

**INFORMATION DOCUMENT**  
**CONCERNING 50th ANNUAL GENERAL MEETING OF SHAREHOLDERS OF**  
**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.**  
**TO BE HELD AT 11:00 HOURS ON 27.03.2013**

The Annual General Meeting of Shareholders 2012 of the Company will be held at the address of Divan İstanbul Elmadağ, Asker Ocağı Cad. No. 1 Şişli, İstanbul at 11:00 hours on Wednesday,27.03.2013.

The Reports of the Board of Directors and the Auditors, the Financial Statements and the Independent Auditor's Report, 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 2012, 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.

Pursuant to the 4<sup>th</sup> paragraph of the article 415 of the new Turkish Commercial Code No. 6102 and the 1<sup>st</sup> paragraph of the article 30 of the Capital Markets Law No. 6362, the right to attend and cast vote at the general meeting is not dependent on the condition of depositing of the share certificates. Therefore, the shareholders who want to attend the General Meeting do not need to have their shares blocked. However, if those shareholders who do not want that their identities and the information about the shares in their accounts be notified to the Company and whose data cannot be seen by the Company because of this want to attend the General Meeting, they must apply to the intermediary institutions where their accounts are held and lift the "restriction" which prevents notification of their identity details and the information about the shares in their accounts to the Company at latest until 16.30 hours on the day preceding the General Meeting.

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: 0264 229 22 44) to be able to fulfill their obligations under the relevant Regulation and Communiqué.

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 the Communiqué Serial IV, No. 8 of the Capital Markets Board 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.

Providing that the provisions concerning casting of votes via an electronic medium in the voting on the Issues in the Agenda in the Annual/Extraordinary 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.

## 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 Serial IV, No. 41 Concerning “Principles to be Complied with Joint Stock Companies Being Subject to the Capital Markets Law” and the Communiqué Serial IV, No. 57 Concerning “Establishment and Implementation of Corporate Governance Principles” 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 general disclosures are submitted to your information in this section.

### 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>

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

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 2012.

### 3. Information about the Requests of the Shareholders, the CMB or any Other Public Authorities for Inclusion of an Issue into the Agenda:

Such a request has not been received for the Annual General Meeting where the activities in 2012 will be discussed.

## **OUR REMARKS ON THE ISSUES IN THE AGENDA OF THE ANNUAL GENERAL MEETING OF 27.03.2013**

### **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 and Commerce to Attend the General Meetings” (the “Regulation” or the “General Meeting Regulation”).

### **2. Reading, discussion and adoption of the Report of the Board of Directors 2012 and the Annual Report 2012 which were prepared by the Board of Directors of the Company:**

Information will be provided about the Annual Report 2012, 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 Auditor’s Report and the Independent Auditor’s Summary Report concerning the account year 2012:**

Information about the Auditor’s Report prepared by the statutory auditors elected to audit the activities in 2012 pursuant to provisions of the Turkish Commercial Code 6762 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, and they will be submitted to the opinion and approval of the shareholders.

### **4. Reading, discussion and adoption of the Financial Statements pertaining to the account period 2012:**

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. Approval of the changes made to the memberships of the Board of Directors during the year as per the article 363 of the Turkish Commercial Code:**

To the memberships vacated due to resignations of Kudret Önen, Osman Turgay Durak, Tuğrul Kudatgobilik, Halil İbrahim Ünver, Ali Tarık Uzun and Ahmet Serdar Görgüç as members of the Board of Directors during the years pursuant to the article 25, titled the

“Board of Directors”, of the Law No. 6103 on the Coming into Effect and Manner of Implementation of the Turkish Commercial Code, the said persons have been re-elected as per the article 363 of the TCC.

The curriculum vita of Kudret Önen, Osman Turgay Durak, Tuğrul Kudatgobilik, Halil İbrahim Ünver, Ali Tarık Uzun and Ahmet Serdar Görgüç who have been appointed during the year, which have been prepared in accordance with the Corporate Governance Principles of the CMB, are given in the **ATTACHMENT 4**.

**6. Release of the members of the Board of Directors and the Auditors severally in respect of the activities in 2012:**

Release of the members of the Board of Directors and the auditors severally in respect of the activities, transactions and accounts in 2012 as per the provisions of the TCC and the Regulation will be submitted to the approval of the General Meeting.

**7. Provision of information to the Shareholders about the “Profit Distribution Policy” of the Company regarding 2012 and subsequent years pursuant to the regulations of the Capital Markets Board:**

The profit distribution policy of the Company as attached hereto in the **ATTACHMENT 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.

**8. Adoption, adoption as revised or rejection of the proposal of the Board of Directors for distribution of the profit in 2012 and date of profit distribution:**

According to the financial statements for the account period of 01.01.2012-31.12.2012, which were prepared in compliance with the International Financial Reporting Standards in accordance with the provisions of the Communiqué Serial XI, No. 29 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 76,384,978. 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 **ATTACHMENT 2**.

**9. Adoption, adoption as revised or rejection of the proposal of the Board of Directors for changing of the registered capital ceiling of the Company as TL 100,000,000.00 (Turkish lira, one hundred million), providing that necessary approvals are obtained from the Capital Markets Board and the Ministry of Customs and Commerce:**

Proposal of the Board of Directors for changing of the registered capital ceiling as TL 100,000,000.00 (Turkish lira, one hundred million) will be submitted to the approval of the General Meeting. Applications will be made to the CMB and the Ministry of Customs and Commerce for the said amendments to the articles of association.

- 10. Adoption, adoption as revised or rejection of the proposal of the Board of Directors for amendment of all articles of the Articles of Association, except for the article 1, titled “Incorporation”, the article 2, titled “Founders”, and the article 6, titled “Term”, and for deletion of all articles from the article 23 to the article 32, providing that necessary approvals are obtained from the Capital Markets Board and the Ministry of Customs and Commerce:**

The Amendments proposed to be made to the Articles of Association as contained in the **ATTACHMENT 3** in order to ensure compliance with the provisions of the Turkish Commercial Code No. 6102 and the Capital Markets Law will be submitted to the approval of the General Meeting. Applications will be made to the CMB and the Ministry of Customs and Commerce for the said amendments to the articles of association.

- 11. 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 Communiqué Serial IV, No. 56 of the CMB.

Pursuant to the article 10 of the articles of association, the Company is administered by a Board of Directors formed by minimum 5 members who are elected for maximum 3 (three) 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.

2 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 and Abdulkadir Öncül have been nominated by the Board of Directors as the Independent Members of the Board of Directors.

Curriculum vitae of the nominees for the Board of Directors are given in the **ATTACHMENT 4**.

- 12. 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 **ATTACHMENT 5**. As stated in the footnote 27 to the financial reports regarding the activity year 2012, benefits amounting to TL 9,218,838 in total were provided by Otokar Otomotiv ve Savunma San. A.Ş. to the top executives during 2012.

**13. 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 2013 in accordance with the Compensation Policy as submitted to the approval of the shareholders as the agenda item no. 12 will be determined by the shareholders.

**14. 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.

**15. Adoption, adoption as revised or rejection of the “Internal Guidelines on the General Meeting” containing the rules pertaining to the working principles and procedures of the General Meeting as proposed by the Board of Directors:**

Pursuant to the article 419/2 of the TCC, the Board of Directors is obliged to prepare an “Internal Guidelines” containing the rules pertaining to the working principles and procedures of the General Meeting in compliance with the minimum elements established by the article 41 of the General Meeting Regulation that was published by the Ministry and to submit it to the approval of the next General Meeting. The Internal Guidelines are registered with and announced to public by the Trade Registry Office. The Internal Guidelines adopted by the Board of Directors as contained in the **Attachment 6** will be submitted to the approval of the General Meeting.

**16. 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:**

As per the article 5 of the same Communiqué, 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. This report is made available to the shareholders for reviewing 15 days before the annual general meeting and information about such transactions is provided to the shareholders during the general meeting.

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 **ATTACHMENT 7**.

**17. Provision of information to the Shareholders about the “Information Policy of the Company” pursuant to the regulations of the Capital Markets Board:**

Pursuant to the article 23 of the Communiqué Serial VIII, No. 54 of the CMB, corporations are required to prepare an “Information Policy” and provide information about it to their shareholders under an additional item in the agenda. The Information Policy of the Company is given in the **ATTACHMENT 8** and made available at the Head Office of the Company, on the Electronic General Meeting portal of the Central Registry Agency and the Internet site of the Company at [www.otokar.com.tr](http://www.otokar.com.tr) under the investor relations section for three weeks preceding the General Meeting.

**18. Provision of information to the Shareholders about donations and aids made by the Company to foundations and societies for purposes of social aid during 2012 pursuant to the regulations of the Capital Markets Board and establishment of an upper limit for donations to be made during 2013:**

Pursuant to the article 7 of the Communiqué Serial IV, No. 27 of the Capital Markets Board, any donations made during the year must be submitted to the information of the General Meeting. Donations made to tax-exempted foundations and societies over 2012 amounts to TL 1,850,476.

In addition, pursuant to the 5<sup>th</sup> paragraph of the article 19 of the Capital Markets Law No. 6362, the limit of the donation to be made during 2013 will be established by the general meeting.

**19. 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 2012 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”, 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 compete with the company or any affiliates of the company, a prior consent must have been given by the General Meeting to them and information must be provided to the General Meeting about such transactions. 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.**

There isn't any significant transaction of this nature as executed during the year.

**20. Wishes and Views.**



**ATTACHMENTS:**

<b>ATTACHMENT 1</b>	Profit Distribution Policy
<b>ATTACHMENT 2</b>	Profit Distribution Table pertaining to Distribution of the Profit in 2012
<b>ATTACHMENT 3</b>	Amendments to the Articles of Association
<b>ATTACHMENT 4</b>	Curriculum Vitae of the Nominees to the Board of Directors
<b>ATTACHMENT 5</b>	Compensation Policy for Members of the Board of Directors and Top Executives
<b>ATTACHMENT 6</b>	Internal Guidelines on General Meeting
<b>ATTACHMENT 7</b>	Report on Related-Party Transactions
<b>ATTACHMENT 8</b>	Information Policy

**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.

In the determination of the profit distribution, our long term corporate strategy, capital requirements, investment and financing policies and profitability and cash position of the company are taken into account.

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.

Distribution is made in accordance with the article 24 of the articles of association.

**ATTACHMENT 2**

**PROFIT DISTRIBUTION PROPOSAL FOR THE ACCOUNT PERIOD OF 01.01.2012-31.12.2012**

According to our financial statements pertaining to the account period of 01.01.2012-31.12.2012 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 Communiqué Serial XI, No. 29 of the Capital Market Board, “Non-consolidated Net Profit in the Period” amounting to TL 76,384,978 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 03.04.2013.

