

**INFORMATION DOCUMENT CONCERNING GENERAL MEETING OF  
OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş. FOR THE YEAR 2013  
TO BE HELD ON 28.03.2014**

**1. INVITATION TO ORDINARY GENERAL MEETING ON 28.03.2014**

The Ordinary General Meeting of the Company will be held at the address of Divan İstanbul Elmadağ, Asker Ocağı Cad. No. 1 Şişli, İstanbul (Tel: 0212 315 55 00) at 15:00 on Friday, 28.03.2014 in order to examine 2013 activities and conclude the agenda written below.

The Reports of the Board of Directors and the Auditors, the Financial Statements and the Independent Auditor's Report of the Independent Audit Firm Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited), the proposal for the Profit Distribution, and the Annual Report attached with the Report on the Compliance with the Corporate Governance Principles and this detailed Information Note on the issues in the agenda of General Meeting, all concerning the Account Year 2013, will be made available at the Head Office and Branch Offices of the Company, on the Internet site of the Company at [www.otokar.com.tr](http://www.otokar.com.tr) and the Electronic General Meeting System of the Central Registry Agency within the statutory time, that is, three weeks before the meeting, for review by the Shareholders.

Providing that the rights and obligations of those shareholders who cannot attend the meeting personally and who will attend the meeting via the electronic system are reserved, the shareholders are required to execute their proxies in compliance with the form posted on our Internet site or obtain the form of proxy from Yapı Kredi Yatırım Menkul Değerler A.Ş. (Yapı Kredi Plaza, Levent, İstanbul) or from the offices of the Company or from the Internet site of the Company at [www.otokar.com.tr](http://www.otokar.com.tr) and, by fulfilling the requirements set forth in II-30.1 numbered "Voting by proxy and Proxy Solicitation Communiqué" published in the 24.12.2013 dated and 28861 Official Gazette as well, present their proxies, the signature on which has been certified by a notary public, to the Company. Proxies who have been appointed electronically via the Electronic General Meeting System are not required to present a form of proxy. **Proxies that are not suitable to the sample of the proxy in the annex and compulsory in the aforementioned communiqué will not be accepted because of our legal responsibility.**

Those Shareholders who want to cast vote via the Electronic General Meeting System are kindly requested to get information from the Central Registry Agency, the Internet site of the Company at [www.otokar.com.tr](http://www.otokar.com.tr) or the Head Office of the Company (phone number: 0216 229 22 44) to be able to fulfill their obligations under the relevant Regulation and Communiqué.

Pursuant to the New Turkish Commercial Code Article 415, Clause 4 and Capital Markets Code Article 30, Clause 1, voting right is not depended on depositing the certificates of stock. Within this framework in case shareholders claim to participate in the General Meeting, they do not have to block their shares.

Providing that the provisions concerning casting of votes via an electronic medium in the voting on the Issues in the Agenda in the Ordinary General Meetings are reserved, the method of open voting by show of hands will be used.

All beneficiaries as well as representatives of the press and the media are invited to our General Meeting.

Notification to the Share Holders in the stock will not be performed in accordance with Capital Markets Code.

**BOARD OF DIRECTORS OF OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.**

**Headquarter:** Aydınevler Mahallesi Dumlupınar Caddesi No: 58 A Blok  
Küçükyalı – İstanbul

**Trade Registry Number:** İstanbul – 83467

## OUR ADDITIONAL DISCLOSURES AS PER THE REGULATIONS OF THE CAPITAL MARKETS BOARD (CMB)

The ones of the additional disclosures that must be done pursuant to the Communiqué II-17.1, Concerning “Corporate Governance Communiqué” of the Capital Markets Board which are related with the issues in the agenda are provided under the relevant issue of the agenda below, and the compulsory general disclosures are submitted to your information in this section.

### 1.1. The Shareholding Structure and the Voting Rights

There isn't any privilege in the articles of association of the Company for the use of the voting rights.

The voting rights of the shareholders are submitted to your information in the following table:

Shareholder	Amount of Shares (TL)	Rate of Capital (%)	Voting Right	Rate of Voting Right (%)
Koç Holding A.Ş.	10,722,699.81	44.68	10,722,699,810	44.68
Ünver Holding A.Ş.	5,954,943.83	24.81	5,954,943,830	24.81
Temel Ticaret A.Ş.	647,274.75	2.70	647,274,750	2.70
Ford Otosan Sanayi A.Ş.	140,599.17	0.59	140,599,174	0.59
Rahmi M. Koç	1,171.66	0.00	1,171,660	0.00
Publicly Held	6,533,310.78	27.22	6,533,310,776	27.22
<b>Total</b>	<b>24,000,000</b>	<b>100,00%</b>	<b>24,000,000,000</b>	<b>100,00%</b>

### 1.2. Information about any Management and Activity Changes which may Materially Affect the Corporate Activities of the Company or Affiliates of the Company:

The information about changes and reasons of such changes on management and activity that will affect the affiliation activities for following accounting periods or performed previous accounting periods.

Within the frame of our strategic targets as Otokar Otomotiv ve Savunma Sanayi A.Ş., no management and activity changes which may materially affect the activities of the Company occurred in 2013.

### 1.3. Information about the Requests of the Shareholders for Inclusion of an Issue into the Agenda:

The requests of the shareholders about the inclusion of an issue into the agenda that they submit to the Investor Relations Department in written, in case they are not accepted by the general meeting, the reasons and the request are listed below:

Such a request has not been received for the Ordinary General Meeting where the activities in 2013 will be discussed.

