

## **ARTICLES OF ASSOCIATION OF TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ**

### **FORMATION**

#### **Article 1.**

In accordance with the provisions of the “Law on the Amendment of an Article of the Telegram and Telephony Law and the Addition of Additional and Provisional Articles to this Law” Numbered 4000 and dated 10.06.1994, a joint stock company has been established by the founder whose name, residence and nationality is given below:

Undersecretariat for Treasury of the Prime Ministry of the Republic of Turkey (the “Treasury”) Ankara, Republic of Turkey.

### **TRADE NAME OF THE COMPANY**

#### **Article 2.**

The trade name of the Company is Türk Telekomünikasyon Anonim Şirketi (hereinafter shall be referred to as the “Company”). The short name is “TÜRK TELEKOM”.

### **SCOPE AND OBJECTIVES OF THE COMPANY**

#### **Article 3.**

The Company is established in order to operate in the telecommunications sector profitably and efficiently, to create more investment resources, to make investments, create and operate establishments in the telecommunications sector, to market goods and services and to export and import such goods and services. The scope and objectives of Türk Telekomünikasyon A.Ş. are set out below:

- a. In scope of the relevant legislation and regulations of competent authority and by taking the necessary authorizations, save for the provisions of Wireless Law Numbered 2813, to perform, by utilizing any and all resources that has been and/or will be allocated to itself or every kinds of technology, all kinds of telecommunications services as well as new generation services including, but not limited to the establishment and operation of telecommunications infrastructure and telecommunications facilities that receive and transmit all kinds of symbol, voice, writing, picture, data, image and signs between different points through fiber, cable, wireless, optic, electric, magnetic, electromagnetic, electrochemical, electromechanic or any other systems and to operate such facilities,
- b. to conduct all kinds of telecommunications services directly or through other companies in Turkey or abroad to be established by the Company or by investing in such existing companies; to publish directories; to realize turn-key infrastructure projects by establishing companies in Turkey or abroad, or by affiliating to such existing companies, or by itself or with a solution partner, through procurement of any system and equipment which may be

necessary to ensure serving value-added services given through telecommunication services,

c. In scope of the relevant legislation and regulations of competent authority and by taking the necessary authorizations, to communicate radio and television programs produced by radio and television broadcasters and video film, music and other contents produced by content providers to subscribers through telecommunication network, the cable television distribution system and new technology and facilities developed in the length of time, by establishing the necessary infrastructure,

d. In accordance with the demands from governmental and private entities, in order to meet these demands, to make all kinds of projects including turn-key and/or to fulfill any project consultancy as well as all kinds of consultancy services, to render installation, management, consultancy and education services in private projects on behalf of entities; to participate, in Turkey or abroad, in tenders arranged by institutions and entities for purchasing any infrastructure installation and/or management services of any kind of telecommunications services by submitting proposals by its own or with other companies, and to conduct these processes,

e. To buy, sell or provide for its customers all kinds of private and institutional internet security services and conduct all kinds of related transaction,

f. to modernize telecommunications services; to undertake research and development studies to produce all kinds of equipment used in the telecommunications sector or to invest in companies of such purpose already in existence,

g. in relation to the works mentioned above, to place or obtain all kinds of orders in Turkey or abroad, to participate in tenders alone or as part of a consortium, as the business requires, to place or obtain orders in Turkey or abroad,

h. in order to achieve these works, to acquire and buy any necessary real estate, equipment, construction and production materials, to own or to cause others to construct, sell, lease or hire all kinds of movables or immovables or establish rights in rem on them in relation to the use and operation of these works,

i. to conduct project services and establishment services in relation to the works mentioned above,

j. in order to carry out any operations in connection with its formation objectives, to register, transfer, lease patents, know-how, licenses, privileges and trademark rights or to create usufruct and easement rights on them,

k. to employ foreign or Turkish citizen workers, experts, and officers,

l. to borrow money for the purposes of or in connection with the Company's business or to give securities provided that the necessary public disclosures to be required by the Capital Markets Board within the scope of disclosure of the special events under the relevant legislation in order to inform the investors shall be made. The Company shall comply with the principles of the capital markets legislation with respect to the issuance by the Company of guarantees, suretyships and securities on its behalf and in favor of third parties.

m. to establish, take over or be a partner to foundations or relief funds or similar relief

establishments in order to conduct education activities, provide health and social benefits in relation to health problems of its employees and their family members; to found a university; in accordance with the Company's strategy and aims, and within the frame of the demands to give any education, personal development training and advising services including the services conducted in electronic form in compliance with the Company's scope and objectives, with or without consideration,

n. to conduct any kind of commercial activities, importation and exportation within the scope of capital markets regulations and without being limited to the activities mentioned in this clause, in order to achieve its scope and objectives,

o. The Company may acquire, sell, lease, lease out any and all kinds of real property, conduct allotment or unification transactions and promise to sell real property, establish, release or accept right of usufruct, right of easement, mortgage or other rights in rem and personal rights on the real property, create all kinds of pledge and other personal rights over its revenues in accordance with the Capital Markets regulations and in line with the scope of activity of the Company. The Company shall comply with the principles of the capital markets legislation with respect to the issuance by the Company of pledges including mortgages on its behalf and in favor of third parties.

p. In order to realize its purposes related to the scope of activity of the Company, it may obtain any and all kinds of short, middle or long term cash or non cash credits from foreign and domestic banks, financial corporations, financial markets, commodity exchange and other similar corporations, entities, stock exchanges and markets, it may establish connections regarding finances and goods, it may enter into agreements, provide sources, provided that it does not act as an intermediary institution, investment consultant, as well as a securities and portfolio manager as regulated under the capital market legislation, it may enter into agreements subjecting any other financial instruments, provided that it does not contravene with the applicable legislation it may lend money in Turkish Liras or in other currencies to companies in Turkey or abroad in which it is a direct or indirect shareholder, to its parent company and group companies, and in these subjects it may provide all kinds of consultancy, management and organization services to its affiliates, subsidiaries, the companies in which it has management rights, joint ventures that it has entered into provided that it does not act as an investment consultant,

r. The Company may issue any and all kinds of bonds and securities, provided that it complies with the legal requirements,

s. In accordance with the activities of the Company or for any other reasons, the Company may establish companies with domestic and/or foreign real and/or legal persons, it may participate in the companies that are or will be established, it may purchase share certificates or shares of the companies that are or will be established, it may purchase bonds and all kinds of other securities, it may dispose of the values it acquired if and when necessary, provided that it does not act as an intermediary, it does not act as securities and portfolio manager and it fulfills all the responsibilities arising from the applicable laws, in particular from the last paragraph of article 15 of the Capital Markets Law, and obtains all the legal permits, especially the Capital Markets Board permit,

t. In accordance with the procedures and principles established by the Capital Markets Board including those within the scope of the social responsibility, the Company may make donations to universities, educational institutions, public institutions and entities, municipalities, foundations, associations that are beneficial to public or other similar persons and entities, provided that the afore mentioned donation does not fall within the last paragraph of Article 15 of Capital Markets Law, it is informed to the shareholders in the General Assembly, including those convened in the course of the year , and the necessary special situation disclosures are made,

u. The Company may purchase, import all kinds of products needed by its affiliated companies from domestic or foreign market and/or export the products manufactured by its affiliated companies, may act as trustee and appoint a trustee.

