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■ 1. STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

While full compliance and complete implementation of the corporate governance principles published by CMB could not be achieved by our Company in the fiscal year ending 31 December 2009, work required understanding these principles and achieving their compliance and implementation has begun and is in progress.

The issues on which compliance was not achieved and the reasons for this are explained in the appropriate sections of this report.

Activities will be continued to be carried out to bring about structural changes and adopt principles in 2010 such as amending the Company's articles of incorporation, setting up the Committees specified in the principles, restructuring Company organs as stipulated, developing the infrastructure needed so that announcements can be under conditions complying with the principles. We hereby declare that we will strive to bring ourselves into substantial compliance with these principles and implement them.

PART I: SHAREHOLDERS

■ 2. SHAREHOLDER RELATIONS UNIT

The name and contact information of the Coordinator of the Çelebi Holding Business Development Department that has been managing relations with shareholders is presented below.

Name	Position	Contact information	
		Telephone	E-mail address
Abdullah Kırımlı	Business Development Coordinator	(+90 212) 339 40 39 - 1902	abdullah.kirimli@celebi.com.tr

Following the establishment of the department at the Company, relations with shareholders have been carried out by Holding's Business Development Department and the Company's Financial Affairs Department. Possessing CMB Advanced Level Licenses, the unit's managers/specialists' contact details are provided hereinbelow.

Name	Position	Contact information	
		Telephone	E-mail address
Abdullah Kırımlı	Business Development Coordinator	(212) 3394039 - 1902	abdullah.kirimli@celebi.com.tr
Özgür Eren	Specialist	(212) 4652710 - 1523	ozgur.eren@celebi.com.tr

The activities of holding ordinary general meeting in accordance with the requirements of law and of our articles of incorporation and of preparing documents for the use of shareholders at the meeting were carried out in coordination with Çelebi Holding's legal affairs chief coordinator and the Company's assistant general management in charge of financial affairs.

■ 3. SHAREHOLDERS' EXERCISE OF THEIR RIGHT TO OBTAIN INFORMATION

During the reporting period there were a limited number of verbal requests made by our Company's shareholders and investors for information about the performance of our Company's shares on the ISE, about the amounts and timings of dividend payments and share capital increases, about investments in progress, and about publicly disclosed financial statements and their footnotes. These requests were responded to in light of any information that had previously been publicly disclosed by means of special circumstance announcements within the framework of CMB regulations and on the basis of information provided in the "Questions and Answers" section of the Company's corporate website.

Shareholders' electronic access to information concerning the exercise of their rights through the Company's corporate website at [www.celebihandling.com](http://www.celebihandling.com) was at the level stipulated in the corporate governance principles announced by the Capital Markets

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Board. At the same time, developments related to shareholders' exercise of their rights were also publicly disclosed by means of special circumstance announcements as required by CMB regulations and through newspaper announcements as required by law.

Moreover, in 2009 four informational meetings were held so as to keep brokers and analysts well informed on the Company's activities and financial performance.

A request to have a special auditor appointed is not an individual right provided for under our Company's articles of incorporation. There were no requests for the appointment of a special auditor in 2009.

#### ■ 4. INFORMATION ABOUT GENERAL MEETINGS

General meetings held during the reporting period	Date	% of shares attendance	Meeting announcements and invitations
Ordinary general meeting	18/03/2009	77,41%	Date, place, time and agenda were announced via: <ul style="list-style-type: none"><li>▪ Special circumstance announcement made to ISE on 25/02/2009</li><li>▪ Announcements published in the 26/02/2009 issues of Turkish Commercial Gazette no: 7258 and Milliyet newspaper</li><li>▪ Announcement in the Company's internet site</li><li>▪ Letters sent to registered shareholders</li></ul>

#### Participation in general meetings

The Company's ordinary general meeting held on 18 March 2009 was attended by shareholders responding either in person or in proxy to invitations sent out as well as by three members of the Company's Board of Directors, all management-level personnel, personnel of the Çelebi Holding Business Development Department responsible for managing shareholder relations, and representatives of a number of media organizations.

#### Entries in the shareholders' register

There is no period of time stipulated in the Company's articles of incorporation in which the holders of registered shares must have entries made in the shareholders' register in order to take part in general meetings. The provisions of the Turkish Commercial Law (TTK) governing such matters are complied with by the Company. Shares corresponding to more than 99% of our Company's capital have been duly registered as required by Capital Markets Board regulations. Shares belonging to our shareholders are retained in custody in the investor subaccounts of our Company as issuer and/or of brokerage concerns held by the Central Registry Agency.

