

**FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ**  
**ARTICLES OF INCORPORATION**

**OLD TEXT**

**Article 2 – Trade Name:**

The trade name of the Company is “FORD OTOMOTIV SANAYI ANONIM SIRKETI”. Ford Otomotiv Sanayi Anonim Sirketi, which shall hereafter be shortly referred to as the “Company”, shall use the name “FORD OTOSAN” as its operational name.

**Article 3 – Object and Scope:**

The Company has been incorporated in order to engage in the below defined industrial and commercial activities.

A) To manufacture, assemble, sell, import and export automobiles, trucks and all types of motor vehicles and their parts and components. For this purpose, the Company:

- a) may build and operate factories and workshops in Turkey and abroad.
- b) may enter into cooperation with foreign manufacturers for assembly and sale of their products in Turkey or abroad.
- c) may import all kinds of materials and items as and when needed for its manufacturing and assembly activities and within its fields of business.
- d) may operate in free zones and establish and operate bonded warehouses, ports and similar premises for its import, export, assembly, manufacturing, research and development operations.
- e) may establish and organize sales, service and spare parts organizations for marketing its products inside and outside Turkey.
- f) may enter into all kinds of commercial, financial and industrial operations.
- g) may engage in engineering, research and development activities in the field of automotive, may manufacture, purchase and sell software, hardware, machinery, equipment, raw material and intermediate products to be used for these activities, may sell the products of these activities, and establish relations with domestic and foreign companies for these purposes.
- h) may enter into representation, distributorship, agency, license, know-how or similar agreements with Turkish and foreign companies.
- i) May engage in training activities, relating to production, development, supply, sales, maintenance and repair services of automotive products and similar topics and establish private education institution for this purpose.

B) Whether covered by the preceding paragraph or not, the Company:

- a) may deal with all types of trading operations, including but not limited to imports, exports, domestic trade and representation;
- b) may manufacture and assemble all kinds of agricultural machines and instruments and all kinds of machinery, equipment and spare parts within the scope of its contracts, with a view to improving the productivity of its industrial and assembly plants.

C) The Company may participate in the establishment of corporations manufacturing, distributing and marketing raw materials, parts and products within its fields of business, and may purchase

and if required, dispose of its equity stocks, provided that it does not engage in brokerage and portfolio management business in any manner whatsoever.

D) The Company may purchase, sell or otherwise trade, and establish or annul mortgages on, all types of real properties within its fields of business in accordance with the applicable laws.

E) The Company may participate in the organizations and corporations producing, distributing and marketing electrical energy, and may purchase and if required, dispose of its equity stocks, provided that it does not engage in brokerage and portfolio management business in any manner whatsoever.

F) The Company may purchase and carry out transactions with debentures, bonds and other securities, provided that it does not engage in brokerage and securities portfolio management business in any manner whatsoever. The Company may further purchase and if required, dispose of the stocks of trading banks and consumer finance companies with a view of participation.

G) The Company may make donations and contributions to foundations, associations, universities, and similar institutions established for social purposes, in line with the principles set by the Capital Market Board.

H) Subject to compliance with the principles determined by the Capital Market Board the Company may issue guarantee security, surety ship or establish pledge including mortgage in favour of itself or third parties.

In addition to and apart from the above listed operations, if and when the Company intends to enter into other activities deemed necessary and advisable for the Company in the future, the Company may extend its fields of business by decisions of its General Assembly of Shareholders upon proposals of the Board of Directors, provided, however, such decisions require an amendment to these Articles of Incorporation, prior consents of the Capital Market Board and the Ministry of Industry and Commerce shall be obtained.

#### **Article 4 – Head Office and Branches:**

The legal head office of the Company is located in Istanbul at the address of Akpınar Mahallesi Hasan Basri Caddesi No:2 Sancaktepe and the business centre is located in Kocaeli. In case of any change in its registered office address, the new address shall be registered in the trade registry, announced in the Turkish Trade Registry Gazette and notified to the Capital Market Board and Ministry of Industry and Commerce. Any notice and correspondences delivered to the registered and announced address shall be deemed to have been duly served to the Company itself. Should the Company leave its registered and announced address, but fail to register its new address in due legal time, it shall constitute a just cause of dissolution of the Company. The Company may open branches in Turkey and abroad based on a Board of Directors' resolution and with prior notice to the Capital Market Board and Ministry of Industry and Commerce.

## Article 5 - Term:

Term of the Company: Term of the Company is unlimited. The company may wind up or can be dissolved according to the provisions of the Turkish Commercial Code.

## Article 6 – Registered Capital:

The Company has accepted the Registered Capital System under the provisions of the Capital Market Act 2499 dated 28.07.1981 and has been included in this system by a decision ref. 16 dated 09.03.1982 of the Capital Market Board. The registered capital of the Company is TL 500.000.000 (five hundred million Lira), divided into 50.000.000.000 (fifty billion) registered shares each with a nominal value of Kr. 1 (one kuruş). The permission given by the Capital Market Board for the registered capital ceiling is valid between 2010 – 2014 (5 years). Even if the registered capital ceiling is not reached at the end of 2014, for the Board of Directors to adopt a resolution to increase the capital after 2014; it should acquire a permission from the Capital Market Board for the previously permitted ceiling or for a new ceiling amount and also acquire an authorization from the General Assembly for a new term. In the absence of such an authorization the Company shall be deemed excluded from the registered capital system. The issued and fully paid capital of the Company is TL 350.910.000 (three hundred and fifty million nine hundred and ten thousand Lira) and out of this capital, TL 758,076 has been fully paid, TL 165.095 has been nominally capitalised from the extraordinary reserve fund, TL 259.309.018 has been nominally capitalised from the Asset Revaluation Fund, TL 849.061 from Cost Increase Fund, TL 31.331.250 has been capitalised nominally from the dividend amounts that was paid as share certificates, TL 23.270.986 has been capitalised nominally from Real Estate Sales Profit in accordance with temporary Article 28 of Corporate Tax Law, TL 35.214.014 has been capitalised nominally from inflation restatement accounts and TL 12.500 has been capitalised nominally by the assets transferred as a result of merger by way of take over of Otosan Pazarlama A.S. Distribution of the shares corresponding to TL 350.910.000 capital by the groups of shares are as listed below:

<u>Shareholders</u>	<u>Group of Shares</u>	<u>No. of Shares</u>	<u>Nominal Value (TL)</u>	<u>Share Percentage (%)</u>	<u>Registered Bearer</u>
<u>Local Shareholders</u>	A	7.239.689.162	72.396.891,62	20.63	Registered
Local Shareholders	B	13.451.607.162	134.516.071,62	38.33	Registered
<u>Foreign Shareholder</u>					
Ford Motor Co.	C	14.399.703.676	143.997.036,76	41.04	Registered
TOTAL		35.091.000.000	350.910.000,00	100.00	

A total of 7.239.689.162 shares of Class-A , with a total nominal value of TL 72.396.891,62 held by local shareholders, are shares in circulation. Ford Motor Company, holding Class-C shares of the

Company, is entitled to the provisions of the Code on Direct Foreign Investments and the relevant positive law by virtue of the Decree of the Council of Ministers, ref. 6/9910, dated 02.05.1968. The Board of Directors may issue registered shares and increase the issued capital up to the registered capital ceiling, when it deem necessary in accordance with the Capital Market Board Law.

The sale price of shares shall be paid in cash and in advance. New shares can not be issued unless and until the issued shares are fully sold and paid for.

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

- issue preferred shares or shares above nominal value; or
- restrict the option right of the existing shareholders.

The shares representing the capital are tracked electronically in accordance with the principles for dematerialization.

#### **Article 7 – Transfer of Shares:**

Class-A Shares may be freely transferred. Class-B and Class-C Shares may be converted to Class-A Shares, transferred or pledged to third parties, or in any other way encumbered only with the approval of the Class-C Shareholders in the case such shares are Class-B Shares or with the approval of the Class-B Shareholders in the case such shares are Class-C Shares. In the event that Class-B and C Shares are transferred to third parties, such transferred shares become Class-A Shares. In the event that a share transfer which would result in the decrease of the shareholding ratio of either the Class-B or Class-C Shares below 30 % of the capital of the Company is requested, the class of shareholders whose approval is requested can refrain from giving such approval without any reason.

