

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Statement of Compliance with Corporate Governance Principles

Türk Telekomünikasyon A.Ş. (“Türk Telekom”) pays utmost attention for implementing the Corporate Governance Principles published by the Capital Markets Board of Turkey (“CMB”). The Company updates its annual and interim activity reports and corporate website, and makes them available to its shareholders to satisfy the said principles. Shareholders have access to comprehensive information through the Türk Telekom corporate website constantly kept up-to-date, as well as the possibility to direct their queries to the Capital Markets and Investor Relations Department.

Türk Telekom successfully received an overall Corporate Governance rating of 8.27 as a result of an independent assessment by SAHA Corporate Governance and Credit Rating Company incorporated by CMB. Thus, our Company’s Corporate Governance Rating has increased from 8.01 to 8.27.

Corporate Governance Rating was determined as a result of the examination made under four major topics (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) weighted differently within the framework of the CMB’s Corporate Governance principles. Breakdown of our corporate governance rating under major categories is as follows:

Sub Categories	% Weight	2009	2010
Shareholders	25	7,69	7.94
Public Disclosure and Transparency	35	8,98	9.22
Stakeholders	15	8,72	9.15
Board of Directors	25	6,56	6.73
Total	100	8,01	8.27

This rating assigned to Turk Telekom based on the Corporate Governance Principles is a clear sign that our Company is compliant with CMB Corporate Governance Principles to a large extent, has put the necessary policies and precautions into effect and our Company’s efforts for fully complying with the Corporate Governance Principles will continue.

Reasons for non-complied Corporate Governance Principles

Absence of an independent Board member, and that cumulative voting system is not used: Our Articles of Association allow for the election of independent members under certain conditions. Our Board shall include an independent member if and when these conditions occur. On the other hand, our company has chosen not to use the cumulative voting system since it is not a practical system. That the Articles of Association entitle shareholders to appoint a special auditor, and that there is no additional provision on minority rights: Regarding this matter, our company is of the conviction that the framework provided for by the Turkish Commercial Code and the CMB regulations is ample.

Presence of voting privileges: The privileges attached the Golden Share held by the Republic of Turkey Undersecretariat of Treasury are statutory, and our company is not authorized to amend these privileges.

Absence of a Corporate Governance Committee: Activities for establishing a Corporate Governance Committee are presently in progress.

That the Articles of Association does not contain a clause enabling the invitation of shareholders and stakeholders to the Board of Directors: Pursuant to the Turkish Commercial Code, each member of the Board of Directors is entitled to file a written request with the Chairman for inviting the Board of Directors to convene. No other form or mode of invitation to meeting is provided for.

1. Shareholders

1.1. Investor Relations Unit

At Türk Telekom, a Capital Markets and Investor Relations Department (“the Department”) has been formed which reports directly to the CEO with respect to structured maintenance of relationships with existing and potential shareholders, effectively responding to the queries by investors and analysts, and carrying out the activities targeted at increasing the Company’s share value. The Department is supervised by the Capital Markets and Investor Relations Director Abdullah Orkun Kaya who holds required licenses. He coordinates the execution of requirements arising from capital market regulations and corporate governance practices.

Primary activities handled by the Department are as follows:

- Performing the requirements of the Capital Market Regulations, and handling necessary internal and external disclosures and monitoring related processes for ensuring compliance with Corporate Governance Principles,
- Introducing and presenting the Türk Telekom Group to domestic and foreign individual and corporate investors,
- Keeping existing and potential investors regularly informed on the Company’s activities, financial standing and strategies in a timely, accurate and complete manner,
- Responding to information requests by analysts researching about the Company; ensuring proper and optimum promotion of the Company and guaranteeing that reports for investors are prepared in an accurate and complete fashion,
- Sharing the interim and year-end statements, investor presentations, press releases and annual and interim activity reports regarding financial and operational results with investors and the press; updating the corporate website regularly to ensure that shareholders have access to accurate and complete information,
- Keeping investors regularly informed on Türk Telekom and the Turkish Capital Markets by participating in conferences and investor meetings,
- Monitoring public disclosures made pursuant to the Company’s disclosure policy and applicable legislation.

Contact information for employees working in the Capital Markets and Investor Relations Department is as follows:

Full Name	Title	Phone number	E-mail address
Abdullah Orkun Kaya	Director	0212 306 80 80	ir@turktelekom.com.tr
Süleyman Kısaç	Manager		
Yunus Emre Çiçek	Manager		
Ziya Parıltılı	Manager		
Dr. Rasim Özcan	Advisor		
Ela Gözde Telliöğlü	Associate		
Elif Küçükçobanoğlü	Associate		
Eren Öner	Associate		
Furkan Onat	Associate		
Lütfi Kerem Akıllı	Associate		
Bayram Veli Salur	Assistant Associate		
Zehra Saygın	Assistant Associate		
Ayça Sincan	Team Assistant		

Please contact Süleyman Kısaç and Ela Gözde Telliöğlü for questions related with dividends, General Assembly and transfer of shares.

The Department received over 1000 information requests by phone and email during 2010, all of which were answered. The Company participated in 24 international and 3 domestic investor conferences in the same period, during which contacts were made with over 330 representatives from over 330 investment companies. In addition, the Department held over 70 internal investor meetings and around 50 teleconferences, thereby communicating with over 200 shareholders and/or analysts, ensuring that all queries have been fully responded to.

1.2. Shareholders' Exercise of their Right to Obtain Information

Queries, other than those relating to trade secrets and undisclosed information, received from shareholders and analysts by the Capital Markets and Investor Relations Department by letter, phone, email and other means are answered in the fastest and most effective way possible upon contacting the relevant person with the highest authority on the related matter. Over 1000 information requests received by Türk Telekom in the relevant period were answered. Furthermore, current and retrospective information and developments relating to Türk Telekom that are of interest to shareholders are regularly communicated to the concerned parties by the corporate website both in Turkish and English languages. They are also regularly communicated to those registered to our database via emails.

In addition to the foregoing, within the context of shareholders' exercise of their right to obtain information, data and information are provided under the following headings on the website so as to ensure rapid and easy access to information about Türk Telekom. A large portion of this information is provided on the website both in Turkish and English languages. The website covering the related documents accessible at www.turktelekom.com.tr is periodically updated. Further details are presented under the heading 'Corporate Website and its Content' below.

Company activities are periodically audited by independent auditors and statutory auditors appointed by the General Assembly upon proposal by the Board of Directors. Independent audit and financial consultancy services for 2010 activities were provided by Ernst and Young, which performs said services under the legal entity of Güney Bağımsız Denetim ve SMMM A.Ş. In the reporting period, shareholders did not request the appointment of a special auditor.

The Company's Articles of Association contain no provisions stipulating the request for appointment of a special auditor as an individual right. However, pursuant to article 348/2 of the Turkish Commercial Code, the Capital Market Law and applicable legislation, minority shareholders representing one twentieth of the Company's share capital are entitled to exercise this right.

1.3. Board Meetings

Main Resolutions made within 2010 are as follows:

- **Resolution no.1 dated January 11, 2010**

Our Company shall participate into the tender process initiated by Turkish Football Federation ("TFF") for the transfer of Super League and 1st League broadcasting rights in respect of 2010-2011, 2011-2012, 2012-2013, and 2013-2014 football seasons (the "Tender Process") and submit bid for the Packages A and C, as defined in the relevant Tender Specifications.