#### Information announced to shareholders

Before the Company's ordinary general meeting held on 18 March 2009, the financial statements for the fiscal year ending 31 December 2008 and independent auditor's report prepared by the statutory auditors elected by the general assembly of shareholders in accordance with the provisions of TTK and the Company's articles of incorporation, the Board of Directors' profit distribution proposal, and Board of Directors annual report prepared within the framework of CMB regulations and containing the statements of Company managers responsible for annual financial statements and reports as well as information about Company activities in 2009 and the board's explanations about them were all made available for the examination of Company shareholders and other stakeholders at the Company's headquarters as of the date on which the general meeting was announced. The reports and other documents were also sent to media organizations and brokerages in order to better disseminate the information contained in them with the public and existing and potential investors.

#### Shareholders' exercise of their right to ask questions at general meetings

The shareholders exercised their right to ask questions at ordinary general meeting held on 18 March 2009 and these questions were answered by the Company board members and executives that attended the meeting.

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#### Motions made by shareholders at general meetings

At the ordinary general meeting held on 18 March 2009, the following five motions were made by shareholders on the subjects indicated below and each motion was passed by a majority vote:

- The meeting's presiding committee is formed and authorized to sign the meeting minutes and documents on behalf of the general assembly of shareholders.
- Whereas the balance sheet and income statement included in the annual report were made available for shareholders to examine before the general meeting and both were handed out to those present at the meeting, the general meeting agrees that it suffices to read the Statutory Auditors' Report and Opinion of the Independent Auditors' Report for the discussion of item 3 on the agenda.
- Whereas the balance sheet and income statement included in the annual report were made available for shareholders to examine before the general meeting and both were handed out to those present at the meeting, the general meeting agrees that a reading of the main headings of both balance sheet and income statement suffices for the discussion of item 3 on the agenda.
- The candidates designated within the framework of the provisions of our Company's articles of incorporation to replace members of the Board of Directors whose terms of office have expired are hereby elected; Mr. Can Çelebioğlu and Mrs. Canan Çelebioğlu Tokgöz from amongst Board members are to be appointed as managing directors, and managing directors are to be paid remuneration.
- The candidates designated within the framework of the provisions of our Company's articles of incorporation to replace statutory auditors whose terms of office have expired are hereby elected.

#### Inclusion of a provision in the articles of incorporation requiring decisions of a highly important nature to be taken at a general meeting

The Company's articles of incorporation contain no provisions requiring decisions of a highly important nature such as demergers or buying, selling, or leasing substantial amounts of assets and property to be taken at a general meeting. This failure to comply with the corporate governance principles published by CMB stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue.

#### Action taken to facilitate participation in general meetings

To facilitate participation in general meetings, a special circumstance announcement concerning them is made as required by CMB regulations while invitations announcing the meetings are published within the framework of the provisions of TCC and the articles of incorporation at least fifteen days before the meeting date in Türkiye Ticaret Sicili Gazetesi and one newspaper published in the place where our headquarters are located and announced in our Company's internet site. Media organizations are also contacted to have the meeting announced in the press and electronic media.

#### Availability of general meeting minutes for inspection by shareholders

After they have been registered in accordance with associated applicable laws, regulations, and administrative provisions, general meeting minutes are published in Türkiye Ticaret Sicili Gazetesi and are always available for the inspection of stakeholders at our Company's headquarters and on its corporate website.

## ■ 5. VOTING RIGHTS AND MINORITY RIGHTS

According to our Company's articles of incorporation, none of our Company's shares incorporate special voting rights. Three categories ("A", "B", and "C") of shares have been issued representing the Company's capital. Of these, only the owners of "A" and "B" shares have the right to designate candidates to be elected as Company directors and statutory auditors

There are no reciprocal shareholding interests between our Company and our corporate entity shareholders.

Minority shareholdings interests are not represented in the Company's administration because there is no minority shareholders who have been designated as candidates in elections for Company directors or statutory auditors and elected to such positions.

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The Company's articles of incorporation contain no provisions concerning the representation of minority shareholding interests on the Board of Directors or governing the accumulated voting method.

#### ■ 6. DIVIDEND PAYMENT POLICY AND TIMING

##### Special rights concerning participation in the Company's profits

There are no special rights concerning anyone's participation in the Company's profits.

##### Dividend payment policy

With the decision of the Board of Directors on 4 April 2006 our Company defined a written Profit Distribution Policy constituting a groundwork for preparation of profit distribution for presentation to the General Council in the frame of the compliance studies with Corporate Governance Principles published by Capital Markets Board "CMB" and of the CMB decision number 4/67 and dated 27 January 2006. The decision was announced to the public through the material disclosure sent to ISE on 4 April 2006 and informed to the shareholders during the Ordinary General Meeting held on 28 April 2006.