In case a written agreement is executed between the Class-B and Class-C shareholders with regard to the transfer, pledge of the Class-B or Class-C shares to third parties or any other encumbrance, such transfer, pledge or any other encumbrance shall be implemented in accordance with such agreement and registered with the share register-book of the Company. Notwithstanding the above, Class-B and Class-C Shares may freely be transferred among the Class-B and Class-C Shareholders and to the affiliates of Class-B and Class-C Shareholders. In such a case, the class of the transferred shares shall not change. The part of the Class-A shares to be acquired by the Class-B shareholders, which shall increase the amount of the existing Class-B shares to the amount of the existing Class-C shares, shall be automatically converted into the Class-B shares.

#### **Article 8 – Board of Directors:**

The Company's business and affairs are to be administered by the Board of Directors which shall consist of 8 members at least to be elected by the General Assembly in accordance with the Turkish Commercial Code and the regulations of the Capital Markets Board. The total number of the members of the Board of Directors shall be even. The number and qualifications of the independent members of the Board of Directors shall be determined based on the regulations of the Capital Markets Board relating to corporate governance. Half of the directors shall be elected from among the nominees of Class-B Shareholders, and the other half of the directors shall be elected from among the nominees of Class-C Shareholders. Provided however that one of them

who will be elected among the nominees nominated by Class-B Shareholders and Class-C Shareholders shall meet the qualification of independence defined in the regulations of Capital Markets Board. If during the year a Board membership became vacant or an independent member loses its qualification of independence, the substitute member who shall be elected by the Board of Directors in accordance with Turkish Commercial Code and the regulations of the Capital Markets Board must be elected among the nominees of the group of shareholders, whom the vacant membership belongs to. The fees to be paid to members of the Board shall be determined by the General Assembly. In remuneration of the independent board members share options or payment plans based on Company performance cannot be used. The Board of Directors meets with the presence of one more than half of the number of its members provided, however, that at least one member, who does not have the qualification of independence, from each Class-B Group and Class-C Group should be present in the meeting.

The Board of Directors takes its decisions with the affirmative vote of simple majority of the members present in the meeting provided, however, that the affirmative vote of the majority of the present members, who do not have the qualification of independence, from Class-B Group and Class-C Group respectively must be obtained. Provided however that the provisions of Article 31 of this Articles of Incorporation relating to meeting and decision quorum of the Board of Directors are reserved.

The Board of Directors may further take its decisions without a meeting, pursuant to the provisions of the second paragraph of Article 330 of the Turkish Commercial Code, provided however that such decisions are taken in unanimity. The directors shall be elected for a maximum period of three years. A new election shall be held for all the directors at the end of this period.

The directors who have completed their service may be re-elected. The General Assembly may, if it deems necessary, decide at any time to replace members of the Board of Directors. In such case, the provisions of Paragraph 2 of this Article 8, of this Articles of Incorporation shall be implemented.

#### **Article 9 – Duties and Powers of the Board of Directors:**

For the rights, obligations, responsibilities and liabilities of the Board of Directors, the conduct of Board meetings, resignation, death or non-eligibility of the directors, elections by the Board of Directors for vacancies, remunerations of the directors and other related issues the provisions of the Turkish Commercial Code and the regulations of the Capital Market Board shall be complied. The Board of Directors is authorized to take all decisions except for the issues which specifically require a resolution of the General Assembly of Shareholders pursuant to the Turkish Commercial Code, regulations of the Capital Markets Board and these Articles of Incorporation. The following transactions also require decisions of the Board of Directors:

1. To make proposals to the General Assembly for the amendments to be made in the Articles of Incorporation of the Company when necessary.
2. To make proposals to the General Assembly for any change in the registered capital of the Company when necessary.
3. To increase the capital up to the registered capital ceiling.
4. To approve annual business plans and product cycle plans for domestic and foreign markets.

5. To approve annual budgets of the Company.
6. To appoint and when necessary dismiss the senior management (General Manager, Senior Assistant General Manager and other Assistant General Managers) of the Company;

The General Manager and two Assistant General Managers shall be elected from among the nominees of the members representing Class- B in the Board of Directors, and the Senior Assistant General Manager and the other two Assistant General Managers shall be elected from the nominees of the members representing Class-C.

Furthermore, the Board of Directors may appoint a number of additional Assistant General Managers if it deems necessary. The Board of Directors shall further decide remuneration and other fringe benefits of the General Manager, Senior Assistant General Manager and Assistant General Managers.

7. To approve the interim and periodic financial statements and forecasts of the Company.
8. To approve the credits in excess of 2,000,000.- (two million) U.S. Dollars or Turkish lira equivalent, or with a term of more than 6 (six) months, which are not included in the budget previously approved by the Board of Directors.
9. To purchase, sell, scrap, lease or dispose of the tangible or intangible fixed assets of which cost or net book value exceeds 500,000.- (five hundred thousand) U.S. Dollars or Turkish lira equivalent.
10. To approve additional funding to proceed with projects previously approved by the Board of Directors where there is a cost overrun.
11. To decide for the purchase and sell all types of real properties and immovables.
12. To prepare the year-end balance sheets, income statements and activity reports and submit such documents to the auditors and the General Assembly.
13. To enter into, or make amendments in contracts, with the following persons for an amount in excess of 500,000 (five hundred thousand) U.S. Dollars or Turkish lira equivalent, except for the cases listed in the preceding paragraphs 1 to 12:
  - with Class-B and C Shareholders,
  - with entities where Class-B and C Shareholders directly or indirectly hold 30% or more of the capital of the shares, or
  - with real persons who alone, directly or indirectly, hold more than 20% of the Class-B or C Shareholders;
14. To effect the following transactions, extend the term thereof, terminate or cancel them:
  - All kinds of capital participations, in any amount,
  - And;
    - \* Cash investments other than capital participation (except for routine bank and cash management transactions),
    - \* Lending transactions, which are not in the form of lending business, (except for the advances made to side industries in the course of business, routine bank transactions and routine cash management transactions), in excess of 250.000.- (two hundred and fifty thousand) U.S. Dollars or Turkish Lira equivalent.
15. To enter into trademark, patent, copyright and know-how agreements except for routine software licenses) and give commitments on nonroutine matters with regard to intellectual and industrial property rights.

16. To take decisions as to the establishment of mortgages or similar encumbrances on the Company's immovables or as to removal, including termination thereof.
17. To determine the human resources policy, make substantial and major amendments therein, enter into agreements with the workers' unions or make amendments therein (directly or through union of employers of which the Company is a member) and resolve major labor disagreements and disputes.
18. To effect major modifications in the warranty conditions of the Company products.
19. To make donations to the charity associations or non-profit-bearing organizations in a yearly amount in excess of 100,000 United States Dollars or Turkish Lira equivalent.
20. To make dividend distribution proposals to the General Assembly.
21. To request the bankruptcy of the Company or apply for composition.
22. To appoint legal advisors for the Company.
23. To appoint an Independent Audit Company in accordance with the applicable laws.
24. To approve all marketing plans, appoint the dealers, and terminate the dealer contracts.
25. To approve vehicle sales-incentive programs, advertisement and sale improvement programs in excess of 500,000.- (Five Hundred Thousand) U.S. Dollars or Turkish Lira equivalent.
26. To approve the changes, which are to be made to the pricing strategies of vehicles, determined in accordance with the budget.
27. To approve all cost overrun in the annual marketing budget.
28. To enter into employment, recruitment and consulting agreements
29. To appoint, or extend the term of assignment of dispatchees appointed by Class-B or Class-C Shareholders to work in the Company for a term exceeding six months).
30. To approve and discuss the changes in all products.
31. To approve and discuss monthly sales and production programs.
32. To enter into any agreement with a term of more than one year or the amount of which exceeds 250,000.- (Two Hundred and Fifty Thousand United States Dollars) or Turkish equivalent and which are not included in the above stated Articles and not included in a budget approved by the Board of Directors, or to decide on the payment of claims.
33. To issue guarantee, pledge and mortgage in favor of a third person. The Board of Directors shall establish necessary committees in accordance with the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board. The Board of Directors may also establish

advisory, coordination and/or similar nature committees consisting of its members and other non-member persons on those matters as it deem appropriate. The Chairman and members of these committees and principles for reporting, working and holding meetings shall be determined and revised where necessary by the Board of Directors in accordance with the positive law. Save for those transactions which necessitates a Board of Directors resolution as per the rules of positive law, the Board of Directors may delegate any of its powers to the Executive Committee or other committees, modify and revoke the powers delegated as above. Any disagreements among the senior members of the Executive Committee or other committees shall be resolved by the Board of Directors.

#### **Article 10 – Company Executive Committee:**

The Company Executive Committee consists of the General Manager, the Senior Assistant General Manager and other Assistant General Managers. The General Manager and the Senior Assistant General Manager are senior members of the Executive Committee.

