 71%          |
| <b>TOTAL</b>           | <b>612</b> |            | <b>609</b> |            | <b>-0.5%</b> |
| Op.Cost per ASK (€)    | 6.18       |            | 5.35       |            | -13%         |

The difference is due to monthly exchange and year end exchange rate/



Total Expenses did not increase this quarter due to decrease in Fuel Expense



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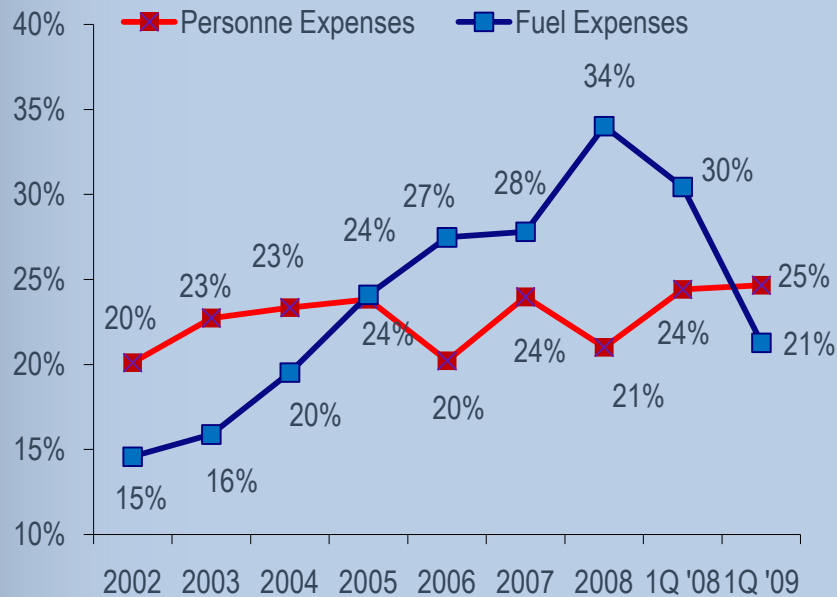


# Historical Highlights

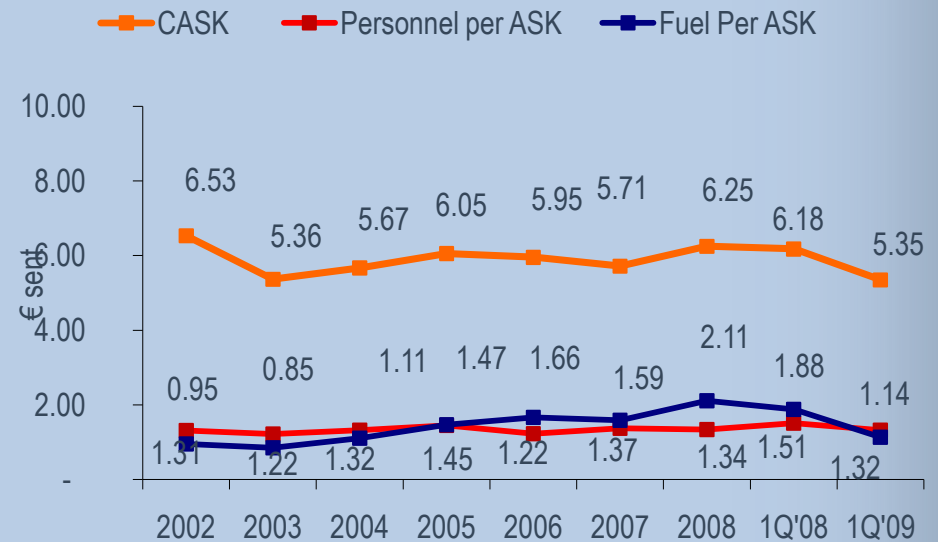


## › Operating Expenses

% in Total Operating Expenses (2002 – 1Q'09)



€ Cost Per ASK (2002-1Q'09)



Portion of fuel expenses decreased significantly



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# Financial Highlights



## › EBITDAR

EBITDAR margin % Comparison (1Q 2009)