According to the statement it was decided;

- To formulate a written dividend payment policy on the basis of which the dividend recommendations concerning the distribution of the Company's profits that are to be submitted to general meetings are to be prepared; according to which policy, it is an accepted principle that at least 50% of the distributable profit available in 2006 and the years that follow will be paid out as a dividend each year insofar as this does not conflict with the rules and regulations of the Capital Markets Board;
- Depending on the Company's needs for investment and financing to support its long-term growth, to make such distributions as cash payments or in the form of free shares of stock distributed to shareholders representing profits that have been capitalized, or partially in cash and partially as shares;
- To abide by the above-stated dividend payment policy unless the Company's investment and/or financial circumstances or extraordinary developments in economic conditions make it necessary to do otherwise.

##### Dividend payment timing

Within the framework of the decision taken at the Ordinary General Meeting on 18 March 2009, for each TL 1 nominal value share, 156.94% gross TL 1.5694, 133.40% net TL 1.3340 from the profit in 2008 and from extraordinary reserves a total gross TL 38,135,800.50 cash dividends distribution would be made on 23 March 2009, it was decided by unanimous vote, and the dividend payment has been realized to the shareholders on this date.

#### ■ 7. TRANSFERRING SHARES

The Company's articles of incorporation contain no provisions restricting the transfer of shareholding interests.

### PART II: PUBLIC DISCLOSURE AND TRANSPARENCY

#### ■ 8. COMPANY DISCLOSURE POLICY

Pursuant to the provision of Article 23 of the CMB Communiqué Serial: VIII, No: 54 on the Principles of Public Disclosure of Material Events and within the frame of efforts carried out to achieve full compliance with the Corporate Governance Principles published by the CMB, and to fully implement the same, the Company's Board of Directors resolved on 30 April 2009 to approve the Information Policy developed by the Company's General Management, to post it on the corporate website and present it for the information of shareholders at the immediately following general meeting. Enforced as of the same date, the Company Information Policy aims at communicating the Company's past performance and future expectations within the frame of generally accepted accounting principles and CMB provisions, on the principles of completeness, fairness, accuracy, timeliness and intelligibility, making them equally available to all "stakeholders" such as national/foreign shareholders, stakeholders, investors and capital market institutions, and targets to maintain an active and transparent communication and to ensure that necessary information and disclosures other than trade secrets are made available to all stakeholders including shareholders, investors, employees and customers in a timely, accurate, complete, and intelligible manner, easily accessible at low cost.

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The Company "Information Policy" can be accessed at the corporate website at [www.celebihandling.com](http://www.celebihandling.com) under the main heading "Information".

■ 9. SPECIAL CIRCUMSTANCE ANNOUNCEMENTS

Our Company made 37 special circumstance announcements in 2009 pursuant to CMB regulations. There was 1 additional information required by CMB and/or ISE.

All special circumstance announcements were made in due time.

■ 10. THE INTERNET SITE AND ITS CONTENT

The address of our corporate website is [www.celebihandling.com](http://www.celebihandling.com).

Presence on the corporate website of information stipulated in the corporate governance principles published by CMB

Information	Availability
Commercial registry information	Yes
Current partnership and management structure	Yes
Detailed information about preferential share rights	Yes
Current form of the Company's articles of incorporation together with dates and numbers of trade registry gazettes in which amendments were published	Yes
Special circumstance announcements	Yes
Annual reports	Yes
Periodic financial statements and reports	Yes
Prospectuses and public offering circulars	n/a
General meeting agendas	Yes
General meeting attendance rosters and minutes	Yes
Proxy form	Yes
Mandatory information forms prepared for proxy solicitation or tender offers	n/a
Minutes of Board of Directors meetings whose decisions might have a material impact on the capital market instruments issued by the Company	Yes
Frequently-asked questions / Requests for information, questions, and warnings made to the Company / The Company's responses to them	Yes

Stakeholders are presently able to access some information in electronic format on our Company's corporate website at [www.celebihandling.com](http://www.celebihandling.com).

■ 11. DISCLOSURE OF ULTIMATE NON-CORPORATE SHAREHOLDERS WHO HAVE A CONTROLLING INTEREST

The identities of our Company's ultimate non-corporate controlling shareholders purged of all cross-shareholding interests are presented in section 9 ("9. Nature and Value of Issued Capital Market Instruments") of our Company's 2009 annual report.