v. Subject to the compliance with the capital markets legislation, in order to secure all kinds of monetary and non-monetary, material and non-material claims and rights as well as undertakings and guarantees given to it, the Company may receive real-estate mortgage, commercial enterprise pledge, pledge of movables, suretyship and bank guaranty; may assign obligations; may cancel, release, encash where necessary or acquire these securities. However, so as to inform the investors, the Company shall perform the public disclosures required within the scope of the Capital Market legislation.

y. In accordance with the principles of the Capital Markets Board and Turkish Commercial Code, the Company may buy back its shares. During the buyback transactions, the Company shall comply with the restrictions of the Capital Markets Board.

All agreements and protocols signed or to be signed between Türk Telekom and the Turkish Armed Forces, the Ministry of National Defense and other governmental institutions or bodies relating to the country's security, public order, public safety, regarding the execution of telecommunication services shall remain in force and be valid.

## **HEAD OFFICE AND BRANCHES OF THE COMPANY**

### **Article 4.**

The headquarters of the Company is in Turgut Ozal Bulvarı, 06103 Aydınlikevler, Ankara. In case of change in the address, the new address is registered at the Trade Registry, published in the Trade Registry Gazette and when required by the activities of the company, notified to the Ministry of Industry and Commerce and the Capital Markets Board. The Company may establish branches in Turkey and abroad, and establish representative offices, agencies, liaison offices and production facilities, provided that it notifies such situation to the Ministry of Industry and Commerce and Capital Markets Board. If the Company changes its address and does not register the new address within its term, this situation shall be considered as a termination reason for the Company.

## **DURATION OF THE COMPANY**

### **Article 5.**

The Company has been incorporated for an indefinite period of time.

## **CAPITAL**

### **Article 6.**

The capital of the Company is TL 3.500.000.000 (three billion five hundred million Turkish Liras) and is fully paid-up. This capital is divided into 350.000.000.000 (three hundred and fifty billions) shares each having a nominal value of Kr 1 (one ) (TL 0.01) as set out below:

| <b>GR<br/>OU<br/>P</b> | <b>SHAREHOLDER<br/>NAME</b>      | <b>CAPITAL<br/>AMOUNT</b> | <b>TYPE</b> | <b>NUMBER OF<br/>SHARES</b> | <b>PERCENTAGE<br/>TO THE<br/>CAPITAL</b> |
|------------------------|----------------------------------|---------------------------|-------------|-----------------------------|------------------------------------------|
| A                      | Ojer<br>Telekomünikasyon<br>A.Ş. | 1.925.000.000             | Registered  | 192.500.000.000             | %55                                      |
| B                      | Treasury                         | 1.049.999.999,99          | Bearer      | 104.999.999.999             | %30                                      |
| C                      | Treasury                         | 0,01                      | Registered  | 1                           | -                                        |
| D                      | Open to public                   | 525.000.000,00            | Bearer      | 52.500.000.000              | %15                                      |

The capital increases shall be realized as follows: group A shares shall be issued for group A shareholders, and group B shares shall be issued for group B shareholders, and group D shares shall be issued for group D shareholders pro rata to their shares. In case of a capital increase by way of issuing new share certificates in return for cash, the shareholders are entitled to preemptive rights pro rata to their current shares, within the framework of the provisions of the Turkish Commercial Code, unless otherwise resolved by the General Assembly.

Following the public offering of the Company, the Company shall comply with the provisions of the Capital Markets regulations and the principles for the dematerialization of the share certificates, with regards to the form of the share certificates regarding the shares to be issued.

Subject to Article 6/A below, all Shares of Turk Telekom can be transferred except for one privileged (golden) share of Group C. For the purpose of protecting the national interest in issues of national security and the economy, the following actions and resolutions cannot be taken without the affirmative vote of the holder of the C Group Privileged Share at either a meeting of the board of directors or the General Assembly. Otherwise, such transactions shall be deemed invalid.

- any proposed amendments to the Articles of Association;
- the transfer of any registered Shares in the Company which would result in a change in the management control of the Company;
- the registration of any transfer of registered shares in the Company's shareholders' ledger.

Pursuant to Article 8(d) below, the holder of the C Group Privileged Share appoints one member representing the Privileged Share, to the Board of Directors of Turk Telekom. The C Group Privileged Share owner cannot participate in capital increases.

On condition that all of the financial rights stemming from the public's shareholder status remain on the Treasury, the rights and competences based on the Treasury's shareholder status such as right of vote, management, representation and control are exercised by Ministry of Transport, Maritime Affairs and Communications.

## **TRANSFER OF SHARES**

### **Article 6/A**

#### **6/A.1 General Prohibition Against Share Transfers**

The holder of the Group A Shares shall not do or agree to do any of the following before the later of the expiry of the Strategic Commitment Period and the date on which the holder of the Group A Shares has paid in full for all of its Shares in the Company:

- a) pledge, mortgage, charge or otherwise encumber any of its Shares or any interest in any of its Shares, save as set out in Article 6/A.2 below;
- b) sell, transfer or otherwise dispose of, grant any option over any of its Shares or any interest in its Shares or establish any other rights; or
- c) enter into any agreement in respect of the votes attached to any of its Shares.

#### **6/A.2 Transfer/Pledge of Group A Shares to Third Parties**

At any time after the later of the expiry of the Strategic Commitment Period and the date on which the holder of the Group A Shares has paid in full for all of its Shares in the Company, the holder of the Group A Shares may transfer some or all of its Shares to a third party, subject always to the veto rights of the holder of the C Group Privileged Share.

The Group A Shareholder may pledge, mortgage or charge such of its shares as shall from time to time not be subject to the Share Pledge to a financial institution for the purpose of security for borrowings incurred in respect of the purchase of such shares or otherwise. If that financial institution forecloses such pledge, mortgage or charge then it may only transfer the Group A Shares subject to the pledge, mortgage or charge if it obtains the prior written consent of the Treasury (such consent not to be unreasonably withheld).

#### **6/A.3 Transfer of Group B Shares**

Subject to the following two paragraphs, the holder of the Group B Shares shall not before the expiry of the Strategic Commitment Period, transfer to a third party some or all of its Shares without the prior consent of the Group A Shareholder (such consent not to be unreasonably withheld).

Notwithstanding the limitation set forth in the preceding paragraph, with regard to the flotation of the Company, the Treasury may sell at any time some or all of its Shares by listing them on the stock exchange..