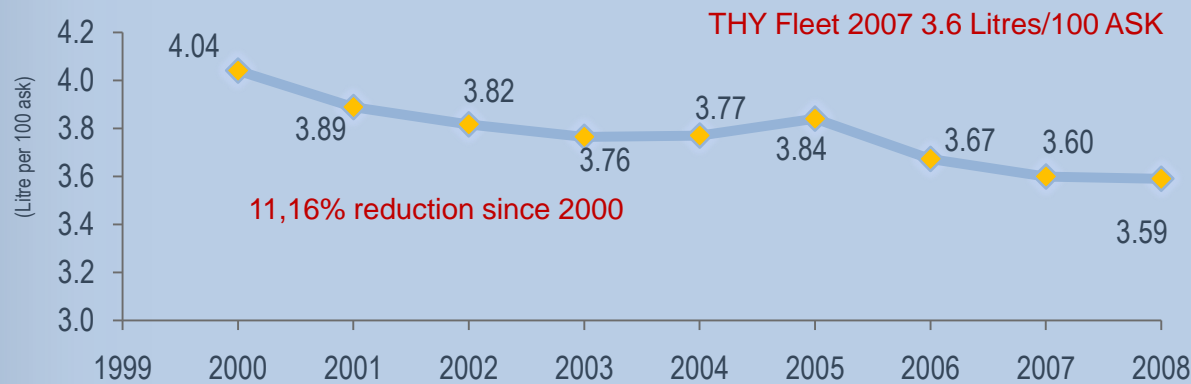


- › Cost cutting policies had a positive impact on operating expenses.
- › 2009 Year-end targeted EBITDAR Margin is 16%.

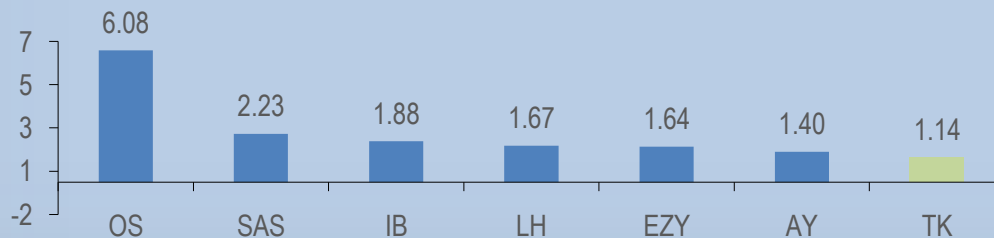
| (€ Euro Mn)        | 2004      | 2005      | 2006       | 2007       | 2008       | 1Q '08     | 1Q '09    | 09/'08 %    |
|--------------------|-----------|-----------|------------|------------|------------|------------|-----------|-------------|
| Revenue            | 1.581     | 1.86      | 2.247      | 2.734      | 3.228      | 607        | 594       | -2%         |
| EBIT               | 81        | 56        | 48         | 285        | 334        | -2         | -15       | 650%        |
| EBIT Margin (%)    | 5,1       | 3,0       | 2,1        | 10,42      | 10,34      | -0.38      | -2.59     | -0.02pt     |
| EBITDA             | 251       | 235       | 235        | 490        | 541        | 44         | 28        | 10%         |
| EBITDA Margin (%)  | 15,9      | 12,6      | 10,5       | 17,92      | 16,77      | 7.25       | 4.69      | -0.03 pt    |
| EBITDAR            | 315       | 320       | 366        | 678        | 723        | 71         | 76        | 3%          |
| EBITDAR Margin (%) | 19,9      | 17,2      | 16,3       | 24,81      | 22,41      | 11.71      | 12.84     | 1.14 pt     |
| <b>Net Income</b>  | <b>61</b> | <b>56</b> | <b>101</b> | <b>149</b> | <b>598</b> | <b>114</b> | <b>72</b> | <b>-37%</b> |