■ 12. PUBLIC DISCLOSURE OF THOSE WHO MAY HAVE ACCESS TO INSIDER INFORMATION

Pursuant to the provision of Article 16 of the CMB Communiqué Serial: VIII, No: 54 on the Principles of Public Disclosure of Material Events and within the frame of efforts carried out to ensure achievement of full compliance by the Company with the Corporate Governance Principles published by the CMB, and to fully implement the same, the Company's Board of Directors resolved that a list of individuals having regular access to Company insider information be prepared and kept up-to-date by the Company Investor Relations Unit, and that the list be posted on the corporate website on 30 April 2009; in this frame, the list was made available on the Company internet site as of the said date.

### PART III: STAKEHOLDERS

#### ■ 13. KEEPING STAKEHOLDERS INFORMED

Based on the Company's Board of Directors decision passed on 19 March 2009, pursuant to the provision of Article 7 of the CMB Communiqué Serial: IV No: 41 on the Principles to be Complied with by Joint Stock Companies Subject to the Capital Market Law, and within the frame of efforts carried out to ensure achievement of full compliance by the Company with the Corporate Governance Principles published by the CMB and to fully implement the same, the Company set up an Investor Relations Unit, which will handle exercising of shareholding rights at our Company that is listed on the ISE, which reports to the Board of Directors, and which will maintain communication between the Board of Directors and shareholders. In this context, Abdullah Kırımlı, who serves as the Business Development Coordinator at Çelebi Havacılık Holding A.Ş., the majority shareholder in our Company, and who holds a "Capital Market Activities Advanced Level License" was appointed as the head of the Investor Relations Unit as a full-time manager responsible for the fulfillment of the Company's obligations arising from the capital market legislation, coordination of corporate governance practices and reporting thereon to the Board of Directors, and Özgür Eren, who works for our Company and holds a "Capital Market Activities Advanced Level License" and a "Corporate Governance Rating Expertise License", was assigned as executive personnel.

In 2009, for the purpose of informing stakeholders, our Company's executive director and other members of management gave interviews that appeared in the press and electronic media, took part in TV programs and discussions, and made press statements. Detailed information about the Company and its investments was provided in the course of such appearances and announcements.

#### ■ 14. STAKEHOLDER PARTICIPATION IN MANAGEMENT

Airport ground handling services are a part of the civil aviation industry and as such they are a business that imposes stringent demands on specialization and expertise whose rules are specifically spelled out by international aviation agencies and organizations. Partaking in the management of a company engaged in this sector requires expertise in a variety of different areas and for that reason, no significant steps have been taken in the direction of involving the Company's employees, the majority of which are blue-collar workers, in the Company's management.

In matters involving non-technical issues such as employee rights and human resources policies on the other hand, individual workplace meetings are held regularly and at least once a year during which employees' views on the conduct of work and Company practices are solicited. Changes are made where necessary in light of such views and feedback is provided.

#### ■ 15. HUMAN RESOURCES POLICY

Our Company HR policy is presented in section 13 ("13. Information about Personnel; Human Resources Policy") of our Company's annual report for 2009.

#### ■ 16. RELATIONS WITH CUSTOMERS AND SUPPLIERS

##### Customer satisfaction

Because it is our Company's principle to provide service wherever our customers may be, and with the domestic civil aviation market being deregulated and opened to privately-owned carriers our services continued in a total of 25 stations in 2009.

In order to provide better service to airlines in the growing ground handling services market, our Company became the first ground handling services company in Turkey using GroundStar Inform software system prepared by German technology firm Inform to support the control of ground handling services resources and processes on automation. The system is consisting of three modules. Real-Time Control module is used successfully in Istanbul, Antalya and İzmir. Planning Control and Roaster modules are used in Ankara, Adana, Trabzon, Dalaman, Bodrum, Diyarbakır and Samsun Stations.

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GroundStar Inform's Planning Control, Real-Time Task Management, and Real-Time Control modules make it possible to plan and allocate resources efficiently and productively. GroundStar is currently being used in more than 90 airports around the world by airlines (including British Airways, Lufthansa, and ServisAir) as well as by catering and ground handling services companies.

The CELEBRIS projects initiated in 2005 with the purpose of increasing the business perfection and hence customer satisfaction, collects Flight Information System, Agreements Follow-up and Pricing, Customer Invoicing and Quality Management under one system. In 2009, the CELEBRIS project has been modernized and renamed as IKARUS within the framework of process improvement studies.

The other project, "CRM" is an effective Customer Relations Management model and application infrastructure and is successfully being used in our headquarters and stations.

The quality management systems that our Company employs are the ones most preferred in the world of civil aviation: AHS 1000 and IATA AHM 804. These systems make it possible to identify and report measurable quality criteria and contribute significantly to airline and ground handling services companies' ability to function more productively and improve their operational performance. By means of these systems, it is possible to observe at what step of the service process problems are being experienced and to take corrective action accordingly. Any customer dissatisfaction arising in the conduct of service can be monitored at all stations. Complaints received from customers can be dealt with quickly by taking measures needed to make improvements. For the purpose of preventing any possible customer dissatisfaction in advance, all our stations are audited regularly twice a year by the Quality Department and stations take immediate corrective action to eliminate any divergences that are identified as a result of these audits.

