

FINANCIAL DATA

> January – June 2010

OPERATIONAL DATA

> January – June 2010



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Speakers



Temel KOTİL, Ph.D. **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 Member of IATA, Turkish Airlines Inc, Turkish Airlines Technical Inc.
- › Chairman of the Board of Sun Express Inc.

Speakers

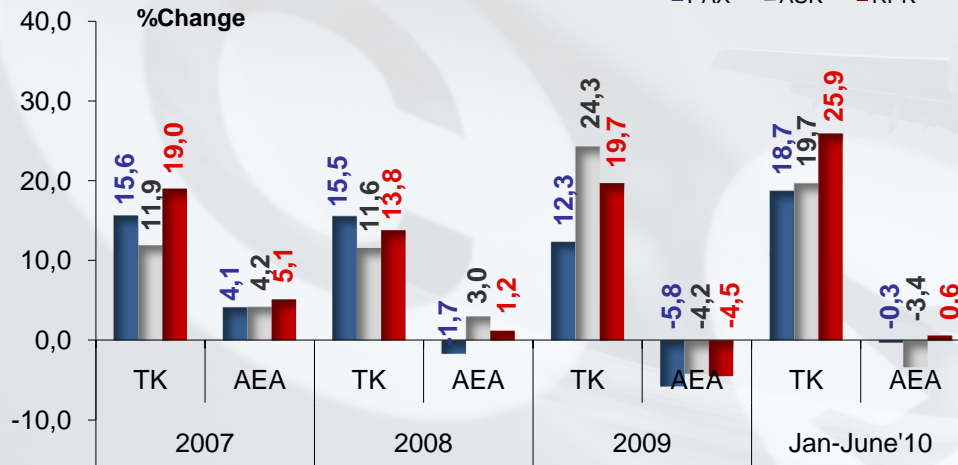


COŞKUN KILIÇ, CFO, Turkish Airlines

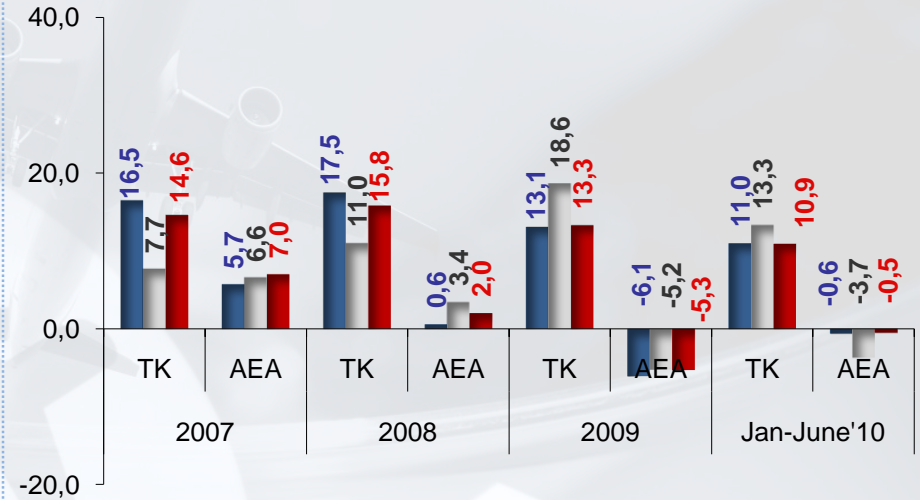
- › CFO as of March 2006
- › M.Sc. in Finance, Urbana Champaign Illinois University, USA
- › M.A. Economics, Ankara University
- › Certified Public Accountant
- › Board Member of Sun Express
- › Board Member of THY Opet Havacılık Yakıtları A.S.
- › Auditor of THY Technic A.S.

THY vs AEA

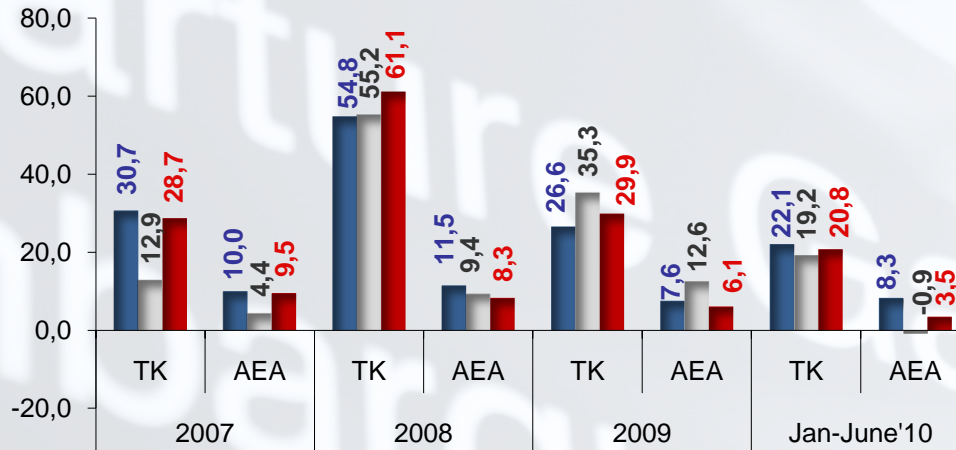
Total



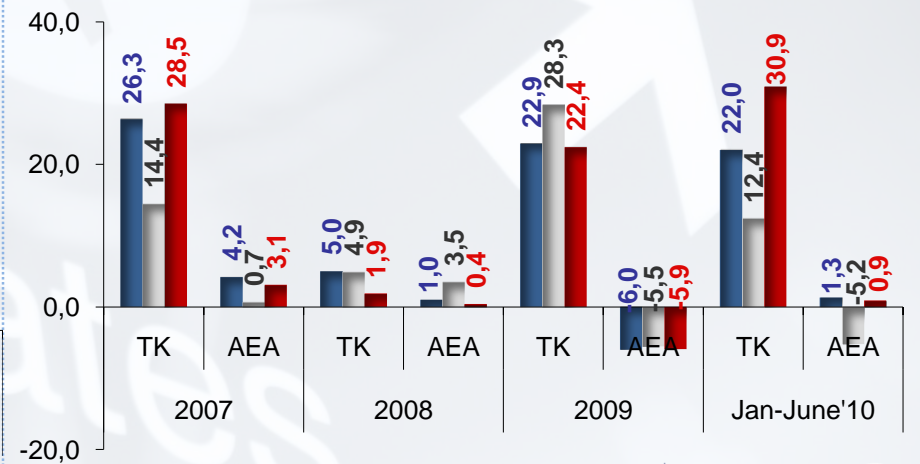
Europe



Middle East



Far East



Destinations: 127 International Lines

AMERICAS (4)

CHICAGO
NEW YORK
SAO PAULO
WASHINGTON D.C.
LOS ANGELES
ATLANTA

CANADA (1)

TORONTO

AFRICA (16)

ADISABABA	LAGOS
ALGIERS	NAIROBI
BENGAZI	TRIPOLI
CAIRO	TUNUS
CAPETOWN	ALEXANDRIA
CASABLANCA	DAR ES SALAAM
DAKAR	ENTEBBE
KHARTOUM	ACCRA
JOHANNESBURG	ORAN

Planning to open

EUROPE (70)

GERMANY (9)

BERLIN
STUTTGART
DUSSELDORF
FRANKFURT
HAMBURG
HANNOVER
COLOGNE
MUNICH
NUREMBERG

UKRAINE (6)

ODESSA
KIEV
SIMFEROPOL
DONETSK
DNEPROPETROVSK
LVOV

U.K. (3)

LONDON
MANCHESTER
BIRMINGHAM

FRANCE (3)

PARIS
NICE
LYON
TOULOUSE

SWITZERLAND (3)

BASEL
ZURICH
GENEVA

ITALY (4)

MILAN
ROME
VENICE
BOLOGNA

SPAIN (2)

BARCELONA
MADRID
MALAGA
VALENCIA

RUSSIA (7)

MOSCOW
ROSTOV
KAZAN
ST.PETERSBURG
YEKATERINBURG
UFA
SOCHI
NOVOSIBIRSK

OTHERS (32)

AMSTERDAM	BUCHAREST	HELSINKI	PRAG	STOCKHOLM	NAXCIVAN
ATHENS	BUDAPEST	LEFKOSE	RIGA	TBILISI	PODGORICA
BAKU	CHISINAOU	LISBON	PRISTINA	TIRANA	
BATUM	COPENHAGEN	LJUBLIANA	SARAJEVO	VIENNA	
BELGRAD	DUBLIN	MINSK	SKOPJE	ZAGREB	
BRUSSELS	GOTEBORG	OSLO	SOFIA	WARSAW	

FAR EAST (18)

ALMATY	KARACHI
ASKGABAD	MUMBAI
ASTANA	NEW DELHI
BANGKOK	SHANGHAI
BEIJING	SEOUL
BISHKEK	SINGAPORE
DUSHANBE	TASHKENT
HONG KONG	TOKYO
JAKARTA	OSAKA
GUANZOU	HO-CHI-MINH
MANILA	DHAKA

MIDDLE EAST (19)

ABU DHABI	MASHAD
ALEPPO	MADINAH
AMMAN	MUSCAT
BAGHDAD	RIYADH
BAHRAIN	SANAA
BEIRUT	TABRIZ
DAMASCUS	TEHRAN
DOHA	TEL AVIV
DUBAI	BASRA
JEDDAH	ERBIL
KUWAIT	SHIRAZ