## › Fuel

### Average Specific Fuel Consumption



### Per ASK Fuel Cost (€ Cent) 1Q 2009



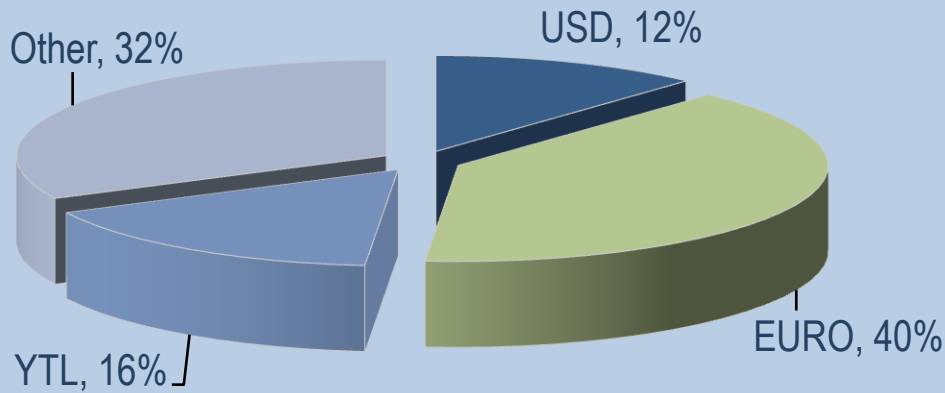
- › Daily average crude oil prices increased by 78% in 2008 compared to 2007.
- › Although THY does not hedge, its fuel expense per ASK is lower on the average compared to its peer group.
- › Due to fleet expansion, the fleet average age will be lower which in return will increase THY's fuel efficiency.

Fleet expansion will reduce fuel cost as well as fleet age

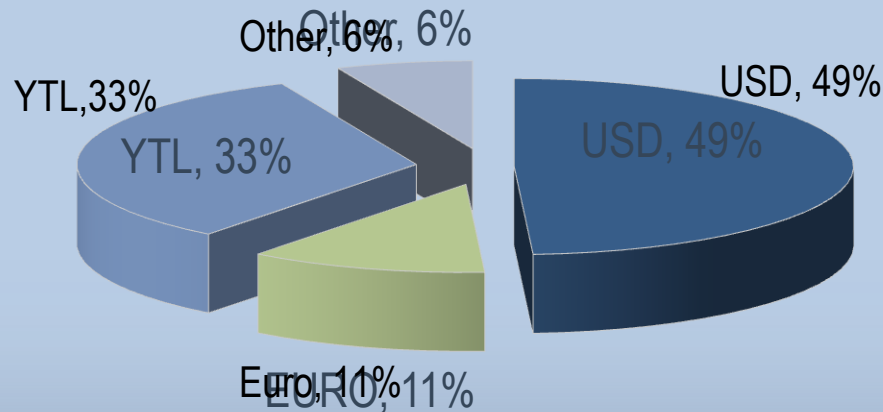
Source: Company annual reports & websites.

## > Currency Breakdown

### Income by Currency (1Q 2009)



### Expenses by Currency (1Q 2009)



- > THY's income is diversified among the major currencies.
- > Due to its currency basket THY is very flexible on fx position.
- > Although USD income is lower than USD expenses THY is able to cover its USD expenses from Euro income due to strong Euro against USD.

**Diversified revenue & expense base and agility in pricing currency**

# Company Overview



## › Highlights

- › Blessed by its prime location
  - › Turkey only 3hrs flight from 50 different countries
  - › Increased focus on transit flights since 2002
  - › Increased focus on Business Class passengers since 2006
  - › Market leader in Turkey with a strong brand recognition
  - › Member of Star Alliance
- › Substantial cost advantage over rivals
  - › Labor costs only 1.32€ per ASK (Austrian : 2.41€, Lufthansa :3.25€, Iberia: 2.12€)
  - › Profitable with room for further cost reductions