- **Resolution no.3 dated February 1, 2010**

It has been resolved that Mustafa Uysal is appointed as TT Group CFO, in charge of financial coordination of Turk Telekom and its subsidiaries, and of required works and transactions; Finance VPs of Turk Telekom and its subsidiaries shall report to him; and Mustafa Uysal shall also be acting as Türk Telekom Finance VP until a new Finance VP for TT is appointed, and Mustafa Uysal will be given the Group D signature authority for above mentioned positions.

- **Resolution no.4 dated February 11, 2010**

Approval of the consolidated financial statements regarding the period between 01.01.2009 – 31.12.2009 which was prepared as per the International Financial Reporting Standards under the Turkish Capital Board Communiqué 20 Serial No. XI and was approved by the Independent Auditors.

- **Resolution no.5 dated February 11, 2010**

It was decided to recommend to distribute the 100% of the remaining profit of 2009 as cash dividend after first and second legal reserves are set aside which is TL 1,589,712,275 to the General Assembly to be held on April 6, 2010. This amount corresponds to 0.4542035 Kurus (%45.42035) gross cash dividend per each share worth for 1 Kurus nominally.

The details of the proposal to General Assembly are the following,

It is resolved for the decision of our Company's General Assembly to be held on April 6,2010;

1. Our company's net profit of the fiscal year 2009 according to the independently audited consolidated financials prepared in accordance with "CMB Communiqué About Financial Reporting in Capital Markets Serial: XI No:29" is TL 1,831,730,000 and according to the Turkish Commercial Code clauses and Tax Procedure Law is TL 2,746,613,306,

2. According to the CMB announcement dated January 27, 2010, the profit after tax amount of TL 1,831,730,000 is the base amount for dividend distribution,

3. In accordance with Article 466 of Turkish Commercial Code, it is obligatory to set aside first legal reserves until the reserve amount reaches 20% of the paid in capital. Since the reserve amount will reach to 20% of the paid in capital, by setting aside TL 100,546,497 as first legal reserves, to set aside TL 100,546,497 as first legal reserves for 2009.

4. After setting aside the first legal reserve of TL 100,546,497 from consolidated net profit of TL 1,831,730,000 (base amount for dividend distribution), remaining TL 1,731,183,503 shall be the distributable profit of 2009. Adding the donations made in 2009 of TL 33,644,220, TL 1,764,827,723 shall be the base for first dividend.

5. Although the minimum dividend payout ratio determined by CMB for 2009 is 0%, it is decided to distribute 20% of TL 1,764,827,723 (first dividend base), TL 352,965,545 as cash first dividend, in accordance with "CMB Communique Serial IV No: 27" . The second legal reserve of TL 141,471,228 shall be set aside and the remaining TL 1,236,746,731 shall be distributed as cash second dividend.

a) Total cash dividend amount to be distributed of TL 1,589,712,275 shall be covered by current period net profit.

b) Accordingly 0.4542035 Kurus (%45.42035) gross cash dividend per each share worth for 1 Kurus nominally shall be distributed to our shareholders and total gross cash dividend distribution amount shall be TL 1,589,712,275.

6. The distribution of the cash dividends to our shareholders shall begin on May 24, 2010, at Merkezi Kayıt Kuruluşu A.Ş. Süzer Plaza Askerocağı Caddesi No:15 Kat:2 34367 Elmadağ-Şişli İstanbul.

- **Resolution no.09 dated February 11, 2010,**

It was resolved that the approval of signing a new contract with Ernst&Young, an independent audit company, in 2010 on the basis of the opinions of the Audit Committee, shall be submitted to the General Assembly.

- **Resolution no.22 dated March 8, 2010**

It was resolved that Türk Telekomünikasyon A.Ş. 2009 Annual Report shall be approved.

- **Resolution no.23 dated March 8, 2010**

The Ordinary General Assembly Meeting for the year 2009 shall be held on April 06, 2010 (Tuesday) at 10.30 a.m. to discuss the below mentioned agenda at the address of Türk Telekomünikasyon A.Ş. Head Quarters Cultural Center, Turgut Özal Bulvarı 06103 Aydınlikevler Ankara.

1. Opening and Election of the Chairmanship Committee;
2. Authorization of the Chairmanship Committee to sign the minutes of the General Assembly Meeting and the List of Attendees;
3. Reading of the Board of Directors annual report for the year 2009
4. Reading of the Audit Board report for the year 2009;
5. Reading of the Independent Audit Company's report summaries for the year 2009;
6. Reading, discussing and approving of the balance sheet and the profit/loss accounts for the year 2009;
7. Release of the members of Board of Directors from the operations and actions of the Company during the year 2009;
8. Release of the Audit Board members from the operations and actions of the Company during the year 2009
9. Discussing and deciding on the proposal of the Board of Directors regarding dividend distribution for the year 2009;

10. Discussing and deciding on the Board of Directors' proposal, given pursuant to the recommendation of the Company's Audit Committee, offering that the Independent Audit Company Güney Bağımsız Denetim ve SMMM A.Ş. (Ernst&Young) shall continue its audit assignment on the operations and accounts of the Company for the year 2010 as per Article 14 of the Regulation on Independent External Audit in the Capital Markets issued by the Capital Market Board and Article 17/A of the Articles of Association of the Company;

11. Giving information to the General Assembly regarding the code of ethics prepared by the Board of Directors in accordance with the Corporate Governance Principles;

12. Giving information to the General Assembly regarding the dividend distribution policy in accordance with the Corporate Governance Principles;

13. Reading the written explanation of the Independent Audit Company on the compliance of the financial statements and other reports with the standards, the accuracy and integrity of the information therein and the non-existence of any issues hindering its or its affiliates' independency in the services provided to our Company and to its subsidiaries/affiliates;

14. Giving information to the General Assembly regarding the disclosure policy prepared by the Board of Directors;

15. Giving information to the General Assembly regarding the donations made during 2009;

16. Giving information to the General Assembly regarding the transactions made with the related parties during 2009;

17. Giving information to the General Assembly regarding the guarantees, pledges and mortgages provided by the Company to third parties or the derived income or interest thereof, in accordance with the Decision of the CMB dated 09/09/2009 and numbered 28/780;

18. Deciding on permitting the members of the Board of Directors to carry out businesses directly or on behalf of others within or outside of the Company's fields of activity or to participate in companies engaged in such businesses and to perform other acts in accordance with the articles 334 and 335 of the Turkish Commercial Code;

19. Wishes and closing

- **Resolution no.24 dated March 10, 2010**

It has been resolved that Paul Taylor shall be appointed as Chief Advisor to CEO for Commercial Transformation and signature authority given for his former position shall be removed; Haktan Yaşar Kılıç shall be appointed as Acting VP of the recently established "Customer Relations Department".

- **Resolution no.26 dated April 20, 2010**

It has been resolved that, Review and approval of our Company's consolidated financial statements which was prepared according to the CMB Communique Serial:XI, No: 29 for the period between 01.01.2010 – 31.03.2010 and the interim activity report for the same period.

- **Resolution no.33 dated April 20, 2010**

It has been resolved that the Executive Committee shall be authorised to carry out all works and transactions related to acquisition of Hungary-based Invitel International who is a leading independent wholesale data and capacity provider in Middle and Southeastern Europe; negotiate and sign agreements and other documents; decide on the final offer; make the final offer and make all transactions related to such acquisition including provision of funding for the acquisition, including the power to delegate such authorities to any of its members.