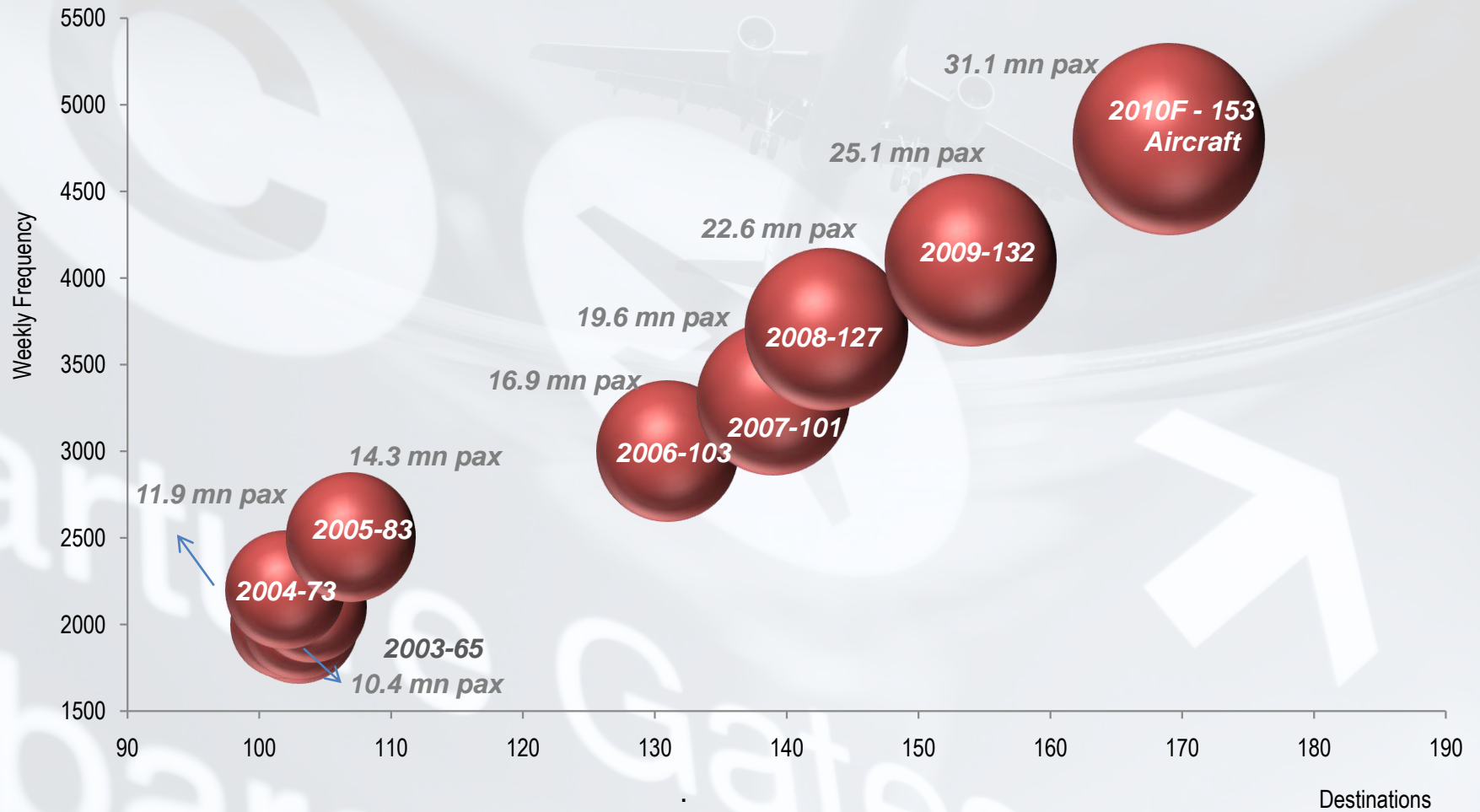
GlobalFlyer

TURKISH AIRLINES

Destinations: 39 Domestic Lines



Network Mapping



Passenger Traffic

Domestic



International



Domestic Passengers (mn)



International Passengers (mn)

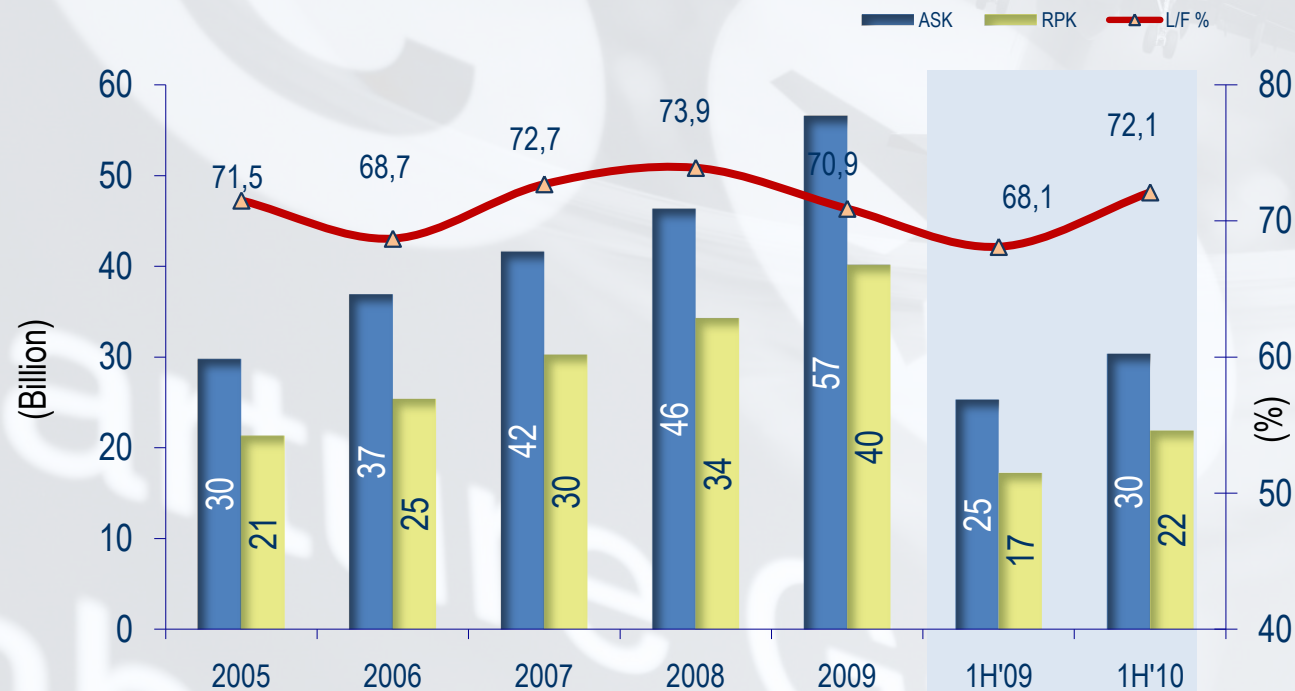


GlobalFlyers



Passenger Traffic

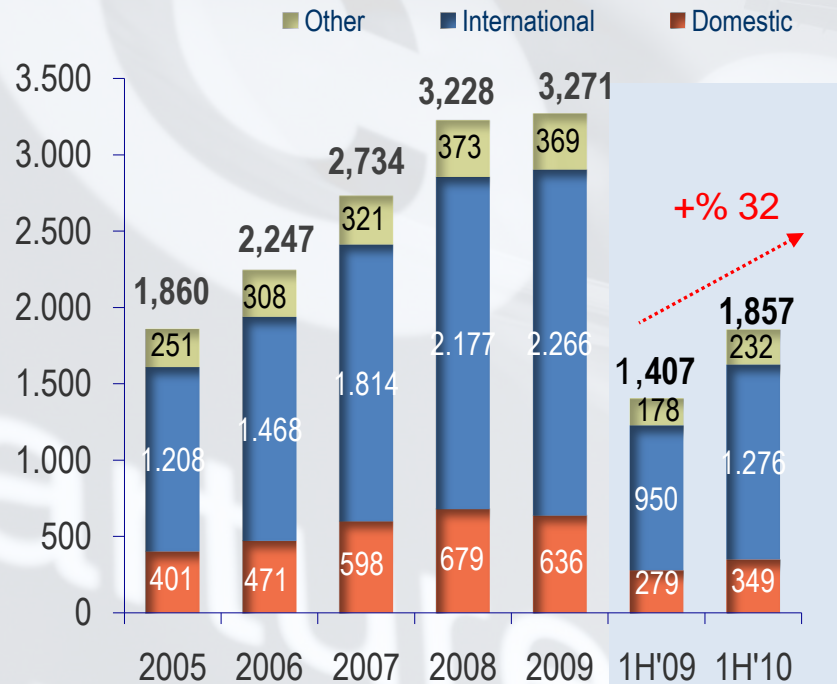
Capacity-Traffic Development Load Factor %



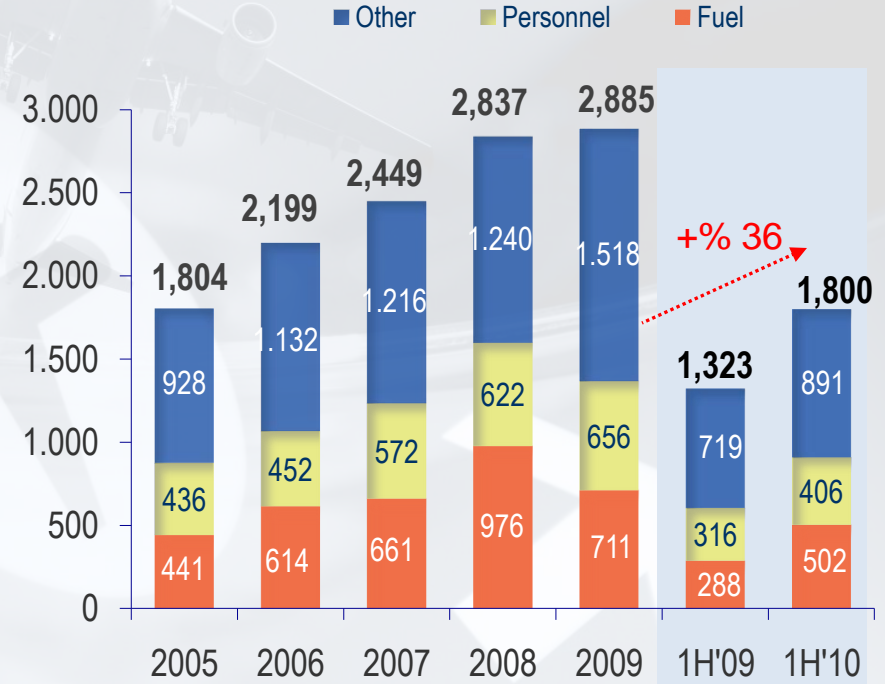
THY Passenger Traffic 1H2009 vs 1H2010	
Landing	up by 16.5%
ASK	up by 19.9%
RPK	up by 26.8%
Passenger # ('000)	up by 19.3%
L/F	up by 4.0 points

Revenues and Expenses

Total Revenues (Mn€)



Total Expenses (Mn€)

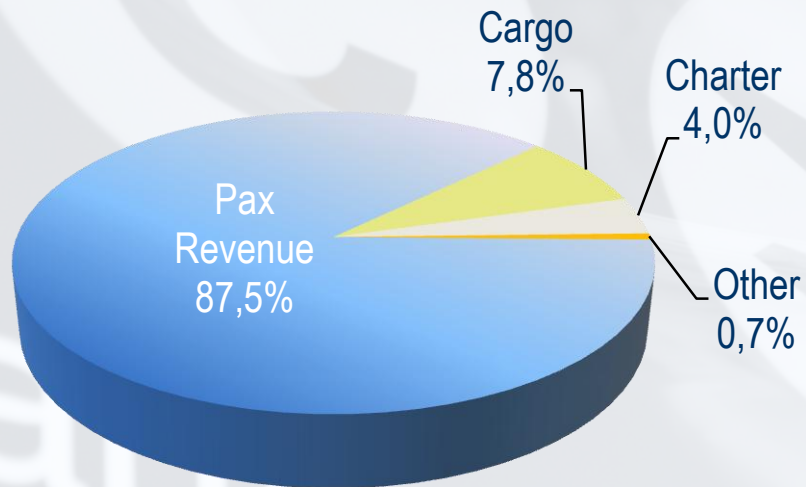


Source: Financial statements released under Turkish CMB standards, converted to € Euro using average exchange rates