Notwithstanding the limitation set forth in the first paragraph, the holder of the Group B Shares may, at any time and at any price in accordance with Law No. 406, in one or a number of separate transactions, transfer that number of its Shares equal to or less than five per cent of the total Shares of the Company as at the time of the transfer to employees and any "small investors" as referred to in Law No. 406.

## **DEFAULT**

### **Article 6/B**

#### **6/B.1 Events of Default**

A Shareholder commits an Event of Default (the "Defaulting Shareholder") where:

- a. it commits a material breach of any of the Share Sale Agreement, the Shareholders' Agreement, these Articles of Association or the Share Pledge Agreement and, except in the case of a breach of Article 6/A (Transfer of Shares), either (1) the breach is not capable of being remedied or (2) the breach is capable of being remedied, but the Defaulting Shareholder does not remedy that breach within 20 Business Days of the other Shareholder sending it written notice requiring it to remedy that breach; or
- b. it commits a breach of Article 6/A (Transfer of Shares); or
- c. in the case of the holder of the Group A Shares, if it enters into any composition or arrangement with its creditors generally, or it is understood in any way that it is unable to pay its debts, or two thirds of its capital has been lost pursuant to the second paragraph of the article 324 of the Turkish Commercial Code, or the liabilities of the holder of the Group A Shares exceed its assets and in either case it does not remedy such loss of capital within seven Business Days of the holder of the Group B Shares serving it written notice thereof; or
- d. in the case of the holder of the Group A Shares, an encumbrancer lawfully takes possession or a custodian is validly appointed over the whole or any material part of its enterprise, property or assets; or
- e. in the case of the holder of the Group A Shares, a request is made by official authorities or a resolution is passed or a bona fide notice is issued to convene a meeting for the purpose of passing a resolution or any analogous proceedings are taken for the appointment of a custodian of or the winding-up of this Shareholder other than this Shareholder's voluntary liquidation solely for the purpose of merger or reconstruction; or
- f. in the case of the holder of the Group A Shares, if it is subject to any change of Control after or before the later of the expiry of the Strategic Commitment Period and the date on which the holder of the Group A Shares has paid in full for all of its Shares in the Company without the consent of the holder of the Group B Shares other than a change of Control arising solely out of a person or persons acting in concert acquiring Control of a Holding Company of the holder of the Group A Shares which is listed on a recognized stock exchange; or
- g. in the case of the holder of the Group A Shares, if:
  - (i) the holder of the Group A Shares relied on a management agreement/management consultancy agreement to pre-qualify in the tender process for the block sale and before the date being the fifth anniversary of Completion, the management agreement/management consultancy agreement is terminated; or
  - (ii) the holder of the Group A Shares pre-qualified in the tender process for the block sale through it or one of its shareholders being a Relevant Telecoms Company and before the fifth anniversary of Completion it ceases to satisfy

the pre-qualification conditions as set out in Article 4.1.4 of the Tender Specifications,

and the holder of the Group A Shares has neither (A) entered into a new management agreement/management consultancy agreement within 20 Business Days of such termination with a Relevant Telecoms Company for a term ending no earlier than the fifth anniversary of this Agreement, nor (B) otherwise provided evidence reasonably satisfactory to the Treasury within 20 Business Days that new arrangements have been put in place such that the requirements of Article 4.1.4 of the Tender Specifications are satisfied; or

- h. without prejudice to the generality of the foregoing provisions of this Article, the Group A Shareholder causes the revocation, early termination or material adverse variation of any telecommunications license, authorisation or concession held by the Company.

The Defaulting Party shall be automatically in default with the occurrence of any of the events in 6/B.1 (a) to 6/B.1 (h).

#### **6/B.2 Notice of Default**

If an Event of Default occurs, the Defaulting Shareholder shall notify in writing the non-defaulting Shareholder and the Company as soon as reasonably practicable.

#### **6/B.3 Consequences of Default by the holder of the Group A Shares**

Without prejudice to any other remedies the Group B Shareholder may have hereunder, where the Defaulting Shareholder is the Group A Shareholder and an Event of Default arises under Article 6/B.1 (c) to (f) inclusive and the Group A Shareholder fails to fully remedy that breach within 60 days from the Event of Default occurring (the "Cure Period"):

- a) any and all payments remaining outstanding under the Share Sale Agreement shall immediately accelerate and shall be immediately paid by the Group A Shareholder and the Group B Shareholder may pursue any and all of its remedies against the Group A Shareholder and enforce any and all security it has received from the Group A Shareholder. The enforcement of one security will not prejudice the Group B Shareholder's ability to enforce other security received from the Group A Shareholder; and
- b) the Group A Shareholder's appointees to the Board of Directors and the board of directors of each of the Group Companies shall automatically be deemed to have resigned pursuant to Article 6/C.5.

#### **6/B.4 Consequences of Default by the holder of the Group B Shares**

Without prejudice to any other remedies the Group A Shareholder may have hereunder, where the Defaulting Shareholder is the holder of the Group B Shares:

- a) the holder of the Group A Shares may, on giving of written notice to the holder of the Group B Shares, transfer all or some of its Shares to any third party, without requiring the approval of the holder of the Group B Shares (save as required under the C Group Privileged Share); and



- b) the provisions of Article 12(a) to (g) (inclusive) and Article 21(a) to (k) (inclusive) shall not apply.

## **TERMS AND CONSEQUENCES OF TRANSFERS OF SHARES**

### **Article 6/C**

#### **6/C.1 Registration**

Save for a transfer of Shares in the market following the flotation of the Company, the Shareholders and the Company shall procure that no transfer of Shares shall be approved for registration by the Board of Directors unless the Shareholders' Agreement and these Articles of Association have been complied with and the Adherence Undertaking is signed.

#### **6/C.2 Return of documents, etc.**

On ceasing to be a Shareholder, such Shareholder shall hand over to the Company or in accordance with the Company's request destroy all Budgets, Business Plans, annexes, documents and records relating to the Business which are confidential, sensitive or have strategic importance and which are held by it or by an Associated Company or by any third party which has acquired such matter through that Shareholder and, except so far as it is required to do so by law, shall not keep any copies.

#### **6/C.3 Loans, borrowings, guarantees and indemnities**

Immediately before a transfer of all the Shares held by a Shareholder:

- a) all loans, borrowings and indebtedness in the nature of borrowings due from the Company or a Subsidiary of the Company to a transferring Shareholder (together with any accrued interest) may be assigned to the transferee of that Shareholder for such value as may be agreed between the transferring Shareholder and the transferee, or failing such assignment, the continuing Shareholder shall procure that such loans, borrowings and indebtedness (together with any accrued interest) are repaid by the Company or the relevant Subsidiary;
- b) all loans, borrowings and indebtedness in the nature of borrowings due from the transferring Shareholder to the Company or a Subsidiary of the Company (together with any accrued interest) shall be repaid by the transferring Shareholder; and
- c) the Company shall use all reasonable effort (but without incurring any financial obligation on its part) to procure the release of any guarantees, indemnities, security or other comfort given by the transferring Shareholder to or in respect of the Company or a Subsidiary of the Company or their respective businesses .
- d) any assumption of the obligations of a transferring Shareholder by the continuing Shareholder is without prejudice to the right of the continuing Shareholder and/or the Company to claim from the transferring Shareholder in respect of all liabilities arising prior to the date upon which such Shares are actually transferred to the continuing Shareholder.