##### *Powers and Procedures:*

The Company Executive Committee carries out the duties within the powers delegated to it by the Board of Directors. The Board of Directors shall establish procedures for the Executive Committee. The Board of Directors may from time to time transfer its powers to the Executive Committee on the issues within the limits of its powers under these Articles of Incorporation, and amend and revoke such powers. The Board of Directors may require that the decisions taken in the scope of such transferred powers be in writing and duly signed by both of the senior members of the Executive Committee (or in their absence, by their alternates elected by the Board of Directors). In the event that the General Manager and the Senior Assistant General Manager fail to agree on decisions requiring joint approval, the matter shall be referred to the Board of Directors for resolution. Nevertheless, if the General Manager deems the situation to be an emergency, the General Manager's position on the matter shall prevail, unless and until the Board of Directors decides otherwise.

However, the General Manager shall immediately inform the Board of Directors of any such emergency situation. The Executive Committee meets at least biweekly. Meeting quorum is simple majority, provided that both senior members or their alternates are present in the meeting. Implementation of Decisions of the Executive Committee: Unless otherwise instructed by the Board of Directors, the Executive Committee shall implement its decisions through instructions to the relevant authorised persons. As for the issues requiring joint approval, these instructions must be in writing and duly signed by both of the senior members of the executive committee (or in their absence, by their alternates elected by the Board of Directors). Powers of General Manager: Unless otherwise instructed by the Board of Directors, the General Manager is authorised to implement the decisions of the Board of Directors. Furthermore, the General Manager is authorized to take and implement decisions on all issues except for issues requiring the approval of the General Assembly or the Board of Directors, and issues requiring joint approval.

#### **Article 11 – Representation of the Company:**

The power to manage and represent the Company before the third parties is vested in the Board of Directors. In order for the documents to be issued and contracts to be signed by the Company to be valid, they must be signed by the persons authorized to represent the Company and the signatures must be affixed under the trade name of the Company. Save for those transactions

which necessitates a Board resolution as per the rules of positive law, the Board of Directors may delegate its powers of management and representation to the directors of the Board and company managers who are not required to be shareholders, under the terms designated by the Board of Directors, and may modify or revoke powers and duties in part or whole, as it deem necessary. In this respect, those who are authorised to sign on behalf of the Company and their degree of authority shall be determined by the decision of the Board of Directors.

**Article 12 – Statutory Auditors:**

Every year, the General Assembly appoints 2 internal auditors, one of whom shall be elected from among the nominees of the Class B Group shareholders, and one of whom shall be elected from among the nominees of the Class-C Group shareholders.

**Article 13 - Duties and Liabilities of Auditors:**

The duties, obligations and liabilities and other matters relating to the function of auditorship shall be governed by the provisions of the Turkish Commercial Code. The auditors shall be paid a monthly or an annual allowance as decided by the General Assembly.

**Article 14 – General Assembly:**

The General Assembly holds ordinary or extraordinary meeting. Ordinary meetings are held at least once a year within three months as of the end of every accounting period of the Company. Extraordinary meetings are held in any case and at any time deemed necessary in the course of the Company business, or upon demand of any internal auditor. Announcements regarding the General Assembly meeting shall be made at least 3 weeks before the meeting date in accordance with the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board.

Unless a higher quorum is provided for in the Law, the meeting quorum for all meetings of the General Assembly is 60% of the total issued shares of the Company and decisions are taken by the affirmative vote of Shareholders or their proxies representing at least 60% of the total issued shares of the Company. However, in order for the resolutions of the General Assembly to be valid, the affirmative votes of the shareholders representing more than half of the total Class-B shares and more than half of the total Class-C shares are required. For voting in the General Assembly the provisions of Article 31 of this Articles of Incorporation is reserved. Meeting and decision quorum for the General Assembly of any preferred Class-B and Class-C Group meeting shall be a simple majority of the total shares for each respective group. At least one of the Directors of the Board, statutory auditors, authorized officers having responsibility in preparation of the financial statements, and officers who has sufficient knowledge to make explanations on matters relating to special agenda items, shall be present during the General Assembly meeting. The chairman of the meeting will inform the General Assembly, the reasons for absenteeism, for those who do not attend the meeting.

**Article 15 – Place of Meeting:**

Meetings of the General Assembly shall be held at the Head Office of the Company or, upon the resolution of the Board of Directors, in one of the cities where the branches or industrial facilities of the Company are located.

**Article 16 - Government Commissary:**

The ordinary and extra-ordinary meetings of the General Assembly shall be notified to the Ministry of Commerce at latest 20 days prior to the date of respective meeting by submitting the agenda and one copy of each document relating to the meeting thereto. Presence of the Government Commissary appointed by the Ministry of Commerce at these meetings is essential. The meetings to be held and decision to be taken in the absence of the commissary appointed by the Ministry of Commerce shall not be valid.

**Article 17 – Number of Votes:**

The shareholders or their proxies to be present at the ordinary and extraordinary General Assemblies shall have right to one vote for each share.

**Article 18 – Representation Through Proxy:**

The shareholders who are unable to be present at the General Assembly subject to the rules of the Capital Market Board regarding voting by proxy, may have themselves represented by other shareholders or by proxy they appoint from outside.

**Article 19 – Way of Use of Votes:**

At the General Assemblies voting shall be implemented by hand raising. However, if a group of shareholders present in the meeting who represent one tenth of the capital represented in the said meeting request so, a secret ballot should be implemented.

**Article 20 - Amendments to Articles of Incorporation:**

Processing and implementation of the amendments to be made to this Articles of Incorporation by the resolution of the General Assembly shall be subject to the permission of the Ministry of Industry and Commerce and the Capital Market Board. Such amendments shall be effective from their date of publication after they are duly confirmed and registered with the Trade Register.

**Article 21 - Announcements:**

Announcements regarding the invitation to General Assembly Meeting, Decreasing the Capital, Liquidation of the Company and other Company announcements required as per the relevant legislation should be published in accordance with the provisions of the Turkish Commercial Code and regulations of the Capital Market Board. These announcements should be published in the Internet site of the Company as well.

**Article 22 - Copies to be Submitted to the Official Institutions:**

Copies of the reports of the Board of Directors and Auditors, balance sheet, profit and loss account, list of attendance, and the minutes of the General Assembly shall be submitted to the Ministry of Industry and Commerce within latest one month as of the date of the last meeting or

handed to the Government Commissary present at the meeting, As addition to the above, the financial schedules and reports, and independent auditors report required to be prepared by the Capital Market Board, together with the required announcements, shall be sent to the Board and announced to the public in line with the principles and procedure of the Board.

**Article 23 - Issue of Bonds, Certificates Representing Participation in Profits and Losses (Bonds that allow participation in profits) and Finance Bonds:**

With the decision of the Board of Directors, the Company may issue bonds with or without guarantee, marketable within the country or outside, in case of not exceeding the amount determined in the Capital Market Law. In this case, the articles 423 and 424 of the Turkish Commercial Code are not applied. In line with the regulations of Capital Market Board, the Company may issue bonds changeable with the share or issue bonds representing participation in profit, by the Board of Directors' decision. In line with the principles determined by the Council of Ministers' decision numbered 84/8224 and by the Capital Market Board, the decision while issuing certificates allowing participation in profit, is taken by the General Shareholders Assembly for the maximum total amount to be issued. In line with the Council of Ministers' decision numbered 86/11130 and with the related regulations of Capital Market Board, the company may issue finance bonds by the Board of Directors' decision. While issuing the above mentioned bonds, certificates allowing participation in profit and finance bonds, the permission of Capital Market Board is taken.

**Article 24 – Annual Accounts:**

The accounting year of the Company is the calendar year. However, as an exception, the first accounting year shall cover the period falling between the date of final establishment of the Company and the last day of December of that year.

**Article 25 - Profit Distribution:**

After the deductions of all kinds of paid or accrued expenses, depreciations and the necessary provisions and taxes, from the Company's account year's income, the remaining net profit shown on the balance sheet, after deduction of the prior years losses (if any), can be distributed as shown below. Primary Rank Legal Reserve;

a) %5 is allocated as legal reserves;

First Dividend;

b) First dividends in the amount and ratio determined by the Capital Market Board are allocated from the remaining.

Second Dividend;

c) General Shareholders; for the remaining amount, after deduction of the amounts specified in "a" and "b", is authorised, to allocate as extraordinary reserve or distribute as second dividend share, wholly or partially.