<b>Otokar Otomotiv ve Savunma Sanayi A.Ş. Profit Distribution Statement 2012 (TL)</b>			
<b>1. Paid-up/Issued Capital</b>		<b>24.000.000</b>	
<b>2. Total Statutory Reserves (based on the Statutory Records)</b>		<b>22,798,147</b>	
<b>Information about any privilege provided in the articles of association regarding the profit distribution</b>			
		According to the Capital Market Board	According to the Statutory Records
<b>3.</b>	<b>Profit in the Period</b>	81,817,941	71,297,806
<b>4.</b>	<b>Taxes Payable (-)</b>	5,432,963	6,833,804
<b>5.</b>	<b>Net Profit in the Period (=)</b>	76,384,978	64,464,002
<b>6.</b>	<b>Losses in Previous Years (-)</b>		
<b>7.</b>	<b>Primary Statutory Reserve (-)</b>		
<b>8.</b>	<b>NET DISTRIBUTABLE PROFIT IN THE PERIOD (=)</b>	76,384,976	64,464,002
<b>9.</b>	Donations made during the year (+)	1,850,476	
<b>10.</b>	<b>Net distributable profit in the period plus the donations based on which the primary dividend is calculated</b>	78,235,454	64,464,002
<b>11.</b>	Primary dividend to shareholders	15,647,091	
	-Cash	15,647,091	
	-Gratis Shares		
	-Total	15,647,091	
<b>12.</b>	Dividend Paid to Holders of Preferential Shares		
<b>13.</b>	Dividend to members of the board of directors, employees, etc.		
<b>14.</b>	Dividend to holders of dividend shares		
<b>15.</b>	Secondary Dividend to Shareholders	48,352,909	
<b>16.</b>	Secondary Statutory Reserve	6,280,000	
<b>17.</b>	Statutory Reserves		
<b>18.</b>	Special Reserves		
<b>19.</b>	<b>EXTRAORDINARY RESERVE</b>	6,104,978	
<b>20.</b>	<b>Other Funds Proposed to be Distributed</b>		
	- Profits in Previous Year		
	- Extraordinary Reserves		5,287,271
	- Other Reserves Distributable as per the Law and the Articles of Association		
<b>21.</b>	<b>Secondary Legal Reserve set aside from Other Distributable Funds</b>		528,727

<b>INFORMATION ABOUT RATE OF PROFIT DISTRIBUTED</b>				
<b>DIVIDEND PER SHARE</b>				
	<b>GROUP</b>	<b>TOTAL AMOUNT OF DIVIDEND (TL)</b>	<b>DIVIDEND PER SHARE AT PAR VALUE OF TL 1.00</b>	
			<b>AMOUNT (TL)</b>	<b>RATE (%)</b>
<b>GROSS</b>	A + B	64,000,000	2.66667	266.667
	<b><u>TOTAL</u></b>	<b>64,000,000</b>	2.66667	<b>266.667</b>
<b>NET</b>	A + B	61,756,937	2.26667	226.667
	<b><u>TOTAL</u></b>	<b>61,756,937</b>	2.26667	226.667
<b>RATIO OF THE DISTRIBUTED PROFIT TO THE NET DISTRIBUTABLE PROFIT PLUS DONATIONS</b>				
<b>AMOUNT OF PROFIT DISTRIBUTED TO SHAREHOLDERS (TL)</b>		<b>RATIO OF THE PROFIT DISTRIBUTED TO SHAREHOLDERS TO THE NET DISTRIBUTABLE PROFIT PLUS DONATIONS (%)</b>		
<b>64,000,000</b>		<b>81.80</b>		

(1) The net dividend of TL 61,756,937 has been calculated by taking into account the shareholding structure used by the Company for the dividend payments in 2012.

**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ  
DRAFT AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

<b>FORMER TEXT</b>	<b>NEW TEXT</b>
<p><b>Article 3. Trade Name:</b> Trade name of the Company is “Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi”. The Company is briefly referred as the “Company” in these articles of association.</p>	<p><b>Article 3. Trade Name of the Company</b> Trade name of the Company is “Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi” and is referred briefly as the “Company” in these Articles of Association.</p>
<p><b>Article 4. Objective and Subject:</b> The Company is incorporated for the purpose of importation, manufacturing, assembly, maintenance and domestic and international sales of every kind of land, sea and air defense vehicles and armored security vehicles, commercial-purposes busses, trucks, minibuses, midibuses, panel vans, terrain vehicles, tractors, trailers, semi-trailers and similar transport vehicles and of bodies, engines, components and spare parts of sea and air vehicles used for commercial purposes.</p> <p>In order to achieve this objective, the Company operates in the following areas:</p> <p>a- It may establish factories and workshops as well as service stations across the country. It may import and manufacture or purchase from domestic market raw materials, intermediate goods and goods in nature of operational supply as required for manufacturing.</p> <p>b- The Company can carry out the activities within its business area personally and have such goods manufactured by others, carry out manufacturing activities in partnership with others, manufacture goods under its own brand name or under foreign brand names and manufacture goods on the name and account of others.</p> <p>c- The Company may engage in any financial, commercial and administrative dispositions and activities in order to achieve its objective.</p> <p>In this regard, the Company may</p> <ul style="list-style-type: none"> <li>- undertake contracts against public and private entities, establishments and firms;</li> </ul>	<p><b>Article 4. Objective and Subject</b> The Company is incorporated for the purpose of designing, manufacturing, importation, assembly, maintenance, training and repair of every kind of tracked or wheeled land, sea and air defense vehicles and armored security vehicles, cargo and passenger transport systems of commercial purpose such as buses, trucks, minibuses, midibuses, etc. and terrain vehicles, tractors, trailers, semi-trailers and similar transport vehicles and any sea and air vehicles to be used for commercial purposes as well as their bodies, engines, chassis and similar mechanical or electronic components as well as towers and arm systems and similar systems used on military vehicles and for the purpose of renovation and modernization of such vehicles or their sub-systems and for the purpose of supply of manufacturing and spare parts of such vehicles and sub-systems and for the purpose of engaging in R&amp;D and technology development activities, in domestic and international sales of its products, in operation of public transport vehicles, in establishment of testing centers, in the sale of testing and certification services to other companies and institutions. The Company may in particular engage in the following activities to this end:</p> <ol style="list-style-type: none"> <li>1. The Company may purchase, build and cause to be built every kind of movable and immovable property at home and abroad or acquire any kind of real or personal right thereon, lease the same, operate such acquired or leased property, let lease and sell the same, and create real rights in favor of third persons and release the same, providing that it conforms to the principles established by the Capital Market Board.</li> <li>2. The Company may secure loan from local and foreign persons, companies and banks in order to realize its objective, undertake every kind of financial, commercial and economical contracts against third persons, issue bonds and every kind of capital market</li> </ol>

<ul style="list-style-type: none"> <li>- provide after-sale maintenance, repair and equipping services for products sold by it;</li> <li>- establish agency and representation offices at home or abroad;</li> <li>- establish, invest in and acquire companies at home or abroad, providing that the last paragraph of the article 15 of the Law No. 2499 is reserved;</li> <li>- secure long, medium and short term loans from domestic and foreign markets;</li> <li>- give guarantee, surety, bond or create right of lien, including mortgage, on its name or in favor of third persons, providing that it conforms to the principles established by the Capital Market Board. The Company may lend money with or without security with a view to achieving its objective and business subject. The Company may give or receive every kind of in-kind and personal security in order to collect and secure its rights and receivables;</li> <li>- acquire, transfer and assign trademarks, models, illustrations, special manufacturing and production methods, patents, know-how and other intangible rights and enter into license agreements with local and foreign firms in connection with the same;</li> <li>- purchase and dispose bonds and other securities without engaging in stock broker's business and securities portfolio management business.</li> </ul> <p>d- The Company may establish partnerships with real persons and legal entities in connection with its business or any first and auxiliary materials; participate in any existing and would-be-established company; transfer or terminate such participations when necessary. The Company may participate in entities and organizations engaged in generation, distribution and marketing of electricity power; purchase and sell shares of stock of the same without engaging in stock broker's business. Such participation transactions may not have the nature of intermediary business and securities portfolio management.</p> <p>e- The Company may acquire real property by the resolution of the Board of Directors in order to realize its objective and subject, transfer and assign such acquired real property, create mortgage and</p>	<p>instruments, providing that it conforms to the principles established by the Capital Market Board, invest in securities, derivative products and other capital market instruments of any kind. The Company may give sureties and guarantees in favor of third persons, providing that it conforms to the principles established by the Capital Market Board; accept creation of pledge and/or mortgage on any movable and immovable properties of third persons in favor of the Company when necessary; release mortgages created in its favor; waiver of its right of lien; and accept sureties and guarantees in its favor from third persons.</p> <p>3. The Company may carry out the above written activities personally or through local or foreign real persons and legal entities, providing that the other provisions of these Articles of Association are reserved. The Company may establish ordinary partnerships, commercial companies or other legal entities at home or abroad if it deems beneficial for the same purpose or take over ordinary partnerships or other legal entities which have been established for the same purpose in part or whole and purchase and transfer shares of any companies established for this purpose without engaging in the broker's business and the security portfolio management and invest in ordinary partnerships. Regulations of the Capital Markets Legislation concerning the transfer of hidden profits.</p> <p>4. The Company can execute any kind of transaction and engage in importation, exportation and every kind of trade as necessary in order to realize the matters specified in the above paragraphs.</p> <p>5. The Company may make donations and aids to foundations, societies, universities and similar institutions established for social purposes in a manner not to cause harm to its objective and subject, providing that they are not contrary to the regulations of the Capital Markets Board concerning transfer of hidden profits, that the necessary disclosures are made and any donations made during the year are informed to the shareholders at the General Meeting.</p> <p>6. The Company may execute any kind of transaction at any land registry office with respect to any real property, including registration, annotation, type correction, division, joining, parceling, sharing as well as abandonment and donating; relinquish any real property for any purpose such as building of a roadway, a green area, etc. and abandon and donate any property for free, providing that it complies with the regulations of the Capital Markets Legislation concerning transfer of hidden profits.</p> <p>7. The Company may purchase, lease, sell and let lease land, sea and</p>
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<p>other real rights on the same and let lease the same in part or whole and otherwise dispose the same.</p> <p>f- The Company may make donations and aids to foundations, societies, universities and similar institutions established for social purposes in accordance with the principles established by the Capital Market Board.</p> <p>Apart from the aforesaid transactions, if it is desirable to engage in any other business which is deemed beneficial and necessary for the company in the future, this will be submitted to the approval of the General Meeting by the proposal of the Board of Directors, and upon taking of a resolution in this regard, the company may engage in any businesses as it deems fit.</p> <ul style="list-style-type: none"> <li>- However, in order for implementation of such resolutions which require amendment of the articles of association, necessary permissions will be obtained from the Capital Markets Board and the Ministry of Industry and Commerce.</li> </ul>	<p>air transport vehicles. It may establish every kind of real and personal right, including mortgage and pledge, in favor of itself and/or any third person, and release the same, providing that it complies with the regulations of the Capital Markets Board.</p> <p>8. The Company may register, acquire and transfer every kind of license, patent, know-how, trademark, trade name, business name and all other intellectual property rights on its name in connection with its objective and use the same as security of its obligations and enter into license agreements in connection with the same, providing that it complies with the regulations of the Capital Markets Board.</p> <p>9. The Company may make every kind of industrial and commercial investments at home and abroad in order to realize its objective; to this end, the Company may establish factories, facilities and sales offices and provide architecture, engineering, designing, software, accounting, call center and data storage services at home and abroad.</p> <p>10. The Company may participate in tenders alone or in partnership with third persons at home and abroad, providing that it complies with the regulations of the Capital Markets Legislation concerning transfer of hidden profits.</p>
<p><b>Article 5. Head Office and Branch Offices:</b></p> <p>Legal head office of the Company is located at the address of Aydınevler Mahallesi, Dumlupınar Caddesi, No. 58, A Blok, 34854 Küçükyalı, İSTANBUL and the business office at the address of Atatürk Caddesi No. 9 54580 Arifiye, SAKARYA. For any address change, the new address shall be registered with and announced to public by the trade registry office through the Turkish Trade Registry Gazette and in addition notified to the Ministry of Customs and Commerce and the Capital Markets Board. Notices sent to the registered and announced address shall be deemed served to the Company. If the Company leaves the registered and announced address and fails to register its new address within the statutory time, this shall be deemed a reason for dissolution of the Company. The Company may open branch offices at home and abroad by giving notice to the Ministry of Customs and Commerce.</p>	<p><b>Article 5. Head Office and Branch Offices of the Company</b></p> <p>Legal head office of the Company is located at the address of Aydınevler Mahallesi, Dumlupınar Caddesi No. 58 A Blok 34854 Küçükyalı, İSTANBUL and the business office at the address of Atatürk Caddesi No. 6 54580 Arifiye, SAKARYA. For any address change, the new address shall be registered with and announced to public by the trade registry office through the Turkish Trade Registry Gazette and in addition notified to the Ministry of Customs and Commerce and the Capital Markets Board. Notices sent to the registered and announced address of the Company shall be deemed served to the Company. If the Company leaves the registered and announced address and fails to register and announce the new address within the statutory time, this shall be deemed a reason for dissolution of the Company.</p> <p><b>If the Company opens a branch office, the branch office shall be registered with and announced to public by the Trade Registry Office though the Turkish Trade Registry Gazette.</b></p>