- **Resolution no.36 dated May 7, 2010**

It is decided to hold the Extra Ordinary General Assembly Meeting at 14:00, on Tuesday, 08th of June, 2010 to discuss the below mentioned agenda at the address of Türk Telekomünikasyon A.Ş. Genel Müdürlük Kültür Merkezi, Turgut Özal Bulvarı 06103 Aydınlıkevler Ankara.

1. Opening and Election of the Chairmanship Committee;
2. Authorizing the Chairmanship Committee to sign the minutes of the Extraordinary General Assembly Meeting, and the List of Attendees;
3. Pursuant to Paragraph (g) of Article 21/6 "Invitation to Meeting and Meeting Quorum" of the Articles of Association of our Company, approval of the acquisition of Invitel Holdings A/S's international wholesale business ("Invitel International" collectively), comprising the entire issued share capital of Invitel International AG (including its subsidiaries), AT-INVITEL GmbH, Invitel International Hungary Kft and S.C. EuroWeb Romania S.A.;
4. Discussing and voting of authorizing the Board of Directors and/or person(s) to be delegated by the Board of Directors for acquisition of company(s) within the year 2010 up to EUR 300,000,000 (three hundred million) for each acquisition;
5. Discussing and voting of authorizing the Board of Directors to establish SPV(s) when needed in relation to such acquisitions;
6. Wishes,
7. Closing.

- **Resolution no.43 dated July 19, 2010**

It has been resolved that our Company's consolidated financial statements which was prepared according to the CMB Communique Serial:XI, No: 29 for the period between 01.01.2010 – 30.06.2010 and the interim activity report for the same period shall be approved.

- **Resolution no.44 dated August 20, 2010**

It has been resolved that:

- the resignation of Dr. Boulos H.B. Doany, dated 20 August 2010, from his position as Turk Telekom General Manager;
- the establishment of a Turk Telekom Group CEO position and the appointment, with immediate effect, of Mr. Hakam Kanafani as Türk Telekom Group CEO;
- the appointment, with immediate effect, of Mr. Kamil Gökhan Bozkurt as Türk Telekom CEO (General Manager) shall be approved.

The Executive Committee shall be authorized to determine the authority limits to be granted to Turk Telekom Group CEO, Turk Telekom CEO (General Manager) and Turk Telekom Management in a subsequent meeting.

- **Resolution no.45 dated October 20, 2010**

Our Company's interim financial statements dated 30.09.2010 which have been prepared according to the International Financial Reporting Standards within the framework of CMB Communiqué no.29 serial XI, and the interim activity report for the same period, shall be approved.

- **Resolution no.46 dated October 20, 2010**

Upon the resignation of Mr. Basile Yared from his duty as the member of the Board of Directors, Mr. Hakam Kanafani, TT Group CEO, shall be appointed to this position as a member of the Board of Directors pursuant to Article 315 of the Turkish Commercial Code, and submitted to the approval of the shareholders in the next general assembly of the shareholders.

Upon the resignation of Dr. Boulos H.B. Doany from his duty as the member of the Executive Committee, Mr. Hakam Kanafani, shall be appointed to this position as a member of the Executive Committee.

- **Resolution no.47 dated October 20, 2010**

Upon the resignation of Mr. Basile Yared from his duties as the Chairman and member of the Audit Committee, Mr. Samir Asaad O Matbouli shall be appointed as the Chairman of the Audit Committee, and Mr. Dr. Boulos H.B. Doany shall be appointed as a member of the Audit Committee.

- **Resolution no.48 dated October 20, 2010**

- Continuation of the Internal Communication Directorate with its activities under a direct report link to the CEO,
- Changing the name of the Organization and Process Management in Human Resources Vice Presidency to Corporate Transformation and Efficiency and continuation of the Corporate Transformation and Efficiency Directorate with its activities under a direct link to the CEO.
- Establishing a new Vice Presidency called "Human Resources, Support and Regulations" by merging the Regulation And Support Services Vice Presidency with Human Resources Vice Presidency,
- Changing the names of the following Human Resources Vice Presidency Directorates: "Industrial and Business Relations Directorate" to "Labour Relations Directorate"; "Recruitment, Compensation & Talent Management Directorate" to "HR Strategy and Talent Management",
- Transferring the current tasks and employees of the following Human Resources Vice Presidency Directorates; "Labour Relations Directorate", "TT Academy Directorate", "HR Strategy and Talent Management Directorate" and following Regulation and Support Services Vice Presidency Directorates; "Regulations Compliance Directorate", "Regulations and Competition Directorate", and "Construction-Real Estate Directorate" to newly established "Human Resources, Support and Regulations Vice Presidency",
- Merging the " Logistic Support Directorate" under Regulation and Support Vice Presidency with "Facilities Management Directorate" with transferring its current tasks and employees to this Directorate, and changing the name of this Directorate as "Facilities Management

and Logistic Support Directorate”, and transferring Facilities Management and Logistic Support Directorate under a direct report link to “Human Resources, Support and Regulations Vice Presidency”, and reevaluate the necessity for nominating changes to this HR organisation within 1 year.

- **Resolution no.51 dated November 30, 2010**

It has been resolved that;

- A new department at VP level, namely Technology Department, directly reporting to the CEO shall be established;
- Information Technologies, Network Architecture and Service Management Directorates shall be transferred to the Technology Department together with its works and operations and existing personnel;
- Network Directorate, Access Directorate and NATO TAFICS Directorate shall be transferred to the Operations Department together with works and operations and existing personnel;
- The CEO shall be authorised to revise and announce the organization chart for the director positions under Operations and Technology Departments, and to redefine roles, authorities and responsibilities of the Operations and Technology Departments;
- Operations VP Celalettin Dinçer shall be appointed as Sales VP;
- Network Director Memet Atalay shall be appointed as acting Operations VP;
- Timur Ceylan shall be appointed as Technology VP;
- Sales VP Aydın Çamlıbel shall be appointed as Consultant to the CEO.

- **Resolution no.52 dated November 30, 2010**

It has been resolved that five-year business plan of the Company and 2011 Budget shall be approved.