Provisions of the last paragraph of Article 15 of the Capital Markets Law are preserved.

#### **6/C.4 Assumption of obligations**

Save for persons acquiring Shares in the market following the flotation of the Company, no person other than an existing Shareholder can acquire any Shares unless it enters into an Adherence Undertaking agreeing to be bound by the Shareholders' Agreement as a Shareholder and these Articles of Association and any other agreements in connection with the Business as a Shareholder.

#### **6/C.5 Removal of appointees**

- a. If either: (i) a Shareholder ceases to be a Shareholder, the appointees of this Shareholder ; or (ii) in the case of the Group A Shareholder , it commits an Event of Default under Article 6/B.1 (c) to (f) inclusive of these Articles of Association and it fails to fully remedy the relevant Event of Default within the Cure Period, the appointees of the holders of Group A Shares to the Board of Directors and to the board of directors of each of the Group Companies shall automatically be deemed to have resigned. If the continuing Shareholders (or the Group B Shareholder in the case of the Group A Shareholder being a Defaulting Shareholder) request, the Defaulting Shareholder, the Company and any other Shareholder shall do all such things and sign all such documents as may otherwise be necessary to procure the resignation or dismissal of such persons from such appointments in a timely manner.
- b. If a corporate Shareholder notifies that a Director representing such Shareholder in the Board of Directors no longer has any relationship with the Shareholder, that person shall automatically be deemed to have resigned and the corporate Shareholder shall nominate another representative.
- c. Paragraphs (a) and (b) above shall take effect without any liabilities on the Company for compensation for loss of office or otherwise except to the extent that the liability arises in relation to a service contract with a Director who was acting in an executive capacity. The Shareholder which nominated the Director that has been removed shall fully indemnify and hold harmless the other Shareholders and the Company from and against any claim for unfair or wrongful dismissal arising out of such removal, upon written request from the other Shareholder and/or the Company.
- d. If the Group A Shareholder commits an Event of Default under Article 6/B.1 (c) to (f) inclusive of these Articles of Association and it fails to fully remedy the relevant Event of Default within the Cure Period, the Group B Shareholder shall be entitled to fill any board vacancies that arise as a result of the application of Article 6/C.5 (a) above and Articles 8 and 12 shall automatically be deemed to be amended such that any reference to the Defaulting Shareholder's Directors shall be deemed to be a reference to the Non-Defaulting Shareholder's Directors.

### **ISSUANCE OF DEBENTURE BONDS AND SIMILAR SECURITIES**

#### **Article 7**

In accordance with the Turkish Commercial Code, Capital Markets Law and related applicable laws, the Company may issue, for sale in Turkey or abroad to legal entities or real persons, any kind of bonds, finance bonds (commercial paper), participating redeemable

shares, bills of debt, profit and loss partnership certificates and any other securities that conform with the Capital Markets Law.

Pursuant to the Capital Markets Law, the securities mentioned in this Article, except for the participating redeemable shares, may be issued by the decision of Board of Directors.

## **THE BOARD OF DIRECTORS**

### **Article 8.**

The board of directors is composed of members in charge with executive affairs and members not in charge with executive affairs. A board member not in charge with executive affairs is a person who does not hold any other administrative duties other than being a board member within the company and who does not intervene with the daily business and ordinary activities of the Company. The majority of the board of directors is composed of board members who are not in charge with executive affairs.

In this respect;

The board of directors shall be composed of twelve (12) members nominated by the Shareholders as follows:

- a. the Group A Shareholder shall be entitled to nominate seven (7 )persons for election as Directors;
- b. provided that the Treasury as Group B Shareholder shall hold:
  - 30% or more of the Shares, the Treasury shall be entitled to nominate four (4) persons for election as Independent Board Members who carry the independence criteria as defined in the Capital Markets legislation; or
  - 15% or more of the Shares (but less than 30% of the Shares) the Treasury shall be entitled to nominate two (2) persons for election as Independent Board Members who the carry the independence criteria as defined in the Capital Markets legislation;
  - During the calculation of 15 % and 30 % of the Shares mentioned in above paragraphs, the amount of Group B Shares and Group D Shares held by the Treasury shall be taken into account together.
- c. As long as the Treasury holds 15% or more of the Shares (but less than 30% of the Shares), the Group A shareholder shall be entitled to nominate two (2) persons, who carry the independence criteria as defined in the Capital Markets legislation, for election as Independent Board Members and (7) persons for election as Director.
- d. while the Treasury holds the C Group Privileged Share, the Treasury shall be entitled to nominate, a further one (1) person, for election as Director for the C Group Privileged Share;
- e. Each one of the A, B and C Group shareholders shall vote for the election of the directors nominated pursuant to this article. This article shall not restrict the voting rights of the shareholders that have acquired the Shares from stock exchange market

The Chairman of the Board of Directors shall be nominated by the directors nominated by the Group A Shares from among the Directors and be elected and removed by the simple majority votes of those present at the meeting of the Board of Directors.

The Vice Chairman shall be nominated by the directors nominated by the Group B Shares from among the Directors and be elected and removed by the simple majority votes of those present at the meeting of the Board of Directors.

The Chief Executive Officer and other executives shall be nominated by the holder of the Group A Shares and elected and removed by a simple majority of those present at the meeting of the Board of Directors.

The Shareholder who wishes to make a nomination shall take reasonable steps to ensure that its nominee is able to perform his or her duties competently.

Each nominating Shareholder shall determine and announce the name, qualifications and experience of its nominee and intended date of nomination in accordance with the Capital Markets Board regulations.

The wages of the members of the Board of Directors shall be determined by the General Assembly. In the determination of the remuneration policy of the Board of Directors members, the Capital Markets Board regulations shall be complied with.

## **THE QUALIFICATIONS AND CONDITIONS OF MEMBERS OF THE BOARD OF DIRECTORS**

### **Article 9.**

To be eligible to be a board member, it is not required to be a shareholder in the Company a corporate Shareholder of the Company can be elected as a board member. In case a corporate shareholder is elected as a Board Member, only one real person representing and appointed by such corporate shareholder shall also be registered and announced on the name of such corporate shareholder together with this corporate Shareholder and the registration and announcement of such situation shall also be disclosed in the website of the Company. This registered real person shall only attend to the meetings and vote on behalf of the corporate shareholder. The board member corporate shareholder is entitled to change this real person registered on the name of the corporate shareholder at any time.