## **OUR REMARKS ON THE ISSUES IN THE AGENDA OF THE ANNUAL GENERAL MEETING OF 28.03.2014**

### **1. Opening and election of the Chairing Board:**

Election of the Chairman and Members of the Chairing Board which will manage the General Meeting will be done in accordance with the provisions of the “Turkish Commercial Code No. 6102” (TCC) and the “Regulation on the Procedures and Principles Applicable to General Meetings of Joint Stock Companies and the Representatives of the Ministry of Customs, Commerce to Attend the General Meetings” (the “Regulation” or the “General Meeting Regulation”) and Internal Directive of General Meeting Article 7.

### **2. Reading, discussion and adoption of the Annual Report 2013 which was prepared by the Board of Directors of the Company:**

Information will be provided about the Annual Report 2013, which also contains the corporate governance principles compliance report, which was made available to the shareholders for reviewing at the Head Office of the Company, on the Electronic General Meeting portal of the Central Registry Agency and on the Internet site of the Company at [www.otokar.com.tr](http://www.otokar.com.tr) for three weeks preceding the General Meeting pursuant to the TCC, the Regulation and the regulations concerning the Capital Markets Law, and it will be submitted to the opinion and approval of the shareholders.

### **3. Reading of the Independent Auditor’s Summary Report concerning the account year 2013:**

Information about the Auditor’s Report pursuant to provisions of the Turkish Commercial Code and the Independent Auditor’s Report prepared pursuant to the regulations of the Capital Markets Board, which were made available to the shareholders for reviewing at the Head Office of the Company, on the Electronic General Meeting portal of the Central Registry Agency and on the Internet site of the Company at [www.otokar.com.tr](http://www.otokar.com.tr), will be provided to the General Meeting.

### **4. Reading, discussion and adoption of the Financial Statements pertaining to the account period 2013:**

Information about our financial reports and statutory financial statements which were made available to the shareholders for reviewing at the Head Office of the Company, on the Electronic General Meeting portal of the Central Registry Agency and on the Internet site of the Company at [www.otokar.com.tr](http://www.otokar.com.tr) for three weeks preceding the General Meeting pursuant to the TCC, the Regulation and the regulations concerning the Capital Markets Law will be provided, and the same will be submitted to the opinion and approval of the shareholders.

### **5. Release of the members of the Board of Directors severally in respect of the activities in 2013:**

Release of the members of the Board of Directors severally in respect of the activities, transactions and accounts in 2013 as per the provisions of the TCC and the Regulation will be submitted to the approval of the General Meeting.

### **6. Provision of information on “Profit Distribution Policy” of the Company regarding 2013 and subsequent years pursuant to the regulations of the Capital Markets Board:**

The profit distribution policy of the Company as attached hereto in the ANNEX 1 will be submitted to the information of the General Meeting. In addition, the profit distribution policy was made available at the Head Office of the Company, on the Electronic General Meeting portal of the Central Registry

Agency and under the investor relations section of the Internet site of the Company at [www.otokar.com.tr](http://www.otokar.com.tr) for three weeks preceding the General Meeting.

**7. Adoption, adoption as revised or rejection of the proposal of the Board of Directors for distribution of the profit in 2013 and date of profit distribution:**

According to the financial statements for the account period of 01.01.2013-31.12.2013, which were prepared in compliance with the International Financial Reporting Standards in accordance with the provisions of the Communiqué II-19.1 of the Capital Markets Board and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of firm of Ernst & Young Global Limited), the Company has earned a “Non-Consolidated Net Profit in the Period” amounting to TL 96.561.743tl. The table regarding our profit distribution proposal which was prepared by taking into account our long term group strategies, and the capital requirements, the investment and financing policies, the profitability and the liquidity position of the Company is given in the **ANNEX 2**. Suggestion of the Board of Directors will be presented to opinion and approval of the shareholders.

**8. Determination of the number and office terms of the Members of the Board of Directors, election of the members according to the number of the members as determined and election of the Independent Members of the Board of Directors:**

New members will be elected to the place of the existing members of the Board of Directors whose office term has ended in accordance with the principles applicable to the election of the members of the Board of Directors as set forth in the articles of association of the Company pursuant to the CMB regulations, the TCC and the Regulation. In addition, independent member(s) will be elected to the Board in order to ensure compliance with the Corporate Governance Communiqué II-17.1 of the CMB.

Pursuant to the article 11 of the articles of association, the Company is administered by a Board of Directors formed by minimum 5 (five) members who are elected for maximum 3 years by the General Meeting as per the provisions of the Turkish Commercial Code. The General Meeting may decide to renew the Board of Directors even if the office term of it has not yet ended.

3 of persons nominated as members of the Board of Directors must meet the criteria of independency as defined in the mandatory Corporate Governance Principles of the CMB.

Upon the proposal of the Corporate Governance Committee which have evaluated the candidates presented to it, İsmet Böcügöz, Abdulkadir Öncül and Ahmet Nezih Olcay have been nominated by the Board of Directors as the Independent Members of the Board of Directors.

Curriculum vitae and Declaration of Independence of the nominees for the Board of Directors are given in the **ANNEX 3**.