1.4. Information about General Assembly Meetings

Article 19 of the Articles of Association reads as follows: “The General Assembly is the decision-making body possessing all kinds of authorities, subject to the law, relating to the Company’s business affairs.” Article 21 of the Articles of Association lists the “Material Decisions to be adopted by the General Assembly” as follows:

- a) Filing a written application for liquidation;
- b) Making modifications to these articles of association;
- c) Making alterations to the Company name;
- d) Changing the Company’s fiscal year or accounting policies, save for those imposed legally;
- e) Making alterations in the share capital, or creating, allocating or issuing shares or other securities, or granting option rights or the right to participate in the share capital, or converting any document into shares or securities other than into bonus shares;
- f) Decreasing the capital or altering the rights enjoyed by any share class, or redemption, purchase or otherwise acquisition of Company shares and other securities by the Company;
- g) The Company’s merging with another company or acquiring a substantial portion of another company;
- h) Discontinuing any major activity relating to the business;
- i) Effecting a material change to the nature of the business;

- j) The Company's making or declaring a profit share distribution or undertaking any other distribution in relation to the shares, save for those set out in Article 30 of the Articles of Association concerning Dividend Payment Timing and
- k) Unless approved pursuant to Article 12 of the Articles of Association, the following decisions concerning the Board of Directors Meetings:
- Entering into a contract or undertaking that might incur expenses for the Group Company in excess of USD 50 million (for each transaction), although not foreseen in the budget;
 - Acquisition of any asset or property with a total cost in excess of USD 50 million for each transaction except the normal course of commercial activities;
 - Disposal or sales of any fixed asset with a total value in excess of USD 10 million for each transaction;
 - Borrowing by a Group Company, which, when added to such Group Company's other indebtedness, exceeds USD 150 million, save for the loans to be secured from banks in the normal course of business;
 - Entering into any agreement between a Group Company and any Shareholder (except for Class B Shareholder) or its Affiliated Companies which (x) is not on an arm's length basis, or (y) involves transfer of money, goods and service the value of which exceeds USD 30,000,000.- (except for any management contract as set out in Article 12(g) of the Articles of Association);
 - Appointment of a proxy to be sent to the general assembly of any Group Company (except for the Company or AVEA) to act in the name of the Company.

During 2010, 2009 Ordinary General Assembly Meeting convened on April 6, 2010 where 89.52% of the Company shares were represented in proxy and 0.000058% were represented in person and an Extraordinary General Assembly Meeting convened on June 8, 2010 where 89.57% of the Company shares were represented in proxy and 0.000058% were represented in person.

The rules governing the Company's General Assembly meetings are covered in Türk Telekomünikasyon A.Ş. Articles of Association which is publicly disclosed and posted on the corporate website. According to Article 31 thereof, General Assembly meetings are announced at least 21 days in advance of the meeting date, excluding the dates of announcement and meeting, in the Turkish Trade Registry Gazette (TTRG) and two national newspapers in accordance with Article 368 of the Turkish Commercial Code and so as to inform the shareholders in advance of the General Assembly meetings. Information on General Assembly meetings, their agendas, invitation letters and sample proxy forms are also posted on the corporate website.

The Company's Class A shares held by Ojer Telekomünikasyon A.Ş. and Class C shares held by the Undersecretariat of Treasury are registered, whereas the remaining shares are bearer shares. The General Assembly Meeting has been attended by shareholders who wished to exercise their rights arising from shareholding, fulfilled the necessary procedures for participation in General Assembly meetings pursuant to applicable legislation, and had the necessary general assembly custody procedures performed before the Central Registry Agency in order to participate in the General Assembly Meeting convened in the aftermath of the public offering and submitted their Custody Statements to the Company.

Particulars related to said 2009 Ordinary General Assembly Meeting were published on the Turkish Trade Registry Gazette No. 7547 dated 20.04.2010 and Extraordinary General Assembly meeting were published on the Turkish Trade Registry Gazette No. 7586 dated 16.06.2010. In addition, the

relevant Regulatory Disclosures of Material Event made by our Company was also published on the Public Disclosure Platform of 06.04.2010 and 08.06.2010.

Minutes of our General Assembly Meeting are made available for uninterrupted access by our shareholders at www.turktelekom.com.tr.

1.5. Voting Rights and Minority Rights

All shares of Türk Telekom, save for the one Class C golden share, can be sold. In order to protect national benefits in relation to economy and national security, the following may not be carried out without the affirmative vote of the Class C golden share, irrespective of its being voted at the Board of Directors or the General Assembly. Otherwise, any transaction so performed will be deemed null and void.

- a) Amendments to the Articles of Association;
- b) Transfer of any registered shares which would result in a change in the control of management;
- c) Registration of any transfer of registered shares in the share ledger.

As required by the Company's Articles of Association, holder of the Class C golden share will have one member on the Board of Directors of Türk Telekom to represent the golden share. Holder of the Class C golden share may not participate in capital increases. At the Extraordinary General Assembly Meeting of November 14, 2008, Mehmet Habib Soluk was elected as the Board member to represent the Class C golden share for a term of office of three years and resigned on March 8, 2011.

The Company's Articles of Association contain the provision that minority rights are to be exercised by shareholders representing at least 5% of the paid-in capital. However, minority shareholders are not represented on the Board of Directors.

There are no cross shareholding interests in the Company's share capital. Since the implementation of cumulative voting right is left to the discretion of publicly held joint stock companies by the relevant CMB communiqué, this system was not implemented by the Company in 2010.

1.6. Dividend Distribution Policy and Timing

The Articles of Association grant no privileges regarding participation in the Company's profit. Each share is entitled to equal profit share; however, holder of the Class C share does not receive any share from the profit. Türk Telekom dividends are paid within the legally prescribed periods of time by applicable legislation.

Our Company adopts a policy of distributing the whole amount of dividends that are distributable as per CMB regulations and our Company's dividend policy were submitted to the shareholders' information in 2009 Ordinary General Assembly Meeting convened on April 6, 2010. On the other hand, when determining the dividend distribution proposal, the Board of Directors also takes into account the short term financial liabilities of group companies, and conditions of those contracts that are signed with creditors.

As stated in the Company's Articles of Association, the dates and the manner of distribution of the annual profit to the shareholders are decided by the General Assembly upon proposal by the Board of Directors, in accordance with the provisions of the Capital Market Law and applicable legislation.

1.7. Transfer of Shares

The provisions contained in the Company's articles of association that are of a nature to restrict transfer of shares are as follows:

Holder of Class A shares may transfer, always subject to vetoing by the Class C golden share, all or part of its shares to a third party at any time after either the expiration of the Strategic Undertaking Period, or after the date of full payment of the amount payable by the holder of Class A shares for its shares in the Company, whichever occurs later.

Holder of Class A shares may create pledge or encumbrance in favor of a financial institution over its shares which will not be subject to pledge of shares in time, as guarantee for money borrowed for the acquisition of such shares or otherwise. In the event that such pledge or encumbrance is cashed by the relevant financial institution, the same may be able to transfer the Class A shareholder's shares subject to pledge and encumbrance only upon prior written consent of the Treasury, which consent will not be unreasonably withheld.

Subject to the provisions of the following two paragraphs, holder of Class B shares may not transfer to a third party all or part of its shares during the course of the Strategic Undertaking Period without the prior consent of the holder of Class A shares, which consent will not be unreasonably withheld.

1. In the context of the public offering of the Company's shares, only the Treasury may have all or part of its shares quoted and sold on the stock exchange at any time without being subject to the restriction in the preceding paragraph.
2. Holder of Class B shares may additionally transfer, without being subject to the restriction set out in the first paragraph, its own shares that are equal to 5% or less of the Company's total shares at the time of the transfer in a single transaction or in a series of transactions at any time and at any price in line with the Law 406, to employees mentioned in the Law 406 and to "small savings holders".

Furthermore, pursuant to the supplemental Article 17 of the Telegram and Telephone Law no 406 and Article 6, paragraph 4 of the Company's Articles of Association, the one Class C golden share may not be sold.

