

Agenda

FOR THE 48. ORDINARY GENERAL ASSEMBLY MEETING
OF OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.
TO BE HELD ON 15.03.2011 AT 10:00 A.M.

AGENDA

1. Opening and election of the Chairmanship Council
2. Presentation and discussion of the Board's Annual Report, Auditor's report and the Report of Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., Independent Auditing Company, on the operations and accounts of the year 2010. Approval of the Board of Directors' proposal on 2009 balance sheet and income statement as-is, approval upon amendment or rejection thereof
3. Release of the Board members and Auditors for their acts and actions in 2010, separately
4. Briefing to the shareholders on "Profit Distribution Policy", pursuant to the Corporate Management Principles
5. Approval of the Board's proposal on profit distribution for 2010 and the date thereof, acceptance upon amendment or rejection thereof
6. Fixing the number of the Board members and election of members accordingly
7. Fixing the number of the Auditors and holding the election accordingly
8. Fixing the monthly gross remuneration for Board Members and Auditors
9. Submission of the donations and social aids extended to the foundations and associations in 2010 for the purpose of social welfare for the General Assembly's review
10. Briefing to the shareholders on the operations made with the relevant parties throughout the year
11. Approval of the appointment of the independent auditors by the Board of Directors upon proposal by the Auditing Committee, pursuant to the Capital Market Board's Communiqué on the Standards for Independent Audit in the Capital Market
12. Authorisation of the members of the Board of Directors to execute Company affairs, covered by the subjects thereof, personally or let them be executed by third parties and to become partners in companies being involved in same activities and to perform other activities in accordance with Sections 334 and 335 of the Turkish Commercial Code
13. Authorisation of the Chairmanship Council to sign the minutes of the General Assembly meeting and to settle this item in this way
14. Wishes

Board of Directors Report

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.
FOR THE PERIOD 01.01.2010 - 31.12.2010
SUBMITTED TO THE 48. ORDINARY GENERAL ASSEMBLY MEETING
held on March 15, 2011

BOARD OF DIRECTORS REPORT

Our Esteemed Shareholders,

Welcome to our 48. Ordinary General Assembly Meeting held to assess the operating results for the year 2010 and to discuss and resolve on other items included in our agenda. We wish to express our thanks and regards for your kind interest and greet you respectfully.

At this meeting, we wish to give you information about our activities in 2010 and to submit our financial statements, indicating the year results, prepared in accordance with the International Financial Reporting Standards within the frame of regulations as announced by the Capital Market Board, showing the results of our activities in the year 2010, for your perusal and approval.

The members of the Board of Directors and the Auditing Committee who served during the period, their office term and respective limits of authority are given in the following table.

Board of Directors:

Name & Surname	Position	Office term	
		Beginning	Expiry
Kudret ÖNEN	Chairman	17.03.2010	15.03.2011
Halil İbrahim ÜNVER	Vice Chairman	17.03.2010	15.03.2011
Osman Turgay DURAK	Member	17.03.2010	15.03.2011
Alpay BAĞRIAÇIK	Member	17.03.2010	15.03.2011
Ali Tarık UZUN	Member	17.03.2010	15.03.2011
Ahmet Serdar GÖRGÜÇ	Member	17.03.2010	15.03.2011
Taylan BİLGEL	Member	17.03.2010	15.03.2011
Tuğrul KUDATGOBİLİK	Member	17.03.2010	15.03.2011

Limits of authority vested on the Chairman and Members of the Board are defined by Article 12 of the Articles of Association and the applicable provisions of the Turkish Commercial Code.

Auditing Committee:

Name & Surname	Position	Office term	
		Beginning	Expiry
İbrahim Murat ÇAĞLAR	Auditor	17.03.2010	15.03.2011
M. Metin UTKAN	Auditor	17.03.2010	15.03.2011

Limits of authority vested on the auditors defined by Article 16 of the Articles of Association and the applicable provisions of the Turkish Commercial Code.

Shareholders with a nominal share of more than 10% of capital:

As of 31.12.2010, the registered capital of the Company amounts to TL 25 million, while the issued capital amounts to TL 24 million.