**9. Provision of information about the “Compensation Policy” for the Members of the Board of Directors and the Top Executives and about the payments made in accordance with the policy to the Shareholders and approval of the same by the Shareholders:**

Pursuant to the mandatory Corporate Governance Principle no. 4.6.2 of the CMB, the principles applicable to the compensation of the members of the Board of Directors and the top executives must be in writing and submitted to the information of the shareholders as a separate item of the agenda and the shareholders must be given the opportunity to express their opinions on this issue at the General Meeting. The compensation policy prepared to this end is given in the **ANNEX 4**. As stated in the footnote 27 to the financial reports regarding the activity year 2013, benefits amounting to TL

11.649.528 in total were provided by Otokar Otomotiv ve Savunma San. A.Ş. to the top executives during 2013.

**10. Determination of the monthly remuneration to the members of the Board of Directors:**

The amount of the monthly gross remuneration to be paid to the members of the board of directors during 2014 in accordance with the Compensation Policy as submitted to the approval of the shareholders as the agenda item no. 9 will be determined by the shareholders.

**11. Approval of the selection of the Independent Audit Firm by the Board of Directors as per the Turkish Commercial Code and the regulations of the Capital Markets Board:**

It has been resolved by the Board of Directors at its meeting of 05.03.2013 to select, in consultation with the Committee in charge of Audits, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (a member firm of Ernst & Young Global Limited) to audit the financial reports of the Company pertaining to the account period 2013 and to carry out the other tasks under the relevant regulations in accordance with the Turkish Commercial Code and the regulations of the Capital Markets Board. This selection will be presented to the approval of the General Meeting.

**12. Provision of information to the Shareholders about the transactions executed with the related parties during 2012 as per the regulations of the Capital Markets Board:**

It has prepared in accordance with the provisions of the Communiqué Serial II.17.1, No. 10 of the Capital Markets Board. As per the aforementioned article, the principles applicable to any common and continuous transactions of corporations whose stocks are traded in the stock exchanges with any related parties involving transfer of assets, services and obligations are established by a resolution of the board of directors. If the amount of such transactions reaches or exceeds within an account period 10% of the total assets or the total gross sales of the corporation as stated in its annual financial statements required to be disclosed to public pursuant to the regulations of the CMB, the board of directors of the corporation must prepare a report on the conditions of such transactions as compared with the market conditions and disclosure of this report from Public Disclosure Platform is mandatory.

In this context, information about our related-party transactions in such nature as described above as executed over 2012 will be provided to the shareholders. The prepared reports are given in the ANNEX 5.

**13. Provision of information to the Shareholders about donations during 2012 and establishment of an upper limit for donations to be made during 2014:**

Pursuant to the Communiqué II-19.1 of the Capital Markets Board on Profit Sharing, the limit of the donation have to be identified by the general meeting in case it is not identified in the articles of association and payments have to be presented to the information of the shareholders. Donations made to foundations and societies during 2013 amounts to 2.038.442 TL. In addition, the limit of the donation to be made during 2014 will be established by the general meeting.

**14. Giving information to the Shareholders about the income or benefits gathered by pledge, security, mortgage and bailment that Company and affiliates has given to 3<sup>rd</sup> parties in 2013.**

Pursuant to the Communiqué II-17.1 of the Capital Markets Board on Corporate Governance Article 12, reserving an agenda topic in the general meeting of the company for income or benefits gathered by pledge, security, mortgage and bailment that Company and affiliates has given to 3<sup>rd</sup> parties in 2013, the Company has not any pledge, security, mortgage and bailment in order to provide debt of 3<sup>rd</sup> parties for ordinary commercial activities of the company.

**15. Granting of consents to shareholders who control the management, to the members of the Board of Directors and the top executives who own shares in the capital of the Company and to spouses and up to third degree blood and in-law relatives of these persons as per the articles 395 and 396 of the Turkish Commercial Code and the regulations of the Capital Markets Board, and provision of information to shareholders about any transactions of this nature as executed during 2013 pursuant to the Corporate Governance Principles:**

Execution of transactions by the members of the Board of Directors within the frame of the first paragraph of the article 395, titled “Ban on Execution Transaction with Company and on Borrowing from Company”, and the article 396, titled “Ban on Competition”, and of the TCC is possible only by the consent of the General Meeting.

Pursuant to the mandatory Corporate Governance Principle no. 1.3.7 of the CMB, in order that the shareholders who control the management, the members of the Board of Directors, the top executives and the spouses and up to third degree blood and in-law relatives of these persons can execute such transactions which may cause a conflict of interest and/or in case of performing the transaction that is similar to the business transaction of the company or affiliates on its or anyone’s behalf or entering to any other partnership as unlimited shareholder; aforementioned issues are put on the agenda in the general meeting and written to the minutes of the general meeting.

In order to fulfill the requirements of these regulations, granting of this consent will be submitted to the approval of the shareholders at the General Meeting and in addition the shareholders will be informed of any transactions of this nature as executed during the year.

**16. Wishes and views.**

**ANNEXES:**

**ANNEX 1** Profit Distribution Policy

**ANNEX 2** Profit Distribution Table pertaining to Distribution of the Profit in 2013

**ANNEX 3** Curriculum Vitae and Declaration of Independence of the Nominees to the Board of Directors

**ANNEX 4** Compensation Policy for Members of the Board of Directors and Top Executives

**ANNEX 5** Report on Related-Party Transactions



**OTOKAR OTOMOTİV VE SAVUNMA SAN. A.Ş.  
PROFIT DISTRIBUTION POLICY**

The Company makes profit distribution in accordance with the provisions of the Turkish Commercial Code, the Capital Market Legislation, the Tax Legislation and the other laws and regulations as well as the articles of the articles of association concerning the profit distribution. A stable and balanced policy observed between the shareholders and Company benefits as per to the Corporate Governance Principles.