**Article 7. Registered Capital:**

The Company has adopted the registered capital system as per the provisions of the Law No. 2499 and transited to this system by the permission no. 15/263 of 07.03.1996 of the Capital Markets Board.

The registered capital of the Company is TL 25,000,000.00 (Turkish lira, twenty five million) divided into 2,500,000,000 shares at par value of 1 (one) kurush each.

The permission granted by the Capital Markets Board for the registered capital ceiling is valid for the years 2010 thru 2014 (5 years). Even if the permitted registered capital ceiling cannot be reached as of the end of 2014, in order that the board of directors can resolve to raise the capital after 2014, the board of directors is obliged to obtain authority from the general meeting for a renewed period for the previously permitted ceiling or a new ceiling after having obtained permission from the Capital Markets Board. If this authority is not obtained, it shall be deemed that the company has exited from the registered capital system.

The issued capital of the Company is TL 24,000,000.00 (Turkish lira, twenty four million). This capital has been fully paid. TL 16,165,225.85 of the capital increased lastly, TL 16,050,417.79 has been funded from the Fixed Assets Revaluation Value Increase Fund and TL 114,808.06 from the Fund for Increased Costs, and the shares issued in consideration of the so raised capital have been distributed to the shareholders in proportion to their shares free of charge.

The Board of Directors is authorized to raise the capital up to the registered capital ceiling by issuing bearer shares as and when it deems necessary during the period of 2010-2014 in accordance with the provisions of the Capital Markets Law.

When deciding to issue new shares, the Board of Directors may

- issue such shares for a price above their par value;
- restrict the right of the existing shareholders to purchase new shares.

The shares representing the capital are tracked by records in accordance with the principles of dematerialization.

**Article 7. Capital**

The Company has adopted the registered capital system as per the provisions of the Law No. 6362 and transited to this system by the permission no. 15/263 of 07.03.1996 of the Capital Markets Board.

The registered capital ceiling of the Company is **TL 100,000,000 (Turkish lira, one hundred million)** divided into **10,000,000,000 (ten billion) bearer shares** at par value of 1 (one) kurush each.

The permission granted by the Capital Markets Board for the registered capital ceiling is valid for the years 2013 thru 2017 (5 years). Even if the permitted registered capital ceiling cannot be reached as of the end of 2017, in order that the board of directors can resolve to raise the capital after 2017, the board of directors is obliged to obtain authority from the general meeting for a renewed period up to 5 years for the previously permitted ceiling or a new ceiling after having obtained permission from the Capital Markets Board. If this authority is not obtained, it shall be deemed that the company has exited from the registered capital system.

The issued capital of the Company is TL 24,000,000 (Turkish lira, twenty four million). The issued capital has been paid in full without simulation.

Shares of the company are registered nominative. The shares representing the capital are tracked by record in accordance with the principles of dematerialization.

The capital of the company can be increased or decreased when necessary in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board.

The Board of Directors is authorized to increase the issued capital up to the registered capital ceiling by issuing new shares when it deems necessary and to restrict the right of the owners of privileged shares and limit the shareholders to purchase new shares and issue shares with a premium or for a price lower than the par value of the shares in accordance with the provisions of the Capital Markets Board. The authority to restrict the right to purchase new shares may not be used in a manner to cause inequality among the shareholders.



<p><b>Provisional Article:</b> While the par value of the shares was TL 1,000.-, it was changed first to 1 New Kurush as per the Law Amending the Turkish Commercial Code No. 5274 and then to 1 Kurush as per the Decree no. 2007/11963 of 4 April 2007 of the Council of Ministers which abolished the word “New” from the New Turkish Lira and New Kurush, effective 1 January 2009. Because of this change, the total number of the shares was changed, and 1 share at par value of 1 (New) Kurush each was given against 10 shares at par value of 1,000.-. The rights of the shareholders arising from the shares they owned with respect to the said change are reserved.</p> <p>The words “Turkish Lira” as used in these articles of association are the words changed pursuant to the aforesaid Decree of the Council of Ministers.</p>	Deleted.
<p><b>Article 8. Increase of the Registered Capital:</b> The registered capital of the company can be increased by the resolution of the General Meeting in accordance with the Turkish Commercial Code and the Capital Markets Law. In order to implement this resolution which requires amendment of the Articles of Association, permission must be obtained from the Capital Markets Board and the Ministry of Industry and Commerce.</p>	Deleted.
<p><b>Article 9. Issue of Bonds and Other Securities:</b> The Company may issue every kind of bonds and other borrowing instruments qualified as capital market instruments as well as securities and commercial papers within the limits specified in the article 13 of the Capital Markets Law for selling to real persons and legal entities at home and abroad in accordance with the Turkish Commercial Code, the Capital Markets Law and the other relevant laws and regulations. Vesting of authority with the Board of Directors on the matter of issuing of the same and determination of the other conditions is resolved by the General Meeting.</p> <p>Issuing of participation dividend certificates is resolved by the General Meeting, providing that the total sum of the issued capital and the reserves of the company is not exceeded.</p>	<p><b>Article 8. Issue of Bonds and Other Securities</b> The company may issue every kind of bonds, bonds convertible with shares, convertible bonds, gold, silver and platinum bonds, financing bonds, participation dividend certificates, profit and loss sharing certificates, other capital market instruments which are accepted by the Capital Markets Board as borrowing instruments by their nature, and other every kind of capital market instruments by resolution of the Board of Directors for selling to real persons and legal entities at home and abroad in accordance with the provisions of the Capital Markets Board and the other relevant laws and regulations. The Board of Directors is authorized to issue and determine the maximum quantities, types, maturity dates, interest rates and other conditions relating with the issue and to authorize the management of the company on such matters as per the Capital Markets Law. For such issues, the regulations in the Capital Markets Law and the relevant legislation shall be complied with.</p>
<p><b>Lacking in the old text.</b></p>	<p><b>Article 9. Transfer of Shares and Creation of Beneficial Interest on Shares</b> In the relations with the company, only the persons registered with the share register and the records kept by the Central Registry Agency are considered</p>

	<p>as shareholder or holder of beneficial interest on shares.</p> <p>With respect to transfer of the registered shares of the company which are traded in the exchange, the regulations of the Capital Markets Board shall apply.</p>
<p><b>Lacking in the old text.</b></p>	<p><b>Article 10. Acceptance as Pledge or Taking Transfer of Own Shares by the Company</b>  The company may accept as pledge and/or acquire its own shares in consideration of something valuable in accordance with the relevant articles of the Turkish Commercial Code, the regulations of the Capital Markets Board and the other laws and regulations.</p>
<p><b>Article 10. Board of Directors:</b>  Deals and transactions and administration of the Company shall be carried out by a Board of Directors formed by minimum 5 persons elected by the General Meeting among the shareholders in accordance with the Turkish Commercial Code and the Capital Markets Legislation.</p> <p>The number and qualifications of the independent members of the board of directors shall be determined in accordance with the regulations of the Capital Markets Board concerning the corporate governance.</p> <p>Term of Membership:  Members of the Board of Directors shall be elected for an office term of maximum 3 (three) years. A member whose office term has ended may be re-elected. The General Meeting may replace the members of the Board of Directors when it deems necessary.</p> <p>Pursuant to the article 312/2 of the Turkish Commercial Code, the members of the Board of Directors who represent any shareholder in legal entity status shall automatically lose the capacity of membership when it is notified that the relationship of these persons with that legal entity has terminated.</p> <p>The Board of Directors may apportion the management and representation duties among its members and delegate such duties in part or whole to any delegate members of the board of directors or any managers who are not necessarily shareholders of the company.</p>	<p><b>Article 11. Board of Directors, Election of Members and Resolutions of Board of Directors</b>  Providing that the powers of the General Meeting which may not be delegated pursuant to the relevant provisions of the Turkish Commercial Code, all deals and administration of the Company shall be carried out by a Board of Directors formed by minimum 5 (five) persons elected by the General Meeting in accordance with the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board. The number and qualifications of the independent members of the Board of Directors shall be established in accordance with the Corporate Governance Principles of the Capital Markets Board.</p> <p>Members of the Board of Directors shall be elected for a term of maximum three years. A member whose office term has ended may be re-elected.</p> <p>The General Meeting is authorized to establish the number of and select the members of the Board of Directors. Providing that the requirements regarding the independent members as set forth in the Corporate Governance Principles of the Capital Markets Board are reserved, the General Meeting may replace the members of the Board of Directors when it deems necessary as per the article 364 of the Turkish Commercial Code.</p> <p>When a vacancy occurs in the Board of Directors for any reason, the Board of Directors shall appoint a person who meet the statutory requirements temporarily and submit him/her to the approval of the next General Meeting. If an independent member loses his/her independency, resigns or becomes</p>