Shareholders with a nominal share of more than 10% of capital, the shareholding amount and their participation rate are shown below.

Trade name	Shareholding amount (TL)	Participation rate %
Koç Holding A.Ş.	10.722.750	44,68
Ünver Holding A.Ş.	5.954.944	24,81
Other Shareholders	7.322.306	30,51
Total	24.000.000	100.00

As per latest data provided by Merkezi Kayıt Kuruluşu A.Ş. (Central Recording Institution, Inc), remaining shares with nominal value of TL 7.322.306, representing 30.51% of the capital, are distributed among around 4.360 shareholders of our Company.

Dividends distributed in last three years and respective percentages:

In previous years Otokar distributed dividend, at rates given below, on its issued capital.

Period	(%)
2007	125,00
2008	30,00
2009	85,00

Dividend for the operating year 2009 distributed among shareholders has been paid fully as from March 24, 2010 in cash.

Within the context of dematerialisation of capital market instruments and transition to book-entry system, our share certificates have been dematerialised as per the Capital Market Board's resolution 43/1318 dated October 28, 2005. Shareholders who hold share certificates of our Company are required to apply to the Company's Head Office and to complete any transaction pertaining to previous years, if any, and to apply to any investor establishment to dematerialise their shares, in order to enjoy their participating nature.

In line with general announcements of MKK on the dematerialisation process of the share certificates and pursuant to Provisional Clause 6 of the Capital Market Law, the title owner shareholders are not allowed to exercise their rights of participating unless they dematerialise their own share certificates.

Our shareholders can access to corporate and financial data of our Company on page "Investor Relations" at www.otokar.com.tr

AUTOMOTIVE SECTOR AND OTOKAR

Being active in light commercial vehicles segment of the automotive industry, Otokar has a product range consisting of minibus, midi bus and similar vehicles for the commercial market, preferred mostly for mass transportation and personnel transportation, on one hand, and of various types of 4x4 off-road vehicles and light armoured vehicles with tyres to meet the demands of the defence industry, on the other hand. Additionally, trailers and semi-trailers are manufactured for transportation and logistics sector under Otokar-Fruehauf licence.

On July 29, 2008 Otokar and the Undersecretariat for Defence Industry entered into Phase I Turkish Combat Tank Design & Prototype Production Main Contract within the scope of "Modern Tank Production Project using National Resources" (Altay Project), which has become effective and studies related with the project were carried on in 2010, as well.

The developments in sector during 2010 can be summarised as follows, in line with the OSD data.

- In the period January - December 2010, total vehicle production in the sector increased by 26% compared to the same period in the previous year and was realised as 1095 thousand vehicles, while car production increased by 18% and was realised as 603.000 cars.

- Developments in production of Light Commercial Vehicles Group, of which we are a member, are as follows;

For minibus	increase by 44%
For midi bus	increase by 1%
For light duty truck	increase by 34% was realised.

- In heavy commercial vehicles group,

For bus	decrease by 11%
For large trucks	increase by 176%
For small trucks	increase by 306% was realised.

Regarding light commercial vehicles, sales volume in 2010 increased by 34%, while sales volume of imported light commercial vehicles increased by 54%. Sales volume of domestic light commercial vehicles has increased by 23%, while the market share of import vehicles was realised as 40% in the year 2010.

PRODUCTION & SALES

Production and sales figures of our Company, in terms of product types, are given in the following table, comparative to the previous year figures.

	2010		2009		Change (Number)		Change (%)	
	Production	Sales	Production	Sales	Production	Sales	Production	Sales
Minibus	286	283	262	276	24	7	9	3
Midibus	988	1,033	1,008	978	-20	55	-2	6
Bus	379	405	290	273	89	132	31	48
4x4 off-road vehicles	374	416	749	649	-375	-233	-50	-36
Armoured vehicles	205	179	251	270	-46	-91	-18	-34
Trailer	1,158	1,159	395	422	763	737	193	175
Total	3,390	3,475	2,955	2,868	435	607	15	21

In our financial statements, prepared in accordance with the International Financial Reporting Standards within the frame of regulations as announced by the Capital Market Board, the Company's turnover is increased by 3% over the last year. Breakdown of turnover in terms of domestic and international markets is given in the following table, comparative to the last year's figures.