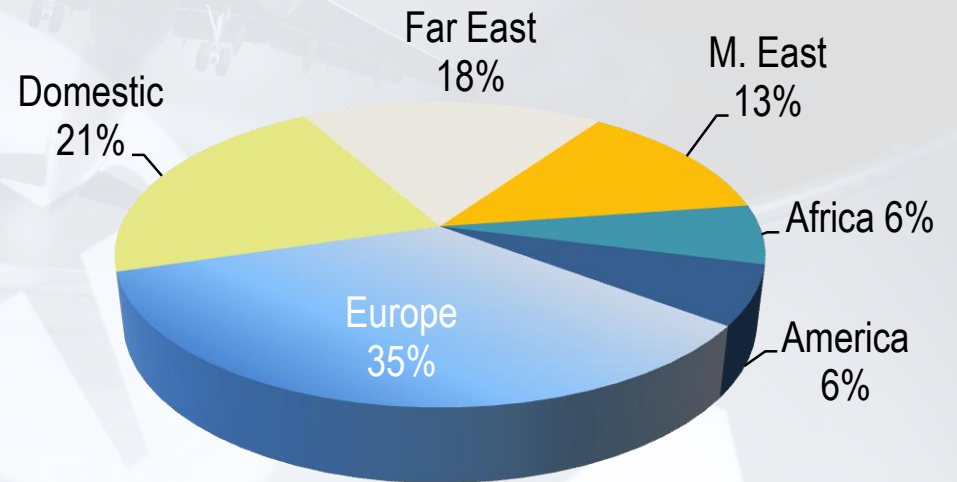
Able to Sustain Revenue Growth While Increasing Capacity

Revenues- (1H 2010)

Revenues Split



Passenger Revenues Split by Geography



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

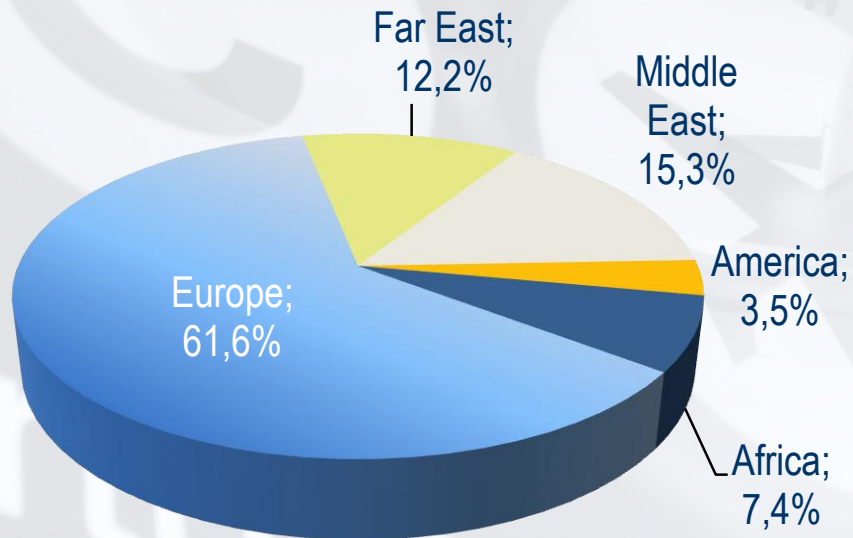
Passenger Revenue from Middle East and Africa regions are increasing

GlobalFlyer



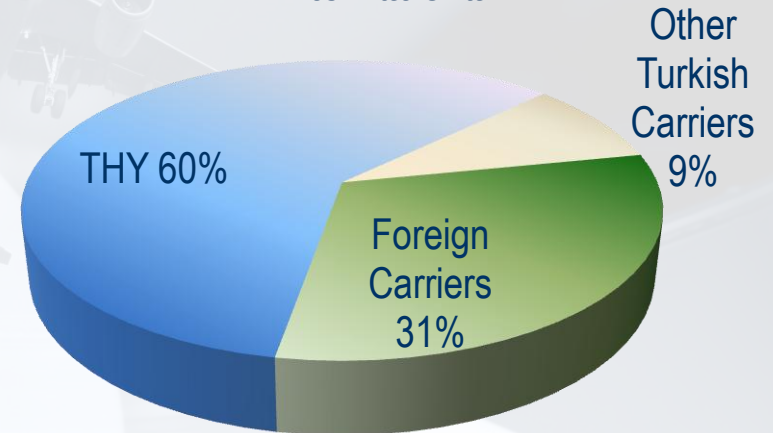
Passenger Breakdown- (1H 2010)

Int'l. Traffic Breakdown by Geography

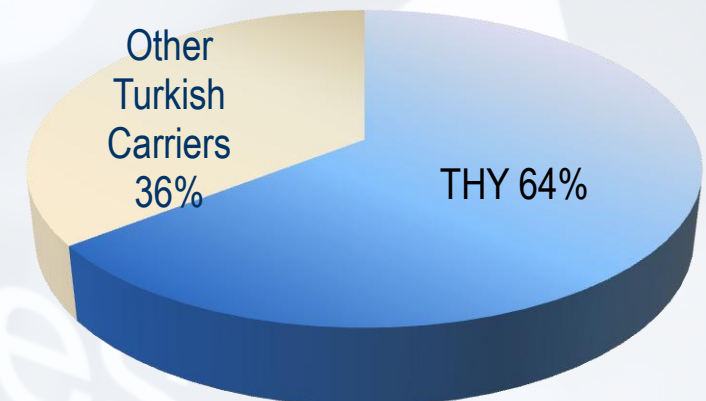


Market Shares

International



Domestic



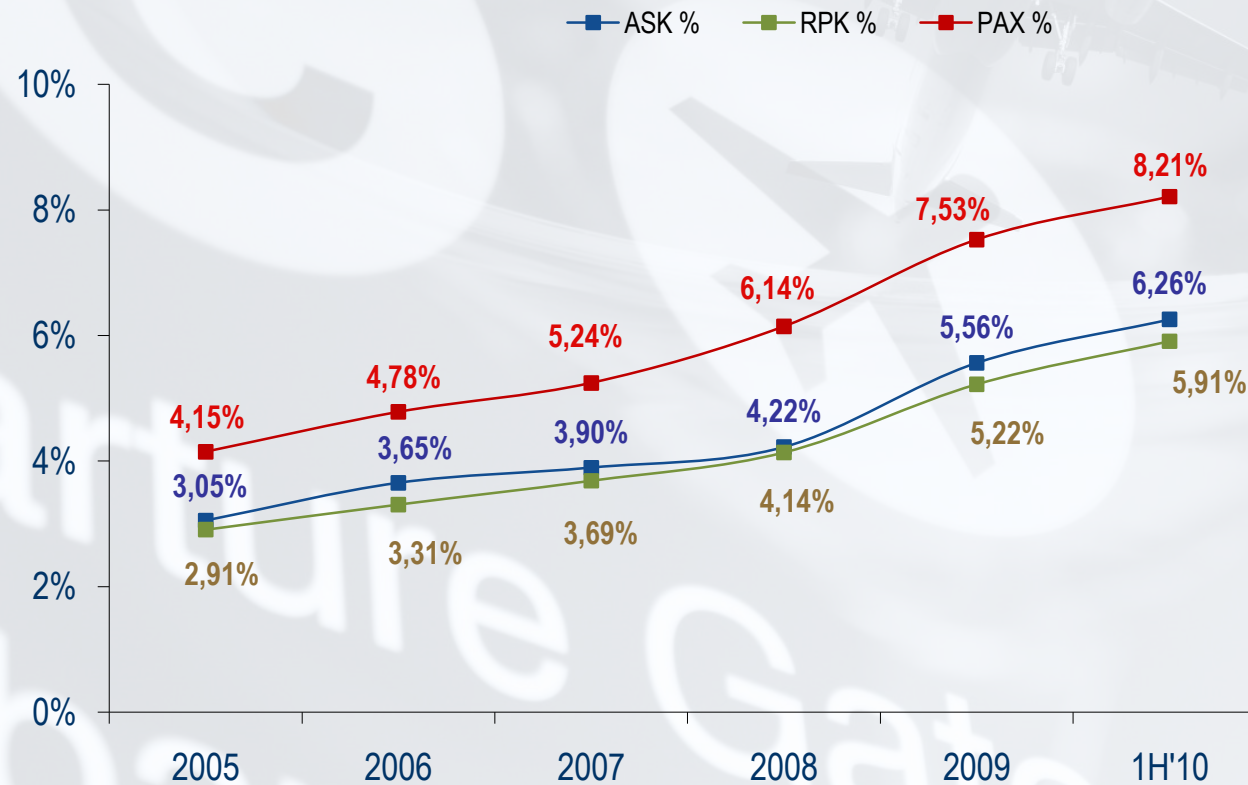
Increasing Market Share in International Traffic