In principle, based on the net profit in the period as set out in the financial statements prepared in accordance with the Capital Market Legislation and subjected to independent audit, minimum 50% of the “distributable profit in the period” as calculated in accordance with the Capital Market Legislation and the other relevant laws and regulations is distributed in cash or as gratis shares.

The profit distribution is aimed to be performed in one month at the latest after the General Meeting; General Meeting also decides the profit distribution date. General Meeting or Board of Directors in case authorization can decide distribution of the profit as installment as per to the Capital Markets Arrangements.

Board of Directors can distribute profit advance with the condition of compliance to the Capital Markets Arrangements and authorization by the General Meeting.

## PROFIT DISTRIBUTION PROPOSAL FOR THE ACCOUNT PERIOD OF 01.01.2013-31.12.2013

According to our financial statements pertaining to the account period of 01.01.2013-31.12.2013 which have been issued by the Company in compliance with the International Financial Reporting Standards and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in accordance with the provisions of the “Principles Relating to Financial Reporting in Capital Market Communiqué” II-14.1. of the Capital Market Board, Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/IFRS) “Non-consolidated Net Profit in the Period” amounting to TL 96.561.743 has been earned. Our proposal for the profit distribution prepared by taking into account our long term corporate strategy, the capital requirements of the Company, the investment and financing policies, and the profitability and cash position is given below. As per the resolution to be taken by the General Meeting, payment of the dividend will start on 04.04.2014.

Otokar Otomotiv ve Savunma Sanayi A.Ş. Profit Distribution Statement 2013 (TL)			
1. Paid-up/Issued Capital		24.000.000	
2. Total Statutory Reserves (based on the Statutory Records)		29.078.147	
Information about any privilege provided in the articles of association regarding the profit distribution			
		According to the Capital Market Board	According to the Statutory Records
3.	Profit in the Period	108.248.320	244.495.080
4.	Taxes Payable (-)	11.686.577	43.581.319
5.	Net Profit in the Period (=)	96.561.743	200.913.761
6.	Losses in Previous Years (-)		
7.	Primary Statutory Reserve (-)		
8.	NET DISTRIBUTABLE PROFIT IN THE PERIOD (=)	96.561.743	200.913.961
9.	Donations made during the year (+)	2.038.442	
10.	Net distributable profit in the period plus the donations based on which the primary dividend is calculated	98.600.185	
11.	Primary dividend to shareholders		1.200.000
	-Cash	49.300.093	
	-Gratis Shares		
	-Total		
12.	Dividend Paid to Holders of Preferential Shares		
13.	Dividend to members of the board of directors, employees, etc.		
14.	Dividend to holders of dividend shares		
15.	Secondary Dividend to Shareholders	38.592.401,14	98.800.000
16.	Secondary Statutory Reserve	8.669.249	9.880.000
17.	Statutory Reserves		
18.	Special Reserves		
19.	EXTRAORDINARY RESERVE	-	91.033.761
20.	Other Funds Proposed to be Distributed	12.107.506	-
21.	Secondary Legal Reserve set aside from Other Distributable Funds	1.210.751	-

### TABLE OF RATE OF PROFIT

	GROUP	TOTAL AMOUNT OF DIVIDEND (TL)		TOTAL DISTRIBUTABLE DIVIDEND / NET DISTRUBUTABLE PERIOD PROFIT	DIVIDEND PER SHARE AT PAR VALUE OF TL 1.00	
		CASH (TL)	FREE (TL)	RATE (%)	AMOUNT (TL)	RATE (%)
GROSS	A	100.000.000	0	104 %	4.16667	416.667
	B					
	TOTAL	100.000.000	0	104 %	4.16667	416.667
NET	A	85.000.000	0	88 %	3.54167	354.167
	B					
	TOTAL	85.000.000	0	88 %	3.54167	354.167

**CURRICULUM VITAE OF THE MEMBERS OF THE BOARD OF DIRECTORS****Kudret Önen****(Nominee of Member of Board of Directors)**

Born in 1953, İstanbul, Mr. Önen completed his higher education at the Mechanical Engineering Department of Gazi University. He joined Koç Group of Companies at Ford Otosan in 1975. After becoming the Manager of R&D Department at Koç Holding in 1980 and the Assistant General Manager at Otokar in 1984, he continued the duty of General Manager at Otokar between 1994 and 2005. After he undertook the duty of Co-President of Other Automotive Companies of Koç Holding in 2005, he acted as the President of Defense Industry and Other Automotive Group of Koç Holding between 2006 and 2010. He has been working as the President of Defense Industry, Other Automotive Companies and Information Group of Koç Holding since 2010.

As a member not carrying out any executive duty within the meaning of the Corporate Governance Principles of the Capital Market Board, Mr. Önen does not qualify as an independent member. The duty undertaken by him during the last ten years is as outlined above, and he currently has a seat in the boards of directors of various companies within Koç Group of Companies.