Second Rank Legal Reserve;

d) One tenth of the amount, found after deduction of the amount equal to 5% of the paid capital as profit share, from the amount decided to be distributed to the share holders and other people

joining the profit, will be allocated as second rank legal reserve as per the provisions of heading 2 and paragraph 3 of Article 466 of the Turkish Commercial Code. Second rank legal reserves will not be set aside in case the dividends and/or the undistributed profits shown on the balance sheet, are distributed as share certificates by way of capital increase.

e) Unless the legal reserves in accordance with the law and the first dividends to the shareholders in accordance with the company's Articles of Incorporation are set aside it can not be decided: to set other reserves aside, to retain the profit for the next year, and unless the first dividends are distributed as cash and/or share certificates, to pay as shares from the profit to the Directors of the Board, the officers, employees, the workers, the privileged shareholders and foundations established for several purposes and similar persons or entities. The Company may distribute advance dividend to its shareholders in line with the provisions of Article 15 of the Capital Market Law. Profit, (including first dividend) distribution date and the distribution method is decided by the General Shareholders Assembly in accordance with the positive law of the Capital Market Board and upon the Board of Directors suggestion.

**Article 26 - Reserve Fund:**

No reserve fund shall be appropriated when the ordinary reserve fund set aside by the Company reaches one fifth of the Company's paid in capital. However if this amount is decreased for any reason, appropriation shall continue until it reaches the same ratio.

**Article 27 - Dissolution and Winding Up:**

The Company shall dissolve on the grounds specified in the Turkish Commercial Code or by the decision of a court. It may also be dissolved by the decision of the General Assembly within the framework of the law. In case of dissolution or winding up, liquidation of the Company shall be executed according to the provisions of the Turkish Commercial Code.

**Article 28 - Arbitration and Jurisdiction:**

The disputes that might arise between the Company and the shareholders in connection with the operation and dissolution of the Company shall be settled through arbitration. In case they are taken to court, the courts located at the place where the Company's head office is situated shall be competent.

**Article 29 - Copies of the Articles of Incorporation to be Submitted to the Official Institutions:**

The Company shall print and distribute these Articles of Incorporation to the shareholders as well as it shall submit 10 copies thereof to the Ministry of Industry and Commerce and 1 copy to the Capital Market Board.

**Article 30 - Legal Provisions:**

The provisions of the Turkish Commercial Code, the Code on Capital Market Board and relevant rules and regulations shall rule in the cases where these, Articles of Incorporation shall be silent.

**Article 31 – Compliance to Corporate Governance Principles:**

The Corporate Governance Principles that are deemed compulsory by the Capital Markets Board shall be complied. The transactions made and the resolutions taken by the the Board of Directors that are not in line with the compulsory Corporate Governance Principles shall be deemed null and void and against the Articles of Incorporation. For transactions that are deemed material for the purposes of application of the Corporate Governance Principles, all kind of related Party transactions of the Company and for transactions of issuance of guarantees, pledges and mortgages in favor of a third person the regulations of the the Capital Markets Board relating to corporate governance shall be complied.

**Temporary Article 1 -**

**(This Article is added by the decision of General Assembly of Shareholders on 30th January 1997)**

The revision made in the Article 25 relating to the profit distribution is in effect starting from 1.1.1997. The profit distribution to the founder shareholders from the 1996 fiscal year profit is made in accordance with the Article 25 before the revision. After 1.1.1997 there shall be no profit share calculation and payment to the founder shareholders.

**Temporary Article 2 -**

While the nominal value of the shares was TL 2.500 previously, it was amended as 1 New Kurus as a result of the Law on Amendments to Turkish Commercial Code No. 5274 and thereafter amended as 1 Kurus in accordance with the Cabinet Decision No.2007/11963 dated April 4, 2007, whereby the term "new" in New Turkish Lira and New Kurus has been removed to be effective from January 1, 2009. Due to these amendments the total share quantity has been decreased, whereby 4 shares, each of which has a denomination of TL 2.500 shall be exchanged with a share that has a nominal value of Ykr 1. With respect to said exchange, all rights of the shareholders, arising from the shares they have, are reserved.

## **ARTICLES OF INCORPORATION APPROVED BY THE CAPITAL MARKETS BOARD**

### **ARTICLE 2 – TITLE OF THE COMPANY:**

The title of the Company is Ford Otomotiv Sanayi Anonim Şirketi, which is hereinafter referred to as the “**Company**”. The trade name of the Company is Ford Otosan.

### **ARTICLE 3 – PURPOSE AND SCOPE:**

**3.1.** The Company has been founded for the purposes of designing, manufacturing, and assembling automobiles, trucks, all types of motor vehicles and means of transportation and parts and components thereof, and sales, import and export of these products.

For this purpose, the Company:

- a.** may enter into cooperation with foreign manufacturers for assembly and sale of their products in Turkey or abroad.
- b.** may operate in free zones and establish and operate bonded warehouses, ports and similar premises for its import, export, assembly, manufacturing, research and development operations and execute all transactions to perform these.
- c.** may establish sales, service and spare parts organizations for marketing its products inside and outside Turkey.
- ç.** may enter into all kinds of commercial, financial and industrial operations.
- d.** may engage in engineering, research and development activities in the field of automotive, may manufacture, purchase and sell software, hardware, machinery, equipment, raw material and intermediate products to be used for these activities, may sell the products of these activities, and establish relations with local and foreign entities for these purposes.
- e.** may enter into representation, distributorship, agency, license, know-how or similar agreements with local and foreign entities.
- f.** may engage in training activities, relating to production, development, supply, sales, maintenance and repair services of automotive products and similar topics and establish private education institution for this purpose.
- g.** may establish branches in Turkey and abroad based upon the resolution of the Board of Directors of the Company.
- ğ.** to realize its purpose, may borrow funds from local and foreign banks, entities and persons, or issue all types of capital markets instruments subject to compliance with the principles determined by the Capital Markets Board.
- h.** save for the other provisions of this Articles of Association, may carry out all or any of its activities and operations either by itself or through local or foreign real persons or legal entities. Furthermore, for this purpose, if deemed necessary, the Company may establish partnerships,

trading companies or legal entities in any form in Turkey or abroad, or may, subject to the provisions of the Capital Markets laws and regulations pertaining to the disguised income distribution fully or partially acquire ordinary partnerships or other legal entities which serve the same purpose, and may acquire, hold and transfer shares of such entities for purposes other than investment services and activities, and participate in ordinary partnerships.

**l.** may acquire, hold, transfer or otherwise dispose of all types of licenses, trademarks, patents, know-how, brand names, trade names, trade titles and all other intellectual property rights, and have them duly registered in its own name or jointly with third parties, or may put up as collateral or enter into relevant license agreements in full compliance with the regulations of the Capital Markets Board.

**i.** in order to achieve its objectives, may make all kinds of industrial and commercial investments as it deems appropriate, and establish plants, premises and sales offices both in Turkey and abroad, provide services relating to architecture, engineering, design, software, book keeping, call center and data retention.

**j.** subject to the provisions of the Capital Markets laws and regulations pertaining to the disguised income distribution, may participate in tenders locally or abroad either by itself or in partnership with third parties.

**k.** may manufacture and assemble all kinds of agricultural machines and instruments and all kinds of machinery and equipment within the scope of its contracts, with a view to improving the productivity of its industrial and assembly plants.

**l.** subject to the provisions of the Capital Markets laws and regulations pertaining to the disguised income distribution, may participate in the organizations and entities producing, distributing and marketing electrical energy, and may acquire, hold and transfer shares of such entities for purposes other than investment services and activities.

**m.** may purchase, let, sell or lease any type of land, sea and air transportation vehicles, and may establish all kinds of real or personal rights and encumbrances, including but not limited to mortgage and pledge, on the same in its own favor and/or in favor of the third parties, and may relinquish such rights and interests in compliance with the regulations of the Capital Markets Board.

**n.** may, for realizing the purposes of the Company, in or outside of Turkey, purchase, have manufactured or produced any kind of movable or immovable property, or may acquire other real or personal rights thereon, or use, operate, let, sell or otherwise dispose of its leasehold or freehold, or establish real rights thereon in favor of third parties or revoke the same in accordance with the regulations of the Capital Markets Board.

**o.** subject to the provisions of the Capital Markets laws and regulations pertaining to the disguised income distribution, may abandon, donate and take all kinds of actions and measures with the land registry pertaining to the registration, annotation, type classification or correction, subdivision, amalgamation, allotment and parceling of all types of real properties; may carry out transactions for relinquishing its rights and interests for public utilization, or may transfer, donate such real properties or alienate otherwise on a free of charge basis.