Globally Yours



Market Share

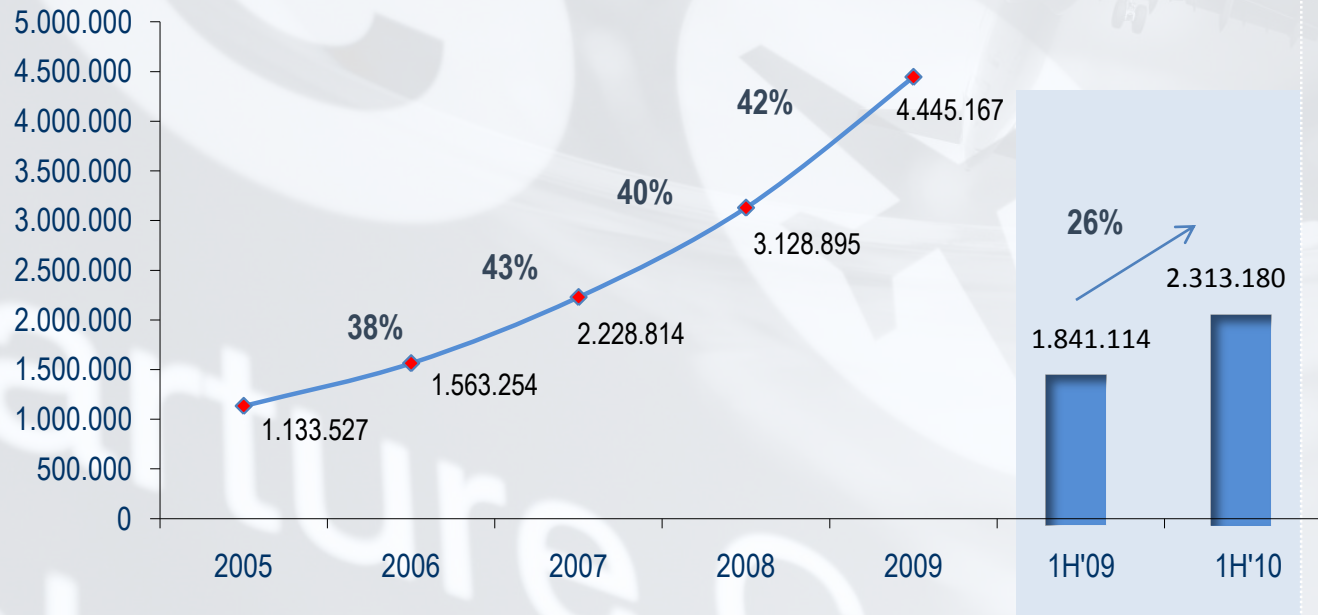
THY Market Share Among AEA Airlines (January-December)



THY ranks fourth in passenger market share, fifth in ASK and sixth in RPK market share among AEA member airlines

Transfer Passengers

Int'l to Int'l Transfer Passengers (2005 – 2009)



- › THY carried total of 4.716.318 transfer passengers during Jan-June 2010, with an increase of 16.0% compared to the same period of 2009.
- › Total transfer passengers accounted for 35.9% of the passenger traffic.
- › Int'l to int'l transfer passengers' share in total transfer passengers is 49.0%. During Jan-June 2010, int'l to int'l passengers increased by 26.0% reaching to 2.313.180

Significant increase in Int'l to Int'l Transfer Passengers

Fleet Development

Fleet as of June 2010

	Type	Total	Owned	Financial Lease	Operational Lease	Seat Capacity	Fleet Age
Wide Body 14%	A330-200	7		5	2	1.812	4,06
	A340	9	7		2	2.446	13,65
	B777-3ER	4			4	1.248	2,89
	Total	20	7	5	8	5.506	8,14
Narrow Body 83%	B737-800	52		38	14	8.596	6,96
	B737-700	13			13	1.837	4,33
	B737-400	3			3	466	18,37
	A320	25		12	13	3.962	3,19
	A321	21		15	6	4.017	4,30
	A319	4			4	528	4,36
	Total	118	0	65	53	19.406	5,6
Cargo	A310	4	3		1		22,02
TOTAL		142*	10	70	62	24.912	6,42
	%		7%	49%	44%	-	-

- › As of June 2010, total fleet reached to 142, with an average age of 6,42 years.
- › Seat capacity increased by 8% in the first half of 2010 compared to the same period of 2009.



* 2 wet-lease aircraft is not included.

Fleet Development

Fleet Additions of 105 Aircraft								
	Type	2010	2011	2012	2013	2014	2015	TOTAL
Wide Body	B777-3ER	5	7	-	-	-	-	12
	A330	4	4	3	-	-	-	11
	Total	9	11	3	0	0	0	23
Narrow Body	B737-900ER	-	2	4	2	2	-	10
	B737-800	-	2	5	2	1	-	10
	B737-700	-	-	-	-	-	-	0
	B737-400	-	-	-	-	-	-	0
	A321-200	-	8	6	-	-	-	14
	A319-100	-	6	-	-	-	-	6
	Total	0	18	15	4	3	0	40
TOTAL		9	29	18	4	3	0	63
Optional	A319/A321				10			10
	B737-800/900ER				3	7	5	15
	Total				13	7	5	25
Cargo	A330-200F	1	1					2
TOTAL		10	30	18	17	10	5	90

- › According to the Fleet Plan for 2009-2023, decision was made to purchase total of 105 aircraft:
- › WB Long-Haul: 25 firm/10 optional = 35
 - › 12/ B777-300ER and 11/A330 ordered, 12 left to be decided.
- › NB Medium-Haul: 50 firm/20 optional = 70
 - › Firm order of; 14/A321-200; 6/A319-100; 10/ B737-800 and 10/ B737-900 ER
Optional order of 10 A319/A321 and 15/ B737-800/900ER. 5 left to be decided.
- › Total PDP payment for firm orders will be approximately around 1.66 bn\$ for the firm orders. Including the options this amount will be 2.7 bn \$

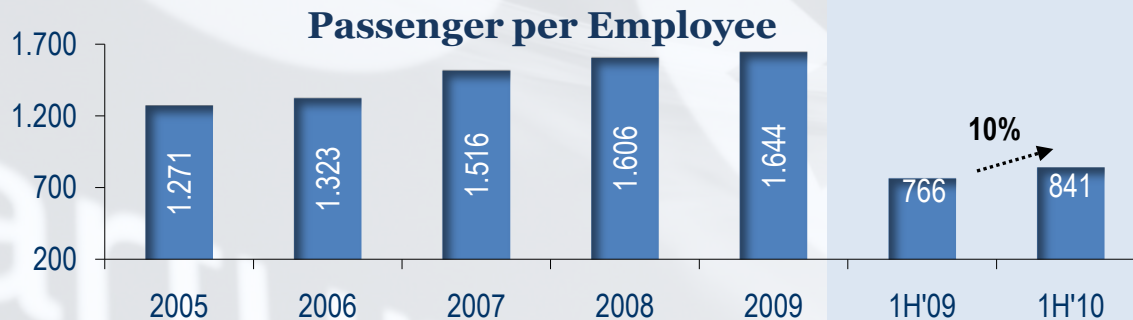
Year End* Fleet & Seat Capacity After Additions & Exits						
	2010	2011	2012	2013	2014	2015
Fleet*	154	176	187	198	202	197
Seat Capacity	28.023	32.123	34.259	36.174	36.922	36.232

* Includes optional aircraft and operational lease aircraft which are not included in the Fleet Plan of 105 aircraft.

Operating Efficiency



* THY Technic Personnel is included.



Average Daily Flight Utilization (hrs)



- › THY enjoys high personnel efficiency compared to its competitors.
- › Personnel cost of THY per ASK was only €1.34 cents for the first half of 2010.
- › Aircraft utilization has been rising in recent years due to better fleet composition and a more dynamic scheduling process. As of June 2010, the utilization increase in wide body and narrow body aircraft was 28% and 16%, respectively.

Personnel efficiency is the key driven while increasing fleet size

GlobalFlyer



Operating Expenses

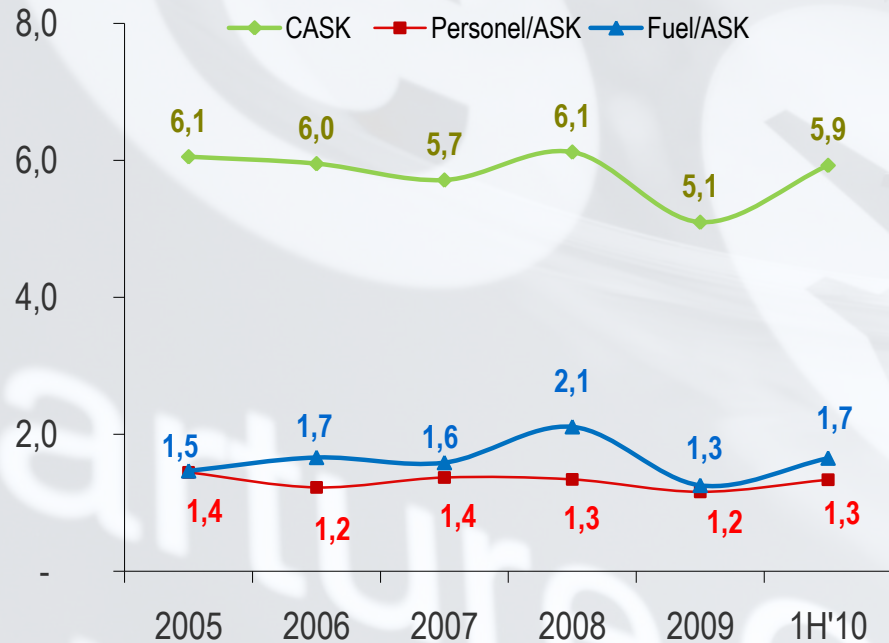
Total Expenses

(€ Mn)	1H'09	% in Total	1H'10	% in Total	10/'09 %
Fuel	288	22%	502	28%	74%
Personnel	316	24%	406	23%	28%
Sales and Marketing	117	9%	153	9%	31%
Rents	125	9%	139	8%	12%
Landing	120	9%	144	8%	20%
Ground handling	83	6%	112	6%	36%
Passenger Catering	75	6%	99	6%	33%
Depreciation	81	6%	91	5%	12%
Maintenance	82	6%	104	6%	26%
Others	14	1%	24	1%	72%
General Administration	12	1%	16	1%	30%
Insurance	11	1%	9	1%	-16%
TOTAL	1.323		1.800		36%
Op.Cost per ASK (€)	5,23		5,93		13%

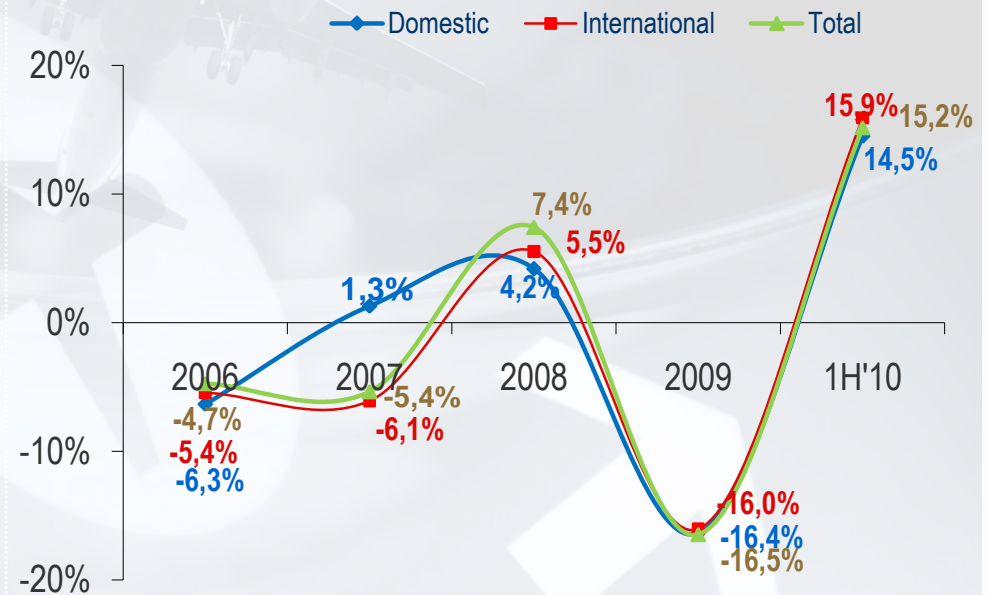
Total expenses increased by 36%, mainly due to increasing fuel costs.