	2010 (TL)	2009 (TL)	Change (%)
Domestic Sales	447,972,160	345,455,005	30
Foreign Sales	69,424,334	157,789,678	-56
Total	517,396,494	503,244,683	3

Total foreign sales is realised as US\$ 45.876.869 (in 2009: US\$ 100.447.127), and has 13% (in 2009: 31%) share among total turnover.

In 2010 use of capacity was realised as 15% (in 2009: 14%) for minibus, 47% (in 2009: 48%) for midi bus, 38% (in 2009: 20%) for bus and 89% (in 2009: 30%) for trailer. Total capacity use rate was 32% (in 2009: 30%).

Otokar achieves its growth through its products, developed based on its engineering and R&D means, the design and intellectual ownership rights of which are possessed by Otokar. The Company defines its strategies to grow in the defence industry, to ensure the increase of exports share among its turnover and to grow through introduction of new models, and it accomplishes to attain its targets.

In 2010, Otokar exhibited the range of commercial vehicles at Busworld 2010 Turkey Fair. In April 2010, M-2010, Kent 290 LF and Doruk 215 LE vehicles were exhibited at Anfaş City Expo – City Planning and Technologies Fair held in Antalya. Navigo and Vectio vehicles of commercial vehicles range were exhibited at Busworld Russia, being the first fair where Otokar commercial vehicles range has participated in Russia.

At IAA 2010, organised in September in Germany and being the biggest commercial vehicle fair in Europe, Otokar introduced its vehicles Centro, Vectio, Navigo, Kent and Territo to the European market. 12 m long Kent 290LF and 9,5 m long Vectio 220LE, specially designed for the British market with right handle drive were exhibited at Euro Bus Expo 2010, held on November 2-4, 2010 in England.

Cobra and Kaya from military vehicles range, exhibited at BSDA Fair in Romania, were also exhibited at the Eurosatory Fair in France, together with Arma vehicle. Eurosatory 2010 features to the first fair where Arma has been introduced in global frame.

INVESTMENTS

In order to attain rapid growth targeted for vehicles of Otokar, who holds the intellectual rights thereof, the Company carried on its investments in "Otokar R&D Centre" in 2010 as well, based on the resolution taken for research and development efforts.

Investments in machine and equipment within the scope of R&D Centre and modernisation efforts amount to almost six million US Dollars.

ADMINISTRATIVE ACTIVITIES

Members of the upper management team served in 2010 and the duty descriptions are as given below.

Name & Surname	Duty
A. Serdar GÖRGÜÇ	General Manager
Hüseyin ODABAŞ	Deputy General Manager - Finance
Ali Rıza ALPTEKİN	Deputy General Manager - Production
Murat ULUTAŞ	Deputy General Manager – Technical Affairs
H.Basri AKGÜL	Deputy General Manager – Sales & Marketing
Mustafa BAKIRCI	Deputy General Manager – Tank & Armoured Tactical Vehicles

As of 31.12.2010, total personnel are 1.312 (in 2009:1.207), of which 461 (in 2008: 457) are serving as administrative staff and officers while 851 (in 2008: 750) as workers. No dispute and labour act has arisen during the period concerned.

Our Company is subject to Group Collective Labour Contract, signed with the Turkish Metal Syndicate and MESS on 13.11.2010, to be effective as from 01.09.2010. The contract is concluded for two years and shall expire on 31.08.2012.

The Company has adopted the compliance with the Corporate Management Principles, issued by the Capital Markets Board (CMB), and the execution of arrangements regarding matters which would require compliance based on the emerging circumstances. The "Corporate Management Rating Report, prepared by SAHA Corporate Management and Credit Rating Services Inc., in accordance with the CMB's Communiqué on "The Essentials for the Rating Operations in the Capital Market and for Rating Institutions" and considering the compliance with the Corporate Management Principles of the ISE companies is accessible on Internet page at www.otokar.com.

The Company's rating for "3. Rating Term Revision" in 2010 was realised as 8.32 (8.12 in 2009).