# THANK YOU

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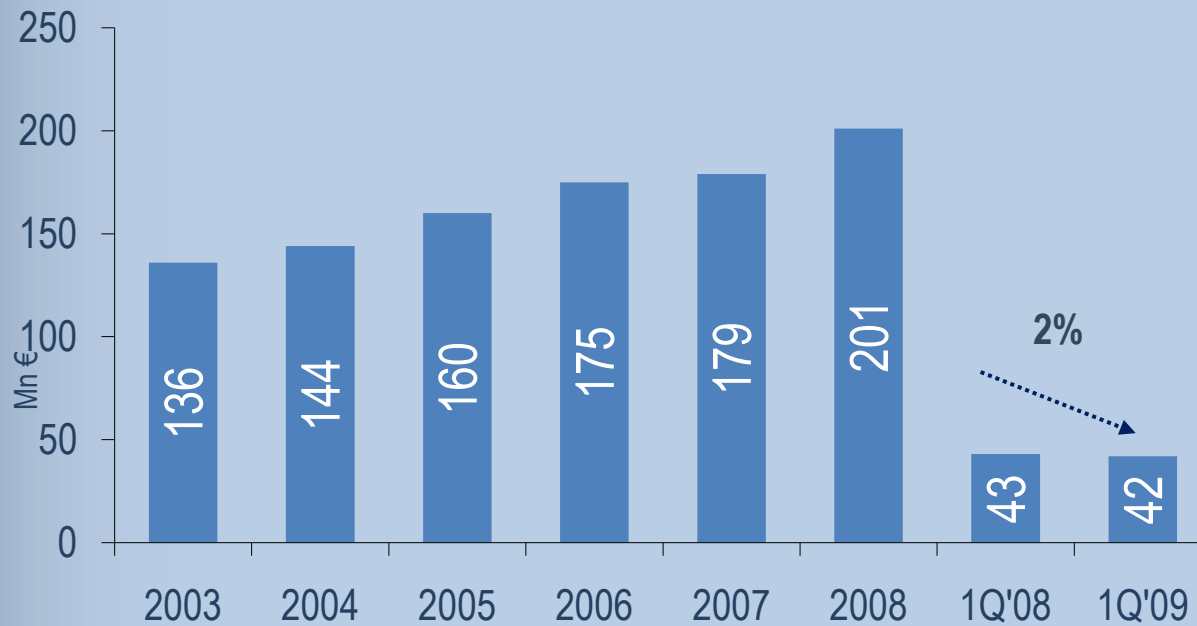
Turkish Airlines Inc.  
Investor Relations Department

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## › Cargo Transportation

### Cargo Revenue (€ Mn)



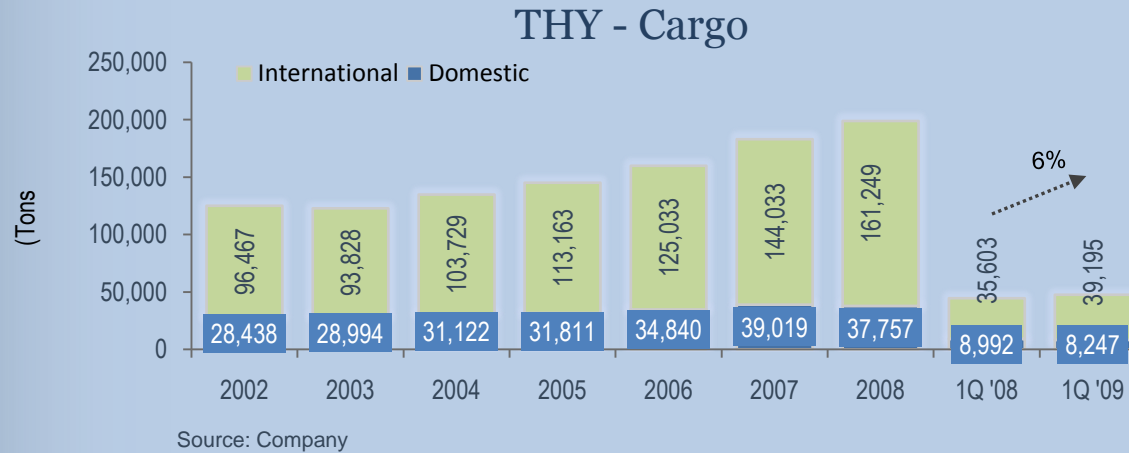
- › Domestic and International breakdown is consistent over the years.
- › Cargo revenue has decreased by 2% in 1Q 2009 compared to same period of 2008.