Operating Expenses-Unit Cost

Cost Per ASK (€ cent) 1H'10



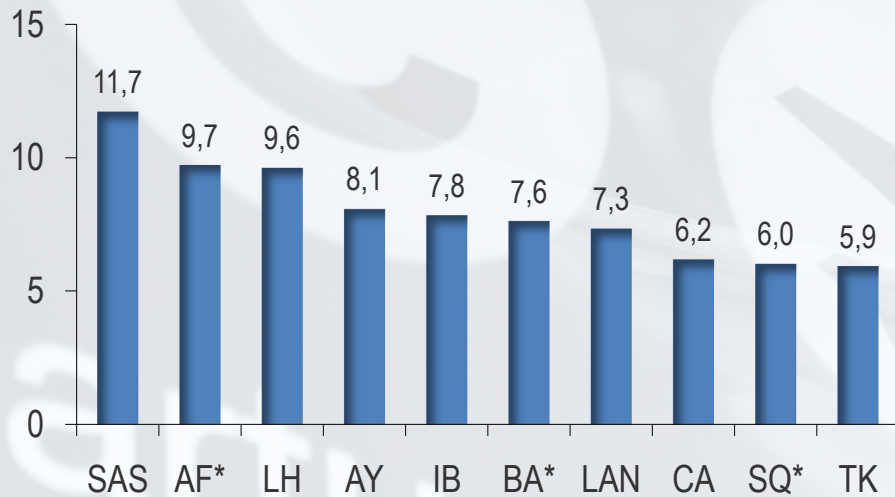
Change in CASK(€ cent) 1H'10



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

Peer Group vs THY

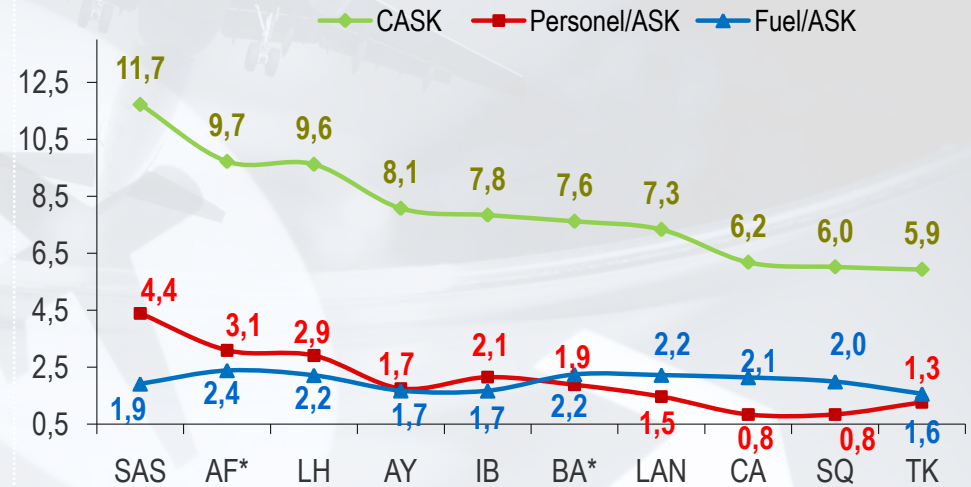
Operating Costs per ASK (€ Cent)-1H'10



*April'10-June'10 (Q '10 Results)

P.S. LH (Group 12.9€cent) and SQ (Group 7.3€cent) are based on airline business only. Others based on Group financials.

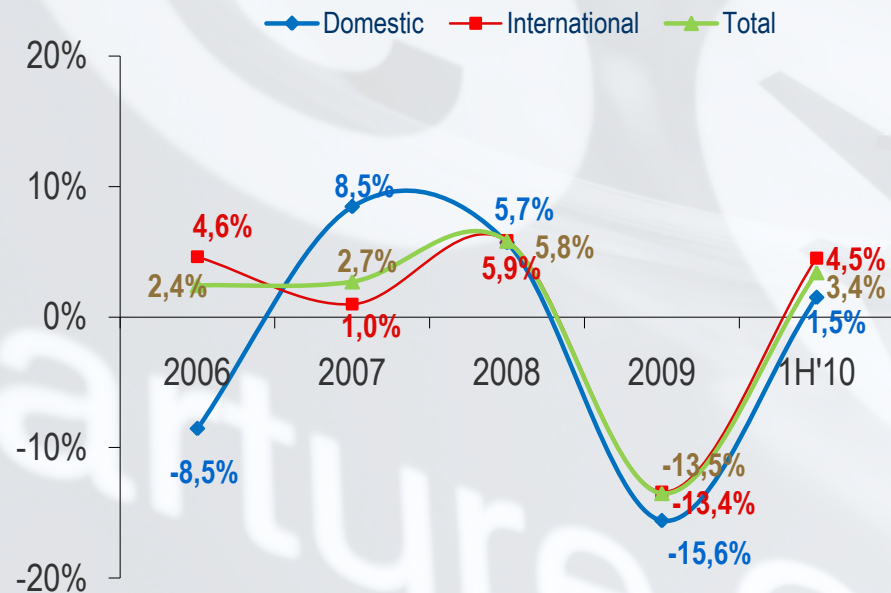
Cost Per ASK (€ Cent)-1H'10



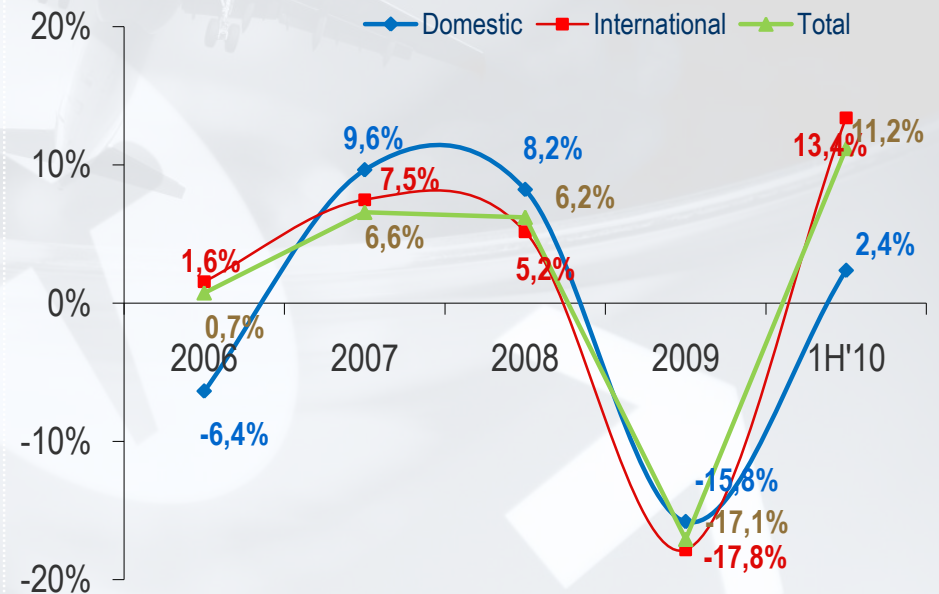
THY is the most cost efficient among its European Peers

Financial Highlights

Change in R/Y (€ cent) 1H'10



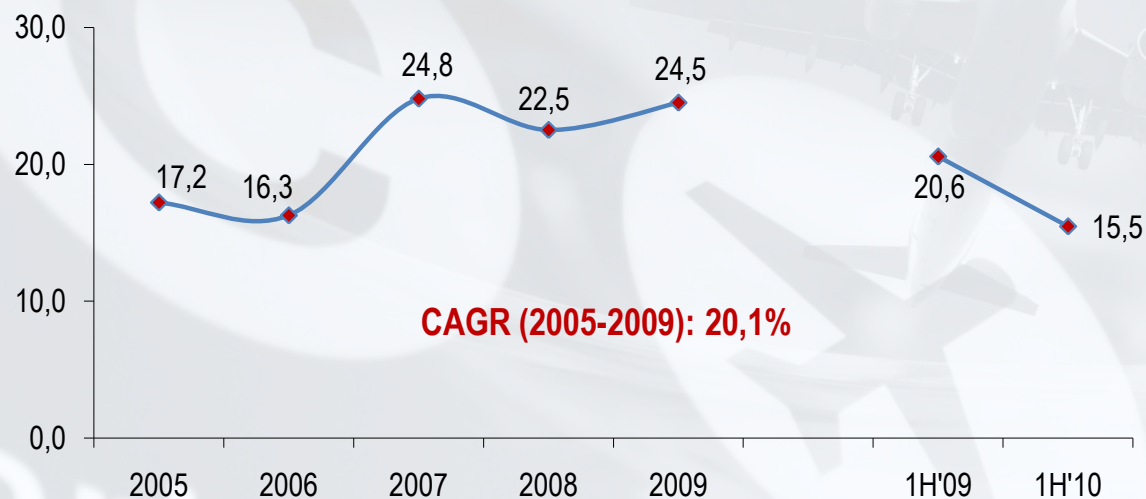
Change in RASK (€ cent) 1H'10



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

EBITDAR Margin

EBITDAR Margin % (1H'10)