The "Çelebi School Report Card" program that our Company launched in 2005 within the framework of its project to continuously increase customer satisfaction was further developed and continued in 2009. "Çelebi School Report Cards" are a method of polling customer satisfaction. In 2009, the project was run in cooperation with an internationally recognized research company and the cards were sent out to our customers online over the internet. The second phase of "Çelebi School Report Cards" planned as two separate researches will be initiated at the end of 2010 summer season.

The "Smiling Service Project" that was identified as being concerned with the quality service that our Company seeks to deliver to customers and erected on "Seven Basic Principles", continued during 2009.

The primary goal of this project is to provide the personnel of Passenger Services Department with encouragement and support to deliver high-quality personalized service by making it possible for them to adopt participatory and positive attitudes in their personal and working lives. On the basis of monthly and annual evaluations, successful personnel are rewarded in a variety of ways.

Another service that our Company provides to enhance customer satisfaction consists of specialized training for personnel in assisting physically handicapped passengers. This training program, which was prepared jointly with the Darüşşafaka Foundation, continued all year long in 2009. Station personnel who deal directly with disabled and physically handicapped passengers at airports before and after flights and who provide such passengers with transfer services received certificates showing their successful completion of the course.

#### **Trade secrets**

Under the heading of trade secrets, our Company gives the utmost attention to protecting the confidentiality of any information in comes into possession of about its customers and suppliers. The non-disclosure of customer-related information without the customer's knowledge is guaranteed as a separate clause in contractual agreements with customers.



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**Compliance with the sector's international rules**

Our Company takes all necessary measures to ensure that it establishes good relations with customers in which neither party has an unjustified advantage over the other and to comply strictly with the terms of its agreements with them. For this purpose, our Company uses the "Standard Ground Handling Services Contract" prepared and recommended by IATA as its reference.

■ **17. SOCIAL RESPONSIBILITY**

**Compliance with European Union Environmental Norms**

When procuring new equipment, our Company only purchases items that comply with EU environmental norms. Our Company fully complies with all EU standards governing the prevention of noise and pollution.

**Sectoral responsibility projects**

There is not as yet a particularly great public awareness of the civil aviation industry in our country and for this reason, our Company gives special importance to supporting its sector so that it becomes better known and appreciated and is thus able to attract high-quality human resources.

To this end, the Company directly supports and sponsors:

- TV programs about civil aviation
- The "Career Days" event held each year at the Eskişehir College of Civil Aviation
- The congresses, seminars, and training projects of aviation industry professional organizations.

On another front, within the frame of the cooperation with Erzincan University and under the auspices of the Ministry of Transport, the Company carries out a project in relation to having built and donating a "School of Civil Aviation" to be established under Erzincan University organization. The project entails construction of a school building with a floor area of 4,000 square meters and a covered area of 16,000 square meters, and equipping thereof with necessary tools and equipment for commencement of education and training by 2010.

In addition, within the scope of the cooperation with the Ministry of National Education Directorate of Investments and Enterprises and TOÇEV (Tüvana Educational Support Foundation), the Company initiated work to build, repair and equip the annexes and additional facilities needed by a total of 50 primary schools in villages. Aiming to improve the infrastructures of primary schools located in villages, 5 schools each with a need for annexes and additional facilities will be identified in 10 cities. Within the scope of the project, Çelebi initiated work in 2008 and the total number of homes finalized in 2009 reached ten. The project is intended to be brought to completion by year-end 2013.

**The environment and nature**

Our Company has an environment management system (EMS) which has been developed in order to systematically reduce or eliminate the harm that is or may be caused to the environment. Our Company's EMS aims at identifying environmental factors and at controlling such factors in order to minimize their environmental impact and to improve environmental performance during all the stages from the design of services to their presentation to the customers.

The environment management system has been awarded ISO 14001:2004 certification at headquarters offices and at the İzmir station by the firm of Bureau Veritas. With this certification, we declare that we shall:

- Carry out programs to minimize our waste and achieve compliance with laws and regulations.
- Carry out programs to minimize resource use.
- Coordinate efforts aimed at more environment-friendly production.

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Aware of the need and responsibility on the part of people to use the natural resources they require to maintain a good way of life in a renewable way, which is to say mindfully of future generations as well, our Company engages in the following activities to achieve optimum use of natural resources and to minimize pollution.