<p>The Board of Directors is authorized to apportion such management and representation duties as said above.</p> <p>The Board of Directors shall determine the powers and responsibilities of the delegate members and the managers and may delegate any power and responsibility assigned to the Board of Directors to concerned persons in accordance with the conditions, provisions and restrictions established by it, and change, amend or revoke whole or some part of such powers when it deems necessary.</p> <p>The Board of Directors may form advisory, coordination and similar committees or sub-committees on such matters as it deems fit with its members and/or non-member persons.</p> <p>The principles applicable to convening of meetings, working and reporting of the Chairman and members of such committees shall be established, regulated and changed by the Board of Directors.</p> <p>Remuneration may be paid to the members of the Board of Directors as per the provisions of the Turkish Commercial Code. Apart from the remuneration, a fee, bonus or premium may be paid to the members of the Board of Directors and of any committee as mentioned above for the services they provide as members of the Board of Directors and such committees. The manner and amount of the payments made to members of the Board of Directors, including the delegate members, on account of their membership in the Board of Directors shall be determined by the General Meeting and the manner and amount of the payments made to the members of any committee on account of their services as members of such committees shall be determined by the Board of Directors.</p> <p>Compensation payable to the independent members of the board of directors may not be based on any performance-based compensation plan of the company.</p>	<p>unable to fulfill his/her duty, the procedure set forth in the regulations of the Capital Markets Board shall be followed.</p> <p>The quorum for the meetings and resolutions of the Board of Directors is simple majority of the members. The requirements set forth in the Corporate Governance Principles of the Capital Market Board are reserved.</p> <p>Unless a member of the Board of Directors demands discussion, resolutions of the Board of Directors can be taken by written approval of a proposal made by a member on any matter by the other members of the Board. Such resolutions can be taken by written approval of simple majority of the members. That the same proposal has been made to all members of the Board of Directors is a condition precedent for the validity of the resolution taken by this method. It is not mandatory that the approvals are on the same paper, but it is a condition precedent for the validity of the resolution that all papers containing the approval signatures are glued on the resolution register or that the resolution is written as a single resolution containing the signatures of the members who approved the resolution and recorded in the resolution register.</p>
<p><b>Article 11. Meetings of the Board of Directors:</b> Members of the Board of Directors shall elect a chairman and a vice chairman to act as chairman in the absence of the chairman at the beginning of the office term of the Board of Directors. Dates and agendas of the meetings of the Board of Directors shall be established by the chairman or the vice chairman.</p>	<p><b>Article 12. Division of Duties of the Board of Directors, Representation and Delegation of Management</b> If the chairman of the Board of Directors is not elected by the General Meeting, the chairman and the vice chairman of the Board of Directors who will act as chairman in the absence of the chairman shall be elected by the Board of Directors. The vice chairman has the same powers vested by the</p>

The Board of Directors shall be called to meetings by the chairman or the vice chairman when the deals of the Company require. The date of the meeting can be established by a resolution of the Board of Directors. It is mandatory that the Board of Directors meet once quarterly and minimum 4 times in a year. The provision of the second paragraph of the article 330 of the Turkish Commercial Code is reserved. The members of the Board of Directors may not cast vote as representative and proxy of another member.

Turkish Commercial Code to the chairman as to call the members of the board of directors to a meeting and to provide information to the members of the board of directors as requested by them.

The Board of Directors may in particular institute lawsuit, arbitration proceedings and any administrative and judicial proceedings, make settlements and waivers, propose cessation of any bankruptcy and composition proceedings, make donations in compliance with the regulations of the Capital Markets Board, make exchange commitments, give guarantees, make real property transfer and mortgage transactions, etc. on behalf of the Company. The Board of Directors may authorize third persons on such matters when necessary.

The Board of Directors is authorized to delegate the management in part or whole to one or more persons (delegates) who are members or not members of the board of directors in accordance with an internal guideline prepared in accordance with the article 367 of the Turkish Commercial Code. The Board of Directors shall establish the powers and responsibilities of the delegates by this internal guideline and may delegate any of the powers and responsibilities vested with the Board of Directors to such persons in accordance with the conditions, provisions and restrictions established by it and change, amend or revoke such powers in whole or part when it deems necessary. The article 375 of the Turkish Commercial Code is reserved.

The Board of Directors may delegate its representation authority to one or more persons who are not necessarily members of the Board of Directors or shareholders of the Company in accordance with the article 370 of the Turkish Commercial Code. In this case, however, at least one member of the board of directors must have the representation authority. Unless the Board of Directors has taken a special resolution, any two members of the Board of Directors who are not independent members as per the regulations of the Capital Markets Board are authorized to commit the Company in any matter by their joint signatures affixed under the common seal of the Company.

The Board of Directors is authorized to apportion the management and representation duties as specified above. The Board of Directors may form advisory, coordination, audit and similar committees or sub-committees on any matter as it deems fit with persons who are members and/or not members of the Board of Directors, providing that the relevant provisions of the legislation are complied with. Principles applicable to convening of meetings, working and reporting of the chairmen

	and the members of the Committees shall be established, regulated and changed by the Board of Directors.
<p><b>Article 12. Powers of the Board of Directors:</b>  The Board of Directors is authorized to take all resolutions except for deals and transactions which require a resolution of the General Meeting pursuant to the law and these Articles of Association.  It is mandatory to execute the following deals and transactions by a resolution of the Board of Directors:</p> <ol style="list-style-type: none"> <li>1- Election of a delegate member and establishment of powers, remunerations and premiums to be paid.</li> <li>2- Recruitment and dismissal of General Manager, Assistant General Managers and other contract personnel and execution of contracts with Managers for a term which exceeds the office term of the Board of Directors.</li> <li>3- Determination of the ones out of such works covered by the Article 4 of the Articles of Association which will be initiated.</li> <li>4- Establishment and amendment of annual production and business program, budget and staff.</li> <li>5- Opening, closing or termination of branch offices, warehouses, service shops and retail stores.</li> <li>6- Adoption of internal regulations of the Company.</li> <li>7- Creation of pledge and mortgage on any securities and real properties of the Company as security of loans used by the Company.</li> <li>8- Establishment of subsidiaries and special partnerships fitting to purpose, and transfer or otherwise termination and disposition of the same when necessary.</li> <li>9- Purchase, sale and lease of real properties on the name of the Company. Preparation of the Balance Sheet, the Income Statement and the Annual Report of the Company.</li> </ol>	Deleted.
<p><b>Article 13. Committing of the Company:</b>  The Company shall be managed and represented before third persons by the Board of Directors. The Board of Directors may delegate these powers in part to others.  In order that all documents and contracts executed by the Company are to be valid and binding on the Company, the same must have been signed by such</p>	Deleted.

<p>person or persons who are appointed as authorized signatories by a circular of authorized signatures stating the degree, the deals and the manner of such signing powers which has been duly registered and announced to public, under the common seal of the Company.</p>	
<p><b>Article 14. Provisions Applicable to the Board of Directors:</b>  The rights, duties, obligations and responsibilities of the Board of Directors, the manner of and the quorum for the meetings of the Board of Directors, the election of persons by the Board of Directors to memberships vacated due to resignation or death of a member or any other event which renders a member unable to act as a member of the Board and other matters concerning the Board of Directors shall be dealt with in accordance with the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board.</p> <p>A monthly or annual remuneration determined by the General Meeting shall be paid to the Chairman and members of the Board of Directors.</p>	<p>Deleted.</p>
<p><b>Lacking in the old text.</b></p>	<p><b>Article 13. Remunerations to Members of the Board of Directors and the Committees</b>  Remuneration, salary, bonus or premium may be paid to the members of the Board of Directors and the members of the committees referred in the article 12 for the services provided by them to the Company as members of the Board of Directors and the committees in accordance with the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board. Manner and amount of payments made to the members of the Board of Directors, including the delegate members, on account of their membership in the Board of Directors shall be determined by the General Meeting and the manner and amount of payments made to the members of the committees on account of their membership in the committees shall be determined by the Board of Directors in accordance with the legislation. For determination of the compensation to the independent members of the Board of Directors, any payment plan based on share option or performance of the Company may not be used.</p>
<p><b>Article 15. Auditors:</b>  The General Meeting shall elect minimum two auditors among the shareholders and from external sources each year. Auditors whose office term has ended may be re-elected. A monthly or annual remuneration</p>	<p><b>Article 14. Audit</b>  Regarding audit of the Company and other matters set forth in the legislation, the provisions of the Turkish Commercial Code, the laws and other relevant regulations to which the Company is subject and the relevant provisions of</p>

<p>determined by the General Meeting shall be paid to the auditors. Regarding election, replacement, dismissal, death and resignation of the auditors, the provisions of the Turkish Commercial Code shall apply.</p>	<p>the Capital Market Legislation shall apply. The Board of Directors may establish an internal audit system reporting to it for purposes of internal audit as per the article 366 of the Turkish Commercial Code.</p>
<p><b>Article 16. Duties and Obligations of the Auditors:</b> Regarding duties, obligation and responsibilities of and other matters concerning the auditors, the provisions of the Turkish Commercial Code shall apply.</p>	<p>Deleted.</p>
<p><b>Article 17. General Meetings:</b> The General Meeting of the Company shall be convened annually or extraordinarily. Annual General Meeting shall be convened at least once a year within three months following the closure of the account period.</p> <p>Extraordinary General Meetings shall be convened and take the necessary resolutions as and when deals of the company so require in accordance with the Turkish Commercial Code, the regulations of the Capital Markets Board and the provisions of the Articles of Association.</p> <p>Place of Meeting: General Meetings shall be convened at the head office of the Company or at another place if the Board of Directors so decides. This shall be indicated on the notice given to this effect.</p> <p>Notice for the General Meeting shall be given 3 weeks before the date of the meeting. The General Meetings shall be open to public, including the beneficiaries and representations of the media, providing that they don't have the right to speech.</p> <p>At least one member of the board of directors, one auditor, one of the persons who are responsible for preparation of the financial statements and one person who has knowledge on the subject-matter to explain any special issue in the agenda shall be present at the meeting. If one of these persons cannot attend the meeting, the excuse given by that person for non-attendance shall be informed by the chairman of the meeting to the present shareholders.</p>	<p><b>Article 15. General Meeting</b> The following principles are applicable to the General Meetings:</p> <p>a) Method of Call: General Meetings are held annually or extraordinarily. For calls to these meetings, the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board are applied. General Meetings are held as open to public, including beneficiaries and representatives of the media, providing that they don't have the right to speech.</p> <p>b) Time of Meeting: Annual General Meeting is held at least once a year within three months following the account period. In these meetings, such issues which are required to be discussed as per the agenda are examined and decided.</p> <p>Extraordinary General Meeting is held as and when the deals of the Company so require and take the necessary resolutions in accordance with the Turkish Commercial Code, the regulations of the Capital Markets Board and the provisions of these Articles of Association.</p> <p>c) Voting Right: Shareholders who are present at the Annual and Extraordinary General Meetings use their votes in proportion to the par value of all shares. At the General Meetings, votes are cast by show of hands. However, poll can be held upon the request of minimum one twentieth of the shares represented at the meeting.</p> <p>d) Representation: Providing that the regulations of the Capital Markets Board concerning representation by proxy, the shareholders can be represented at the General Meetings by a proxy appointed among the other shareholders or externally. Shareholders are entitled to use their votes apart</p>

from the votes of the other shareholders who they represent. Providing that appointment of a proxy via the Electronic General Meeting System is reserved, proxies given in this regard must be written.

e) Place of Meeting: The General Meeting is held at the head office of the Company or at a convenient place in Ankara, İstanbul or İzmir.

f) Attendance at the Meeting: At least one member of the Board of Directors, including the delegate members, one auditor, one person who is responsible for preparation of the financial statements and one person who knows the subject-matter to explain any special issue in the agenda shall be present at the General Meeting. If any persons apart from those who are required to be present at the meeting pursuant to the law are not present at the meeting, their excuse for not attending the meeting shall be informed by the chairman of the meeting to the General Meeting.