ö. may purchase and dispose of all kinds of capital markets instruments, provided that it does not engage in investment services and activities. May purchase and if required, dispose of the shares of commercial banks and consumer finance companies with a view of participation.

p. may, subject to the provisions of the Capital Markets laws and regulations pertaining to the disguised income distribution and provided that the necessary public disclosures are made, the information regarding the donations granted during the related fiscal year are submitted to the shareholders in the annual general assembly meeting, and the upper limit of donations is resolved by the general assembly of shareholders, and the donations granted are taken into consideration in calculation of the distributable profit, make donations and contributions to foundations, universities and similar institutions and organizations established for social purposes, and may enroll in associations and participate in foundations, in a manner not to interfere with its scope of activities and purpose. Donations in excess of the upper limit designated by the general assembly of shareholders are not permitted.

q. may give guarantees or stand as a guarantor in favor of the third parties in compliance with the regulations of the Capital Markets Board.

r. may accept pledges and/or mortgages in favor of itself on personal or real properties owned by third parties, or annul and remove such mortgages or release or waive pledges, or accept sureties or guarantees given by third parties in its favor.

The objects and purposes of the Company shall be construed as powers as well as objects and purposes and their enumeration herein shall not be deemed to exclude, by inference or otherwise, any power, object or purpose which the Company is empowered to exercise, whether expressly or impliedly, under applicable law now or hereinafter in effect.

In case of any modifications to the scope and purpose of the Company, the Company shall obtain the necessary permissions from the Ministry of Customs and Trade and the Capital Markets Board.

#### **ARTICLE 4 – HEAD OFFICES AND BRANCH OFFICES OF THE COMPANY:**

**4.1.** The Company is domiciled at Akpınar Mahallesi Hasan Basri Caddesi No:2 Sancaktepe İstanbul. The business center of the Company is located in Kocaeli.

**4.2.** In the event of a change of place of domicile, the new address shall be registered with the Trade Registry and published in the Turkish Trade Registry Gazette.

**4.3.** All notifications delivered to the registered and published address of the Company are deemed to be properly served on the Company.

**4.4.** If the Company leaves the registered and published domicile and fails to register and publish the new place of domicile in due time, this shall be considered as a just cause for the dissolution of the Company.

**4.5.** If and when the Company opens branch(es), such branch(es) will also be registered with the Trade Registry and published in the Turkish Trade Registry Gazette.

#### **ARTICLE 5 – TERM OF THE COMPANY:**

The Company has been founded for an indefinite term, and may be terminated either by the decision of the General Assembly in accordance with the provisions of the Turkish Commercial Code or otherwise prescribed by law.

#### **ARTICLE 6 – SHARE CAPITAL:**

**6.1.** The Company has accepted the registered share capital system according to the provisions of the Capital Markets Law and adopted the registered share capital system under the permission nr. 16 issued by the Capital Markets Board on the date of 09.03.1982.

**6.2.** The registered share capital ceiling of the Company is TL 500,000,000 (Five hundred million Lira) and it is divided into 50,000,000,000 (fifty billion) shares each with a nominal value of 1 (One) Kuruş.

**6.3.** The permission granted by the Capital Markets Board for the upper limit of the registered share capital is valid for the years 2013-2017 (5 years). Even if the permitted registered share capital ceiling is not reached by the end of the year 2017, in order for the Board of Directors to take a capital increase decision after 2017, the necessary authorization shall be obtained from the general assembly of shareholders for a new term of up to 5 years pursuant to the permission of the Capital Markets Board for the same amount or for a new ceiling. If such authorization is not taken, the Company will be deemed to have exited from the registered share capital system.

**6.4.** The issued share capital of the Company is TL 350,910,000 (Three hundred and fifty million nine hundred and ten thousand Lira) and it is divided into 35.091.000.000 (thirty five billion ninety one million) registered shares in total, consisting of three groups of Group A, Group B and Group C shares, each with a nominal value of 1 (one) Kuruş.

**6.5.** The issued share capital of the Company has been fully paid-in free of any collusion.

**6.6.** Distribution of the shares representing the issued share capital, among the groups of shares is as listed below.

<u>Shareholders</u>	<u>Share Group</u>	<u>Number of Shares</u>	<u>Nominal Value (TL)</u>	<u>Share Percentage (%)</u>
Vehbi Koç Vakfı	A	342.859.230	3.428.592,30	0,9770
Koç Holding	A	325.920.231	3.259.202,31	0,9288
Emekli ve Yardım Sandığı Vakfı				
Other Shareholders	A	6.291.592.649	62.915.926,49	17,9294
<b>Group A Total</b>		<b>6.960.372.110</b>	<b>69.603.721,10</b>	<b>19,8352</b>
Koç Holding A.Ş.	B	13.495.335.714	134.953.357,14	38,4581
Temel Ticaret ve Yatırım A.Ş.	B	235.588.500	2.355.885,00	0,6714
<b>Group B Total</b>		<b>13.730.924.214</b>	<b>137.309.242,14</b>	<b>39,1295</b>

<b>Group C</b>				
Ford Motor Company	C	14.399.703.676	143.997.036,76	41,0353
<b>TOTAL</b>		<b>35.091.000.000</b>	<b>350.910.000,00</b>	<b>100,00</b>

**6.7.** Ford Motor Company, holding Group C shares of the Company, is entitled to the provisions of the Code on Direct Foreign Investments and the relevant positive law by virtue of the Decree of the Council of Ministers, ref. 6/9910, dated 02.05.1968.

**6.8.** The Company's share capital can be increased or decreased according to the relevant provisions of the Turkish Commercial Code and Capital Markets regulations, as deemed necessary. The Board of Directors, starting from 2013 to the end of 2017, is authorized to resolve to increase the issued share capital of the Company by issuing new shares up to the registered share capital ceiling, if and when deemed necessary, in accordance with the related provisions of the Capital Markets Law, and to restrict the rights of the holders of preference shares, to restrict the pre-emptive rights of the existing shareholders, and to issue preference shares or shares at a premium or shares below its nominal value. Provided, however, the power to restrict the pre-emptive rights on newly issued shares cannot be used in such manner to cause inequality among the shareholders.

**6.9.** All of the shares of the Company are registered shares. The Company shares shall be registered and monitored according to the principles of dematerialization.

#### **ARTICLE 7 – ISSUANCE OF BONDS AND OTHER CAPITAL MARKETS INSTRUMENTS:**

The Company may, by a resolution of the Board of Directors, issue all types of bonds and debentures, bonds convertible to shares, interchangeable bonds, gold, silver and platinum bonds, commercial bills and papers, publicly offered dividend right certificates, profit and loss sharing certificates, all types of capital markets instruments and other capital markets instruments and securities which are classified and accepted as instruments of debt by the Capital Markets Board, for sales to real persons or legal entities in Turkey and/or abroad in compliance with the provisions of the Capital Markets Law and the applicable legislation. Under the Capital Markets Law, the Board of Directors is authorized to designate the maximum amount, type, maturity date, interest rate and other related terms and conditions relating to the issuance of such instruments as well as to empower the managers of the Company in this respect. Such transactions shall be governed by the provisions of the Capital Markets Law and applicable legislation.

#### **ARTICLE 8 – TRANSFER OF SHARES AND ESTABLISHMENT OF RIGHTS OF USUFRUCT ON SHARES:**

Only the persons, which are registered in the share ledger of the Company as per the records kept with the Central Registry Agency shall be recognized by the Company as shareholders or holders of rights of usufruct on shares.

##### **(1) Transfer of Registered Non-Public Shares:**

The transfer of the registered shares which are not traded on the stock exchange market, including the pre-emptive rights attached to them, shall require the approval of the Company.

Provided, however, each shareholder may freely transfer its shares to the other shareholders holding the same group of shares, or its direct shareholders or its direct or indirect affiliates and subsidiaries or may establish rights of usufruct on its shares in favor of such shareholders/parties.

With regard to the transfer of shares by the shareholders to a third party or establishment of rights of usufruct on such shares in favor of a third party, other than the holders of the same group of shares, or their direct shareholders, or their direct or indirect affiliates and subsidiaries the Company may only refuse the demand for its approval and consent for such share transfer or for establishment of rights of usufruct thereon based on any or all of the following material reasons (the “**Material Reasons**”):

a. In order to maintain the joint management of the Company under the partnership of Koç Holding A.Ş. and Ford Motor Company, if and when any person, which is not a member of Koç Group or Ford Group is willing to acquire shares or rights of usufruct thereon;

b. If and when a competing company or entity (the “**Competitor**”) or owner, operator, or partner (including private or venture capital funds and their partners) of a Competitor, or any director or employee of a Competitor, regardless of its position therein, or its spouses and family members, or any companies or entities directly or indirectly controlled by the above are willing to acquire shares;

c. For the sake of protection of the economic independence of the Company, if and when any person or a group of persons acting together is willing to directly or indirectly acquire shares equal to or more than 5% in total of the share capital of the Company.