- Every year it has its exhaust gas emissions regularly analyzed by an accredited organization.
- It has drinking water treated and has periodic analyses performed on water samples.
- In order to achieve more effective use of natural resources, waste at our Company is sorted and the recyclable elements (paper, plastic, etc) are regularly collected. Photocell systems have been installed at some stations to reduce water and electricity consumption.
- Waste oil (hydraulic oil etc) from technical workshops is eliminated by sending it to facilities where it is specially burned.
- Hazardous wastes produced as a result of our activities are shipped to establishments licensed by the Ministry of Environment and Forestry for disposal.
- Specialized equipment (battery-powered forklifts etc) that does not cause emissions is used.

Our Company's goal is to be an organization whose practices make it the most environmentally sensitive company in the aviation industry through an approach that safeguards and enhances the quality of life of its employees and customers.

Waste created at our Company's business units is surrendered to organizations licensed by the Ministry of Environment and Forestry for elimination/recycling. A waste inventory is conducted in order to determine the Company's environmental performance every year and the Company sends its "Environmental Performance Reports" to concerned agencies and organizations. During 2009, 13,765 liters of waste oil, 7,514 kilograms waste batteries, 453 kilograms waste filters were eliminated by surrendering to licensed organizations.

Our Company is not a defendant in any suit brought against it on account of harm caused to the environment.

#### General social responsibility projects

Health services: Our Company has been supporting the Lokman Hekim Health Foundation since 1986. Based in Gebze-Beylikbağı outside İstanbul, this foundation serves low-income people who are in need of health services without any concern for material gain.

## PART IV: THE BOARD OF DIRECTORS

### ■ 18. STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS; NON-EXECUTIVE DIRECTORS

According to article 7 ("Board of Directors") of our Company's articles of incorporation, the Company's affairs and administration are the responsibility of a six-member board of directors elected by the general assembly of shareholders from among candidates, at least four of which are put up by a majority of Class A shareholders and at least two of which are put up by a majority of Class B shareholders. Company directors are elected to maximum terms of three years. A director whose term of office expires may be reelected.

A director who represents a corporate-entity shareholder must notify the Company if his relationship with that entity terminates, whereupon his seat on the board is vacated.

If a vacancy occurs in the board's membership before a term of office expires, the remaining directors will chose a new member from among candidates designated by a majority of shareholders of the same class as put the departing member up as a candidate. This newly-elected director will be subject to the approval of the very next general assembly of shareholders that is held. A member elected to the board in this way will fill out the remaining term of the departing director.

According to article 8 ("Representing and binding the company") of our articles of incorporation, the Board of Directors is responsible for the administration of the Company and for representing it before outside parties. The Board of Directors may

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delegate some or all of its powers to represent and administer the Company to executive directors and/or to managers who are not members of the board. The individuals with the power to represent and bind the Company and the ways they may do so are determined by the board and duly registered and announced. In order for any documents issued by the Company or for any contracts that are entered into to be valid, they must be signed, below the Company's legal name, by an individual or by individuals authorized to do so by the Board of Directors.

Within the framework of statements concerning this matter made in the corporate governance principles published by CMB, the members of our Company's Board of Directors have been divided into the categories of executive/non-executive directors in light of the duties they undertake in the conduct of the Company's affairs together with the Company general manager, and within the responsibilities defined in the Company's list of authorized signatures that is currently in circulation:

Name	Position	Status
Can Çelebioğlu	Chairman	Executive/Managing Director
Canan Çelebioğlu Tokgöz	Vice Chairperson	Executive/Managing Director
Engin Çelebioğlu	Board Member	Non-executive
Mehmet Kaya	Board Member	Non-executive
Necmi Yergök	Board Member	Non-executive
Aydın Günter	Board Member	Non-executive

There are no independent members on our Company's Board of Directors. Company directors are not subject to any specific rules and/or limitations concerning their undertaking another duty or other duties outside the Company. This failure to comply with the corporate governance principles published by CMB stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue.

#### ■ 19. QUALIFICATIONS OF COMPANY DIRECTORS

The Company's board of directors consists of people chosen from among designated candidates who satisfy the levels of knowledge and skills stipulated in the CMB's corporate governance principles and who possess specific experience and backgrounds.

None of the members of our Company's Board of Directors have ever been sentenced to penal servitude or imprisonment of more than five years (excluding negligible offenses, whether or not they were pardoned) for convictions on account of violations of laws and regulations governing capital markets, insurance, banking, money-laundering, lending money; have ever been convicted of infamous offenses such as embezzlement, aggravated embezzlement, extortion, bribery, theft, fraud, forgery, abuse of trust, or fraudulent bankruptcy; or of crimes of evasion, save for evasion of use or evasion of consumption; or of duplicity in government tenders or procurements; or of betraying state secrets; or of tax evasion or attempted tax evasion or involvement in tax evasion.