**Halil İbrahim Ünver****(Nominee of Member of Board of Directors)**

Born 1950, İstanbul, Mr. Ünver was graduated from Higher Technical School of Ulmer in Germany. He is currently acting as the Chairman of the Board of Directors of Ünver Holding.

As a member not carrying out any executive duty within the meaning of the Corporate Governance Principles of the Capital Market Board, Mr. Ünver does not qualify as an independent member. The duty undertaken by him during the last ten years is as outlined above, and he currently has a seat in the board of directors of Otokar.

**Osman Turgay Durak****(Nominee of Member of Board of Directors)**

Born 1952, İstanbul, Mr. Durak completed his graduation and post-graduation study at Mechanical Engineering Department of Northwestern University (the USA). He joined the Koç Group of Companies at Ford Otomotiv as the product development engineer in 1976, he was appointed as the Assistant General Manager in 1986, as the Chief Assistant General Manager in 2000 and as the General Manager of Ford Otosan in 2002. He worked as the President of the Koç Holding Automotive Group between 2007 and 2009. He worked as the Vice CEO of Koç Holding after May 2009 and then was appointed as CEO of Koç Holding and as the Member of the Board of Directors in April 2010. He also worked as the Chairman of the Board of Directors of the Association of Automotive Industrialists for 6 years between 2004 and 2010.

As a member not carrying out any executive duty within the meaning of the Corporate Governance Principles of the Capital Market Board, Mr. Durak does not qualify as an independent member. The duties undertaken by him during the last ten years are outlined above. Mr. Önen currently has seats at board of directors of some companies within the Koç Group of Companies.

**Ali Tarık Uzun****(Nominee of Member of Board of Directors)**

Born 1964, Mersin, Mr. Uzun was graduated from the Economics Department of the Faculty of Science of Politics of Ankara University and obtained post-graduation degree on Business Administration at Koç University. He started his professional career as Account Expert at the Ministry of Finance in 1985. He started his career at Koç Holding as Assistant Finance Coordinator at the Presidency of Audit and Finance Group at Hoç Holding in 1992. Worked as Coordinator between 1996 and 2003, Mr. Uzun has been working as the Audit Group President of Koç Holding since 2004.

As a member not carrying out any executive duty within the meaning of the Corporate Governance Principles of the Capital Market Board, Mr. Uzun does not qualify as an independent member. The duties undertaken by him during the last ten years are outlined above. Mr. Uzun currently has seats at boards of directors of some companies within the Koç Group of Companies.

**A. Serdar Görgüç**  
**(Nominee of Member of Board of Directors)**

Born 1959, İzmir, Mr. Görgüç completed his graduation study at Mechanical Engineering Department of Bosphorus University and post-graduation study at Business Department of Istanbul University. He joined the Koç Group of Companies at the Research and Development Center of Koç Holding in 1982. He worked as the Manager of Automotive Department of the Research and Development Center until 1985. He was appointed as the Advanced Projects Design Manager at Otokar in 1985. He worked as the Product Engineering Manager between 1989 and 1995 and as the Assistant General Manager in charge of Engineering between 1995 and 2005. He has been working as the General Manager at Otokar since 2006.

As a member not carrying out any executive duty within the meaning of the Corporate Governance Principles of the Capital Market Board, Mr. Görgüç does not qualify as an independent member. The duties undertaken by him during the last ten years are outline above. He currently works within the organization of the Koç Group of Companies.

**Tuğrul Kudatgobilik**  
**(Nominee of Member of Board of Directors)**

Born 1940, İstanbul, Mr. Kudatgobilik was graduated from the Law Faculty of İstanbul University. He obtained master's degree on Economics at London School of Economics. He started his career at the Koç Group of Companies in 1968 and undertook various positions at the Group Companies, mainly Arçelik, for 34 years. He was then elected as the Member of the Board of Directors of MESS (Turkish Union of Metal Industrialists). He has been acting as the Chairman of the Board of Directors of MESS since April 2001. Mr. Kudatgobilik is also the Chairman of the Boards of Directors of MESS Education Foundation (MEV) and MESS Entegre Geri Kazanım ve Enerji A.Ş. (MSG).

As a member not carrying out any executive duty within the meaning of the Corporate Governance Principles of the Capital Market Board, Mr. Kudatgobilik does not qualify as an independent member. The duties undertaken by him during the last ten years are outlined above. Mr. Kudatgobilik currently has seat at the board of directors of Otokar.

**İsmet Böcügöz**  
**(Independent Member Nominee of the Board of Directors)**

Born 1943, Burdur, Mr. Böcügöz completed his higher education with bachelor's degree in Business at the Academy of Economics and Commercial Sciences in İstanbul. He worked as bank inspector between 1968 and 1972. He joined the Koç Group of Companies at the Finance Group of Tofaş in 1972. He worked as Chief Accountant and Manager at Tofaş until 1995. He worked at Otokar as the Assistant General Manager in charge of Financial Affairs between 1995 and 2003. He quit this duty for reason of retirement.

Not acting as an executive member, Mr. Böcügöz qualifies as an independent member within the meaning of the Corporate Governance Principles of the Capital Market Board. The duties undertaken by him during the last ten years are outlined above. He quit these positions for reason that his office term has come to an end. He has no relationship with Koç Holding A.Ş. and related parties during the last five years.