(i) Provided, however, if a shareholder willing to transfer its shares (the “**Transferring Shareholder**”), firstly, offers such shares (the “**Offered Shares**”), at the bidding price and terms of the potential buyer (the “**Potential Buyer**”) which reflects the prevailing market conditions (the “**Offered Price and Terms**”), to the other non-public group of shareholders (“**Offerees**”) pro-rata to the shareholding of the Offerees among the Company’s total non-public shares in accordance with the following procedure, then the Transferring Shareholder will be entitled to freely transfer the Offered Shares to the Potential Buyer at the Offered Price and Terms.

In such case, the Transferring Shareholder will grant an option right to the Offeree(s) for the purchase of the Offered Shares which shall be exercised within a period of 30 (thirty) days and if the whole of the Offered Shares is not purchased by the Offeree(s) in such option period of 30 days, the Transferring Shareholder may, upon completion of the process specified in Article 8.1 (ii), freely transfer the Offered Shares to the Potential Buyer at the Offered Price and Terms and such transfer shall be recorded in the share ledger of the Company. If a purchase notice for the Offered Shares is served by more than one Offeree, then each of such Offerees may purchase the Offered Shares pro-rata to its shareholding among the total number of non-public shares held in the Company by such Offerees. If and when only one of the Offerees wishes to acquire the Offered Shares, only whole of the Offered Shares will be purchased by such Offeree.

If the Transferring Shareholder fails to offer the Offered Shares to the Offerees as specified above, then the Company may refuse the demand for its approval for such share transfer based on any or all of the Material Reasons.

(ii) Besides (and even if such procedure is applied) with the procedure described in Article 8.1(i), the Company may purchase the Offered Shares at their actual value applicable at the moment the sales notice is served (the “**Actual Value**”) on behalf of itself, other shareholders or the third

parties. For this purpose, the Company will send a notification to the other group of shareholders of the non-public shares (“**Notified Shareholders**”), requesting them to notify the Company of their intention to purchase the Offered Shares at their Actual Value in 20 (twenty) days (“**Notice Period**”). Thereupon, if whole of the Offered Shares are requested to be purchased by the Notified Shareholders within the Notice Period, the Company will purchase the Offered Shares from the Transferring Shareholder at their Actual Value on behalf of the Notified Shareholders. In this case, each of the Notified Shareholders may purchase the Offered Shares pro-rata to its shareholding in the total number of non-public shares held by the Notified Shareholders in the Company. If only one of the Notified Shareholders is willing to purchase the Offered Shares, the Company will purchase only whole of the Offered Shares on behalf of such Notified Shareholder.

In the event that no purchase request received from the Notified Shareholders within the Notice Period or the Notified Shareholders are willing to purchase only a portion of the Offered Shares, within no later than 15 (fifteen) days after the expiry of the Notice Period, the Company may purchase: (a) all of the Offered Shares if none of Notified Shareholders serves a purchase request, or (b) the remaining portion of the Offered Shares if the Notified Shareholders are willing to purchase only a portion of the Offered Shares, on behalf of itself or third parties, in its sole discretion, at the Actual Value. Otherwise, the Transferring Shareholder may freely transfer all of the Offered Shares to the Potential Buyer at the Offered Price and Terms and such transfer shall be recorded in the Company share ledger. For the avoidance of doubt, in order to withhold its approval for the transfer of the Offered Shares by the Transferring Shareholder to the Potential Buyer by way of purchasing the Offered Shares at the Actual Value according to the provisions of this Article, the Company shall be obliged to purchase all of the Offered Shares at the Actual Value either on behalf of itself, the Notified Shareholders or third parties as stipulated in this Article 8.1(ii).

(iii) In the transactions carried out by the Company and the decisions taken by the Company pursuant to the procedures stipulated in Articles 8.1 (i) and 8.1 (ii), the member(s) of the Board of Directors nominated by the Transferring Shareholder or shareholders owning the same group of shares held by the Transferring Shareholder, other than the independent members appointed in accordance with the regulations of the Capital Markets Board, shall not be entitled to participate in such negotiations of the Board of Directors and shall not have any voting rights in the Board of Directors meeting. In this case, such decisions shall require the affirmative vote of the simple majority of the remaining members of the Board of Directors who shall be regarded in meeting and voting quorum.

If the transferee does not explicitly declare that it has purchased the subject shares in its own name and account, the Company may refuse to register such transfer in the company share ledger.

In the event of acquisition of shares by inheritance or portioning of inheritance or under a prenuptial agreement or through forced execution proceedings, the Company may reject such share transfer provided that the Company proposes to the acquirer to purchase its shares at the Actual Value.

For the purposes of this Article, the Actual Value of the Offered Shares shall be determined by the Company. If and when the Transferring Shareholder objects to the Actual Value determined by the Company, then and in this case, the Actual Value shall be determined by an independent audit firm having no direct or indirect shareholding or management relations with the Company or the Transferring Shareholder (the “**Independent Audit Firm**”), or by consultancy firms operating under

a license, know-how or similar agreements entered into with the members of such Independent Audit Firms, or by intermediary institutions holding both an authorization certificate for underwriting of public offerings and an authorization certificate for investment counseling or by non-deposit banks.

(iv) The provisions of this Article 8.1 shall apply to the transfer of the pre-emptive rights attached to the non-public registered shares mutatis mutandis and in case of transfer of Group B or Group C shares to third parties, such shares, including the preemptive rights which are not utilized by Group B or Group C shareholders or offered to public, shall convert to Group A shares.

(v) The part of the Group A shares to be acquired by the Group B shareholders, which shall increase the amount of the existing Group B shares to the amount of the existing Group C shares, shall be automatically converted into the Group B shares.

**(2) Transfer of Listed and Publicly Traded Registered Shares:**

The transfer of the listed and publicly traded shares shall be regulated by the Capital Markets Board.

**ARTICLE 9 – THE ACQUISITION OR ACCEPTANCE OF PLEDGE OVER ITS OWN SHARES BY THE COMPANY:**

Subject to the Capital Markets regulations and the applicable legislation and the necessary material event public disclosures, the Company may accept as pledge and/or acquire its own shares for a consideration.

**ARTICLE 10: BOARD OF DIRECTORS, ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS AND RESOLUTIONS OF THE BOARD OF DIRECTORS:**

**10.1.** Save for the non-transferrable exclusive powers of the General Assembly of Shareholders (the “**General Assembly**”) stipulated in related provisions of the Turkish Commercial Code, all affairs and management of the Company shall be conducted by the Board of Directors composed of 8 members at least, to be elected by the General Assembly in accordance with the provisions of the Turkish Commercial Code and regulations of the Capital Markets Board.

**10.2.** The total number of the members of the Board of Directors shall be even. The number and qualifications of the independent members of the Board of Directors shall be determined in compliance with the Corporate Governance Principles of the Capital Markets Board.

**10.3.** Half of the directors of the Board shall be elected from among the nominees of Group B shareholders, and the other half of the directors shall be elected from among the nominees of Group C shareholders. Provided however that one from each group of nominees nominated by Group B Shareholders and Group C Shareholders shall meet the qualification of independence stipulated in the regulations of Capital Markets Board.

**10.4.** Save for the mandatory provisions of the Corporate Governance Principles of the Capital Markets Board with respect to the independent members of the Board of Directors, the General Assembly may, in accordance with article 364 of the Turkish Commercial Code, replace the

members of the Board of Directors at any time as deemed necessary. In such case, Articles 10.2 and 10.3 of these Articles of Association shall be implemented.

**10.5.** The members of the Board of Directors shall be elected for a period not exceeding three years. A new election shall be held for all members of the Board of Directors at the end of this period. Any member of the Board of Directors, who have completed their service may be re-elected.

**10.6.** In the event of a vacancy of a position on the Board of Directors for any reason whatsoever or if and when any Independent Member loses its independence, or resigns, or becomes incapable of performing its duties, then, in accordance with the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board, the Board of Directors shall temporarily elect a new member to fill such vacancy from among the nominees of the same group of shareholders, which has designated the former member, and submit such election to the ratification of the next most recent General Assembly.