In addition, all Company directors are in possession of the essential knowledge needed to read and analyze financial statements and reports, are familiar with the legal framework governing the Company's day-to-day and long-term dealings and transactions, and are capable of and committed to taking part in all of the year's regularly scheduled board meetings.

Principles concerning these qualifications are not specifically embodied in the Company's articles of incorporation. This failure to comply with the corporate governance principles published by CMB stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue.

#### ■ 20. MISSION, VISION, AND STRATEGIC GOALS OF THE COMPANY

Our Company's mission, vision, and strategic goals are presented in section 3 ("3. Company mission, vision, and strategic goals") of 2009 annual report.

## ■ 21. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISMS

The planning, conduct, functioning, and oversight of the effectiveness of risk management and internal control and the conduct of the internal control team's activities within the framework of the plan are the responsibility of the Audit Committee that has been set up by a Board of Directors resolution and as per article 28/A added to CMB communiqué X: 16. The creates a risk management and internal audit system capable of minimizing the impact of the risks that the Company may be confronted by and takes such measures as needed to ensure that this system functions reliably.

While there is no separate unity responsible for risk management and control in the Company's organization, these functions are carried out by the Holding Company's Internal Control Unity under the guidance of the Audit Committee.

Information about basic risks management policies are presented in section 12 ("12. Basic Risks Management Policies" of our Company's annual report for 2009.

## ■ 22. AUTHORITIES AND RESPONSIBILITIES OF COMPANY DIRECTORS AND EXECUTIVES

According to article 8 ("Representing and binding the company") of our articles of incorporation, the Board of Directors is responsible for the administration of the Company and for representing it before outside parties. The Board of Directors may delegate some or all of its powers to represent and administer the Company to executive directors and/or to managers who are not members of the board. The individuals with the power to represent and bind the Company and the ways they may do so are determined by the board and duly registered and announced. In order for any documents issued by the Company or for any contracts that are entered into to be valid, they must be signed, below the Company's legal name, by an individual or by individuals authorized to do so by the Board of Directors.

The authorities and responsibilities of our Company's directors and managers are spelled out in signature circular VI setting down the powers to represent and bind the Company that was registered by the Istanbul Commercial Registrar on 06 September 2006 and announced as having been registered in issue 6639 of Türkiye Ticaret Sicili Gazetesi dated 11 September 2006.

Statements concerning the authorities and responsibilities of the Company's directors and managers are not specifically embodied in the Company's articles of incorporation. This failure to comply with the corporate governance principles published by CMB stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue.

## ■ 23. OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS

### **Determining the agenda for board meetings**

Agendas for Board of Directors meetings may be determined in three different ways. The chairman may determine the agenda on the basis of suggestions received from board members; the Company's general manager may determine the agenda himself; the agenda for the next board meeting may be determined during a board meeting that is in progress.

### **Number of board meetings during the reporting period**

The Company's Board of Directors convened 57 times during 2009.

### **Separate secretariat responsible for keeping Company directors informed and maintaining communication with and among them**

The secretariat of the chairman of the Board of Directors carries out the duty of keeping members of the board informed and maintaining communication with and among them.

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**Meeting attendance and invitation methods and processes**

The secretariat of the chairman of the Board of Directors keeps Company directors informed about meeting times and agendas by means of reports sent out regularly prior to the meeting. In 2009, 4 board members have attended in 49 board meetings, 5 members in 7 board meetings and 6 members (full number) in 1 board meetings.

**The right of dissenting members to have their reasonable and detailed objects entered into the record and to convey them in writing to the Company's statutory auditors**

All decisions taken at all Company board meetings held during 2009 were passed by unanimous vote of the attendants.

**Public disclosure of the independent directors' reasons for their dissenting votes on issues they disagree with**

There are no independent directors on the Company's Board of Directors

**Compliance with the requirement of physical presence at board meetings at which issues enumerated in article 2.17.4 of section IV of CMB's corporate governance principles**

At the board meetings of our Company on CMB Corporate Governance Principles 4th Part Article number 2.17.4, the full Board participated except 3 meetings which a single member did not attend and 17 meetings which two members did not attend in 2008.

**Inclusion of questions raised by board members during Board of Directors meetings in resolution memoranda**

No questions raised by members of the Company's Board of Directors during meetings were entered into resolution memoranda.

**The ability of Company directors to exercise special voting rights or veto board decisions**

Our Company's articles of incorporation do not invest any Company director with special voting rights or the ability to veto board decisions.