**Abdülkadir Öncül**  
**(Independent Member Nominee of the Board of Directors)**

Born 1946, Merzifon, Samsun, Mr. Öncül completed his higher education with bachelor's degree in Business at the Faculty of Economics of İstanbul University. He started his career at Otosan Otomotiv in 1970. He worked as the Finance Manager at Otokar between 1977 and 1984. He worked as manager at Doğan Group between 1984 and 2001 and quit this job for reason of retirement.

Not acting as an executive member, Mr. Abdülkadir Öncül qualifies as an independent member within the meaning of the Corporate Governance Principles of the Capital Market Board. He has no relationship with Koç Holding A.Ş. and its related parties during the last five years

**Ahmet Nezh Olcay**  
**(Independent Member Nominee of the Board of Directors)**

Born 1947, İstanbul/Beylerbeyi, Mr. Olcay completed his higher education with bachelor's degree in Business at the Academy of Economics and Commercial Sciences in İstanbul. He started his career at Tofaş in 1971. He worked as Chief of Accounting Services, Accounting Manager, Financial General Manager, Foreign Relations Manager, Foreign Relations

Group Director and Accounting, Finance and Control Group Director with Group A signing authority. He retired from Tofaş which he worked for 36 years at the end of 2007.

During the years working in Tofaş, he worked as Member of Board of Members and Vice Chairman.

He worked as General Coordinator, Vice Chairman and Chairman of Board of Directors in Plastiform Sanayi ve Ticaret A.Ş. between 2008 and 2012.

Not acting as an executive member, Ahmet Nezhil Olcay qualifies as an independent member within the meaning of the Corporate Governance Principles of the Capital Market Board. He has no relationship with Koç Holding A.Ş. and its related parties during the last five years

## DECLARATION OF INDEPENDENCE

I hereby declare that

I am candidate to be appointed as “independent member” pursuant to the principles of Corporate Governance Communiqué of Capital Markets Board and relating regulation and articles of incorporation in the Board of Directors of Otokar Otomotiv ve Savunma San. A.Ş. (the Company).

a) I, my spouse and up to third degree blood and in-law relatives of these persons have not any relationship with the company, shareholders who own the power of management or significantly effective for the management of the company and legal persons which owns the management control within last five years employed as executive who undertakes important duty and obligations, have not own more than 5 % of capital or voting rights or privileged shares together or itself and have not any significant commercial relation.

b) I have not worked and employed or I am not shareholder (5% or more) or the executive who has important duties and obligations in the companies that the company purchased or sold any service or goods especially audit (including tax audit, legal audit and internal audit), rating and consultancy of the company within the agreements.

c) I have professional qualification, knowledge and experience in order to perform the duties that I will undertake because I will be Independent Member of Board of Directors.

d) In case of election, I will not work in any kind of State Institutions and Organizations instead of academic purposes in a university.

e) I am residing at Turkey in compliance with Income Tax Law Article 193, 31.12.1960.

f) I have strong ethical standards, professional dignity and experience to make positive contributions to company activities, to protect conflict of interest arouses between the shareholders and company and to decide freely by taking into account the rights of the stakeholders.

g) I will allocate time in order to follow the operation of the company activities and perform the requirements of the duties that I have undertaken.

h) I have not performed member of board of directors of the company more than six years within the last ten years.

i) I am not appointed as independent member of board of directors in at least three of the companies that the company or the shareholders who own the management power of the company and not more than five of the companies in stock exchange.

j) I am not registered and declared on behalf of the legal entity that is elected as member of board of directors.

İSMET BÖCÜGÖZ

## DECLARATION OF INDEPENDENCE

I hereby declare that

I am candidate to be appointed as “independent member” pursuant to the principles of Corporate Governance Communiqué of Capital Markets Board and relating regulation and articles of incorporation in the Board of Directors of Otokar Otomotiv ve Savunma San. A.Ş. (the Company).

a) I, my spouse and up to third degree blood and in-law relatives of these persons have not any relationship with the company, shareholders who own the power of management or significantly effective for the management of the company and legal persons which owns the management control within last five years employed as executive who undertakes important duty and obligations, have not own more than 5 % of capital or voting rights or privileged shares together or itself and have not any significant commercial relation.

b) I have not worked and employed or I am not shareholder (5% or more) or the executive who has important duties and obligations in the companies that the company purchased or sold any service or goods especially audit (including tax audit, legal audit and internal audit), rating and consultancy of the company within the agreements.

c) I have professional qualification, knowledge and experience in order to perform the duties that I will undertake because I will be Independent Member of Board of Directors.

d) In case of election, I will not work in any kind of State Institutions and Organizations instead of academic purposes in a university.

e) I am residing at Turkey in compliance with Income Tax Law Article 193, 31.12.1960.

f) I have strong ethical standards, professional dignity and experience to make positive contributions to company activities, to protect conflict of interest arouses between the shareholders and company and to decide freely by taking into account the rights of the stakeholders.

g) I will allocate time in order to follow the operation of the company activities and perform the requirements of the duties that I have undertaken.

h) I have not performed member of board of directors of the company more than six years within the last ten years.

i) I am not appointed as independent member of board of directors in at least three of the companies that the company or the shareholders who own the management power of the company and not more than five of the companies in stock exchange.

j) I am not registered and declared on behalf of the legal entity that is elected as member of board of directors.