Even if the terms stated in article 53 of the Turkish Criminal Code have been overdue; the persons having been definitively sentenced to imprisonment for or in excess of five years due to a crime committed on purpose or convicted of crimes committed against state security, constitutional system and its process, national defense, state secrets and the crimes of espionage, embezzlement, malversation, bribery, theft, swindling, fraud, betrayal of confidence, fraudulent bankruptcy, sedition in official tenders and performance of an act, impediment and breach of the informatics system, abstraction or modification of data, abuse of banks or credit cards, improper asset laundering, smuggling, tax evasion or unjustified benefits, shall not be a board member.

## **THE INDEPENDENT BOARD OF DIRECTORS MEMBERS**

### **Article 9/A**

The number, term of office, nomination procedure and remuneration of the independent board of directors members shall be determined in accordance with the Capital Markets Board regulations. In case any independent board membership position becomes vacant or an independent board of directors member loses his independence quality within the year, a new appointment shall be realized in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board regulations and such appointment shall be submitted to the approval of the next General Assembly.

## **TERMS OF WORK OF MEMBERS OF THE BOARD OF DIRECTORS**

### **Article 10.**

The members of the Board of Directors shall hold office for a term of 3 years. The members of the Board of Directors may be discharged from their duties before the termination of their term by the General Assembly.

The members of the Board of Directors may be re-elected.

Whenever a vacancy occurs on the Board of Directors for any reason, the Board of Directors temporarily appoints a person with the qualifications required by law and the Articles of Association from amongst the nominees nominated by the share group by which the member was elected. The member so appointed shall serve on the Board of Directors until the next General Assembly Meeting, and if his or her appointment is approved by the General Assembly Meeting, he or she shall complete the term of office of the member he or she replaced.

If a Board member does not attend four consecutive Board meetings, without obtaining the consent of the Board of Directors, he/she shall be deemed to have resigned from the Board of Directors.

## **DUTIES AND AUTHORITIES OF THE BOARD OF DIRECTORS**

### **Article 11.**

The Board of Directors shall be responsible for representing and administering the Company. Save for the provisions of the Law No: 406 and Law No:4000, The Board of Directors shall have full authority to represent the Company except for the authorities conferred on the General Assembly by the Turkish Commercial Code, Capital Markets Law and regulations and the Articles of Association.

In order to fulfill its duties and responsibilities well and to maintain the existence and development of the company, the Board of Directors shall establish the committees defined in the Turkish Commercial Code and the Capital Markets legislation and ensures that they act in accordance with the relevant legislation.

While exercising these duties and responsibilities, the Board of Directors may assign the duties and responsibilities given by the Law and this Articles of Association partially to the committees of the Company and/or to the executives of the Company whilst setting forth their functions without obviating its own responsibilities.

The Shares may be registered with the Central Registration Agency through a Board decision.

The Turkish Commercial Code, the Capital Markets Law, the Capital Markets Board regulations and any other applicable legislation shall be applied for the members of the Board of Directors who shall take other duty or duties outside the company.

## **MEETINGS OF THE BOARD OF DIRECTORS**

### **Article 12.**

The Board of Directors shall meet at least four times a year or shall meet whenever the Company's business so requires.

At least 10 Business Days written notice shall be given to each of the directors of all Board meetings (except if there are exceptional circumstances or the majority of each of the Directors appointed by the holder of the Group A Shares and the directors appointed by the holder of the Group B Shares agree to shorter notice).

Each notice of meeting shall (1) specify a reasonably detailed agenda, (2) be accompanied by any relevant papers and (3) be sent by courier or facsimile transmission if sent to an address outside the Republic of Turkey to the address provided by each Director for such purpose.

Meetings shall be held in the headquarters of the Company. Meetings may be held in another place if decided by the Board of Directors.

The meeting quorum at a Board meeting shall be seven of the Directors provided that there shall be at least one Director appointed by the holder of the Group A Shares and one director appointed by the holder of the Group B Shares .If a meeting quorum is not present within half an hour of the time appointed for the meeting or ceases to be present, the director(s) present shall adjourn the meeting to a specified place and time not earlier than five Business Days after the original date .The meeting quorum at such adjourned meeting shall consist of half of the number of Directors then in office (regardless of the nominating shareholder) plus one provided that three Business Days' notice has been given to all the directors.

Board meetings shall be chaired by the Chairman. If the Chairman is absent from any Board meeting, the meeting shall be chaired by the Vice Chairman. If the Vice Chairman is also absent then the Directors present may appoint any one of the Directors present to act as Chairman for the meeting.

At any board meeting of the Company each Director shall have one vote. Questions arising at a meeting shall be passed by a simple majority of the votes of the Directors present at such meeting unless the resolution relates to a "Supermajority Decision Relating to the Board".

In respect of the matters set out below("Supermajority Decisions Relating to the Board"), for so long as the Treasury shall hold 25% or more of the Shares (in calculation of the said ratio, the number of Group B shares hold by the Treasury shall be taken into consideration, together with the number of Group D shares hold by the Treasury, if any) , no action shall be taken or resolution passed by the Board of Directors of the Company and (when relevant) no action shall be taken or resolution passed by the board of directors of any Group Company unless there has been an affirmative vote by the Board of the Company, with the presence and affirmative vote of 7 Directors, at least one of which shall be a Director representing the Treasury :

- a) the entry into of any contract or commitment not provided for in the Budget under which the Group Company may incur costs (per transaction) of more than US\$50 million;

- b) the acquisition of any assets or property (other than in the ordinary course of business) at a total cost (per transaction) of more than US\$50 million;
- c) the sale or disposition of any fixed assets for a total price per transaction of more than US\$10 million;
- d) the borrowing of amounts by a Group Company which when aggregated with all other borrowings of that Group Company would exceed US\$150 million except for the loans obtained from banks in the ordinary course of business;
- e) the entry into of any agreement (other than any management agreement referred to in Article 12(g) below) between a Group Company and a Shareholder (other than the holder of the Group B Shares) or its Associates which (x) is not on arm's length terms or (y) involves the transfer of monies or goods and services of a value greater than US\$30 million;
- f) the appointment of any representative to act for the Company at any general assembly meeting of any Group Company (other than the Company and AVEA);
- g) the entry into of any management agreement between a Group Company on the one part and a Shareholder, or any Associated Companies of a Shareholder or any person that entered into a management agreement/management consultancy agreement with the holder of the Group A Shares or any of its Associated Companies in connection with the tender process for the block sale on the other part. However, this Article shall not prevent the Company from entering into employment or consultancy agreements with individuals.