**10.7.** Without prejudice to the 8.1 (iii) of these Articles of Association, the Board of Directors meets with the presence of one more than half of the number of its members provided, however, that at least one member, who does not have the qualification of independence, nominated by each Group B Group and Group C Group shareholders shall be present in the meeting. The Board of Directors takes its decisions with the affirmative vote of simple majority of the members present in the meeting provided, however, that the affirmative vote of the majority of the present members, who do not have the qualification of independence, nominated by Group B and Group C shareholders respectively must be obtained. Provided however that the mandatory provisions of the Corporate Governance Principles of the Capital Markets Board shall be complied.

**10.8.** Unless a member of the Board of Directors requires a Board of Directors meeting, the Board of Directors may take its decisions, without a meeting, by way of receiving written consent and approval of the other members of the Board of Directors on a motion submitted by a member of the Board of Directors. Such decisions may, however, require the written consent and approval of the majority of the number of the members of the Board of Directors. For validity of such decisions, written approval of at least one member, who does not have the qualification of independence, nominated by each Group B Group and Group C Group shareholders respectively should be obtained. The Board of Directors can only validly take decisions without a meeting if such motion has been submitted to all of the members of the Board of Directors. Consents/approvals of the members of the Board of Directors are not required to be placed on the same paper, but all of the papers containing the related consents/approvals must be affixed to the decision book of the Board of Directors, or a single decision document containing signatures of all of the consenting members must be prepared and incorporated in the decisions book for a valid resolution without a meeting.

## **ARTICLE 11 – STRUCTURE, REPRESENTATION AND DELEGATION OF POWERS OF THE BOARD OF DIRECTORS:**

**11.1.** The Chairman of the Board of Directors and the Vice Chairman of the Board of Directors shall be elected by the General Assembly or if not elected by the General Assembly, then by the Board of Directors.

**11.2.** The Vice Chairman of the Board of Directors will also be granted the powers allotted to the Chairman of the Board of Directors under the Turkish Commercial Code for convening meetings and request of information.

**11.3.** Pursuant to article 367 of the Turkish Commercial Code, the Board of Directors is entitled to delegate its powers and duties, in full or partially, to one or more persons who need not to be a member of the Board of Directors, (delegates) under an internal directive issued by itself. Under this internal directive, the Board of Directors stipulates the powers and duties of the delegates and may transfer and delegate all or some of the powers and duties allotted to the Board of Directors to the relevant persons subject to the terms, conditions and restrictions set forth by the Board of Directors, and if and when deemed necessary, may change, modify or revoke all or some of the powers and duties delegated as stipulated above. The provisions of articles 371, 374 and 375 of the Turkish Commercial Code are reserved.

**11.4.** The following actions shall require the decision of the Board of Directors:

- a. To make proposals to the General Assembly for the amendments to be made in the Articles of Incorporation of the Company when necessary.
- b. To make proposals to the General Assembly for any change in the registered capital of the Company when necessary.
- c. To increase the capital up to the registered capital ceiling.
- ç. To approve annual business plans and product cycle plans for domestic and foreign markets.
- d. To approve annual budgets of the Company.
- e. To appoint and when necessary dismiss the senior management (General Manager, the Deputy General Manager) and other Assistant General Managers) of the Company.
- f. To decide remuneration and other fringe benefits of the General Manager, the Deputy General Manager and Assistant General Managers.
- g. The General Manager and two Assistant General Managers shall be elected from among the nominees of the members of the Board of Directors nominated by the Group B shareholders, and the Deputy General Manager and the other two Assistant General Managers shall be elected from the nominees of the members of the Board of Directors nominated by the Group C shareholders. Furthermore, the Board of Directors may appoint a number of additional Assistant General Managers if it deems necessary.
- ğ. To approve the interim and periodic financial statements and forecasts of the Company.
- h. To approve the credits in excess of 2,000,000.- (two million) U.S. Dollars or Turkish lira equivalent, or with a term of more than 6 (six) months, which are not included in the budget previously approved by the Board of Directors.
- ı. To approve additional funding to proceed with projects previously approved by the Board of Directors where there is a cost overrun.

- i. To decide for the purchase of all types of immovables or sales of Company immovables, without prejudice to the Capital Markets Law and other relevant regulation.
- j. To prepare the year-end balance sheets, income statements and activity reports and submit such documents to the auditors and the General Assembly.
- k. To effect the following transactions, extend the term thereof, terminate or cancel them:
  - i. All kinds of capital participations, in any amount,
  - ii. And;
    - Cash investments other than capital participation (except for routine bank and cash management transactions),
    - Lending transactions, which are not in the form of lending business, (except for the advances made to side suppliers in the course of business, routine bank transactions and routine cash management transactions), in excess of 250.000 (two hundred and fifty thousand) U.S. Dollars or Turkish Lira equivalent.
- l. To enter into trademark, patent, copyright and know-how agreements (except for routine software licenses) and give commitments on non-routine matters with regard to intellectual and industrial property rights
- m. To take decisions as to the establishment of mortgages or similar encumbrances on the Company's immovables.
- n. To determine the human resources policy, make substantial and major amendments therein.
- o. To effect major modifications in the warranty conditions of the Company products.
- ö. To make donations to the charity associations or non-profit-bearing organizations in a yearly amount in excess of 100,000 United States Dollars or Turkish Lira equivalent in accordance with the Capital Markets Law and other relevant regulations.
- p. To make dividend distribution proposals to the General Assembly.
- r. To request the bankruptcy of the Company or apply for concordat.
- s. To designate an Independent Audit Company in accordance with the applicable legislation and submit to the approval of the General Assembly.
- ş. To appoint, or extend the term of assignment of dispatchees appointed by Group B or Group C Shareholders (or their subsidiaries) to work in the Company for a term exceeding twelve months).
- s. To issue guarantee, pledge and mortgage in favor of a third person pursuant to the capital markets regulations.

**11.5.** The Board of Directors may confer its representation rights to one or more executive members or third parties as managers. Provided, however, the representation rights of at least one member of Board of Directors must be retained.

**11.6.** The Board of Directors shall have the authority with respect to the delegation of its management and representation powers. Those who are authorised to sign on behalf of the Company and their degree of authority shall be determined by a resolution of the Board of Directors.

**11.7.** The Board of Directors may, in accordance with the applicable legislation and as deemed appropriate, establish committees or sub-committees for advisory, coordination, audit or similar purposes which comprises members and/or non-members of the Board of Directors. The composition, meeting, functioning and reporting principles of the committee chairman and the members shall be determined, regulated and revised by the Board of Directors.

#### **ARTICLE 12– REMUNERATIONS OF THE BOARD OF DIRECTORS AND THE COMMITTEE MEMBERS:**

**12.1.** Subject to and in accordance with the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board, the Board of Directors and the committee members referred to in Article 11 may be entitled to remunerations, fees, bonuses or premiums in consideration of their services rendered to the Company as Directors and committee members.

**12.2.** Amount and terms of payment due and payable to the members of the Board of Directors, including the executive directors, shall be stipulated by the General Assembly, while amount and terms of payment due and payable to the committee members shall be determined by the Board of Directors in accordance with the applicable legislation.

**12.3.** Stock options or performance-based payment schemes of the Company cannot be used in remuneration of the independent members.

#### **ARTICLE 13– COMPANY EXECUTIVE COMMITTEE:**

**13.1.** The Company Executive Committee consists of the General Manager, the the Deputy General Manager and other Assistant General Managers. The General Manager and the the Deputy General Manager are senior members of the Executive Committee.

**13.2.** The Company Executive Committee carries out the duties within the powers delegated to it by the Board of Directors. The Board of Directors shall establish procedures for the Executive Committee.

**13.3.** Save for the inalienable powers of the Board of Directors stipulated in Article 375 of the Turkish Commercial Code, the Board of Directors may from time to time transfer its powers to the Executive Committee on the issues within the limits of its powers under these Articles of Incorporation, and amend and revoke such powers. The Board of Directors may require the decisions taken in the scope of such transferred powers to be made in writing and duly signed by both of the senior members of the Executive Committee (or in their absence, by their alternates elected by the Board of Directors).

**13.4.** In the event that the General Manager and the Deputy General Manager fail to agree on decisions requiring joint approval, the matter shall be referred to the Board of Directors for resolution. Nevertheless, if the General Manager deems the situation to be an emergency, the General Manager’s position on the matter shall prevail, unless and until the Board of Directors

decides otherwise. However, the General Manager shall immediately inform the Board of Directors of any such emergency situation.

**13.5.** The Executive Committee meets at least biweekly. Meeting quorum is simple majority, provided, however that both senior members or their alternates must be present in the meeting.