ABDULKADİR ÖNCÜL

## DECLARATION OF INDEPENDENCE

I hereby declare that

I am candidate to be appointed as “independent member” pursuant to the principles of Corporate Governance Communiqué of Capital Markets Board and relating regulation and articles of incorporation in the Board of Directors of Otokar Otomotiv ve Savunma San. A.Ş. (the Company).

a) I, my spouse and up to third degree blood and in-law relatives of these persons have not any relationship with the company, shareholders who own the power of management or significantly effective for the management of the company and legal persons which owns the management control within last five years employed as executive who undertakes important duty and obligations, have not own more than 5 % of capital or voting rights or privileged shares together or itself and have not any significant commercial relation.

b) I have not worked and employed or I am not shareholder (5% or more) or the executive who has important duties and obligations in the companies that the company purchased or sold any service or goods especially audit (including tax audit, legal audit and internal audit), rating and consultancy of the company within the agreements.

c) I have professional qualification, knowledge and experience in order to perform the duties that I will undertake because I will be Independent Member of Board of Directors.

d) In case of election, I will not work in any kind of State Institutions and Organizations instead of academic purposes in a university.

e) I am residing at Turkey in compliance with Income Tax Law Article 193, 31.12.1960.

f) I have strong ethical standards, professional dignity and experience to make positive contributions to company activities, to protect conflict of interest arouses between the shareholders and company and to decide freely by taking into account the rights of the stakeholders.

g) I will allocate time in order to follow the operation of the company activities and perform the requirements of the duties that I have undertaken.

h) I have not performed member of board of directors of the company more than six years within the last ten years.

i) I am not appointed as independent member of board of directors in at least three of the companies that the company or the shareholders who own the management power of the company and not more than five of the companies in stock exchange.

j) I am not registered and declared on behalf of the legal entity that is elected as member of board of directors.

AHMET NEZİH OLCAY



## COMPENSATION POLICY FOR TOP EXECUTIVES AND MEMBERS OF BOARD OF DIRECTORS

This policy document identifies compensation system and applications of members of Board of Directors and Top Executives who have managing obligations within the content of the arrangements of Capital Markets Board.

A fixed remuneration is determined to be valid for all members of the board of directors at the annual general meeting of the company each year.

Additional salary is paid to the members of the board of directors who have executive duties in accordance with the policy established for the top executives.

To the members of the board of directors who undertake duties in committees established by the board of directors, a premium determined by the board of directors based on the contributions, attendance to meetings and functions of the members can be paid in accordance with the opinion of the Corporate Governance Committee at the end of each year. If any payment has made to members of Governance Committee within this context, it will be set off the mentioned amount at the end of the year.

For compensation of the independent members of the board of directors, the payment plans based on the performance of the company are not used.

Payment to the members of the board of directors is made on pro rata basis by taking into account the duration they were on duty between the date of appointment and the date of resignation. Expenses incurred by the members of the board of directors on account of their contributions to the company (transportation, telephone, insurance, etc.) may be paid by the company.

Top executive salaries are consisted of two compounds; fixed and performance based.

Fixed salaries of Top Executives are established in accordance with the international standards and the legal obligations by taking into account the macro-economic data in the market, the compensation policies prevailing in the market, the size and long term targets of the company and the positions of the individuals.

Premiums for the Top Executives are calculated according to the premium basis, the performance of the company and the individual performance. Some information about the criteria is summarized below:

- **Premium Basis:** Premium Bases are updated at the beginning of each year and vary according to the job size of the positions of the executives. In the updating of the premium bases, the top management premium policies in the market are taken into account.
- **Performance of the Company:** Performance of the company is obtained by measuring the financial and operational targets (market share, exports, overseas operations, productivity, etc.) assigned to the company at the beginning of each year at the end of the period. When the targets of the company are established, that the success is sustainable and includes improvements compared with the previous years are the principles which are importantly taken into account.
- **Individual Performance:** In the determination of the individual performance, targets related with the employee, the client, the process, the technology and the long term strategy are taken into account together with the targets of the company. In the measurement of the individual performance, the long term sustainable improvement principle outside the financial areas as well is taken into account in parallel with the performance of the company.

In case of resignation of the top executives of our company, resignation premium can be paid by taking into consideration the term of appointment, term of top executive, provided contribution, last target premium before resignation date, salary at last year and premium information.

Total amounts as determined based on these principles and paid to the members of the board of directors during the year are submitted to the approval of the shareholders at the next general meeting.

**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.**  
**REPORT ON THE TRANSACTIONS WITH RELATED PARTIES IN 2012**

**General Information**

This report is issued pursuant to the Article 10 Communiqué (the Communiqué) Serial II.17.1, of the Capital Market Board (CMB). Pursuant to the said article, in the event that the amount of transactions executed by corporations whose stocks are traded at the Istanbul Stock Exchange routinely and on an ongoing basis with their related parties involving asset, service and liability transfers is equal to or exceeds 10% of the total assets or total gross sales set out in the annual financial statements of such corporations which are disclosed to the public, the board of directors of the corporation is obliged to prepare a report on the conditions of such transactions, compared with the conditions prevailing in the market.

The purpose of this Report is to disclose the conditions of the transactions executed by Otokar Otomotiv ve Savunma Sanayi A.Ş. (the Company) with related persons defined in the International Accounting Standard No. 24 (IAS 24), providing that they are not considered as trade secrets, and to demonstrate that the Company has not incurred any disadvantage as a result of such transactions when compared with the conditions prevailing in the market, pursuant to the regulations of the Capital Market Board.