Plans to Enlarge Freighter Fleet  
Aiming Higher Cargo Revenues

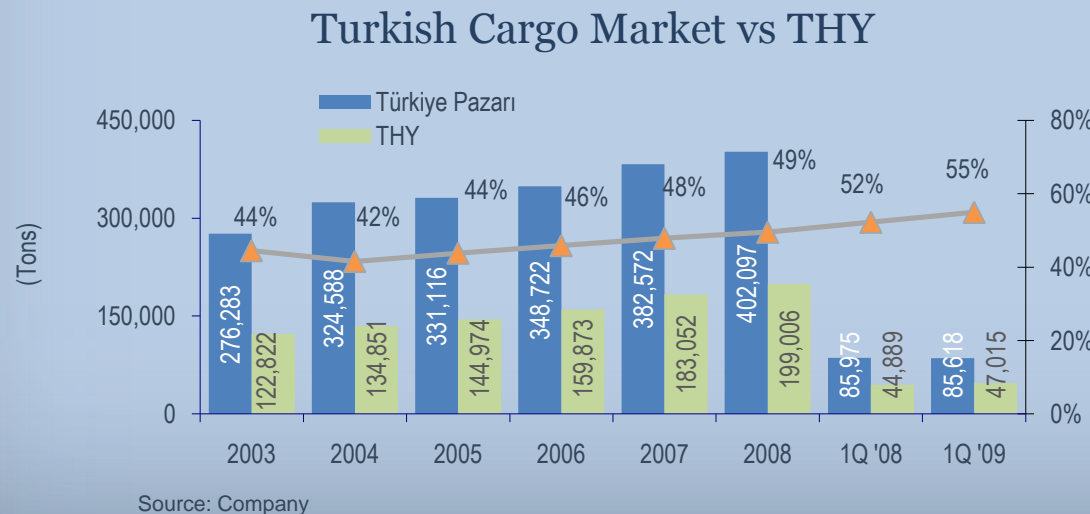
Source: Company



## › Cargo Transportation

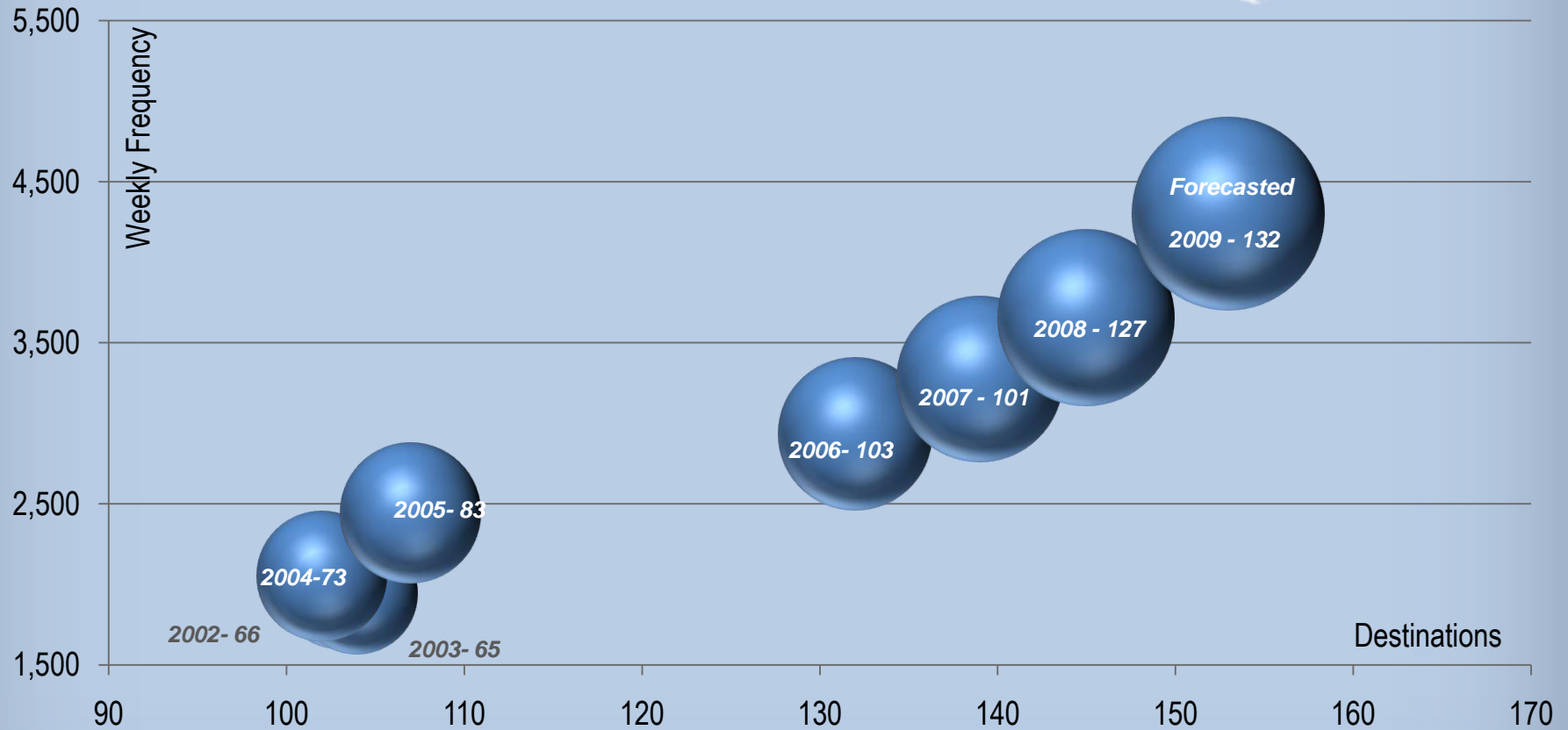


- › Domestic and International breakdown is consistent over the years.
- › As of January - March 2009 THY has carried total of 47.442 Tons cargo, indicating 6.4% increase compared to same period of 2008.
- › Cargo revenue has increased by 12% in 2008 compared to 2007.