## **GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS**

### **Article 13.**

The Board of Directors may delegate all or some of its management and representation authority to managing directors who are board members and to delegated managers who do not need to be board members. The Board of Directors may also give authority to the General Manager or managers whom they appoint with regard to the execution of the Company's business and may empower them to sign on behalf of the Company. Article 342 et seq of the Turkish Commercial Code will apply to such managers.

The term of the general managers and managers who have authority to sign on behalf of the Company are not limited to the term of the Board of Directors.

The General Manager and assistant general managers shall be appointed by a decision of the Board of Directors.

The wages of the General Manager and assistant general managers shall be determined by the Board of Directors. Regulations of Capital Markets Board are taken into consideration while determining the payment procedures of General Manager and assistant general managers.

## **DUTIES AND AUTHORITIES OF THE GENERAL MANAGER**

### **Article 14.**

The General Manager shall be liable for the management of the Company as a prudent merchant pursuant to the principles of efficiency and profitability in accordance with the

relevant legislation, Articles of Association and the decisions of the Board of Directors and is responsible for the otherwise.

The Company shall be administered by the General Manager in accordance with the decisions of the Board of Directors.

Save for any decisions of the Board of Directors with respect to the representation and binding of the Company, the General Manager shall represent Turk Telekom vis-à-vis third parties and the administrative and judicial bodies. The General Manager shall delegate such authorities where necessary.

## **ORGANIZATIONAL STRUCTURE**

### **Article 15.**

The Board of Directors shall determine the organizational structure of the Company.

## **BOARD OF STATUTORY AUDITORS**

### **Article 16.**

The Board of Statutory Auditors shall consist of three members. Two members shall be elected by the General Assembly from among the nominees nominated by the holder of the Group A Shares and one member shall be elected by the General Assembly from among the nominees nominated by the Treasury representing the C group privileged share.

The Board of Statutory Auditors shall elect a chairman from among its members.

The Statutory Auditors shall hold office for a term of 3 years. The Statutory Auditor, whose term has ended, may be re-elected.

The Statutory Auditors are also subject to the qualifications and conditions of appointment set out in Article 9 of these Articles of Association.

The wages of the members of Board of Statutory Auditors shall be determined by the decision of the General Assembly.

## **DUTIES, AUTHORITIES AND LIABILITIES OF THE STATUTORY AUDITORS**

### **Article 17.**

The Statutory Auditors have the duty of and are authorized to audit the overall business and budget of the Company, to fulfill those tasks required to be performed by Statutory Auditors under the Turkish Commercial Code, to ensure that the Company is managed efficiently, and to submit proposals to the Board of Directors regarding the protection of the rights and assets of the Company, to call the General Assembly for a meeting when necessary and to determine the agenda of the meeting and to prepare the report required by Article 354 of the Turkish Commercial Code. The Statutory Auditors are obliged to perform the works given to them by Law and these Articles of Association fully and completely.

## **AUDIT**

### **Article 17/A**



The external audit company which will conduct the external auditing of the financial statements of the Company in accordance with Turkish Commercial Code and the legislation regarding capital markets will be assigned as the auditor by the General Assembly of shareholders pursuant to the proposal of the Board of Directors. The same external audit company may serve for the continuous and/or ad hoc audits for as long as the term specified in Turkish Commercial Code and the legislation regarding capital markets.

The Company may not retain the external audit company, its employees, or a counseling company on which the external audit company exercises direct or indirect management or equity control or the employees of such company for the purpose of receiving counseling services. The counseling services provided by real person shareholder or executives of the external audit company fall within the same restriction.

## **GENERAL ASSEMBLY**

### **Article 18.**

The General Assembly of the Company shall meet in two ways; ordinarily and extraordinarily.

The ordinary meetings of the Shareholders' General Assembly shall be held at least once a year, within three months following the fiscal year end of the Company. The Article 413 of the Turkish Commercial Code shall be applied to the agenda of these meetings.

The holder of the Group C Share has the right to attend and speak at the General Assembly.

Extraordinary General Assembly meetings may be held at any time when the business of the Company requires such meeting.

The right-holders who have rights to attending company's general assembly meeting may also attend to general assembly meeting via electronic means according to the TCC, Article 1527. As the company set out the general assembly system that allows the right-holders to attend general assembly via electronic means, give opinion and make suggestions pursuant to Regulation pertaining to the General Assembly of Joint Stock Companies to be held via Electronic Means, in the meantime it may get service from the systems made for this purpose. Pursuant to this provision of articles of association, the right-holders and their representatives could use their signified rights indicated in aforesaid regulation provisions via this organized system for all general assembly meetings.

## **AUTHORITY OF THE GENERAL ASSEMBLY**

### **Article 19.**

The General Assembly shall be the main decision body of the Company possessing every kind of authority in relation to the business of the Company provided by law. The decisions of the General Assembly shall be binding upon every organ of the Company, primarily upon the

Board of Directors. The General Assembly decides on the release and responsibilities of the Board of Directors members and Auditors.

## **PLACE OF MEETING**

### **Article 20.**

The General Assembly shall meet at the headquarters of the Company or at such other convenient place in the city where the headquarters are located.

## **INVITATION TO MEETING AND THE QUORUM**

### **Article 21.**

Relevant provisions of the Turkish Commercial Code and Capital Markets regulations and the regulations of Capital Markets Board shall be applied for the invitation to the General Assembly meetings. The minority rights shall be used by the shareholders who represent at least 5% of the paid-in capital.

The Ordinary General Assembly shall convene within three months following the end of the fiscal year of the Company and at least once in a year. Extraordinary General Assembly shall convene if and when the business of the Company requires such meeting, and in accordance with the provisions set forth in the Turkish Commercial Code and these Articles of Association and takes the necessary decisions.

The time and place of the Ordinary and Extraordinary General Assembly Meetings shall be announced in accordance with the regulations of Turkish Commercial Code and Capital Markets Board.

General Assembly meetings shall be announced to the relevant Ministries, Capital Markets Board, Istanbul Stock Exchange and other relevant authorities, in accordance with the requirements of the legislation.

No decision shall be adopted at a General Assembly meeting unless the meeting quorum is reached. Unless a higher meeting quorum and decision majority is required by the Turkish Commercial Code and the Capital Markets Law, a meeting quorum shall be constituted with the participation of the Shareholders representing at least 50% of the nominal value of the share capital of the Company in person or by proxy, and the questions arising at a meeting shall be decided by a simple majority of votes present unless the resolution relates to a "Supermajority Decision Relating to the General Assembly".