Detailed information about the transactions executed by Otokar Otomotiv ve Savunma Sanayi A.Ş. with related parties during 2013 is given in the footnote no. 27 to the financial statements disclosed to the public in respect of the operations of the Company in 2013. In this report, only the suitability of the transactions relating the sales to RAM Dış Ticaret A.Ş. which exceed the 10% limit in view of the prevailing market conditions is evaluated. It is also expected that the transactions will exceed 10 % limit that is identified in the Communiqué the same as in 2014.

**Information about Otokar Otomotiv ve Savunma Sanayi A.Ş.**

Otokar was established in 1963. The product range of Otokar, which is in the light commercial vehicles segment of the automotive industry, consists of vehicles targeting the commercial market and the public and private transport market, like minibus, midibus and bus on the one hand and of various 4x4 drive terrain vehicles and rubber tire light armored vehicles used in the defense industry services on the other. In addition, trailers and semi-trailers are manufactured under the brand name of Otokar-Fruehauf for the transportation and logistics industry.

As of 31.12.2013, the registered capital of the Company is 100 million TL and the issued capital 24 million TL.

The shareholders owning more than 10% of the capital and the amounts and rates of shares held by them are as follows:

<u>Title of the Shareholders</u>	<u>Share Amount (TL)</u>	<u>Share %</u>
Koç Holding A.Ş.	10.722.750	44,68
Ünver Holding A.Ş.	5.954.944	24,81
<u>Other Affiliates</u>	<u>7.322.306</u>	<u>30,51</u>
Total	24.000.000	100,00

### Information about the Related Companies being the subject of this Report

Ram Dış Ticaret A.Ş. is registered with the İstanbul Trade Registry Office under registration number 109050 and engaged in wholesale trade at the address of Rüzgarlıbahçe, Kavacık Kavşağı, Energy Plaza Kat 2 Beykoz İstanbul.

Ram Dış Ticaret Anonim Şirketi was established in 16.11.1970. Business field of Ram Dış Ticaret A.Ş. includes wholesale trade, importation, exportation, domestic and overseas marketing of every kind of goods and providing consultation services to third persons and to the major company in Turkic Republics on aviation and surplus value by performing purchases in the iron and steel trade to group companies and subordinate industries and evaluating the job opportunities by following the markets of regions and countries via their offices in North Africa, Turkic Republics and Iraq. By this means various projects have performed in different industries as energy, automotive, paper, defense etc.

31.12.2013 dated Financial Statement Summary of independent audit of the Non-Public Company is shown below:

Ram Dış Ticaret A.Ş. 31.12.2013 Summary of Financial Statement (Thousand TL)	
Net Sales	533.987
Gross Profit	19.009
Activity Profit	8.757
Profit Before Taxes	10.337
Net Profit	8.308
Total Assets	297.764

The capital of the company is TL 6,000,000. The details of the shareholding structure are as follows.

Name / Trade Name of the Shareholder	Rate of Share (%)
Koç Holding A.Ş.	39,74
Arçelik A.Ş.	33,50
Temel Ticaret ve Yatırım A.Ş.	14,66
Other	12,10

## **Information about the Conditions of Transactions Executed with Related Persons and the Consistency of such Conditions with the Prevailing Market Conditions**

Sales of the Company which appear to have exceeded the 10% limit between 01.01.2013 and 31.12.2013 were made to Ram Dış Ticaret A.Ş. and explanations about these transactions are given in the item 27 of the Independent Audit Report dated December 31, 2013.

Sales made to Ram Dış Ticaret A.Ş. consist of sales made on condition of exportation to non-related third persons. While the amounts invoiced to Ram Dış Ticaret A.Ş. and to third persons who have purchase the same products are the same, Ram Dış Ticaret A.Ş. only charges commission for the services it provides.

All negotiations with third persons regarding the transactions being the subject of the sales of Ram Dış Ticaret A.Ş. are carried out by Otokar and all contracts, payment risks and potential inventory risks are tracked by Otokar as well. Thus, all risks are born by Otokar, and Ram Dış Ticaret A.Ş. 46

only follows the operational works and documentary formalities and charges a commission in consideration of this service. As these explanations show, our commercial relationship with Ram Dış Ticaret A.Ş. is in essence not the sale of products exceeding the 10% limit, but is the amount of commission paid for such transactions.

A sales transaction amounting to TL 186.982.566 was realized between the Company and Ram Dış Ticaret A.Ş. as the related party during 2013. All of these transactions consist of the sales made on export condition under the same conditions applied to non-related third persons. In addition, the total amount of the commission invoices, which is the real related transaction of Ram Dış Ticaret A.Ş. with Otokar, is TL 1.063.707. The commission amount that is the real correspondence of the parties is far below the limits and it is identified appropriate to the market conditions via comparable cost method.

### **Conclusion**

As a result that the product sale transactions of this Company with Ram Dış Ticaret A.Ş. which are carried out routinely and on an ongoing basis exceeded 10% of the total assets and expecting related party transactions over this limit within 2014 or total gross sales set out in the annual financial statements in 2013 to be disclosed to the public during one account period as provided in the Communiqué (Communiqué) Serial II.17.1, of the Capital Market Board (CMB), this report explains that because of the fact that the sales made to Ram Dış Ticaret A.Ş. were sales made on exportation condition, the sales were made for the same price applied to non-related third parties and that only a commission charge in small amount has been paid for the received services and gives information about the position of such transactions in view of the prevailing market conditions.