g) Chairman of the Meeting: The Chairman of the Meeting who is authorized to manage the discussions at the General Meeting, at least 1 (one) member who is authorized to collect the votes and a Secretary to write the minutes are elected among the shareholders or externally.

h) Quorums for the Meeting and the Resolutions: Providing that any higher quorums specified in the regulations of the Capital Markets Board and these Articles of Association are reserved, quorums for all meetings and resolutions of the General Meetings of the Company are simple majority of the capital.

i) Internal Guideline: The Board of Directors shall prepare an internal guideline setting forth the working principles and procedures of the General Meeting in accordance with the relevant provisions of the Turkish Commercial Code and the regulations and communiqués issued based on this Law and submit it to the approval of the General Meeting. The internal guideline approved by the General Meeting shall be registered with and announced to public by the Trade Registry Office.

j) Attendance to the General Meeting via an electronic medium: Those shareholders of the Company who are entitled to attend the general meetings of the Company can attend the meetings via an electronic medium as per the article 1527 of the Turkish Commercial Code. The Company may either establish an electronic general meeting system by means of which the beneficiaries can attend, voice their opinions, make recommendations and cast their votes at the general meetings via the electronic medium pursuant



	to the provisions of the Regulation on the General Meetings of Joint Stock Companies to be held via Electronic Medium, or purchase service from systems established for this purpose. In all general meetings, it is ensured that the beneficiaries and their representatives can use their rights specified in the said Regulation via the established system pursuant to this provision of the articles of association.
<p><b>Article 32. Compliance with Corporate Governance Principles:</b> The mandatory Corporate Governance Principles of the Capital Markets Board shall be complied with. Any transactions executed and any resolutions of the board of directors taken without complying with the mandatory principles are invalid and deemed a breach of these articles of association.</p> <p>For all transactions which are deemed important in terms of application of the Corporate Governance Principles and for any kind of transactions of the company with related parties and for transactions of giving guarantees, pledges and mortgages in favor of third persons, the regulations of the Capital Markets Board involving the corporate governance shall be complied with.</p>	<p><b>Article 16. Corporate Governance Principles</b> The mandatory Corporate Governance Principles of the Capital Markets Board shall be complied with.</p> <p>For any transactions which are deemed important in terms of application of the Corporate Governance Principles and for any kind of transactions of the company with related parties and for transactions of giving guarantees, pledges and mortgages to third persons, the regulations of the Capital Markets Board involving the corporate governance shall be complied with.</p> <p>Any transactions executed and any resolutions of the Board of Directors taken without complying with the mandatory Principles shall be deemed a breach of the Articles of Association.</p>
<p><b>Article 28. Announcements:</b> Announcements of the Company shall be made through the Turkish Trade Registry Gazette and the Internet site of the Company, providing that the provision of the article 37 of the Turkish Commercial Code and the regulations of the Capital Markets Board are reserved. The provisions of these Articles of Association concerning the General Meetings are reserved.</p>	<p><b>Article 17. Announcements</b> Any matters which must be mandatorily announced by the Company pursuant to the law shall be announced in accordance with the relevant provisions of the Turkish Commercial Code and the regulations and communiqués issued based on this law, the regulations of the Capital Markets Law and any other legislation to be subjected to. Any matters for the announcement of which no place has been specified in the regulations shall be announced on the Internet site of the Company.</p>
<p><b>Article 22. Account Period:</b> Account year of the Company commences on the first day of January and ends on the last day of December. However, the first account year commences exceptionally on the day when the company is incorporated finally and ends on the last day of December of the same year.</p>	<p><b>Article 18. Account Period</b> Account year of the Company commences on the first day of January and ends on the last day of December of the same year.</p>

**Article 24. Distribution of the Profit:**

The amount remaining after deduction of any kind of expenses which were paid and must be accrued, any depreciation costs, any provisions required to be set aside from the incomes of the Company as at the end of the account year constitutes the pre-tax profit of the Company.

Any net profit remaining after setting aside of a provision for any tax, fiscal fund and financial obligations of this nature which are incumbent on the Company as a legal entity from this profit as per the resolutions of the Capital Markets Board in the first instance as shown in the annual balance sheet is distributed, after deduction of any losses in previous years, in the following order:

- 5% as the statutory reserve pursuant to the provisions of the Turkish Commercial Code;
- first dividend at such rate and in such amount as established by the Capital Markets Board

are set aside.

The General Meeting is authorized to decide to set aside the remaining amount in part or whole as extraordinary reserve or to distribute it. One tenth of the amount found after deduction of a profit share at the rate of 5% of the paid-up capital from the part decided to be distributed to the shareholders and any other persons who participate in the profit is set aside as the second series statutory reserve pursuant to the 3<sup>rd</sup> sub-paragraph of the 2<sup>nd</sup> paragraph of the article 466 of the Turkish Commercial Code.

- If the dividend is paid as shares by way of increase of the capital or if shares are given in consideration of any retained profits in the balance sheet which are used for increase of the capital, the second series reserve is not set aside pursuant to the resolutions of the Capital Markets Board.

Date and manner of distribution of the profit, including the first dividend, shall be determined by the General Meeting upon the proposal of the Board of Directors by following the communiqués of the Capital Markets Board.

Unless the reserves which must be set aside pursuant to the law and the first dividend specified in the Articles of Association for the shareholders have

**Article 19. Ascertainment and Distribution of the Profit**

The profit in the period remaining after deduction of overheads of the Company and any amounts payable or set aside by the Company, such as miscellaneous depreciation costs as well as any taxes mandatorily payable by the company as a legal entity are deducted from the incomes calculated at the end of the operational period of the Company as shown in the annual balance sheet is distributed, after deduction of any losses in the previous years, in the following order:

General Statutory Reserve:

- a) 5% of it is set aside as statutory reserve.

First Dividend:

- b) First dividend is set aside from the remaining amount, to which the amount of any donations made during the year has been added, in accordance with the Turkish Commercial Code and the Capital Markets Legislation.

Second Dividend:

- c) The General Meeting is authorized to distribute the amount remaining after deduction of the amounts specified in the paragraphs (a) and (b) from the net profit in the period in part or whole as second dividend or set aside it as a voluntary reserve as per the article 521 of the Turkish Commercial Code.

General Statutory Reserve:

- d) One tenth of the amount found by deducting the profit share at the rate of 5% from the amount decided to be distributed to the shareholders and any other persons who participate in the profits is added to the general statutory reserve pursuant to the 2<sup>nd</sup> paragraph of the article 519 of the Turkish Commercial Code.

Unless such reserves which must be set aside pursuant to the law have been set aside and unless the profit share specified in the articles of association for the shareholders has been paid in cash and/or as shares, it may not be decided to set aside any other reserve, to carry forward profit to the next year and to distribute profit share to the members of the board of directors, the officers, the servants and the workers as well as any foundations established for various purposes and any persons and/or institutions of such nature.

<p>been set aside, it may not be decided to set aside any other reserve, to carry forward any profit to the next year, and unless the first dividend has been paid in cash and/or as shares, it may not be decided to pay dividend from the profits to the members of the Board of Directors, the employees, any holders of dividend / founder dividend certificates, any holders of privileged shares, any foundations established for any purposes and any persons and/or institutions of similar nature.</p> <p>The Company may distribute dividend advance to the shareholders in accordance with the regulations of the Capital Markets Law.</p>	<p>The profit share is uniformly distributed to all of the shares existing as of the date of distribution without taking into account the dates of issue and acquisition of such shares.</p> <p>Manner and time of distribution of the profit shall be decided by the general meeting upon the proposal of the board of directors in this regard.</p> <p>A resolution for profit distribution taken by the general meeting in accordance with the provisions of these articles of association may not be withdrawn.</p>
<p><b>Lacking in the old text.</b></p>	<p><b>Article 20. Profit Share Advance</b> The General Meeting may decide to distribute profit share advance to the shareholders in accordance with the regulations of the Capital Markets Board and the relevant legislation.</p>
<p><b>Lacking in the old text.</b></p>	<p><b>Article 21. Foundation for Staff of the Company</b> The Company may establish a foundation of such nature as provided in the article 522 of the Turkish Commercial Code for the benefit of the officers, the servants and the workers of it and participate in an existing foundation established for such purpose.</p>
<p><b>Article 31. Legal Provisions:</b> For any matter not dealt with in these Articles of Association, the provisions of the Turkish Commercial Code, the Capital Markets Law and the relevant legislation shall apply. Any provisions of these articles of association which are contrary to the Turkish Commercial Code, the Capital Markets Board and the Capital Markets Regulations shall not apply.</p>	<p><b>Article 22. Legal Provisions</b> For any matter not dealt with in these Articles of Association, the provisions of the Turkish Commercial Code and the Capital Markets Law as well as the relevant legislation shall apply.</p>
<p><b>Article 18. Number of Votes:</b> The shareholders or their proxies present at the Annual and Extraordinary General Meetings shall have one vote for each share at par value of TL 1,000.- Representation by Proxy: Any shareholders not attending the General Meetings can be represented by a proxy appointed among the other shareholders or externally. How the</p>	<p>Deleted.</p>

proxies will be executed shall be determined and announced by the Board of Directors in accordance with the regulations of the Capital Markets Board.	
<p><b>Article 19. Quorum:</b>  For the quorums for the meetings and resolutions of the General Meeting, the provisions of the Turkish Commercial Code shall apply. However, for the General Meetings to be held for the issues specified in the second and third paragraphs of the article 388 of the Turkish Commercial Code, the quorum for meeting provided in the article 372 of the Turkish Commercial Code shall apply pursuant to the provisions of the Capital Markets Board.</p>	Deleted.
<p><b>Article 20. Method of Voting:</b>  Votes at the General Meetings are cast by show of hands. However, poll shall be held upon request of the shareholders representing one tenth of the capital of the company.</p>	Deleted.
<p><b>Article 21. Notification to the Ministry and Representation of the Ministry:</b>  Both the Annual and the Extraordinary General Meetings shall be announced in accordance with the Turkish Commercial Code and the Capital Markets Law. In addition, at latest two weeks before the General Meeting, the General Meeting must be notified and one copy of the agenda of the meeting and other documents pertaining to the meeting sent to the Capital Markets Board and the Ministry of Industry and Commerce or any authority designated by it. It is mandatory that a representative of the Ministry of Industry and Commerce attend all general meetings. Resolutions taken at the General Meetings not attended by the representative of the Ministry are invalid.</p>	Deleted.
<p><b>Article 23. Annual Reports:</b>  One copy of the Board of Directors' and Auditors' reports, the annual balance sheet, the income statement, the list of shareholders present at the general meeting and the shares owned by them, and the minutes of the General Meeting shall be sent to the Ministry of Industry and Commerce and one copy, together with the necessary notices, to the Capital Markets Board at latest within one month following the last date of the General Meeting.</p> <p>The documents that must be sent to the Ministry of Industry and Commerce can be delivered to the representative of the Ministry present at the General</p>	Deleted.