**Plans to Enlarge Freighter Fleet Aiming Higher Cargo Revenues**

## › Network Mapping



## › Assets & Liabilities

|  | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | Annual<br>08/'07          |
|--|--------------|--------------|--------------|--------------|--------------|--------------|---------------------------|
| <b>Assets (in € Mn)</b>                            |              |              |              |              |              |              |                           |
| Cash and Equivalents                               | 378          | 200          | 304          | 197          | 281          | 236          | -16%                      |
| Net Trade Receivables                              | 68           | 87           | 121          | 135          | 179          | 163          | -9%                       |
| Other Current Assets                               | 57           | 84           | 95           | 241          | 410          | 806          | 97%                       |
| <b>Total Current Assets</b>                        | <b>502</b>   | <b>371</b>   | <b>520</b>   | <b>573</b>   | <b>870</b>   | <b>1205</b>  | <b>39%</b>                |
| Due from Related Parties (Long Term)               | 30           | 0            | 0            | 8            | 13           | 11           | -15%                      |
| Net Fixed Assets                                   | 1130         | 995          | 1657         | 1671         | 1891         | 2359         | 25%                       |
| Other Long Term Assets                             | 26           | 248          | 224          | 143          | 104          | 101          | -3%                       |
| <b>Total Long Term Assets</b>                      | <b>1.186</b> | <b>1.243</b> | <b>1.882</b> | <b>1.822</b> | <b>2.008</b> | <b>2.471</b> | <b>23%</b>                |
| <b>Total Assets</b>                                | <b>1.689</b> | <b>1.614</b> | <b>2.402</b> | <b>2.395</b> | <b>2.878</b> | <b>3.677</b> | <b>28%</b>                |
|  |              |              |              |              |              |              | <b>Annual<br/>'07/'06</b> |
| <b>Liabilities (in € Mn)</b>                       |              |              |              |              |              |              |                           |
| Short Term Lease Obligations                       | 140          | 111          | 229          | 118          | 134          | 196          | 46%                       |
| Accounts Payable                                   | 104          | 108          | 161          | 172          | 213          | 203          | -5%                       |
| Passenger Flight Liabilities                       | 64           | 101          | 0            | 151          | 222          | 206          | -7%                       |
| Other Current Liabilities                          | 112          | 78           | 365          | 136          | 125          | 149          | 19%                       |
| <b>Total Current Liabilities</b>                   | <b>420</b>   | <b>399</b>   | <b>755</b>   | <b>577</b>   | <b>694</b>   | <b>754</b>   | <b>9%</b>                 |
| Long Term Lease Obligations                        | 688          | 524          | 540          | 780          | 933          | 1307         | 40%                       |
| Retirement Pay Provision                           | 45           | 55           | 72           | 63           | 77           | 67           | -13%                      |