**The failure of our Company to comply with some corporate governance principles published by CMB concerning the operating principles of the Board of Directors**

Stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue.

■ **24. PROHIBITION ON DOING BUSINESS OR COMPETING WITH THE COMPANY**

At the ordinary general meeting held on 18 March 2009 to discuss the Company's results in 2007, shareholders voted to authorize Company directors to personally engage in the businesses falling within the Company's object and scope, to perform them on behalf of others, and to become partners in and enter into other transactions with companies engaged in such businesses as per articles 334 and 335 of the Turkish Commercial Law. However no Company director engaged in any transaction or competed with the Company in 2009.

The failure to comply with the corporate governance principles published by CMB prohibitions on doing business or competing with the Company stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning this issue.

■ **25. RULES OF ETHICS**

Two publications (Corporate Culture and Our Policies) have been put out by the Company. These publications contain not only the vision and mission statements that have been adopted by the Company and are included in its every publication, on its corporate website, and on the Company intranet, but also the principles that must apply and to which every employee must adhere in all dealings with Company personnel and outside parties. Copies of these publications are given to every newly hired employee during his orientation.

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Every year Company meetings are held in which Company directors and the general manager take part for the purposes of informing senior, middle, and lower management about the Company's ethical values, and short, medium, and long-term strategy within the framework of the mission and vision statements and ensuring that such matters are conveyed through them to all lower-echelon employees.

#### ■ 26. NUMBERS, STRUCTURES, AND INDEPENDENCE OF COMMITTEES WITHIN THE BOARD OF DIRECTORS

An Audit Committee has been set up by a Board of Directors pursuant to article 28/A added to CMB communiqué X: 16 by communiqué X: 19. There are no other committees set up within the board other than this Audit Committee.

The Audit Committee consists of Engin Çelebioğlu and Mehmet Kaya, both of whom were chosen from the board's non-executive directors.

The Company's Audit Committee convened five times during 2009 at which times they queried Company managers and looked into whether or not our publicly disclosed financial statements accurately reflected the true standing of our operational results and whether or not the accounting principles adhered to by the Company were in compliance with CMB laws and regulations. They reached the conclusion that financial statements were correct and had been prepared in accordance with such requirements.

Moreover, they presented their thoughts and opinions to the Company Board of Directors, on the explanations made at the declaration and notification of the annual and interim financial statements within the context of 28/B decisions of communiqué on "Capital Markets Independent Audit" Serial: X No.16 of Capital Markets Board and on information transmission and coordination to ISE, relations with the partners, and CMB Serial: VIII No.54, on material disclosures covered by communiqué on Principles on material disclosure to public within the context of the principles in ISE quotation regulations article 18/A as well as on defining by which executives of the Company these disclosures are to be conducted.

The failure to comply with the corporate governance principles published by CMB concerning numbers, structures, and independence of committees within the Board of Directors stems from the fact that the Company's Board of Directors has not completed its own assessment of developments and practices concerning these issues.

#### ■ 27. FINANCIAL BENEFITS PROVIDED TO THE BOARD OF DIRECTORS

In the context of the decision taken at the Shareholders Ordinary General Meeting held on 18 March 2009, no session fee is paid to the board members. On the other hand, fees were paid on a monthly basis to those according to their knowledge, experience and specialization, to Vice Chairperson, Canan Çelebioğlu Tokgöz (executive board member/managing director), together with our General Manager; Chairman Can Çelebioğlu (executive board member/managing director); Board Member Mehmet Kaya, not an executive position however for the legal services on Tax Code and Fiscal Legislation; and to Board Member Necmi Yergök, again a non-executive position but for the responsibilities he undertook on technical and equipment maintenance in 2009.

At the 2008 Ordinary General Meeting convened on 18 March 2009, it has been resolved to appoint Can Çelebioğlu and Canan Çelebioğlu Tokgöz from amongst Board members as managing directors (executive members) and to pay a net monthly remuneration of EUR 30,000 to each managing director.

The Company's board members have TL 120,000 debts carried forward from 2008. Loans (advances on salaries) granted during 2009 totaled TL 64,284 and a total of TL 141,428 was collected on account of such advances during the reporting period. The board members owed the Company a total of TL 42,856 as a result of advances on salary paid to them as of 31 December 2009. During 2009, a total of TL 208,565 was extended to Company managers as advances on salary and the total of such advances (including TL 18,500 that had been carried forward from the 31 December 2008 balance sheet) was collected on account during 2009. As of 31 December 2009, there is no debt of Company managers owed to the Company. The terms of these loans made to board members and managers were not prolonged nor were their conditions improved; no credit was extended to them under the rubric of personal loan nor were they provided with any guarantees such as surety through any third party.