In respect of the matters set out below ("Supermajority Decisions Relating to the General Assembly") for so long as the Treasury shall hold 25% or more of the Shares (in calculation of the said ratio, the number of Group B shares held by the Treasury shall be taken into consideration, together with the number of Group D shares held by the Treasury, if any), no action shall be taken or resolution passed by the Board of Directors or General Assembly of the Company and (when relevant) no action shall be taken or resolution passed by the board of directors or general assembly of any Group Company unless there has been an affirmative vote by the General Assembly of the Company with the presence and affirmative votes of the holders of not less than 75% of the shares of the Company, including the Shares that represent the Treasury:

- a) the presentation of any petition for winding-up;

- b) any change to these Articles of Association;
- c) any change to the corporate name of the Company;
- d) any change to the accounting reference date or accounting policies except as required by law;
- e) any change in the share capital or the creation, allotment or issue of any shares or of any other security or the grant of any option rights or rights to subscribe to the capital or to convert any instrument into such shares or securities other than bonus shares;
- f) any reduction of capital or variation of the rights attaching to any class of shares or any redemption, purchase or other acquisition by the Company of any shares or other securities of that company;
- g) any merger with or material acquisition of any other company;
- h) the cessation of any major Business operation;
- i) any material change to the nature of its Business;
- j) the payment or declaration by the Company of any dividend or distribution of any other kind relating to the shares other than in accordance with Article 30;
- k) decisions on any of the matters referred to in Article 12 (a) to (f) above to the extent such matters have not been approved in accordance with Article 12.

A series of related transactions shall be construed as a single transaction, if they stem from the same transaction or are entered into by the same parties and/or groups, and any amounts involved in the related transactions shall be aggregated, to determine whether a matter is a Supermajority Decision Relating to the Board of Directors or a Supermajority Decision Relating to the General Assembly.

In the event that a decision being resolved by the General Assembly requires special meeting and decision quorum pursuant to the regulations of Turkish Commercial Code and/or Capital Markets Board, the relevant provisions of the said regulations are also applied.

If necessary, the General Assembly, may also meet in accordance with the provisions of Article 370 of the Turkish Commercial Code.

## **REPRESENTATION BY PROXY**

### **Article 22.**

At the General Assembly Meetings, the shareholders may be represented by other shareholders or through a representative appointed from among third persons that are not shareholders to the Company. In accordance with the relevant provisions of the Capital Markets Board, the proxies who are shareholders to the company are entitled to vote for themselves and for the shareholders they represent. The Board of Directors decide on and declare the format of the proxy by taking into account the regulations of the Capital Markets Board with regards to the issue.

The Regulations of the Capital Markets Board regarding voting by proxy in publicly traded companies are reserved.

## **VOTING RIGHTS**

### **Article 23**

Each share shall entitle its owner to one vote at General Assembly Meetings.

## **METHOD OF VOTING**

### **Article 24**

At the General Assembly meetings, voting shall be cast by a show of hands. However, upon the request of the shareholders owning 1/20 of the total capital represented at the General Assembly Meeting, voting may be by secret or open ballot by calling names.

## **DELIBERATIONS AT GENERAL ASSEMBLY AND CHAIRMANSHIP**

### **Article 25**

The Chairman (who does not have to be a shareholder), one Secretary (who does not have to be a shareholder) and two vote collectors (who do not have to be shareholders) shall be appointed by the General Assembly. The Chairman of the General Assembly shall ensure that the meeting takes place in accordance with the applicable law.

## **DOCUMENTS TO BE SENT**

### **Article 26**

Three copies of the reports of the Board of Directors and the Board of Statutory Auditors and the annual balance sheet and profit and loss accounts and the minutes of the General Assembly signed by the Government Commissary and the list of attendants shall be delivered to the Ministry of Industry and Commerce and to the Capital Markets Board within one month from the date of the relevant General Assembly meeting.

## **FISCAL YEAR**

### **Article 27**

The fiscal year of the Company starts from the first day of January and terminates on the 31<sup>st</sup> day of December.

## **DISTRIBUTION OF PROFITS**

### **Article 28.**

Net profits calculated and shown in the annual balance sheet after deducting all general expenses, any depreciation amounts, the amounts that the Company is obliged to pay or set aside, and taxes to be paid by the Company as a legal entity, from the revenues determined at the end of the fiscal period, shall be distributed after deducting the previous year's losses, if any, as follows:

- a. 5% of the net profit is allocated to a legal reserve as to first paragraph of the article 466 of the Turkish Code of Commerce regulated in Article 29 until it reaches 1/5 of the paid-in capital of the Company.
- b. From the net distributable profit, the first statutory dividend specified by the Capital Markets Board in ratio and amount is set aside for distribution to the

shareholders. The statutory first dividend legally required to be set aside is equally distributed to the existing shareholders as of the fiscal year without taking into consideration the issuance and acquisition dates of those shares.

- c. After deducting the amounts mentioned in a and b above from the net profit, the General Assembly is authorized to distribute the whole or a part of the remaining amount as second statutory dividend or to set aside as extraordinary legal reserve.
- d. After deducting an amount equal to 5% of the paid-in capital from the amount to be distributed to shareholders and persons participating in profit, 1/10 of the remaining amount shall be allocated as a second reserve and added to the statutory reserve in compliance with the paragraph 2, subparagraph 3 of the Article 466 of the Turkish Code of Commerce.
- e. Unless the legal reserves are set aside or the first statutory dividends determined for the shareholders in the Articles of Association are distributed in cash and/or in the form of shares, no decisions may be rendered for setting aside further legal reserves, transferring profit to the subsequent year or distributing dividend to the shareholders that are privileged in terms of dividend distribution, to the holders of participating redeemable shares, founders shares and ordinary usufruct shares, to the members of the Board of Directors or the Board of Statutory Auditors and officers and employees and to the foundations established for various purposes and similar persons and/or entities.
- f. The company may distribute interim dividend in accordance with the capital markets and tax legislation on condition that the General Assembly of Shareholders authorizes the Board of Directors, limited with the relevant year. In case the period in which the interim dividend has been distributed is resulted with loss or the annual profit is not sufficient to meet the interim dividend distributed, the amount is deducted from the contingent legal reserves set aside as per the proceeding years' financial statements in compliance with the legislation regarding capital markets and, if these contingent reserves are not sufficient, from the amount to be derived from the encashment of the securities received in consideration of the interim dividends.

The date and form of distribution of dividends to the shareholders are determined by the General Assembly of Shareholders upon the Board of Directors' request in accordance with Capital Markets Law and other applicable laws.

Group C Shareholder is not entitled to receive dividends.

## **RESERVES**

### **Article 29.**

Every financial year, 5% of the net profit continue to be allocated to a first legal reserve by the Company as to the article 466 of the Turkish Code of Commerce until it reaches 20% of the paid-in capital of the Company, save for the provisions of the Article 466 of the Turkish Code of Commerce.

5% of the net profit of the Company shall continue to be re-allocated to the first legal reserve until it reaches to %20 of the paid-in capital., in the event that the amount of the first legal reserve falls beneath 20% of the paid-in capital of the Company.

## **PAYMENT OF DIVIDENDS AND ITS TERM**

### **Article 30.**

The Auditors shall be instructed to report (at the expense of the Company) the amount of the profits lawfully available for distribution by the Company at the time as they sign their report on the Audited Accounts.