| Other Long Term Liabilities                        | 31           | 29           | 249          | 106          | 94           | 154          | 64%                       |
| <b>Total Long Term Liabilities</b>                 | <b>764</b>   | <b>608</b>   | <b>861</b>   | <b>949</b>   | <b>1104</b>  | <b>1528</b>  | <b>38%</b>                |
| Capital  | 963          | 1048         | 110          | 95           | 102          | 82           | -20%                      |
| Share Premium                                      | 0            | 0            | 1180         | 1010         | 1018         | 781          | -23%                      |
| Reserves   | 71           | 77           | 5            | 4            | 36           | 0            | -100%                     |
| Foreign Currency Translation Differences           |              |              |              |              |              | 2            |                           |
| Accumulated Loss /Income                           | -530         | -518         | -509         | -240         | -75          | 530          | 807%                      |
| <b>Total Shareholders Equity</b>                   | <b>505</b>   | <b>608</b>   | <b>786</b>   | <b>869</b>   | <b>1081</b>  | <b>1395</b>  | <b>29%</b>                |
| <b>Total Liabilities &amp; Shareholders Equity</b> | <b>1.689</b> | <b>1.614</b> | <b>2.402</b> | <b>2.395</b> | <b>2.878</b> | <b>3.677</b> | <b>28%</b>                |

## › Income Statement

| Income Statement<br>(in Euro mn)                | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       | 1Q'08      | 1Q'09      | 09/08<br>%  |
|---|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Operating Revenues                              | 1.481      | 1.581      | 1.86       | 2.246      | 2.685      | 3.228      | 605        | 594        | -2%         |
| Operating Expenses                              | -1.289     | -1.501     | -1.804     | -2.196     | -2.38      | -2.894     | -612       | -609       | -0.5%       |
| <b>Operating Profit</b>                         | <b>193</b> | <b>81</b>  | <b>56</b>  | <b>50</b>  | <b>307</b> | <b>334</b> | <b>-7</b>  | <b>-15</b> | <b>108%</b> |
| Income From Other Operations                    | 53         | 34         | 255        | 486        | 64         | 30         | 103        | 46         | -56%        |
| Loss From Other Operations                      | -6         | -9         | -166       | -376       | -236       | -54        | -1         | -4         | 425%        |
| <b>Income Before Financial Income/(Expense)</b> | <b>240</b> | <b>105</b> | <b>145</b> | <b>159</b> | <b>135</b> | <b>310</b> | <b>95</b>  | <b>27</b>  | <b>-72%</b> |
| Income/Loss due From Asset Valuation            |            |            |            |            |            | 2          | -5         | -5         | 10%         |
| Financial Income/(Loss)                         | 154        | 21         | -36        | -54        | 93         | 753        | 205        | 229        | 12%         |
| Monetary Gain/(Loss)                            | -223       | -64        | -          | -          | -          | -376       | -153       | -124       | -19%        |
| <b>Income Before Taxation</b>                   | <b>170</b> | <b>62</b>  | <b>109</b> | <b>105</b> | <b>228</b> | <b>688</b> | <b>143</b> | <b>127</b> | <b>-11%</b> |
| Taxation  | -43        | -2         | -26        | -4         | -63        | -90        | -30        | -55        | 86%         |
| <b>Net Income</b>                               | <b>127</b> | <b>61</b>  | <b>83</b>  | <b>101</b> | <b>164</b> | <b>598</b> | <b>113</b> | <b>72</b>  | <b>-36%</b> |