<p>Meeting.</p> <p>Regarding the issue and announcement of the Balance Sheet, the Income Statement and the Board of Directors' and Auditors' Reports, the article 16 of the Capital Market Law and the principles set forth in the relevant communiqués of the Capital Markets Board shall apply.</p>	
<p><b>Article 25. Reserve:</b> The reserve set aside by the Company at the rate of 5% shall no longer be set aside once it has reached one fifth of the capital of the company. If, however, this amount decreases for any reason, reserve shall be set aside at the same rate until it reaches the same ratio.</p>	Deleted.
<p><b>Article 26. Deleted</b></p>	Deleted
<p><b>Article 27. Dissolution and Liquidation:</b> The Company may be dissolved for any of the reasons specified in the Turkish Commercial Code or by a court order. Apart from this, the Company may be dissolved by the resolution of the General Meeting as per the article 7. Liquidation of the Company upon its dissolution shall be done in accordance with the provisions of the Turkish Commercial Code.</p>	Deleted.
<p><b>Article 29. Delivery of the Articles of Association to the Ministry and the Capital Markets Board:</b> The Company shall send two copies of the Turkish Trade Registry Gazette where the Articles of Association of the Company are published to the Ministry of Industry and Commerce and 1 copy of the same to the Capital Markets Board. In addition, if the Articles of Association are printed, the printed copies shall be given to the shareholders and 10 copies shall be sent to the Ministry of Industry and Commerce and the Capital Markets Board.</p>	Deleted.
<p><b>Article 30. Amendment to the Articles of Association:</b> Validity and implementation of any amendments made to these Articles of Association shall be subject to the permissions of the Capital Markets Board and the Ministry of Industry and Commerce. Such amendments shall become valid after they were approved and registered with the Trade Registry Office</p>	Deleted.

in accordance with the procedures, from the date of announcement of them on.	
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**Kudret Önen**

**Member and Chairman of the 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**

**Member - Vice Chairman of the 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**

**Member of the 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**  
**Member of the 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**  
**Member - General Manager of the 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**  
**Member of the 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 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 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. Abdulkadir 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.

## COMPENSATION POLICY FOR TOP EXECUTIVES

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.

## COMPENSATION POLICY FOR THE MEMBERS OF THE BOARD OF DIRECTORS

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.

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.

Except for the payments made to the top executives who have executive duties, total amount of the payments made to all members of the board of directors on account of their duties in the board and the committees may not exceed 3% of the net profit of the company in the respective period. In a year when the company didn't have net profit, only the fixed remunerations are paid.

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 ANONİM ŞİRKETİ**

**INTERNAL GUIDELINE ON THE PRINCIPLES AND PROCEDURES APPLICABLE TO  
THE WORKING OF THE GENERAL MEETING OF SHAREHOLDERS**

**PART ONE**

**Purpose, Scope, Basis and Definitions**

**Purpose and scope**

**ARTICLE 1 - (1)** The purpose of this Internal Guideline is to set forth the principles and procedures applicable to the working of the general meetings of shareholders of Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi in accordance with the Law, the relevant regulations and the articles of association of the Company. This Internal Guideline covers all annual and extraordinary general meetings of shareholders of Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi.

**Basis**

**ARTICLE 2 - (1)** This Internal Guideline is issued by the board of directors in accordance with the provisions of the Regulation on the Principles and Procedures Applicable to General Meetings of Joint Stock Companies and Attendance of a Representative of the Ministry of Customs and Commerce to the General Meetings.

**Definitions**

**ARTICLE 3 - (1)** In this Internal Guideline,

- a) Assemblage means one-day meeting of the Shareholders;
- b) Law means the Turkish Commercial Code No. 6102, dated 13/1/2011;
- c) Session means each part of a meeting interrupted with a coffee break, lunch break and for any similar reason;
- d) Meeting means annual and extraordinary general meetings;
- e) Chairing board of the meeting means the board formed by the chairperson of the meeting elected by the general meeting in accordance with the first paragraph of the article 419 of the Law, the vice chairperson of the meeting elected by the general meeting when necessary, the secretary in charge of writing of the minutes who is appointed by the chairperson of the meeting and the vote collector if deemed necessary by the chairperson of the meeting.

**PART TWO**

**Principles and Procedures Applicable to the Working of the General Meeting**

**Applicable provisions**

**ARTICLE 4 -** (1) The meeting shall be held in accordance with the provisions of the Law, the relevant regulations and the articles of association of the company governing the general meetings.

### **Entrance into the place of meeting and preparations**

**ARTICLE 5 -** (1) The shareholders named in the list of present shareholders prepared by the board of directors or their proxies, the members of the board of directors, the auditors, the other executives of the Company, the persons having a job in the Electronic General Meeting System, the representatives of the press and media, the Representative of the Ministry and any persons elected to or assigned with a duty in the Chairing Board can enter the place of meeting.

(2) At the entrance into the place of meeting, it is mandatory that the real person shareholders and their proxies appointed via the electronic general meeting system established pursuant to the article 1527 of the Law show their identity cards, that the proxies of real person shareholders present their forms of proxy and identity cards, that the representatives of shareholders in legal entity status present their authorization letters and sign the respective boxes on the list of present shareholders. Such checks shall be done by the board of directors or one or more members of the board of directors appointed by the board of directors or one or more persons appointed by the board of directors.

(3) Tasks such as preparation of the place of meeting in a manner that it will accommodate all shareholders, making available of stationary, documents, tools and equipment to be needed in the course of the meeting at the place of meeting, etc. shall be carried out by the board of directors. Providing that the provisions of the legislation concerning the Electronic General Meeting System are reserved, the meeting can be recorded by sound and video.

### **Opening of the meeting**

**ARTICLE 6 -** (1) The meeting shall be opened at the head office of the company or at a convenient place in Ankara, İstanbul or İzmir, at the time notified previously, upon determination by the Chairperson or Vice Chairperson or one of the members of the Board of Directors with a report that the quorums specified in the Articles of Association are present at the meeting.

### **Formation of the chairing board of the meeting**

**ARTICLE 7 -** (1) First of all, under the direction of the person who opened the meeting as per the article 6 of this Internal Guideline, one chairperson and, if it is deemed necessary, one vice chairperson shall be elected among the nominated candidates, who are not necessarily shareholders of the company, to be in charge of the management of the general meeting.

(2) At least one secretary to be in charge of writing of the minutes of the meeting and, if it is deemed necessary, vote collectors in sufficient number shall be appointed by the chairperson. Specialists can be commissioned by the Chairperson of the Meeting to carry out such technical works involving the Electronic General Meeting Systems in the course of the meeting.

(3) The Chairing Board of the meeting is authorized to sign the minutes of the meeting and the other documents constituting the basis of the minutes.

(4) The Chairperson of the meeting shall manage the General Meeting in accordance with the Law, the Articles of Association of the company and this Internal Guideline.

## **Duties and Powers of the Chairing Board of the Meeting**

**ARTICLE 8 -** (1) The Chairing Board of the meeting shall fulfill the following duties under the management of the chairperson:

- a) To check if the meeting is held at the address specified in the notice and if the place of meeting is suitable for the meeting if it is provided in the articles of association;
- b) To check if the shareholders were called to the general meeting with a notice published in the web site of the company and the Turkish Trade Register Gazette in the manner specified in the Articles of Association, if the call was made at latest three weeks before the date of the meeting, excluding the date of the notice and the date of the meeting, and if the date and agenda of the meeting and a copy of the newspapers in which the notice was published were sent to the shareholders registered in the share register, who notified their addresses to the company by presenting their share certificates or another proof of shareholding, by registered mail with return confirmation, and to record the same in the minutes of the meeting.
- c) To check if any unauthorized person has entered the place of meeting and if the tasks specified in the second paragraph of the article 5 of this Internal Guideline regarding the entrance into the place of the meeting have been fulfilled by the board of directors.
- d) To check the Articles of Association, the share register, the annual report of the board of directors, the auditors' report, the financial statements, the agenda, the draft amendment of the Articles of Association prepared by the Board of Directors if the agenda contains an item regarding such amendment, the letters of approval of the Capital Markets Board and any other Institutions if necessary, the letter of permission obtained by the Ministry of Customs and Commerce, containing the proposed amendment in the attachment, the list of present shareholders as prepared by the Board of Directors, if the meeting is an adjourned meeting, the memorandum of adjournment issued during the previous general meeting, and any other required documents pertaining to the meeting are available at the place of meeting and to record this on the minutes of the meeting.
- e) To check the identities of the shareholders who attended the general meeting in person or by proxy by signing the list of present shareholders if an objection has been raised or if it has been deemed necessary and to check the accuracy of the forms of proxy.
- f) To check if delegate members and at least one member of the Board of Directors and Independent Auditor are present at the meeting and to record the same into the minutes of the meeting.
- g) To manage the proceedings of the General Meeting according to the agenda, to prevent deviation from the agenda, except for any of such cases as specified in the Law, to ensure the order of the meeting and to take the necessary measures to this end.
- ğ) To open and close the assemblages and the sessions and to close the meeting.
- h) To read, or cause to be read of, such resolutions, drafts, minutes, reports, recommendations and the similar documents regarding the discussed issues to the shareholders and to let those who want to speak.
- ı) To take vote for the resolutions of the general meeting and announce the results of the votes.
- i) To monitor if the minimum quorum for the meeting is present at the beginning, in the course of and at the end of the meeting and to check if the resolutions have been taken based on the quorums required by the Law and the Articles of Association.
- j) To announce the notices made by the proxies as per the articles [428 and] 429 of the Law to the General Meeting.
- k) To prevent those who are not authorized to vote pursuant to the article 436 of the Law to cast vote for any resolutions cited in the said article and to take care of any limitation brought by the Law and the articles of association on the voting right and the use of any preferential vote.

- l) To adjourn the discussion of the financial statements and the related issues to another meeting to be held one month after upon the request of shareholders owning one twentieth of the capital without the need for taking of a resolution by the general meeting to this effect.
- m) To ensure keeping of the minutes of the general meeting, to record any objections into the minutes, to sign the resolutions and the minutes, and to record all votes cast for and against the resolutions taken by the shareholders in a manner not to cause any hesitation.
- n) To hand over the minutes of the meeting, the annual report of the board of directors, the auditors' report, the financial statements, the list of present shareholders, the agenda, the recommendations, the ballots if a poll was held and the minutes thereof, and all the documents pertaining to the meeting to one of the members of the board of directors present at the meeting at the end of a meeting with a protocol.

### **Formalities to be carried out before discussion of the agenda**

**ARTICLE 9** - (1) The chairperson shall read, or cause to be read of, the agenda of the meeting. The chairperson shall ask if there is any proposal for changing of the order by which the issues in the agenda are to be discussed. If a proposal is made, it shall be submitted to the approval of the shareholders. The order by which the issues in the agenda are to be discussed can be changed by majority of the votes of the present shareholders.

### **Agenda and discussion of the issues in the agenda**

**ARTICLE 10** - (1) It is mandatory that the agenda of the Annual General Meeting include the following issues:

- a) Opening and formation of the Chairing Board of the meeting.
- b) Reading, discussion and adoption of the Annual Report of the Board of Directors.
- c) Reading of the Auditors' Report and the Independent Auditor's Report regarding the account period.
- d) Reading, discussion and adoption of the Financial Statements pertaining to the account period.
- e) Release of the members of the Board of Directors.
- f) Release of the auditors.
- g) Determination of the number and office terms of the Members of the Board of Directors, making election according to the determined number, election of Independent Members of the Board of Directors.
- h) Approval of the Independent Audit Firm selected by the Board of Directors in accordance with the Turkish Commercial Code and the Capital Markets Law.
- i) Giving information about the Compensation Policy for Members of the Board of Directors and Top Executives and the payments made to them pursuant to the regulations of the Capital Markets Board and approval of the same.
- j) Determination of monthly gross remunerations to the members of the Board of Directors.
- k) Determination of the use and distribution of the profit and determination of the rates of the dividends.
- l) Discussion of proposed amendments to the articles of association, if any.
- m) Other issues deemed necessary.
- n) Issues determined as per the regulations of the Capital Markets Board and of any other Public Institutions to which the company is subject.