**13.6.** Unless otherwise instructed by the Board of Directors, the Executive Committee shall implement its decisions through instructions to the relevant authorized persons. As for the issues requiring joint approval, these instructions must be in writing and duly signed by both of the senior members of the executive committee (or in their absence, by their alternates elected by the Board of Directors).

**13.7. Powers of General Manager:** Unless otherwise instructed by the Board of Directors, the General Manager is authorized to implement the decisions of the Board of Directors. Furthermore, the General Manager is authorized to take and implement decisions on all issues except for issues requiring the approval of the General Assembly or the Board of Directors, and issues requiring joint approval.

#### **ARTICLE 14 – AUDIT:**

**14.1.** The audit of the Company and other matters as stipulated in the applicable legislation shall be governed by the relevant provisions of the Turkish Commercial Code and the Capital Markets regulations.

**14.2.** Pursuant to article 366 of the Turkish Commercial Code, the Board of Directors may establish an internal audit system reporting to the Board of Directors for the purpose of internal audit.

#### **ARTICLE 15 – GENERAL ASSEMBLY OF SHAREHOLDERS:**

The following principles will be applicable for the General Assembly meetings.

**15.1. Convocation:** The General Assembly shall convene either for ordinary or extraordinary meetings. The meetings shall be summoned in accordance with the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board. The General Assembly meetings will be open to public, including but not limited to, the stakeholders and media, without, however, any right to speak at the meeting.

**15.2. Date and Time:** The ordinary General Assembly meetings shall convene at least once a year within three months following the end of the Company's relevant financial year. In these meetings, the issues included on the meeting agenda are reviewed and resolved.

The extraordinary General Assembly meetings shall convene, if and when deemed necessary, in the course of business of the Company in accordance with the provisions of the Turkish Commercial Code, the regulations of the Capital Markets Board and the relevant provisions of this Articles of Association.

**15.3. Voting Right:** Shareholders present in the ordinary and extraordinary meetings of the General Assembly will cast vote pro-rata to the nominal value of their total shares in the share capital of the Company. In the General Assembly meetings, votes will be cast by raising hands.

Provided, however, votes shall be cast by secret ballot upon the request of the shareholders representing at least one twentieth of the total shares represented in the meeting.

**15.4. Representation by Proxy:** Subject to and in accordance with the related regulations of the Capital Markets Board, in the General Assembly meetings, shareholders may be represented through a proxy appointed from among the other shareholders or third parties. The proxies who hold shares in the share capital of the Company are authorized to cast votes both on behalf of themselves and the shareholders being represented by such proxies. Except for the appointment of proxies through the Electronic General Assembly System, the power of attorney to be issued in this respect should be in writing.

**15.5. Place of Meeting:** The General Assembly meetings shall convene at the Company's headquarters or at any other convenient location in İstanbul, Kocaeli or Ankara.

**15.6. Participation in Meetings:** The executive directors, at least one member of the Board of Directors, the auditor, at least one of the officers in charge of preparation of financial statements, and at least one officer who is capable of furnishing necessary information about the specific issues included on the agenda thereon shall attend the General Assembly meeting. If any of the abovementioned persons, except for the ones whose participation is mandatory under the applicable legislation, does not attend the meeting, the reasons of absence will be reported by the chairman of the meeting to the General Assembly.

**15.7. Presiding the Meeting:** The chairman of the meeting, who will be in charge of moderating the meeting will be elected from among the shareholders and at least 1 (one) vote-collector and a secretary of the meeting will be elected from among the shareholders or from third parties.

**15.8. Meeting and Decision Quorums:** Save for the special aggravated quorums required under the Turkish Commercial Code and the regulations of the Capital Markets Board, the meeting quorum for the General Assembly is 60% of the total issued shares of the Company. Decisions are taken by the affirmative vote of shareholders or their proxies representing at least 60% of the total issued shares of the Company. However, in order for the resolutions of the General Assembly to be valid, the affirmative votes of the shareholders representing more than half of the total Group B shares and more than half of the total Group C shares are required.

**15.9. Internal Directive:** In accordance with the relevant provisions of the Turkish Commercial Code and the applicable legislation, the Board of Directors will issue and submit to the General Assembly for approval an internal directive, which set forth the procedures and principles relating to the conduct of the General Assembly. Upon approval by the General Assembly, the internal directive will be registered with and published in the Trade Registry.

**15.10. Participation in the General Assembly Meetings by Electronic Means:** The persons having right to participate in the general assembly meetings of the Company may participate in these meetings via electronic means pursuant to article 1527 of the Turkish Commercial Code. Pursuant to the provisions of the Regulation on General Assembly Meetings Held Electronically in Joint-Stock Companies, the Company may either establish an electronic general assembly meeting system itself, or outsource such services to the existing service providers, in order to enable such right holders to participate, express their opinions, submit motions and proposals, and cast their votes electronically in the General Assembly meetings. In all of the General Assembly meetings, as per the provisions of this Article, the right holders and their proxies will be enabled to use their rights arising out of the aforementioned Regulation.

## **ARTICLE 16 – CORPORATE GOVERNANCE PRINCIPLES:**

**16.1.** The Corporate Governance Principles that are deemed compulsory by the Capital Markets Board shall be complied with.

**16.2.** All material transactions as specified under the Corporate Governance Principles, all related party transactions, and establishment of guarantees, pledges and mortgages in favor of the third parties shall be carried out in compliance with the Corporate Governance Principles of the Capital Markets Board.

**16.3.** All actions and decisions of the Board of Directors which do not comply with the Mandatory Principles will be invalid and deemed to be in conflict with this Articles of Association.

## **ARTICLE 17 – ANNOUNCEMENTS:**

All information which the Company is legally liable to disclose to the public will be announced in accordance with the provisions of the Turkish Commercial Code, regulations and communiqués to be adopted thereunder, the regulations of the Capital Markets Board and other applicable legislation. If place of announcement is not specified, such information will be posted on the website of the Company.

## **ARTICLE 18 – FISCAL YEAR:**

The fiscal year of the Company begins on the first day of January and ends on the last day of December.

## **ARTICLE 19 –DISTRIBUTION OF PROFIT:**

**19.1.** After the deduction of all kinds of paid or accrued expenses, depreciation, amortization and the necessary provisions and taxes, the balance, after deduction of the previous year losses (if any), of the remaining profit for the period as shown in the year-end balance sheet shall be distributed in the following manner;

General Statutory Reserve Fund:

- a. 5% is set aside as legal reserve fund until it reaches to 20 % of the paid-in capital of the Company as per the provisions of the Turkish Commercial Code.

First Dividend:

- b. Out of the balance, first dividend is set aside which to be calculated by taking into account any donations granted during the relevant fiscal year in accordance with the Turkish Commercial Code and the Capital Markets regulations.

Second Dividend:

- c. After the deduction of the items stated in paragraphs (a) and (b) above from the net profit, the General Assembly is authorized to resolve either to wholly or partially distribute the balance as second dividend or set aside as extraordinary statutory reserve fund pursuant to article 521 of the Turkish Commercial Code.

General Statutory Reserve Fund:

- ç. After the deduction of the first dividend, 10 % of the second dividend shall be added to the statutory reserve fund pursuant to article 519/2 of the Turkish Commercial Code.

Unless all statutory reserves are set aside and the dividend determined for the shareholders as per these Articles of Association are distributed in cash and/or as shares, it cannot be resolved to set aside other reserve funds, or to carry forward profit to the next year, or to distribute profit to the members of the Board of Directors, officers and other employees, foundations of various purposes and similar persons and/or entities

Dividends are distributed equally to all of the existing shares as of the date of distribution, regardless of their dates of issue and time of acquisition.

The method and timing of distribution of profit resolved to be distributed will be decided by the General Assembly of Shareholders upon a proposal of the Board of Directors.

The profit distribution decision of the General Assembly of Shareholders taken in accordance with the provisions of these Articles of Association cannot be revoked.

#### **ARTICLE 20 – ADVANCES ON PROFIT:**

The General Assembly may resolve to pay to the shareholders advances on profit as per the regulations of the Capital Markets Board and the applicable legislation.

#### **ARTICLE 21 – FOUNDATION FOR COMPANY PERSONNEL:**

The Company may either found new foundations or participate in the existing foundations in favor of its officers and employees as stipulated in article 522 of the Turkish Commercial Code.

#### **ARTICLE 22 – LEGAL PROVISIONS:**

All and any matter which is not included in this Articles of Association shall be governed by the relevant provisions of the Turkish Commercial Code, the Capital Markets Law and applicable legislation.