FINANCIAL RESULTS

Our Company is submitting the financial statements on its activities in the year 2010, prepared in accordance with the International Financial Reporting Standards within the frame of regulations as announced by the Capital Market Board, to the General Assembly and to the public opinion.

Financial statements, notes to financial statements and ratios, presenting the results of year 2010, are submitted for perusal separately.

In 2010, Company's turnover was realised as TL 517.396.494, and gross sales profit as TL 91.096.312.

According to the financial statements, prepared in accordance with the International Financial Reporting Standards within the frame of regulations as announced by the Capital Market Board, TL 15.820.022 is allocated for depreciation, TL 1.799.306 as severance pay and guarantee expenses, and the year ended with pre-tax profit amounting to TL 20.076.855.

In 2010, statutory tax amount payable by our Company is TL 4.581.519 and the tax provision for the year 2010 is stated in financial statements as TL 701.459, due to deferred tax revenues. After allocation of the tax provision, the Company's net profit for 2010 is obtained as TL 20.778.314.

During the year, the Company donated TL 332.366 to tax-exempted foundations and associations, as social aid.

When determining the profit distribution, long term Company strategy, capital requirements, investment and finance policies, profitability and cash level of our Company are taken into consideration.

Pursuant to the attached Proposal on Profit Distribution, we hereby submit for your approval that TL 0,62500 gross=net cash dividend will be paid as dividend for one share certificate at rate 62,5% and with nominal value of TL 1,00 among our shareholders, full taxpayer establishments and limited taxpayer legal entity shareholders who obtain profit share via an enterprise or permanent representative in Türkiye,

that TL 0,53125 net cash dividend will be paid as dividend for one share certificate at rate 53,125% and with nominal value of TL 1,00 among our other shareholders,

that the beginning date for the distribution of total amount of payable dividend TL 15.000.000 shall be fixed as Tuesday, March 22, 2011.

Enclosed please find the summary of 2010 operations and the results obtained.

Esteemed Shareholders,

Our Board of Directors has thus concluded this working day. At this meeting the members of the new Board of Directors will be elected who will serve in the next operating year. We hereby express our sincere thanks and regards for your trust, consideration and assistance to our Company.

February 18, 2011



Kudret Önen
Chairman

PROPOSAL FOR PROFIT DISTRIBUTION FOR THE ACCOUNTING YEAR 01.01.2010- 31.12.2010

According to our financial statements for the accounting year 01.01.2010 – 31.12.2010, prepared by our Company in compliance with the International Financial Reporting Standards within the framework of the Capital Market Board's Communiqué under serial number XI number 29 and audited by Güney Independent Auditing and Certified Public Accountancy Inc., the Company generated "Non-consolidated Net Profit for the Period" of TL 20.778.314. Below please find our proposal for profit distribution prepared considering our long-term corporate strategy, our Company's capital requirements, our investment and financial policies, profitability and cash level and the payment of dividends shall commence on 22.03.2011 depending on the General Assembly's resolution.

Profit Distribution Table for the year 2010 of Otokar Otomotiv ve Savunma Sanayi A.Ş. (TL)		
1. Paid-in/Issued capital		24.000.000
2. Total legal reserves (acc. to statutory records)		16.738.147
Information on privileges, if any as per the Articles of Association		
	According to CMB	According to statutory records
3. Profit for the period	20.076.855	41.357.029
4. Taxes payable (-)	701.459	-4.581.519
5. Net Profit for the period (=)	20.778.314	36.775.509
6. Prior period losses (-)		
7. First Group legal reserves (-)		
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	20.778.314	36.775.509
9. Donations made during the year (+)	332.366	
10. Net distributable profit for the period, with addition of donations, on which the first dividend will be calculated	21.110.680	
11. First dividend to shareholders	4.222.136	
- Cash	4.222.136	
- Bonus		
- Total	4.222.136	
12. Dividend distributed among holders of preferred shares		
13. Dividend to members of the Board, employees etc		
14. Dividend distributed among holders of beneficial shares		
15. Second dividend to shareholders	10.777.864	
16. Second Group legal reserves	1.380.000	
17. Status reserves		
18. Special reserves		
19. EXTRAORDINARY RESERVES	4.398.314	20.395.509
20. Other resources anticipated for distribution		