The Board of Directors shall by way of a simple majority of those present at the relevant meeting of the Board propose the distribution of the maximum of the Company's profits lawfully available for distribution in each financial year subject to the Board making reasonable provisions and transfers to reserves and complying with the conditions set out below.

If the conditions set out below are not met, or would not be met if the relevant distribution were made, then subject to the following paragraph, the Company shall distribute the maximum amount of its profits which may be distributed without breaching those conditions.

Provided that it is not against the legislation regarding capital markets, the net profit may not be distributed, if:

- (a) the distribution would result in a breach of any covenant or undertaking given by any Group Company to any lender or would, in the opinion of the simple majority of those present at the relevant meeting of the Board of Directors, be likely to cause such breach within the following 12 months; or
- (b) the Board of Directors resolves by way of a simple majority of those present at the relevant meeting of the Board that the distribution is materially prejudicial to the interests of any Group Company having regard to: (i) implementation of the investment programme approved by the Board of Directors in the business plan or the budget; or (ii) the trading prospects of the Group Companies and the need to maintain the sound financial standing of the Group Companies.

Regulations of the Capital Markets Board regarding the profit distribution are preserved.

## **ANNOUNCEMENTS**

### **Article 31.**

The announcements of the Company will be made in accordance with the corporate governance principles to which the Capital Markets Board made obligatory to apply and other relevant legislation and save for the provisions of paragraph 4 of Article 37 of the Turkish Commercial Code, by a newspaper published in the location where the Company headquarters are situated at least 15 days before. However, the announcements regarding the summoning of the General Assembly will be made at least 21 days in advance excluding the meeting day in accordance with the relevant articles of the Turkish Commercial Code and the regulations of Capital Markets Board, save for the provisions of the Article 370 of the Turkish Commercial Code.

The announcements to be made in accordance with the legislation regarding capital markets shall be subject to the relevant legislation.

The information within the scope of the requirements for the disclosures regarding special situations shall be disclosed to the Capital Markets Board and the relevant exchange markets in accordance with the procedures and forms as required by the Capital Markets Board.

Any and all announcements and special situation disclosures to be made in accordance with

the Capital Markets Board regulations shall be made duly on time and in accordance with the relevant procedure. The Company web site shall be used actively for the disclosures to the public.

All reporting requirements of the Company shall be duly executed in accordance with the capital markets regulations and the financial statements and reports along with the External Audit Reports required by the Capital Markets Board shall be prepared in accordance with the standards set forth by and presented to the Capital Markets Board.

## **COMPLIANCE WITH THE CMB CORPORATE GOVERNANCE PRINCIPLES**

### **Article 32.**

It is complied with the Corporate Governance Principles which are made obligatory to apply by Capital Markets Board. Actions and board resolutions taken without complying with such obligatory principles are invalid and considered as in contrary to the articles of association.

The important transactions in terms of Corporate Governance Principles, and all related party transactions and all actions regarding guarantee, pledge and mortgage in favor of third parties are conducted in accordance with Capital Markets Board's regulations on Corporate Governance Principles.

Number and qualifications of the independent members to be appointed to board of directors are determined in accordance with the regulations of Capital Markets Board on corporate governance

## **DEFINITIONS**

### **Article 33.**

**"Adherence Undertaking"** the Adherence Undertaking set out in Schedule 2 of the Shareholders' Agreement;

**"Associate"** in relation to any person:

- (i) any Associated Company to such person; or
- (ii) any director of such person or of any Associated Company to such person; or
- (iii) any capital stock or partnership company which owns directly or indirectly, 20 per cent or more of the paid-in capital (or share capital (paid-in capital??) carrying 20 per cent or more of the votes ordinarily exercisable at General Assembly meetings) of any person or any Associated Company to such person;

**"Associated Company"** in relation to a person, any Holding Company or Subsidiary or any other Subsidiaries of any such Holding Company which Controls, is Controlled by, or under common Control with, such person;

**"Business"** the business regarding electronic communications services including without limitation broadband services, internet and data services, fixed and mobile telephony, information services, media services and technology and solutions and providing electronic communications networks and infrastructure;

**"Business Day"** means any day (except a Saturday or Sunday) on which banks in Turkey are open for business;

**"C Group Privileged Share"** means one Group C Share held by the Undersecretariat of Treasury as per the provisions of Telegraph and Telephony Law No: 406.

**"Control"** means in relation to any person (a "Controlled Person"), where another person (or persons acting in concert) exercises or can acquire direct or indirect control over the affairs of the Controlled Person or possesses or can acquire (1) not less than 50 per cent of the total voting rights of the Controlled Person which are exercisable in a General Assembly or (2) control of the composition of the board of directors of the Controlled Person. For these purposes, "persons acting in concert", in relation to the Controlled Person, are persons which actively co-operate, pursuant to an agreement or understanding or otherwise with a view to obtaining or consolidating Control of the Controlled Person;

**"Group Companies"** mean the Company, its Subsidiaries and Avea İletişim Hizmetleri A.Ş and "Group Company" means any one of them;

**"Holding Company"** a company is deemed to be another's holding company if (but only if) the other is its Subsidiary;

**"Relevant Telecoms Company"** a company with at least 3 years experience in managing, operating or controlling a fixed line or mobile telecommunications company anywhere in the world with a network of at least 2 million lines;

**"Share Pledge"** the pledge over 1.540.000.000.000 Group A registered shares of the Company (equal to 80% of the Group A registered Shares of the Company) granted to the Group B Shareholder as security for the deferred consideration under the Share Sale Agreement;

**"Share Sale Agreement"** the agreement for the sale and purchase of the Group A Shares entered into between the Group A Shareholder, the Group B Shareholder and the Guarantors on August 24, 2005 ;

**"Shareholders"** means Treasury and Ojer Telekomünikasyon A.Ş. and any other shareholder of the Company who becomes shareholder by signing an Adherence Undertaking .

**"Shareholders' Agreement"** the agreement between the Group A Shareholder, Treasury and the Company signed on November 14, 2005 regulating the rights and obligations of the Shareholders after November 14, 2005 ;

**"Strategic Commitment Period"** the 3 (three)-year period commencing on November 14, 2005 ;

**"Subsidiary"** a company is a "subsidiary" of another company, if (but only if) that other company:

- (a) is a member of it and controls the composition of its Board of Directors; or
- (b) holds more than half in nominal value of its equity share capital,



or if the Company is a Subsidiary of a company which is itself a Subsidiary of that other company;

**"Tender Specifications"** the tender specifications dated 25 November 2004 (including any amendments or clarifications issued and notified to Bidders in respect thereof) obtained by the applicants from the Turkish Republic Privatization Administration setting out the rules and procedures for the tender of the sale of the Block Sale Shares.