(2) Agenda of the extraordinary general meeting shall be formed by the reasons requiring the convening of the meeting.

(3) Any issues not contained in the agenda of the meeting may not be discussed and resolved, as subject to the following exclusions:

- a) If all of the shareholders are present, issue may be added to the agenda unanimously.
- b) Pursuant to the article 438 of the Law, the special audit request of any shareholder shall be resolved by the general meeting, regardless of whether it is contained in the agenda or not.
- c) The issues of removal of the members of the board of directors and election of new members are considered as related with the discussion of the year-end financial statements and shall be discussed and resolved directly upon request, regardless of whether they are contained in the agenda or not.
- ç) Even if the issue is not in the agenda, in the event of existence of just causes, such as corruption, underperformance, breach of loyalty obligation, difficulty in performance of duties due to membership in several companies, incompatibility, misuse of influence, etc., issues of removal of the members of the board of directors and election of new members shall be included in the agenda by majority votes of the shareholders present at the meeting.

(4) An issue of agenda which has been discussed and resolved by the shareholders may not be discussed and resolved once again, unless otherwise resolved by unanimous votes of the present shareholders.

(5) Any issues required by the Ministry to be discussed by the shareholders as a result of an audit or for any other reason shall be included in the agenda.

(6) The agenda shall be determined by the person who calls the shareholders to the general meeting.

### **Speaking at the meeting**

**ARTICLE 11** - (1) Shareholders or other concerned persons who want to speak on an issue in the agenda which is being discussed shall apply to the chairing board of the meeting. The chairing board shall announce the persons who will speak to the shareholders and let these persons speak by the order of application. If the person whose turn has come is not present at the place of meeting, he/she shall forfeit the right of speaking. Speeches shall be made from the post designated for this purpose and address the shareholders. Persons can exchange the order of speaking with each other. If the duration of speech has been limited, when the duration of speech of a person has ended, he/she can continue his/her speech if the next person has given his/her right of speech to him/her, for the duration of speech of the next person. The duration of speech may not be extended otherwise.

(2) The chairperson of the meeting may let a member of the board of directors and an auditor to speak about the issues being discussed, regardless of the order of speeches.

(3) Duration of the speeches shall be determined by the shareholders upon the proposal of the chairperson or the shareholders according to the busyness of the agenda, multitude and importance of the issues required to be discussed and the number of persons who want to speak. In such cases, the shareholders shall decide first if the duration of speeches is required to be limited and then what will be the duration of speeches by separate voting.

(4) In respect of the expression of the views and recommendations by the shareholders or their proxies who participate in the general meeting via electronic medium as per the article 1527 of the Law, the principles and procedures set out in the said article and the sub-clauses shall apply.



## **Voting and procedure for casting of votes**

**ARTICLE 12** - (1) Before the voting, the chairperson of the meeting shall announce the issue to be voted to the shareholders. If a draft resolution is to be voted, the voting shall be made after the draft resolution has been written and read. Once it has been announced that it is time to proceed to voting, people can speak only about the procedure. If, at that time, there is a shareholder who has not been let to speak despite he/she has asked to speak, upon his/her reminding and verification by the chairperson, he/she shall use the right of speech. Once the voting has begun, no person shall be let to speak.

(2) Votes on the discussed issues in the agenda shall be cast by show of hands or by standing up or saying yes or no individually. The votes so cast shall be counted by the chairing board of the meeting. If it is deemed necessary, the chairing board may appoint persons in sufficient number to assist in the counting of the votes. Those who didn't show of hand or stand up or say 'yes' or 'no' are deemed to have cast 'nay' vote and the 'nay' votes are counted as against the respective proposal.

(3) Regarding casting of votes by the shareholders or their proxies who attended the general meeting via electronic medium as per the article 1527 of the Law, the principles and procedures set forth in the said article and the sub-regulations shall apply.

## **Issue of the minutes of the meeting**

**ARTICLE 13** - (1) The list of present shareholders showing the names of the shareholders or their proxies, the shares owned by the shareholders, the groups and par values of the shares shall be signed by the chairperson of the meeting. Summary of questions asked and answers given, resolutions taken and number of votes cast for and against each resolution during the meeting shall be clearly recorded in the minutes in accordance with the principles set out in the Law and the relevant regulations.

(2) The minutes of the general meeting shall be written by typewriter, computer or legible handwriting with a pen at the place of meeting during the meeting. If the minutes are written by a computer, there shall be a printer at the place of meeting in order to obtain the printouts of the minutes at the place of meeting.

(3) The minutes shall be issued in minimum two copies and each page of the minutes shall be signed by the chairing board of the meeting and the representative of the Ministry if he/she has attended the meeting.

(4) In the minutes, it is mandatory to state the trade name of the company, the date and place of the meeting, the total par value of the shares of stock of the company, the number of shares, the total number of shares represented at the meeting in person and by proxy, the name and last name of the representative of the Ministry if he/she has attended the meeting, the date and ref. no. of the letter appointing the representative of the Ministry, the method of notification of the meeting to the shareholders if the meeting is convened by prior notice or the fact that the meeting is convened without prior notice.

(5) Quantities of the votes on the resolutions taken at the meeting shall be recorded in writing and figures in the minutes in a manner not to cause any hesitation.

(6) Names and last names of the shareholders who cast votes against resolutions at the meeting and request that their opposition be recorded in the minutes shall be recorded in the minutes together with the reasons for the opposition.

(7) If the reason for opposition is lodged in writing, it is attached to the minutes. The minutes shall state the name and last name of the shareholders or their proxies who raised opposition and the fact that the opposition letter is attached to the minutes. The opposition letter attached to the minutes shall be signed by the chairing board of the meeting and the representative of the Ministry if he/she has attended the meeting.

### **Formalities to be carried out at the end of the meeting**

**ARTICLE 14** - (1) At the end of the meeting, the chairperson of the meeting shall hand over one copy of the minutes and all other documents pertaining to the general meeting to one of the members of the board of directors present at the meeting.

(2) The Board of Directors shall file one notarized copy of the minutes with the trade register office and get the matters stated in the minutes as requiring registration and announcement to the public registered and announced to the public at latest within fifteen days following the date of the general meeting.

(3) The minutes shall be posted on the Internet site of the Company, the Public Disclosure Platform and the Electronic General Meeting System immediately.

(4) The chairperson of the meeting shall also hand over one copy of the list of present shareholders, the agenda and the minutes of the general meeting to the representative of the Ministry if he/she has attended the meeting.

### **Attendance to the meeting via electronic medium**

**ARTICLE 15** - (1) If it is possible to attend the general meeting via electronic medium as per the article 1527 of the Law, the procedure to be carried out by the board of directors and the chairing board of the meeting shall be carried out by taking into account the article 1527 of the Law and the relevant laws and regulations.

## **PART THREE**

### **Miscellaneous Provisions**

#### **Attendance of the representative of the Ministry and documents pertaining to the general meeting**

**ARTICLE 16** - (1) For the meetings where attendance of a representative of the Ministry, The provisions of the Regulation concerning the application to the Ministry for appointment of a representative of the Ministry to the general meetings and the duties and powers of the representative of the Ministry are reserved.

(2) It is mandatory to observe the provisions of the Regulation for the preparation of the list of persons who are eligible to attend the general meeting and who are present at the general meeting and for the issue of the forms of proxy and the minutes of the meeting.

#### **Matters not addressed in the Internal Guideline**

**ARTICLE 17** - (1) If an issue emerges in the course of a general meeting which has not been addressed in this Internal Guideline, action shall be taken as per the resolution taken by the shareholders on that matter.

#### **Adoption of and amendments to the Internal Guideline**

**ARTICLE 18** - (1) This Internal Guideline shall be put in effect, registered and announced to public by the board of directors upon the approval of the general meeting of shareholders of Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi. Any proposed amendments to the Internal Guideline shall be subject to the same procedure.

#### **Effective Date of the Internal Guideline**

**ARTICLE 19** - (1) This Internal Guideline is put into effect, registered and announced by the General Meeting of Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi. Amendments to this Internal Regulation are subject to the same procedures.

**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 5 of the Communiqué Concerning Principles to be Observed by Joint Stock Companies Being Subject to the Capital Market Law, Serial IV, No. 41, amended by the Communiqué Serial IV, No. 52, of the Capital Market Board (the Communiqué). 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.

This 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 2012 is given in the footnote no. 27 to the financial statements disclosed to the public in respect of the operations of the Company in 2012. In this report, only the appropriateness of the transactions which exceed the 10% limit in view of the prevailing market conditions is evaluated.

**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 minibuses, midibuses and buses 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 31.12.2012, the registered capital of the Company is TL 25 million and the issued capital TL 24 million.

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

<b><u>Name of Shareholders</u></b>	<b><u>Amount of Share (TL)</u></b>	<b><u>Rate %</u></b>
Koç Holding A.Ş.	10,722,750	44.68
Ünver Holding A.Ş.	5,954,944	24.81
<u>Other shareholders</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.

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

<b>Name / Trade Name of the Shareholder</b>	<b>Rate of Share (%)</b>
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 01.01.2012 and 31.12.2012 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, 2012.

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.

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 233,281,162 was realized between the Company and Ram Dış Ticaret A.Ş. as the related party during 2012. 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 2,167,754.

### **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 or total gross sales set out in the annual financial statements to be disclosed to the public during one account period as provided in the Communiqué Serial IV, No. 41 of the Capital Market Board, 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.

**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.  
INFORMATION POLICY 2012**

**I - PURPOSE**

In order to inform the public efficiently, transparently and on an ongoing basis, Otokar pursues an information policy by which the information is provided accurately, completely and understandably on a timely manner. Otokar aims at creating an efficient and open communication platform by uniformly sharing its vision and objective target, past performance and expectations with the public, the relevant authorized entities, the existing and potential investors and the shareholders and by announcing its financial information to the public in accordance with the generally accepted accounting principles and the provisions of the Capital Market Law, with the exception of trade secrets.

In all its practices relevant with the public disclosure, Otokar complies with the Capital Market Legislation and the regulations of the İstanbul Stock Exchange and seeks to implement the most efficient communication policy in accordance with the Corporate Governance Principles of the Capital Market Board.

**II - RESPONSIBLE PERSONS**

The Board of Directors is responsible for the establishment, supervision and updating as necessary of the Information Policy. At the same time, the Shareholder Relations Unit reporting to the Assistant General Manager in charge of Financial Affairs is responsible for the implementation and following up of the Information Policy and works in close cooperation with the Board of Directors. The Information Policy adopted by the Board of Directors is submitted to the information of the shareholders at the general meeting and announced to the public at the web site ([www.otokar.com.tr](http://www.otokar.com.tr)).