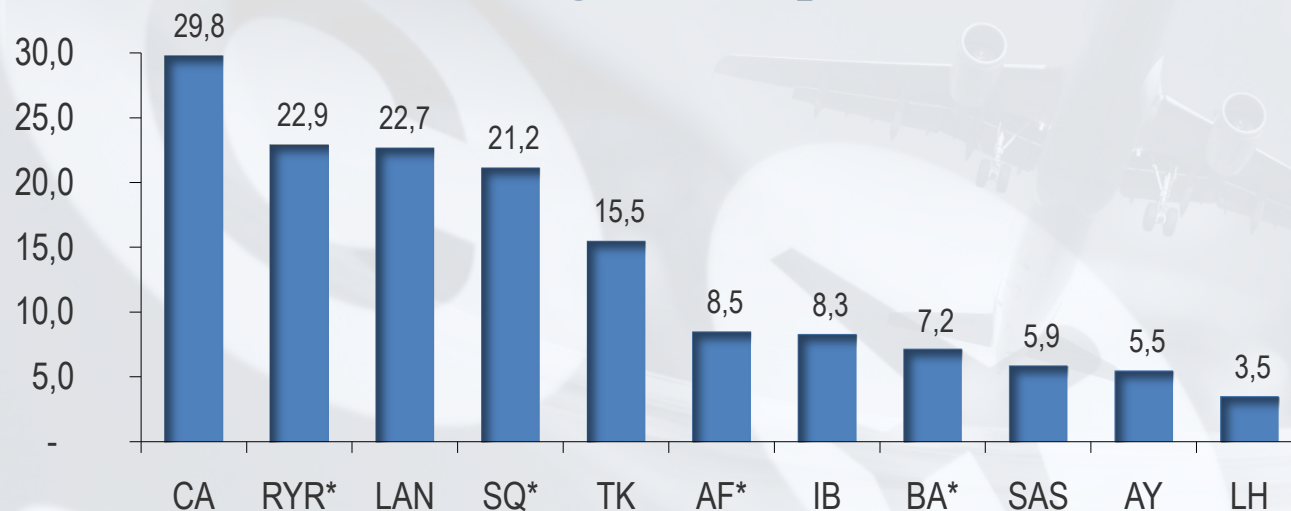
* CAGR= Compounded Average Growth Rate

(€ Euro Mn)	2006	2007	2008	2009	1H'09	1H'10	10'09 %
Revenue	2.247	2.734	3.228	3.271	1.407	1.857	32%
Net Income	99	149	598	260	48	138	190%
Net Income Margin (%)	4,4	5,5	18,5	7,9	3,4	7,4	4.0 pt
EBIT	48	285	391	387	84	57	-32%
EBIT Margin (%)	2,1	10,4	12,1	11,8	6,0	3,1	-2.9 pt
EBITDA	235	490	541	548	165	148	-10%
EBITDA Margin (%)	10,5	17,9	16,8	16,8	11,7	8,0	-3.7 pt
EBITDAR	366	678	727	802	290	287	-1%
EBITDAR Margin (%)	16,3	24,8	22,5	24,5	20,6	15,5	-5.1 pt
EV/EBITDAR (x)	5,3	3,3	3,3	4,9	11,3	14,1	2.8 pt

› Increase in fuel costs had a negative impact on EBITDAR.

Peer Group vs THY

EBITDAR Margin % Comparison (1H'10)



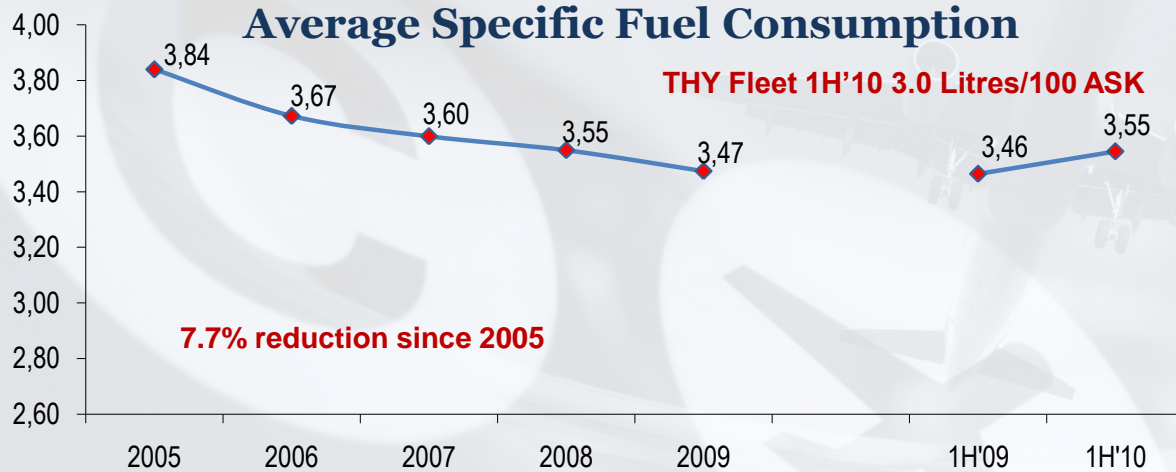
P.S. LH (Group 8.2%) and SQ (Group 23%) are based on airline business only.
Others based on Group Financials.

* April '10-June '10, 1Q'10 Results

(€ Euro Mn)	TK	LH	SAS	AF	AY	LAN	IB	BA	CA	RYR	SQ
Revenue	1.857	9.567	2.035	5.721	955	1.695	2.280	2.388	4.193	897	1.639
Expense	1.800	10.572	1.960	5.875	1.007	1.486	2.327	2.477	3.699	777	1.559
Net Income	138	-104	-127	736	-50	122	-21	-150	568	94	127
EBIT	57	-342	-164	-132	-40	209	-50	-89	494	119	80
EBIT Margin (%)	3,1%	-3,6%	-8,1%	-2,3%	-4,2%	12,4%	-3,2%	-3,7%	11,8%	13,3%	4,9%
EBITDA	148	175	-113	267	17	346	36	-89	977	181	80
EBITDA Margin (%)	8,0%	1,8%	-5,5%	4,7%	1,8%	20,4%	1,6%	-3,7%	23,3%	20,2%	4,9%
EBITDAR	287	336	119	484	53	385	190	171	1250	205	347
EBITDAR Margin (%)	15,5%	3,5%	5,9%	8,5%	5,5%	22,7%	8,3%	7,2%	29,8%	22,9%	21,2%

- › THY recorded Net Profit of 138 mn. € in 1H 2010.
- › Compared to its competitors, THY has a higher EBITDAR margin.

Fuel



* April'10 June'10, 1Q'10 Results

P.S. LH (Group 2.21) and SQ (Group 2.58) are based on airline business only.
Others based on Group Financials.

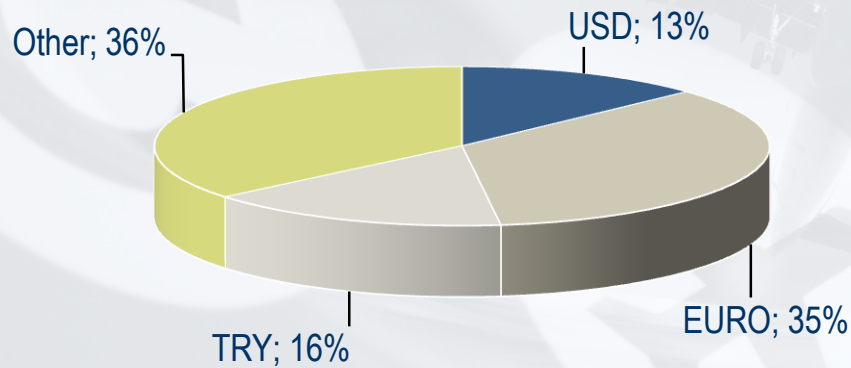
Source: Calculated based on web site & annual reports

- › THY's 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.
- › As of June 2010, with the help of its' young fleet and Fuel Saving Program which started in April 2008, THY saved 11.854 tons of fuel and reduced CO2 Emission by 37.341 tons.

Fleet expansion will reduce fuel cost as well as fleet age

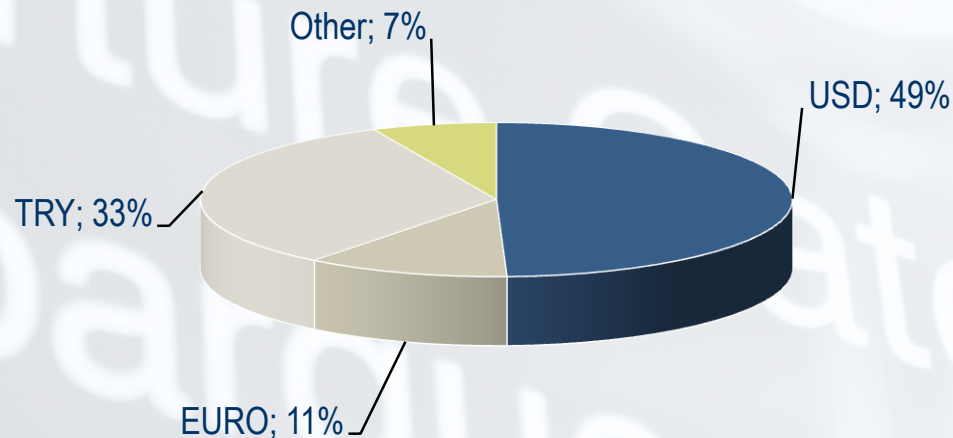
Currency Breakdown

Revenue by Currency (1H'10)



› THY's income is diversified among the major currencies.

Expenses by Currency (1H'10)



Currency exposure risk is minimized due to efficient cash management

Sector Comparison

RANK	COMPANY	SCORE	FINANCIAL	TOTAL	EARNINGS		FUEL	ASSET
		DATE	HEALTH	SCORE ⁽⁸⁾	LIQUIDITY ⁽¹⁴⁾	PERF. ⁽¹⁵⁾	MGT. ⁽¹⁴⁾	MGT. ⁽¹³⁾
1	Türk Hava Yolları A.O.	Dec 09	80	55	48	32	31	38
2	Singapore Airlines Ltd	Mar.10	69	73	83	28	48	33
3	Hawaiian Holdings Inc.	Dec 09	64	56	44	31	22	99
4	Alaska Air Group Inc	Dec 09	59	76	61	70	25	53
5	Copa	Dec 09	59	53	59	42	56	51
6	Lan Airlines SA	Dec 09	56	59	45	54	34	87
7	Cathay Pasific Airways Ltd	Dec 09	53	66	51	50	45	36
8	TAM SA	Dec 09	49	50	42	25	31	38
9	Aer Lingus Group PLC	Dec 09	46	47	67	1	10	14
10	Air New Zeland Ltd	Dec 09	40	53	66	18	15	33
11	Continental Airlines Inc	Dec 09	39	44	42	31	46	50
12	US Airways Group Inc.	Dec 09	39	37	20	35	40	61
13	Qantas Airways Ltd	Dec 09	38	58	78	21	35	28
14	Thai Airways International	Dec 09	38	42	28	37	27	34
15	Deutsche Lufthansa AG	Dec 09	36	56	84	1	38	19
16	Iberia Lineas Aereas De Espana SA	Dec 09	35	46	85	1	13	11
17	Gol Linhas Aereas Inteligentes SA	Dec 09	34	40	43	23	75	52
18	Sas Ab.Stockholm	Dec 09	32	55	47	46	21	30
19	Air Canada	Dec 09	32	31	37	1	22	49
20	Finnair OYJ	Dec 09	31	43	70	2	14	22
21	UAL Corp	Dec 09	30	42	30	39	55	55
22	EVA Airways Corp	Dec 09	30	31	12	57	1	40
23	Korean Air Lines Co.Ltd	Dec 09	29	41	25	48	27	27
24	All Nippon Airways Co Ltd Ana	Mar 10	27	44	57	26	17	13
25	Delta Air Lines	Dec 09	25	32	29	15	53	36
26	Malaysian Airlines System Berhad	Dec 09	24	49	59	21	13	39
27	British Airways PLC	Mar 10	24	39	60	1	26	19
28	China Airlines	Dec 09	23	43	28	75	26	34
29	Air China Ltd	Dec 09	23	38	16	54	34	1
30	AMR Corp.	Dec 09	22	32	46	8	28	25
31	Air France-KLM	Mar 10	21	26	48	1	38	22
32	Pakistan International Airlines	Dec 09	16	34	12	84	10	50
33	China Southern Airlines Co Ltd	Dec 09	13	21	22	7	23	29
34	Asiana Airline Inc.	Dec 09	13	12	15	1	8	22
35	China Eastern Airlires Corp. Ltd.	Dec 09	1	39	41	35	13	27