2. Public Disclosure and Transparency

2.1. Company Disclosure Policy

Türk Telekom disclosure policy has been formulated in line with the CMB's Communiqué on Principles Governing Disclosure of Material Events Serial: VIII, No: 54 and CMB's Corporate Governance Principles. The policy has been approved and put into effect by the Board of Directors and were submitted to the shareholders's information in General Assembly Meeting convened on April 6, 2010. The disclosure policy is posted on the corporate website -www.turktelekom.com.tr- under the 'Corporate Governance' heading under the Investor Relations section. The Capital Markets and Investor Relations Department is responsible for the monitoring and development of the said policies, and the names and duties of the relevant responsibility owners are listed under the heading Investor Relations Unit. These individuals cooperate closely with the Board of Directors in the fulfillment of these responsibilities.

2.2. Regulatory Disclosures of Material Events

Pursuant to the CMB Communiqué on Principles Governing Disclosure of Material Events, Türk Telekom made 32 material event disclosures in 2010 in relation to the matters affecting the Company and its operations. The material event disclosures made are also regularly communicated by e-mail to domestic and international investors by the Capital Markets and Investor Relations Department. The ISE did not require any additional explanations in relation to material event disclosures, nor were there any sanctions imposed by the CMB on account of failure to comply with material event disclosure requirements.

2.3. Corporate Website and Its Content

Türk Telekom website accessible at www.turktelekom.com.tr is actively used in achieving transparency and public disclosure in parallel with the Capital Market legislation, CMB and ISE rules and regulations, and CMB's Corporate Governance Principles. A large portion of the information contained on the website is provided both in Turkish and English. The main headings covered on the website are listed below:

- Detailed information on corporate identity
- Vision, mission and values
- Company ownership structure
- Information on Group Companies
- Information on the members of the Board of Directors and Company's senior management
- The Company's Articles of Association
- Trade registration data
- Financial data, annual and interim activity reports
- Press releases
- Investor presentations
- Investor relations news
- Investor calendar (current and past)
- Date and agenda for the General Assembly meeting and General Assembly information document
- Minutes and attendance sheet of the General Assembly meeting
- Proxy sample
- Disclosure policy
- List of Insiders With Administrative Responsibility
- Share performance and calculator
- Analyst coverage
- Public Offering Subscription Circular and Prospectus
- Türk Telekom Call Center and Contact Information
- Contact information for the Capital Markets and Investor Relations Department

- Information on Türk Telekom’s Corporate Social Responsibility projects
- Regulatory disclosure of material events
- Activities carried out within the frame of corporate governance principles and Türk Telekom Corporate Governance Principles Compliance Report, Corporate Governance Rating Report
- Dividend policy and information on dividend distribution
- Code of ethics
- Telecom glossary
- Frequently asked questions

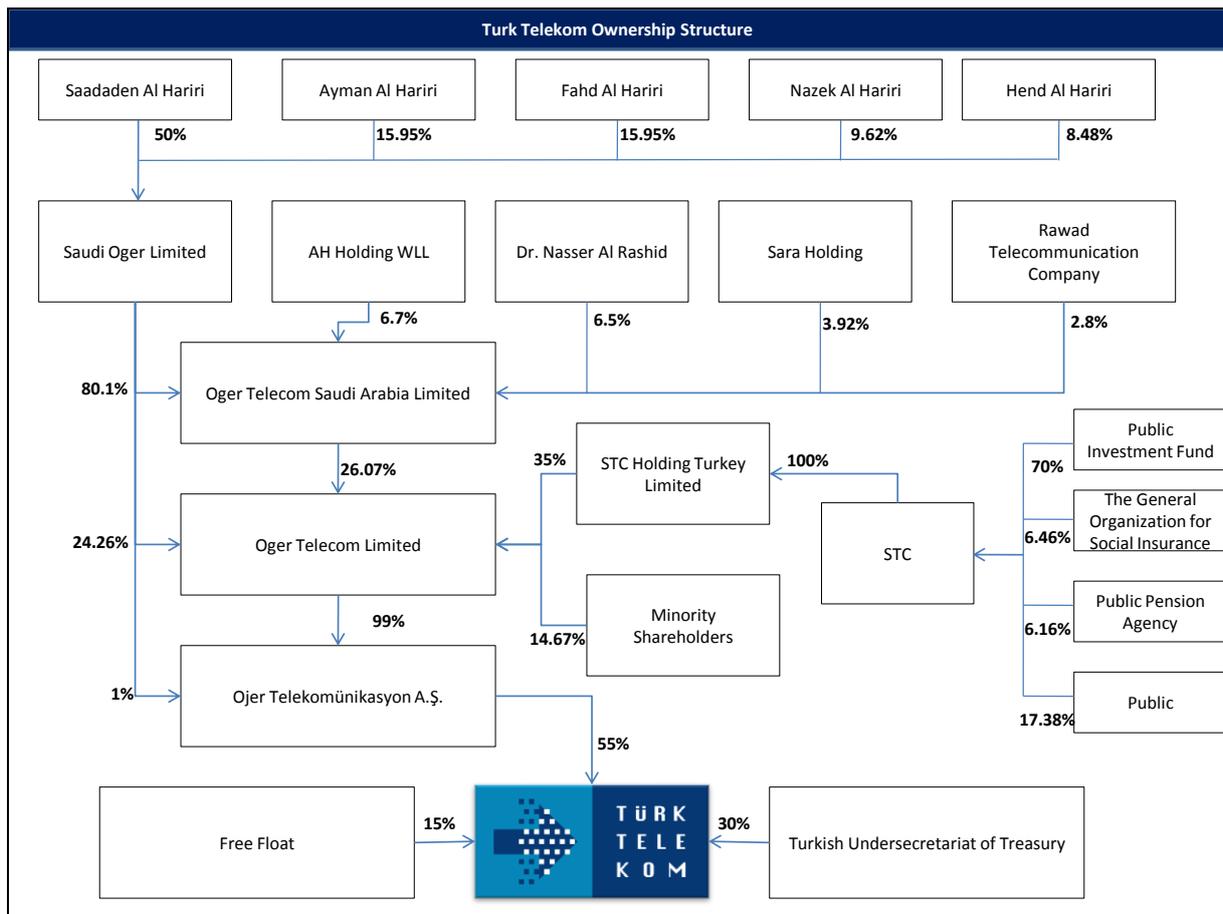
2.4. Company ownership structure

Not subject to the authorized capital system, the Company has a share capital of TL 3,500,000,000 which is fully paid-in. The distribution of the paid-in capital among the shareholders is shown below:

Class	Shareholder	Share Capital (TL)	Share (%)
A	Oger Telekomünikasyon A.Ş.	1.925.000.000,00	55
B	TR Undersecretariat of Treasury	971.249.999,99	30
C		0,01	
D		78.750.000,00	
D	Free Float	525.000.000,00	15
Total		3.500.000.000,00	100

The real and legal persons directly or indirectly holding a stake in the Company’s share capital are listed below:

Holding 55% stake in the Company, Oger Telekomünikasyon A.Ş. is owned by Oger Telecom Limited by 99% and Saudi Oger Limited by 1%. STC Turkey Holding Limited, Oger Telecom Saudi Arabia Limited, and Saudi Oger Limited have respective shares of 35%, 26.07% and 24.26% in Oger Telecom Limited, whereas the remaining 14.67% is held by other persons holding less than 5% share. STC Turkey Holding Limited is wholly owned by Saudi Telecom Company. Saudi Telecom Company’s shareholders are as follows; Public Investment Fund, The General Organization for Social Insurance, Public Pension Agency, Public with respective shares of 70%, 6.46%, 6.16%, 17.38%. Saudi Oger Limited has 80.1% share in Oger Telecom Saudi Arabia Limited whereas AH Holding WLL holds 6.7%, Dr. Nasser Al Rashid 6.5%, Sara Holding 3.92% and Rawad Telecommunication Company 2.8% share. The shareholders of Saudi Oger Limited are as follows; Saadaden Al Hariri, Ayman Al Hariri, Fahd Al Hariri, Nazek Al Hariri, Hend Al Hariri with respective shares of 50%, 15.95%, 15.95%, 9.62%, 8.48%.