**III - METHOD AND MEANS OF INFORMATION**

**Method and Means**

In the establishment of the public disclosure and information policy, Otokar uses the following method and means in accordance with the Regulations of the Capital Market Board and the İstanbul Stock Exchange and the provisions of the Turkish Commercial Code:

- Special situation disclosures sent to the İstanbul Stock Exchange
- Financial reports sent to the İstanbul Stock Exchange
- Annual and interim activity reports
- Corporate web site ([www.otokar.com.tr](http://www.otokar.com.tr))
- Information and promotion documents prepared for investors
- Meetings with investors
- Memoranda, circulars, notices and other documents required to be issued pursuant to the Capital Market Regulations
- Press releases made through the press and mass media
- Public announcements and notices made through the Turkish Trade Register Gazette and daily newspapers
- Communication means such as phone, electronic mail (e-mail), facsimile, etc.

### **Persons Authorized to Make Disclosures**

Disclosures and information to be made on behalf of Otokar A.Ş. by using the methods and means stated above are handled by the General Manager and the Assistant General Manager in charge of Financial Affairs, except for the forms, declarations and reports signed as per the circular of authorized signatories.

In addition, the Shareholder Relations Unit reporting to the Assistant General Manager in charge of Financial Affairs is allowed to communicate on behalf of Otokar A.Ş. on matters like promotion of Otokar A.Ş. to existing and potential investors and intermediaries at home and abroad, fulfilling information requests of analysts and research specialists working at such institutions, answering of questions received by them regarding the investor relations.

Apart from the foregoing, unless specifically authorized, no employee of Otokar is authorized to give answer to questions received from any person or entity. Received information requests are directed to the Shareholder Relations Unit reporting to the Assistant General Manager in charge of Financial Affairs.

## **IV - SPECIAL SITUATION DISCLOSURE**

### **Responsibility**

Special situation disclosures to be made to public regarding important events and developments that may affect the value of the capital market instruments and the investment decisions of the investors shall be made in accordance with the regulations of the Capital Market Board.

Special situation disclosures are prepared by the Shareholder Relations Unit reporting to the Assistant General Manager in charge of Financial Affairs within the knowledge of the General Manager and forwarded by electronic signature to the KAP system and sent in writing to the İstanbul Stock Exchange. They are also announced to the public at the web site of the company and maintained at the web site for minimum 5 years.

### **List of Persons with Administrative Responsibility**

The list of persons with administrative responsibility of Otokar A.Ş. includes the members of the Board of Directors and the auditors and the persons who are capable of regularly accessing the internal information directly or indirectly related with Otokar and who are authorized to take administrative decisions which may affect the future development and commercial targets of Otokar A.Ş.

Apart from the members of the Board of Directors and the Statutory Auditors, the persons who are capable of regularly accessing the information and authorized to take administrative decisions at the same time are the Chairman, the General Manager and the Assistant General Managers.

### **Monitoring Mechanism**

News stories appearing in the press about Otokar are monitored by the Corporate Communication Unit. News stories are shared with the General Manager, the Assistant General Managers, the Shareholder Relations Unit and the units concerned with the subject matter.

In addition, daily developments about Otokar in the subscribed data broadcasting channels of Reuters and Forex are monitored.



### **Fulfillment of the Validation Obligation**

Any news or rumors appearing in the press and the media about Otokar, not sourced by persons authorized to represent Otokar, which may affect the investment decisions of the investors or the prices of the capital market instruments, a statement is made as to accuracy or adequacy of the same.

If a news story was previously published and if it does not contain additional information, no statement is made about it. However, the matter of whether making a statement about that news which doesn't require a special situation disclosure pursuant to the Communiqué is beneficial or not is considered by the management of the Company.

### **Untrue News and Gossips**

In principle, no comment is made about news which it is evident that is not sourced by Otokar and is a gossip, rumor and untrue. However, if it is deemed necessary to protect the interests of Otokar A.Ş. and the investors, a statement is made about such untrue news as well.

The Company may want to make a statement about news and rumors appeared in the press, which do not require making of a special situation disclosure.

### **Measures Taken for Ensuring Confidentiality of Internal Information Units its Disclosure to Public**

Employees of Otokar A.Ş. who have access to internal information and other parties communicated are informed about the fact that they are obliged to protect the confidentiality of such information in the course of occurrence of a special situation and during the time from the occurrence of such special situation till the disclosure of it through the KAP system and the İstanbul Stock Exchange.

As a general rule, Otokar A.Ş. and persons working for and on the name and account of Otokar A.Ş. may not share any information not yet in public domain, which can be considered as a special situation, with any third persons. If it is discovered that any internal information has been disclosed to third persons by such persons inadvertently and it is concluded that confidentiality of such information can no longer be ensured as required by the Capital Market regulations, a special situation disclosure is made.

In the event of postponement of disclosure of such information, a list of the persons having the information being the subject of the postponement at the time of taking of the postponement decision is prepared and the "List of Persons Having Access to Internal Information of Otokar A.Ş." is updated. Necessary measures are taken to keep the internal information, the disclosure of which is postponed, confidential.

### **V - STATEMENTS TO THE PRESS AND THE MEDIA**

Through controlled feed of news by the Corporate Communication Unit of Otokar about important developments occurred during the year to the press, the mass media and the electronic media, the public is informed in detail. Information can be made through a press conference as well, depending on the content of the information. Questions and information requests of the media about the company and various developments are received and answered in writing.

All written statements shared with the press and the mass media are forwarded to data broadcasting corporations like Reuters and Forex. The representatives of such corporations are invited to all press conferences when the subject of such conferences is relevant.

Statements made through press-mass media are published at our web site in Turkish and English as well.

In situations where a Special Situation Disclosure is required, the disclosure is made by the Assistant General Manager in charge of Financial Affairs within the knowledge of the General Manager.

## **VI - INVESTOR MEETINGS**

In order to communicate the activities and financial performance as well as the vision, strategy and targets of Otokar to the shareholders in a best manner, the top executives and the responsible persons of the Investor Relations Unit of Otokar meet with intermediary firms, analysts and investors and presentations, question/answer sheets and summary information aimed at promoting Otokar in a best manner are prepared during the year. All requests received from shareholders for convening of a meeting are answered affirmatively. Through regularly updated web site and electronic media, it is ensured that shareholders and analysts are enabled to monitor the developments concerning Otokar closely.

Presentations made to investors, intermediary firms and concerned persons as well as periodic newsletters with financial content are disclosed through electronic media and web site. Statements and presentations are forwarded to requesting investors and shareholders in CD or hardcopy by mail.

There is a form for electronic newsletter at the web site to enable communication in electronic medium. In this way, easy access by investors who desire to obtain information about Otokar to such information and continuity of relations is assured.

All questions and information requests of investors about the company are answered by communication means like phone, fax, electronic mail, etc.

While the analyst reports written about the company are not published at our web site, the firms and communication data of the analysts are published at our web site.

## **VII - FINANCIAL STATEMENTS**

Financial statements of Otokar are prepared in accordance with the provisions established by the Capital Market Board and audited independently in accordance with the International Audit Standards and disclosed to the public. Before disclosed to the public, the financial statements and footnotes as well as the Activity Reports are submitted in accompany of the opinion of compliance obtained from the Audit Committee to the Board of Directors pursuant to the Capital Market Legislation. After the statement of accuracy has been signed, the financial statements, the footnotes and the independent audit report are forwarded to the KAP system and the İstanbul Stock Exchange pursuant to the Capital Market Law and the regulations of the İstanbul Stock Exchange. Current and previous financial statements and footnotes issued in Turkish and English are available at our web site.

## **VIII - ACTIVITY REPORT**

Content of the annual activity reports is prepared at the office of the Assistant General Manager in charge of Financial Affairs in accordance with the international standards, the Capital Market Legislation and the Corporate Governance Principles. Once adopted by the Board of Directors, the report is disclosed to the public in Turkish and English at our web site. In addition, printed copies and copies in CD format are available at the Corporate Communication and Financial Affairs Units.

In addition, interim activity reports issued quarterly are disclosed to the public through the KAP system and the İstanbul Stock Exchange and submitted to the investors at our web site.

## **IX - WEB SITE OF THE COMPANY**

In the Investor Relations pages in Turkish and English on the web site of the company at the address of [www.otokar.com.tr](http://www.otokar.com.tr), detailed information and current and past data pertaining to Otokar are provided pursuant to the Corporate Governance Principles. Content of the web site is prepared so as to contain diverse information which all stakeholders can make use of. This section is in the nature of a platform where information needed by investors, shareholders and analysts for valuation of the company and monitoring of the performance of the company and the stock is provided in detail and comprehensively and updated continuously.

Besides the corporate governance compliance report, memorandum and general meeting information and other information like the Articles of Association of the company, the web site of the company contains information required by the Capital Market Board from Special Situation Disclosures sent to the İstanbul Stock Exchange to our activity reports, periodic financial reports and capital structure data of the company. In addition, investor presentations and newsletters are published at our web site to inform the investors about important developments. Production and sales quantities by models are published monthly, amounts of exports quarterly and data of capacity and capacity utilization rates, investments and employment annually at our web site to inform the investors about the developments in the operations of the company.

## **X - STATEMENTS ABOUT THE FUTURE**

Investors are warned about statements contained in the written documents of Otokar, which have been made based on certain prospective assumptions. It is stated that such statements may be different from the expected results due to risks, uncertainties and other factors and are subject to revision accordingly.

## **XI - STATEMENTS ABOUT THE USE OF SHAREHOLDING RIGHTS**

Shareholders are informed about the general meetings, capital rises, dividend payments, merger and division transactions through memoranda and notices as well as Turkish Trade Register Gazette and local newspapers pursuant to the Capital Market regulations.

The said documents are published at the web site of Otokar A.Ş. besides the media set out in the regulation, so as to facilitate the access by the investors to such documents.

**General Meeting**

Pursuant to the Capital Market legislation and the Corporate Governance Principles, the place and agenda of the general meeting, the draft amendments, if any, and a form of proxy are published in 2 daily newspapers circulating across Turkey at latest 21 days before the general meeting. The notice states where independently audited financial statements pertaining to the respective period are made available for inspection.

The General Meeting is held under the supervision of a representative of the Ministry of Industry and Commerce and under the management of the Chairing Board in accordance with the procedure.

At the General Meeting, information about the activities and financial results in the respective year is given and the matter of distribution of the profit in the respective year and the distribution date are submitted to the approval of the General Meeting.

Information is given about the resumes of the members of the Board of Directors and re-election or replacement of members of the Board of Directors whose office term has ended, office term of the members of the Board of Directors, re-election or replacement of the Auditors whose office term has ended and office term of the Auditors and determination of monthly gross remuneration to the Chairman and Members of the Board of Directors and the Auditors are submitted to the adoption of the General Meeting.

Amendments to the articles of association as deemed necessary and if any, selection of the independent audit firm by the Board of Directors upon the proposal of the Audit Committee are submitted to the adoption of the General Meeting.

Profit Distribution Policy, Information Policy and donations and aids made by the company to foundations and societies exempted from tax for purposes of social aid during the respective year are submitted to the information of the General Meeting.

Transactions made with the related parties are submitted to the information of the General Meeting pursuant to the Capital Market legislation.