THY ranked No.1 in the financial health* category

* Representing a measure of an airline's overall financial strength based on assessments of solvency, current ratio, fixed-charge coverage, mix of debt and equity capital, operating income margin and debt service cover.

Company Overview

- › 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
- › Official sponsor of FC Barcelona, Manchester United Football Club & Maroussi Basketball Club,
- › Won award for the Best Airline in Southern Europe and World's Best Economy Class Onboard Catering at the 2010 World Airline Awards,
- › Member of Star Alliance,
- › Ranks # 4 among AEA members, by passengers carried,
- › Included in MSCI Indices as of November 2009,
- › Substantial cost advantage over competitors.

TURKISH AIRLINES



TC-JPA

THANK YOU

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AIRBUS A320

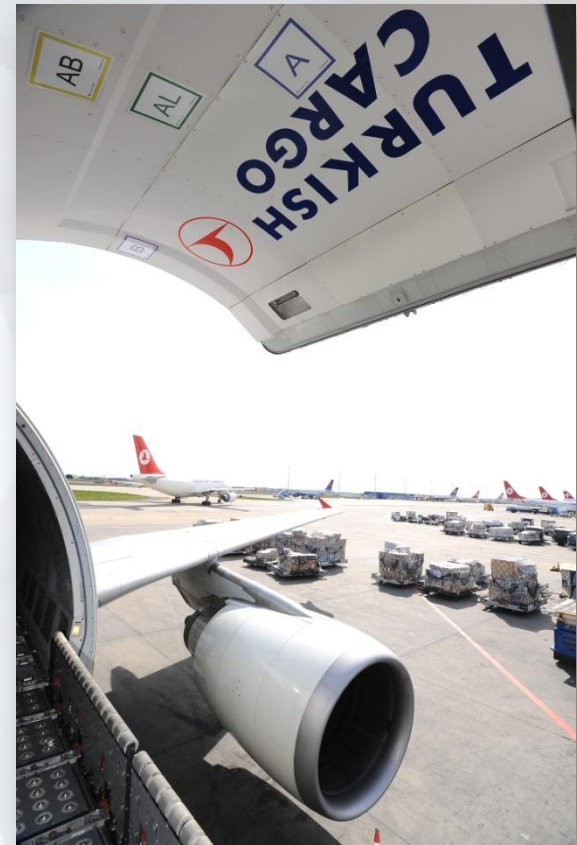
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Cargo Transportation

TURKISH CARGO

› Turkish Cargo

- › Leading cargo carrier in total export and import cargo in Turkey.
- › Operates 22 destinations with its 4 A310-300 freighters besides 163 destinations with 142 passenger aircraft.
- › During 1H'10 posted revenue was 144 million Euro, carried cargo was 151,654 tons.



Cargo Revenue

Cargo Revenue (€ Mn)



- › Cargo revenue has increased by 62% in the first half of 2010 compared to the same period of 2009 due to higher belly cargo capacity of B777 aircraft.

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

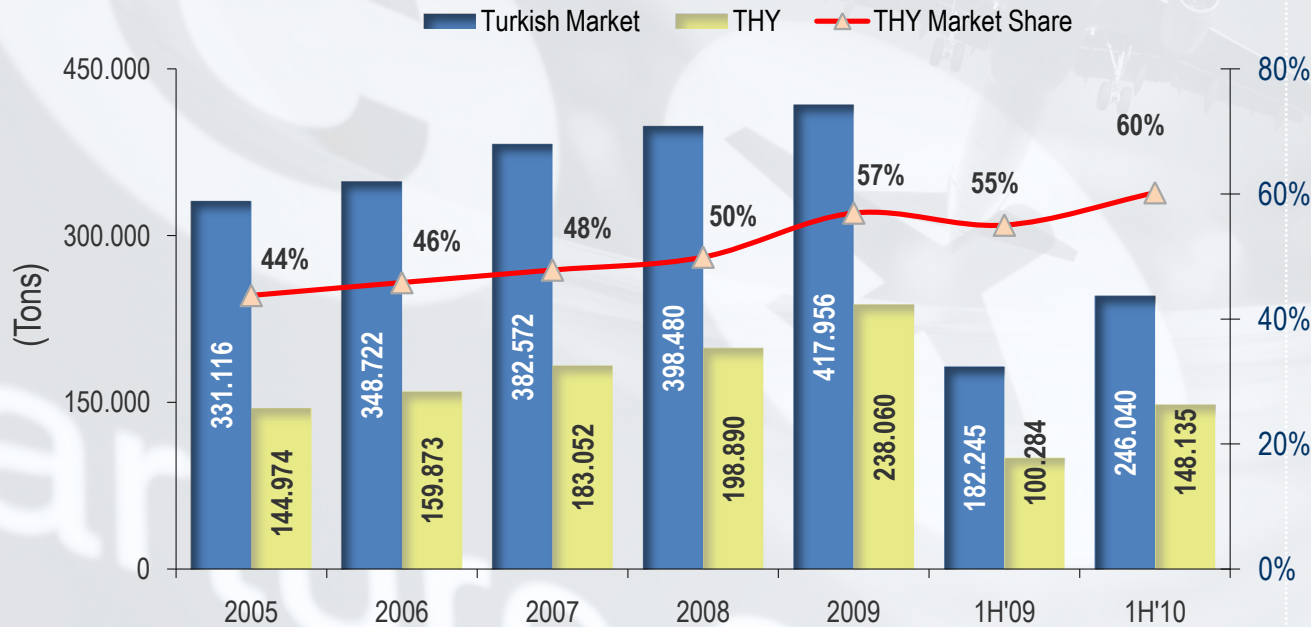
Cargo Transportation

THY - Cargo



- › Cargo carried in international lines is increasing over the last two years. As of June 2010, 87% of carried cargo was from the international segment.
- › As of June 2010, THY has carried total of 151.654 tons cargo, indicating 50% increase compared to the same period of 2009.

Turkish Cargo vs THY



- › THY, having 57% market share in Turkish cargo market by the end of 2009, has increased its market share to 60% as of June 2010.
- › According to the Fleet Plan, decision made to purchase 2 Airbus cargo aircraft A330-200F, which will be received in the year 2010 and 2011.

THY Academy

› THY ACADEMY(To be Established)

- › One of the most outstanding training centers in the aviation industry.
- › Has been applying ISO 9001 Quality Management System since 1998.
- › Gives training services about 10.000 people each year with its trainers, specialized in their areas.
- › Addresses the training needs of cargo and passenger agents, universities and other airlines besides Turkish Airlines.

› Gives training at the areas which are given below:

- Technic: including Airbus, Boeing and RJ70/100 trainings
- Reservation
- Ticketing
- Cargo Operations
- Passenger Services
- Ground Handling
- Computer
- Personal Development and Quality



THY Academy

› THY Flight Training

- › Turkey's sole flight training center, certified by Type Rating Training Organization (TRTO) offers training in line with the standards of JAR-FCL.
- › THY not only address airlines within co-partnerships, but also other airlines.
- › Turkish Airlines Flight Training Center offers:
 - › **Cockpit Crew Training**
 - › **Cabin Crew Training**
 - › **Simulators**
 - › 5 full flight simulators for RJ-100, B737-400, B737-800 and A320s aircraft.
 - › A340 "Business class", B737 "Economy Class" Cabin Service Trainer(CST)B737/A310/A340 Cabin Emergency Evacuation Trainer(CEET)
 - › **Ground Training**
 - › **Turkish Flight Academy**

2 new simulators (Boeing 777-300ER - A320-A330/340)
will be in service as of 2010

› Turkish Flight Academy

- › Founded on November 2004 as a result of a need for new flight personnel for THY.
- › Started training with 16 pilot candidates on May 2006. So far, 66 students have graduated from the Academy and started flying at Turkish Airlines.
- › Currently 51 pilot candidates are given training at the Academy.
- › Giving 210 hours flight training and 1200 hours ground training.