2.5. Blackout Period for those who may have Access to Insider Information

In order to achieve compliance with the Capital Markets Law and applicable legislation, a policy concerning “insider trading” has also been devised under the Türk Telekom Disclosure Policy. Within the scope of the said policy, the Capital Markets and Investor Relations Department maintains a list of those who have access to insider information and monitors the individuals on this list.

Declaration is received from all the listed employees regarding they are aware of their obligations on protection of these information and prevention of their improper use. Türk Telekom applies a “Silence Period” during which time the Company representatives and officers are obligated to refrain from disclosing or otherwise providing information to public and a “Blackout Period” when the people who have access to insider information are prohibited to trade the shares of Turk Telekom before the official release and statement about the operating results of the current period. This Silence Period starts six weeks prior to release and disclosure of the year-end operating results or two weeks prior to release and disclosure of the quarterly operating results, and ends after such releases and disclosures. The Blackout Period starts with the Silence Period and ends one business day after the Silence Period.

2.6. List of Insiders With Administrative Responsibility

People who have administrative responsibility consist of the following persons who are authorized to make decisions affecting the future development and commercial targets of the company:

Mohammed Hariri, Chairman of the Board of Directors, Chairman of the Executive Committee

İbrahim Şahin, Vice Chairman of the Board of Directors, Vice Chairman of the Executive Committee

Hakam Kanafani, Member of the Board of Directors, Member of the Executive Committee, TT Group CEO

Dr. Paul (Boulos H.B) Doany, Member of the Board of Directors, Member of the Board of Auditors

Saad Zafer M Al Kahtani, Member of the Board of Directors, Member of the Executive Committee

Abdullah Tivnikli, Member of the Board of Directors, Member of the Executive Committee

Ghassan Hasbani, Member of the Board of Directors, Chairman of the Board of Auditors

Efkan Ala, Member of the Board of Auditors

Prof. Dr. Aydın Gülan, Member of the Board of Auditors

Lütfi Aydın, Member of the Board of Auditors

Kamil Gökhan Bozkurt, CEO

Mustafa Uysal, TT Group CFO, TT Acting CFO

Memet Atalay, Acting VP Operations

Timur Ceylan, VP Technology

Dr. Ramazan Demir, VP Strategy and Business Development

Erem Demircan, VP Marketing and Communications

Celalettin Dinçer, VP Sales

Haktan Kılıç, Acting VP Customer Relations

Dr. Mehmet Kömürcü, VP Legal

Şükrü Kutlu, VP Human Resources Support and Regulations

Mehmet Candan Toros, VP International and Wholesale

Dr. Nazif Burca, Head of Internal Audit

David Cook, Finance Director

Mehmet Zafer Pınarcık, TT Group Financial Controller

Bülent Taş, Tax Management Director

Nurhan Kılıç, Treasury Director

Yavuz Türkmen, Financial Controller

Abdullah Orkun Kaya, Capital Markets and Investor Relations Director

Süleyman Eken, Director of Budget Planning and Analysis

Erkan Akdemir, AVEA Chief Executive Officer

Tahsin Yılmaz, TTNET Chief Executive Officer

People with administrative responsibility included in the list within 2010 but delisted afterwards:

Basile Yared, Member of the Board of Directors, Chairman of the Audit Committee

Samir Asaad O Matbouli, Member of the Board of Directors, Member of the Audit Committee

Aydın Çamlıbel, VP Sales

Doç. Dr. Tuna Tuğcu, Member of the Board of Auditors

İsmet Yılmaz, Member of the Board of Directors

Dr. Ali Arıdudu, Member of the Board of Directors

Mehmet Habib Soluk, Member of the Board of Directors, Member of the Audit Committee

3. Stakeholders

3.1. Keeping Stakeholders Informed

Türk Telekom shareholders and investors are kept informed in line with the public disclosure principles. The Company's Customer Relations Vice Presidency and Call Center efficiently handle Türk Telekom customers' information requests about services and products, their comments or complaints, and provide solutions for customer problems. The Internal Communication Department keeps the employees informed.

3.2. Stakeholder Participation in Management

Although there are no specific rules governing stakeholder participation in management, our subsidiaries, employees and other stakeholders are kept informed. via regular meetings such as dealers meetings and communication meetings etc.

3.3. Human Resources Policy

There was no complaint regarding discrimination from our employees in 2010.

Recruitment

Türk Telekom aims to be the most admired company in the Turkish telecommunications sector, to attract and recruit the qualified human resources aligned with the corporate culture and values in line with its future strategies and targets.

Development

Türk Telekom targets to provide opportunities for the personal and professional development of its employees so as to create a performance management concept focused on constant development whereby the employees will be able to realize their full potential, and aims to support corporate goals by enhancing the loyalty of its “human resources”, which is deemed as its most valuable asset, to the Company. Within this process, Türk Telekom Academy supports the development of the employees.

Working Culture

Türk Telekom makes it a goal to establish an ongoing relationship with its employees and stakeholders built on respect, trust and ethical values, adhering to the corporate culture built and maintained on the basis of respect and sharing, as well as its principles which are identified as being customer focused, trustworthy, innovative, responsible and dedicated.

3.4. Relations with Customers and Suppliers

Within the scope of “Customer Retention Management” project performed with a view to enhancing customer satisfaction, teams at the call center contact our customers in an effort to understand the problems they are faced with and solve their issues, if any. As a step aimed at enhancing the satisfaction from services of Türk Telekom, our customers are guided to transfer to the tariff that best suits their telephone usage behaviors, and they are provided with advisory on this subject. In addition, information is offered on campaigns that provide optimum benefits to our customers, thereby trying to increase the benefit our customers derive from Türk Telekom.

3.5. Social Responsibility

Türk Telekom who adds values to its customers’ lives with the products and services it develops gathered all social responsibility projects it put into practice across Turkey under a single roof named “Türkiye’ye Değer” in 2010.

Turkey’s leading communication and convergence technologies company considers contributing to the country by investing in technology and infrastructure as well as human resource and creating values among its preferential goals.

Türk Telekom creates values undertaking various social responsibility activities focusing on the nation’s economic and social needs including, in particular, education, culture and arts, technology, environment and sports, besides the telecommunications field in which it operates.

Information on the “Türkiye’ye Değer” projects are shared with the public also via the corporate website. Detailed information is available also at www.turkiyeyedeger.com.tr

4. Board of Directors

4.1. Structure of the Board of Directors

The structure of our company's Board of Directors is as follows:

- **Mohammed Hariri**, Chairman
- **İbrahim Şahin**, Vice Chairman
- **Hakam Kanafani**, Member (TT Group CEO)
- **Dr. Paul (Boulos H.B.) Doany**, Member
- **Saad Zafer M Al Kahtani**, Member
- **Abdullah Tivnikli**, Member
- **Ghassan Hasbani**, Member

The Company's Board of Directors has accepted resignations of Board Members Basile Yared and Samir Asaad O Matbuoli and resolved that respectively Hakam Kanafani and Ghassan Hasbani be assigned for Board memberships in accordance with Article 315 of the Turkish Commercial Code and that these assignments be submitted to the approval of the shareholders in the first General Assembly Meeting to be held.