In converting the TRY reported results to EURO, the period average EURO exchange rates were used

## › Subsidiary & Affiliates

### Subsidiaries

#### › THY Technic A.S.(Consolidated)

- › Owned 100% by THY
- › During the 1Q'09 posted revenues and net income was 77€mn and 16€mn respectively.
- › Provides maintenance services to more than 10 international airlines including Lufthansa, KLM, BA and Alitalia as well as domestic airlines.
- › Main goal is to become one of the biggest MRO Center in the region.

#### › THY Do & Co Catering A.S. (Equity Pick-up)

- › Owned 50% - %50 by THY and Do & Co Restaurants & Catering A.G.
- › During the 1Q'09 posted revenues and net income was 23€mn and 1.2€mn respectively.

#### › TGS Ground Handling Inc. (Equity Pick-up)

- › Registered on August 28th, 2008 to Commerce Registry.

#### › Sun Express A.S. (Equity Pick-up)

- › Owned 50% - 50% by THY and Lufthansa, respectively.
- › Fleet consisted of 19 aircraft; 16 B737& 3 B757 aircraft with total seat capacity of 3,696 as of March 2009. Carried 1,057,691 passengers in 1Q of 2009, by achieving load factor of 75.47%. Number of personnel was 1,126 as of March 2009.
- › During the 1Q'09 posted revenues and net income was 71.653€ ths and 10.067 €ths respectively.

#### › JP`B&H Airlines`d.o.o.Sarajevo (Equity Pick-up)

- › Owned 49% by THY
- › During the 1Q'09 posted revenues and loss was 979€ ths and 1.435 €ths respectively

#### › THY Flight Training Inc. (to be Established)

- › With 6 Full Flight Simulators, 8 A/Cs and cabin training mock-ups

HABOM Project will be launched by THY Technic A.Ş.

## › Safety & Quality

### › Safety:

As it is very well known and appreciated “Safety” is the key concept to be adopted for existence. THY is determined to operate with the highest operational standards. Accepting and implementing the standards dictated by the aviation authorities and manufacturers as the baseline, THY strives to attain safer operation conditions in respect to continuous development process and appreciates it as a must. Within the frame of this efforts, adoption of Safety Management System approach, implementation of Flight Data Monitoring (FDM) system, trainings provided in risk assessed flight subjects and publications to flourish a widespread safety culture can be mentioned. The Flight Safety Department that has direct access to the Accountable Manager is in charge of the management and oversight of the system’s safety. In addition to its audits, it also implements the Flight Data Monitoring System, makes informal Line Observations and investigates the occurrences and reports (mandatory/voluntary) to promote safety.

In this context, it must be emphasized that THY is qualified as an IOSA Operator after the IATA Operational Safety Audit as of April 07, 2006. The expiry date of renewed IOSA operatorship is October 2009. In addition to the IOSA audit, due to its vast operation network, THY is in active contact with numerous Civil Aviation Authorities and subject to their audits. These audits, as well as providing the opportunity to the auditors to evaluate the current situation, input the required feedback for THY’s safer operation from thereupon.

### › Quality:

Turkish Airlines adopted TS-EN ISO 9001:2000 Quality Management System (QMS) in 2006. Quality Assurance Directorate which is also connected directly to Accountable Manager is in charge of the implementation and oversight of the quality system. The departments within this directorate are; Flight Operations, Ground Operations, Technic, Cabin, Flight Training, Quality Management and Improvement. Each department implements scheduled and unscheduled operational audits annually to acquire the condition information. The QMS is in a development stage progressing into Integrated Management System. TS-EN ISO 14001:2004 – Environmental Management System and OHSAS 18001- Occupational Health and Safety System are planned to be integrated by mid of 2009.

In addition to above, having all requirements fulfilled and systems in place with regards to Turkish Civil Aviation Law, Turkish Airlines has the AOC (Air Operator Certificate) approved by Turkish Civil Aviation Administration (CAA).