Balance Sheet

Assets (in € Mn)	2005	2006	2007	2008	2009	1H'10
Cash and Equivalents	304	197	281	236	507	328
Net Trade Receivables	121	135	144	163	206	321
Other Current Assets	95	241	445	825	582	1.255
Total Current Assets	520	573	870	1.224	1.296	1.905
Net Fixed Assets	1.657	1.667	1.891	2.362	2.227	2.488
Other Long Term Assets	224	155	117	110	445	432
Total Long Term Assets	1.882	1.822	2.008	2.471	2.672	2.919
Total Assets	2.402	2.395	2.878	3.695	3.968	4.824
Liabilities (in € Mn)	2005	2006	2007	2008	2009	1H'10
Short Term Lease Obligations	113	118	132	196	191	199
Accounts Payable	161	172	213	203	260	320
Passenger Flight Liabilities	149	174	222	228	272	512
Other Current Liabilities	332	113	127	146	180	355
Total Current Liabilities	755	577	694	773	902	1.386
Long Term Lease Obligations	540	780	918	1.307	1.192	1.187
Retirement Pay Provision	72	63	77	67	70	85
Other Long Term Liabilities	249	106	109	154	208	243
Total Long Term Liabilities	861	949	1.104	1.528	1.471	1.515
Share Capital*	110	95	103	82	405	520
Restatement Effect	1.180	1.010	1.017	781	520	585
Restricted Profit Reserves	5	4	36	0	11	20
Differences from Currency Translation	0	0	0	2	2	0
Cash Flow Hedge Fund	0	0	0	0	-1	-11
Retained Earnings	-596	-336	-230	0	399	592
Net Profit For the Year	87	97	155	530	259	145
Total Shareholders Equity	786	869	1.081	1.395	1.595	1.923
Total Liabilities & Shareholders Equity	2.402	2.395	2.878	3.695	3.968	4.824

In converting the TRY reported results to EURO, year-end EURO exchange rates were used

GlobalFlyYears



Income Statement

Income Statement (in Euro mn)	2005	2006	2007	2008	2009	1H'09	1H'10	10/09 %
Operating Revenues	1.860	2.247	2.734	3.228	3.271	1.407	1.857	32%
Operating Expenses	-1.804	-2.199	-2.449	-2.837	-2.885	-1.323	-1.800	36%
Operating Profit	56	48	285	391	387	84	57	-32%
Income From Other Operations	255	153	127	30	42	27	42	57%
Loss From Other Operations	-166	-34	-6	-111	-93	-63	-80	27%
Income Before Financial Income/(Expense)	145	167	407	310	337	47	19	-60%
Income/Loss due From Asset Valuation			9	2	6	-1	-16	1083%
Financial Income			174	753	80	90	212	134%
Financial Expense	-36	-62	-380	-376	-80	-39	-39	-1%
Monetary Gain/(Loss)								
Income Before Taxation	109	105	209	688	343	97	176	81%
Taxation	-26	-6	-59	-90	-83	-50	-38	-23%
Net Income	83	99	149	598	260	48	138	190%

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

Subsidiary & Affiliates

Subsidiaries (1H 2010)	Owned	Capital (Mn. €)	Revenue (Mn. €)	Net Income (Mn. €)
THY Technic	100%	154.9	170	11
THY Do&Co	50%	14.6	78	7
Sun Express	50%	20.7	185	-34
Air Bosnia	49%	9.6	5	-2
THY Opet	50%	5.4		
TGS	50%	5.8	30	-5
GOODRICH THY TECHNIC SERVICE CENTER	40%	5		

Subsidiaries & Affiliates

TURKISH TECHNIC A.S.

› THY Technic A.S.(Consolidated)

- › Owned 100% by THY.
- › During the 1H'10, posted revenues and net income was 170 mn€ and 11 mn€ respectively.
- › Provides maintenance services to more than 100 customers, including international airlines such as Lufthansa, KLM,BA and Alitalia as well as domestic airlines.
- › Main goal is to become one of the biggest MRO Center in the region.

HABOM (Maintenance Repair & Overhaul Center) Project

- › HABOM Project will be launched by THY Technic.
- › Under HABOM, the plan is to increase the airframe maintenance capacity to approximately 400 aircraft per annum.
- › Total investment for the project is around 400 mn\$
- › Expected to generate around 6.5 bn\$ revenue from 2012 to 2022.



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

Subsidiaries & Affiliates

TURKISH ENGINE CENTER

› Turkish Engine Center

- › In 2008, THY Technic and Pratt & Whitney signed a joint venture to establish a new company, Turkish Engine Center.
- › Owned 51% - 49% by Pratt&Whitney and THY Technic, respectively.
- › Established to provide engine maintenance, repair and overhaul (MRO) services to customers located in Turkey, surrounding regions and worldwide.
- › The new environmentally efficient CFM56® and V2500 engine overhaul facility is planned to be comprised of approximately 25,000 sq. meters located at the Sabiha Gokcen International Airport.

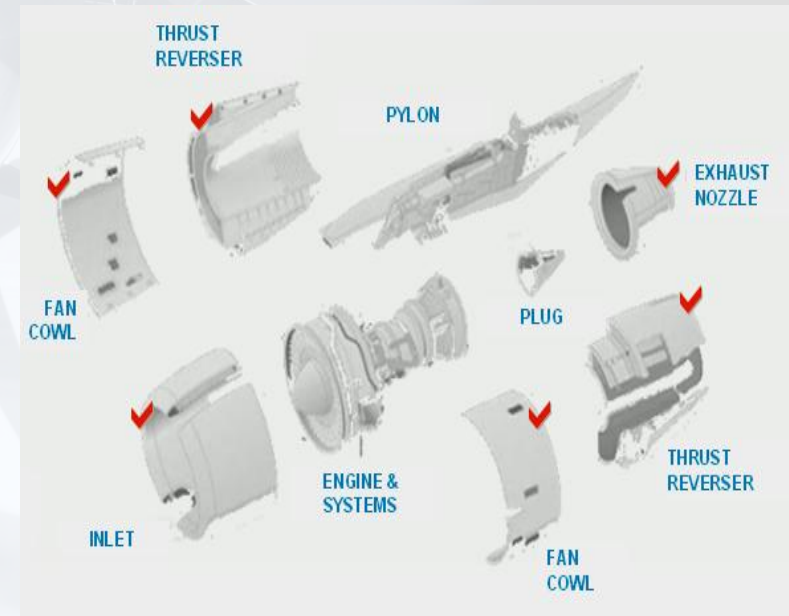


Subsidiaries & Affiliates

GOODRICH THY TECHNIC SERVICE CENTER

Goodrich THY Technic Service Center Ltd.

- › Owned 40% - %60 by THY Technic and TSA-Rina Holdings B.V., subsidiary of Goodrich Corporation.
- › Established to provide the repair and overhaul for Turkish Airlines and other customers from Turkish domestic market and International Market of Nacelle, Thrust Reverser, and Airframe Components, Which is to establish an overhaul center of excellence and to offer Nacelle, Thrust Reverser and Airframe Component overhaul services of high quality and efficiency available in Istanbul.
- › Estimated time for start-up business : 1Q 2011



v Components will be repaired/serviced by the company

Subsidiaries & Affiliates

THY DO&CO CATERING A.S.

- › **THY Do & Co Catering A.S. (Equity Pick-up)**
 - › Owned 50% - %50 by THY and Do & Co Restaurants & Catering A.G.
 - › Since 2007, operating nine gourmet kitchens all over Turkey: Istanbul (Atatürk and Sabiha Gökçen), Ankara, Antalya, Izmir, Bodrum, Trabzon, Dalaman and Adana. Over 60 national and international airlines are catered from these locations.
 - › During the 1H'10, posted revenues and net income was 78 mn€ and 7 mn€ respectively.



Subsidiaries & Affiliates

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

- › Registered on August 28th, 2008 to Commerce Registry.
- › During the 1H'10, posted revenues and net loss was 30 mn€ and 5 mn€ respectively.



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

- › Owned 49% by THY.
- › Founded in 1994 as Bosnia Herzegovina's national airline under the name Air Bosnia.
- › During the first half of 2010, posted revenues and loss was 5 mn€ and 2 mn€, respectively.

Subsidiaries & Affiliates

SUN EXPRESS

› Sun Express A.S. (Equity Pick-up)

- › Founded in October 1989 as a subsidiary company of Lufthansa and Turkish Airlines.
- › Owned 50% - 50% by THY and Lufthansa, respectively.
- › Market leader in charter flights between Germany and Turkey.
- › Flies to/from 22 airports in Germany, 20 in Turkey and 45 in other countries.
- › Fleet consisted of 24 aircraft; 21 B737& 3 B757 aircraft with total seat capacity of 4,611 as of June 2010.
- › 2 brand new Boeing 737/800s have been delivered, will add 4 brand new Boeing 737-800s to its fleet until the end of 2010. 3 B757 aircraft will be returned to the lessor until the end of 2010.
- › Carried 2,883,948 passengers in 2010, by achieving load factor of 72.88%.
- › As of June 2010, number of personnel:1,417
- › During the 1H'10, posted revenues and net loss was 185 mn€ and 51 mn€ respectively.



Subsidiaries & Affiliates

THY OPET HAVACILIK YAKITLARI A.S.

› THY Opet Havacılık Yakıtları A.S

- › In terms of investment on jet fuel supply; Turkish Airlines established a jet fuel supply company together with local oil retailer OPET on the 18th of September 2009.
- › Owned 50% - %50 by THY and OPET.
- › The business activity of the established company is to supply jet fuel to any type of aircraft.
- › Start supplying jet fuel to THY for all Domestic Airports other than Sabiha Gokcen Airport as of July 1st 2010.



Safety & Quality

In civil aviation, safety and quality supports each other and quality systems aim to maintain develop safety as a whole.

Safety, as it would commonly be well appreciated and generally accepted, is the key concept to consider for operations. Thus, Turkish Airlines is determined to keep and develop highest safety standards. Accepting and implementing the standards dictated by the aviation authorities and manufacturers as the baseline, Turkish Airlines strives to attain safer operational conditions in respect to continuous development processes and appreciates this concept as a “must.”

› **Flight Safety:**

The following have been implemented and monitored by utilizing the quality system of Turkish Airlines;

- Adoption of Safety Management System approach
- Implementation of Flight Data Monitoring (FDM) system
- Manage and assess the risk of flight operations
- Publications to flourish a widespread culture for operational safety

The Flight Safety Department that has direct access to the Accountable Manager is in charge of the management and oversight of the flight safety. It also implements the Flight Data Monitoring System, makes informal Line Observations and investigates the occurrences and reports (mandatory/voluntary) to promote flight safety.

› **Quality System:**

In accordance with JAR OPS 1, starting with the date of 1999, the Quality Assurance and Flight Safety Department, has been inaugurated. Based on the requirement JAR OPS 1.035, Turkish Airlines established a quality system dedicated “to ensure safe operational practices and airworthy aeroplanes”. Our company is an IOSA operator since 2005. Nowadays, we are preparing ourselves to implement ICAO’s Safety Management System and Security Management System.

In addition to the aviation sector standards, Turkish Airlines adopted generic standards for quality, such as ISO 9001 Quality Management System, 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management System, ISO 27001 Data Security Management System and ISO 10002 Customer Satisfaction Management System. As a result, Turkish Airlines’ quality system is an integrated approach covering standards for aviation and generic systems.

Quality Assurance Directorate which is also reporting 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. Turkish Airlines has a quality assurance program which consists of all planned and unplanned audits that ensures all operational activities to be carried out according to all aviation requirements, standards and procedures. It has also a continuous process that brings forward solutions and suggestions on potential non-conformities in the context of preventive action.

Due to its vast operation network, Turkish Airlines is in close contact with numerous Civil Aviation Authorities and subject to their audits. These audits, as well as giving the opportunity to the auditors to evaluate the current situation, provide the necessary feedback for Turkish Airlines continuous safer operations.

In addition to above all, 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).