The Company's Board of Directors has accepted resignations of Board Members; Mehmet Habip Soluk, İsmet Yılmaz and Ali Arıduru.

Pursuant to Article 8 of Türk Telekom's Articles of Association, holder of Class A shares is entitled to make six nominations in the election of the Board of Directors members, and the Under secretariat of Treasury, the holder of Class B shares, to make three nominations so long as it holds 30% or more of the Company's share capital. The Class C share is represented by one member on the Board of Directors. In line with these provisions of the Articles of Association, currently there are no independent members on the Board of Directors of Türk Telekom. Since Article 8 of the Articles of Association stipulates that holder of Class A shares and the Treasury will be entitled to nominate individuals to be elected as an independent Board member upon reaching a mutual agreement, provided that the Under secretariat of Treasury holds less than 30% but 15% or more of the Company's share capital, it will be possible to have an independent member on the Company's Board of Directors.

4.2. Qualifications of Board Members

The required qualifications of Board Members are determined in the Article 9 of Articles of Association and this provision is implemented for the qualifications of Board Members.

4.3. Mission, Vision and Strategic Goals of the Company

The Company's mission, vision and values and strategy management are publicly disclosed under the 'About Us' section on the corporate website. Türk Telekom's performance with respect to achievement of strategic goals is constantly monitored by the Board of Directors.

4.4. Risk Management and Internal Control Mechanism

Türk Telekom has an Audit Committee consisting of members elected from among non-executive members on the Board of Directors in accordance with CMB regulations. The Audit Committee is assigned with the monitoring of the effectiveness and adequacy of the Company's

internal audit, internal control and risk management functions on behalf of the Board of Directors and shareholders. The Committee also makes evaluations to the Board of Directors on the accuracy and authenticity of financial data to be disclosed; selects independent audit firms, and regularly supervises the activities of the audit firm.

Türk Telekom has a modern and active internal audit department engaged in assurance and consultancy activities with the object of assessing and developing the effectiveness of risk management, control and governance processes of the Company and the group companies. The Internal Audit Department reports to the Audit Committee as the surety of its independence and objectivity. The Internal Audit Department mainly performs regular risk assessments within the organization, carries out financial, operational and compliance audits in relation to areas posing high risks, evaluates the effectiveness of the controls determined in the business processes, develops action plans with respect to control vulnerabilities identified in these areas, and controls and monitors the timely implementation of these actions, as well as controlling the accuracy of financial statements and conformity of activities to the law referring to the authorization granted them by the Board of Directors. The Internal Audit Department conducts audits and coordinates audit activities at the group companies, as and when necessary. Inspections and inquiries within the Company are also performed by the Internal Audit Department.

The Internal Audit Department is responsible for identifying the risks in the business processes with the related management units, evaluating the reducing functions with respect to these risks and performing assessments whether risk management functions are implemented effectively or not. Risk management and performance of the related reducing functions are in charge of the related management units. Activities for establishing a separate Corporate Risk Management Department within the Company so as to fulfill the risk management functions are under way.

4.5. Authorities and Responsibilities of Board Members and Executives

The duties and authorities of the members of the Board of Directors are covered in detail in Article 11 of the Company's Articles of Association.

4.6. Operating Principles of the Board of Directors

Within the frame of the provisions set out in the Articles of Association, the Board of Directors meets as and when necessitated by the Company's affairs, but holds at least four meetings annually. The activities and formalities of the Board of Directors are handled by the General Secretariat of the Board. In this frame, the meeting date, agenda and relevant documents are sent to Board members for their review 15 business days in advance of the meeting.

4.7. Prohibition on Doing Business and Competing with the Company

The Company has adopted practices that are aligned with Articles 334 and 335 of the Turkish Commercial Code in this respect.

4.8. Code of Ethics

The code of ethics that is the key for the Company's success, as well as for the personal success of our employees, has been approved by the Board of Directors and submitted to the shareholders's information in 2009 Ordinary General Assembly Meeting convened on April 6, 2010. The Code of Ethics is a body of rules that must be abode by the Company executives in

particular, and all employees in general, while also leading other employees to act in compliance with these principles. The Code of Ethics is of a complementary nature to Türk Telekom Disciplinary Principles.

It is the responsibility of our executives to create an environment that is in conformity with the Code of Ethics across the Company. To this end, our executives;

- First and foremost recognize the importance of Code of Ethics and abide by them;
- Set role models for other employees with their actions and thoughts;
- Adopt the principle of the establishment and maintenance of the Code of Ethics firstly in the units they are in charge of;
- Work towards the establishment of the corporate culture and ensuring that employees espouse the norms, values and principles by which they are obliged to abide. They strive to make sure that their activities are aligned not only with the wording but also with the spirit of the Code of Ethics, and try to develop a culture deeply espoused by the organization in accordance with the law and corporate policies;
- Provide an environment where employees feel comfortable coming to them for ethical issues as well as problems regarding the operation of the Company, and having an open communication with them;
- Display honesty and consistency in their actions and decisions including ethical handling of existing or future conflicts of interest at all times, which may arise between their own personal relations or financial and commercial interests and their responsibilities towards the Company;
- Ensure full, fair, accurate, timely and intelligible disclosure of all reports and documents that will be submitted to the ISE and other authorized entities and boards or otherwise publicly disclosed by the Company;
- Fully abide all laws, rules and regulations applicable to the Company and the relationship between the Company and its shareholders;
- Notify any known or suspected violation of the Code of Ethics, if any, to the chairman of the Audit Committee promptly.

The Code of Ethics by which the Company employees are obliged to abide is spelled out below:

Use of Resources

Utmost attention will be paid in the use of Company's all tangible and intangible resources and its brand name. These resources may not be used for personal use, interests, expenses, nor may they be given as gifts, donated or given away as political incentives.

Entering into personal financial relationship with the customers and with individuals and organizations doing business on behalf of the Company, attempting to derive personal benefits and observing personal benefits in the contracts made constitute indirect use of the Company's tangible and intangible assets.

Use of Fixtures and Stationary

Stationery, printed documents and all kinds of fixtures owned by the Company are to be used strictly for Company affairs and must not be taken out of the Company. Utmost care will be paid to saving principles in their internal use.

An employee leaving the company is obliged to return any and all negotiable, non-negotiable instruments, files, written information, documents, records and fixtures etc. given to him or her for the performance of his or her job.

Company employees are obliged to implement all necessary security procedures and to protect computer hardware and electronic equipment against theft and unauthorized use.

Communication Tools

Electronic mailing will be used strictly as a means of communication. Attention will be paid not to use electronic mail for non-business purposes. Also efforts will be spent not to use telephones, fax equipment, the Internet and similar tools for personal reasons. Attention will be paid to keep private phone calls short.

Protection of Confidentiality

Attention will be paid to the confidentiality of data and documents pertaining to the Company, employees and customers, and every effort will be spent not to use such data for any personal purpose whatsoever and not to disclose them to any third party.

Company Vehicles

Employees who are allocated motor vehicles by the Company will pay the necessary attention and care in their use and will not let third persons other than themselves drive the allocated vehicles save for exceptional circumstances. Traffic fines resulting from violation of traffic rules will be borne by the individuals to whom vehicles are allocated.

Shuttle Buses

Employees making use of the shuttle bus service will not keep the bus waiting for personal reasons and will not disturb the other people on the shuttle bus.

Shared Work Spaces

Posters, fliers or ready-made notes other than those allowed by the management may not be posted in the Company's shared work spaces. Goods and services apart from those allowed may not be traded in the buildings. Any documents, papers, etc., which may be of a confidential nature, must not be left on the desks or out in the open outside business hours.

Giving or Accepting Presents, Invitations or Donations on behalf of the Company

Presents may be given to customers, business partners or suppliers' representatives on behalf of the Company, in accordance with the principles set by the Company management. However, attention will be paid not to use the presents for personal relationships such as relatives, friends and acquaintances, etc. Aids or donations can be made to an organization on behalf of the Company strictly subject to the approval of the CEO.

Accepting Presents: Presents may not be asked for from customers, subcontractors, and/or

suppliers, nor such a request may be implied. No presents, money, checks, free vacations, special discounts, etc. may be accepted which might put the Company and the recipient of the present under any obligation. Presents worth in excess of TL 50, which are deemed not to have an influence on the decisions to be made, may be accepted upon notification of the immediate manager. The total worth of presents that may be accepted as such may in no way exceed TL 500.

Accepting Invitations: Business meetings may be attended, provided that such meetings will not influence the attendee's decisions and will not contradict with the Company's policies and interests, and provided further that written or verbal consent of the immediate manager shall have been obtained.

Accepting Aids and Donations: Donations and aids may not be accepted from any person and/or entity having a business relationship with the Company. In any case, such donation and aid offers will be informed to the immediate manager.

Relations with Individuals, Enterprises and Establishments with which there is a Business Relationship

All employees must pay attention to be accurate, consistent, trustworthy, helpful and punctual in their relations with those having a business relationship with our Company, as well as with our customers.

Product/service agreements with those having a business relationship with the Company, including but not limited to contractors, subcontractors, etc. will be handled within the scope of applicable legislation, and corporate policies and principles. The considerations presented below will be taken into account when entering into these agreements:

Those having a business relationship with the Company will, as a matter of principle, be identified according to Company regulations, and acts and transactions will be carried out according to predefined principles.

Feedback will be sought from the Legal Department and other concerned units with respect to the agreements and protocols to be made with those having a business relationship with the Company.

Objective criteria such as benefit vs. cost and so on will be taken as the basis in the selection of companies, without yielding to any influence that may be exercised by anyone.

Time Management

Employees will make optimum use of time and will not spare time for personal business (except for emergencies) during business hours. Personal visitors will not be accepted during business hours. An employee's meeting with external visitors will not exceed 10-15 minutes, save for extraordinary and exceptional cases.

Conflict of Interest

A conflict of interest is an inverse relationship between the Company's interests and personal interests, and the interests of customers or suppliers. Personal interests may not be held above Company interests. The position in the Company, information on Company goods and services may not be used to derive personal benefits. In the case of a conflict of interest, guidance will be sought from the immediate manager forthwith.

Our employees, Executives and Members of the Boards of Directors and Auditors;

Shall not yield to any pressure that may give rise to events which are detrimental to the shareholders, may not personally profit from customers/suppliers, and may not be instrumental in any transfer of profits by way of mediating between customers/suppliers.

Must act equally and fairly to all parties involved in the case of a conflict of interest between customers/suppliers. They also must fulfill their duties impartially, and spend every effort to this end.

In order to avoid conflicts of interest, our employees do not:

- enter into a debtor-creditor relationship with customers/suppliers, not act as their surety and not accept their suretyship.
- attend invitations, domestic/international trips, vacations with customers/suppliers, the expenses of which are fully or partially covered, without the knowledge and approval of the immediate manager.
- accept customers'/suppliers' uncustomary gifts of a nature and value that might give rise to an obligation on their part, and not use his or her authority to derive advantages from the customer's/supplier's field of activity which go beyond the purpose or regular practices.
- enter into business relationship with spouses, relatives and friends (a business relationship may be established if an interest in favor of the Company is in question, subject to approval by the immediate manager).
- influence promotion or rewarding decisions concerning spouses or close relatives working for the Company or its subsidiaries.

Mobbing

Executives and employees must not practice mobbing against each other. They must not cause any discomfort to one another in this sense.

Discrimination

Executives and employees must act fairly and equally towards everyone without any prejudices. They must not allow discrimination in whatsoever manner. No individual may be exposed to discriminatory treatment for reasons such as age, language, race, nationality, health, gender, marital status, religion and sect, political affiliation or philosophical belief, etc. The Company may impose sanctions upon those violating these rules, up to and including termination of the employment contract. No complaints about this matter may be obstructed; in addition, employees may leave out all superiors and submit their complaint directly to the Human Resources Department or the Legal Department.

Protection of Health, Safety and the Environment

Executives and employees must practice necessary caution and attention to carry on the Company's activities in the healthiest and safest manner, with the environmental impact thereof minimized.

4.9. Numbers, Structures and Independence of Committees within the Board of Directors

An Audit Committee was set up at the Board of Directors meeting held on April 9, 2009. Basile Yared was elected as the chairman of this committee, while Mehmet Habib Soluk and Samir Asaad O. Matbuoli were elected as its members. Dr. Paul (Boulos H.B.) Doany was elected as board member to replace Basile Yared and Samir Asaad O. Matbuoli was elected as the Chairman with resolution dated 20.10.2010; in 2011 Ghassan Hasbani was elected as the Chairman to replace Samir Asaad O Matbuoli, Mehmet Habib Soluk has also resigned from his duties as a board member on March 8, 2011. As per Article 10 of the Audit Committee Regulation, the Audit Committee meets at least four times a year, and is also entitled to hold additional meetings. The meetings are organized each quarter following the disclosure of financial statements.

A Board of Directors subcommittee titled Executive Committee was set up at the Board of Directors meeting held on April 9, 2009. Mohammed Hariri was elected as the chairman of this committee, while İbrahim Şahin was elected as its vice-chairman and Abdullah Tivnikli, Saad Zafer M. Al Kahtani and Dr. Paul (Boulos H.B.) Doany were elected as its members. Hakam Kanafani replaced Dr. Paul (Boulos H.B.) Doany with resolution dated 20.10.2010.

A Corporate Governance Committee has not been formed at the Company, but efforts for creating such committee are underway. Activities aimed at achieving compliance with the corporate governance principles are being carried out by the Capital Markets and Investor Relations Department.

4.10. Remuneration of the Board of Directors

Remuneration of the members of the Board of Directors is determined by the General Assembly in accordance with Article 369 of the Turkish Commercial Code and Article 8 of the Company's Articles of Association. Accordingly, the monthly salary determined at the General Meeting for Board members is TL 5,500. There is no performance measurement and performance-based rewarding system in place for the Board members. The Company has never lent money or extended loans to any Board member or executive, no credit has been given under the name personal loan through third persons, nor have any guarantees been provided such as suretyship in their favor.