

## **TÜRK TELEKOMÜNİKASYON A.Ş.**

### **INFORMATION DOCUMENT IN RELATION TO THE 2016 FISCAL YEAR**

#### **ORDINARY GENERAL ASSEMBLY MEETING TO BE HELD ON JUNE 21, 2017**

The Ordinary General Assembly of our Company to be held at the address of Türk Telekomünikasyon A.Ş. Headquarters, Turgut Özal Bulvarı 06103 Aydınlikevler Ankara, at 11:00 a.m., on Wednesday, 21<sup>st</sup> of June, 2017 to negotiate and reach at a decision in relation to the below-mentioned agenda.

Pursuant to 4th paragraph of Article 415 of Turkish Commercial Code No: 6102 and the 1st paragraph of Article 30 of Capital Markets Law No: 6362, the shareholders are not required to block their shares in order to attend to the General Assembly Meeting. However, our shareholders who do not wish to disclose their identity and share information and therefore are not registered with our Company are required to apply to the financial intermediaries and remove the “limitation” on the identity and share information until the previous day of the General Assembly Meeting until 16.30 at latest.

We kindly request those shareholders who shall be voting via the Electronical General Assembly System to access the Central Registry Agency (“CRA”), the website of our Company which can be located at [www.ttinvestorrelations.com](http://www.ttinvestorrelations.com) or the contact addresses therein in order to ensure compliance with the relevant Regulation and Communiqué.

This invitation of ordinary general assembly meeting will also be delivered to the shareholders who hold registered shares, via registered mail according to Article 414 of Turkish Commercial Code.

Our shareholders who cannot attend the meeting in person should arrange their proxies in accordance with the specimen sample provided at the website of the company, save for the rights and obligations of the shareholders who will attend by electronic means, by complying with requirements stipulated as per the Capital Markets Board’s Communiqué II-30.1 on Voting by Proxy and Proxy Solicitation and present their power of attorneys the signatures of which shall be certified by the notary public or for our foreign shareholders, the notarized Turkish translation thereof to the headquarters of our Company at the close of business on Thursday, 15<sup>th</sup> of June, 2017 at latest.

Our shareholders or their representatives which are appointed in accordance with the foregoing paragraph should have the below mentioned documents with them ready, at the date of the meeting.

- Identity certificate
- The proxies arranged in accordance with the attached specimen, of the representatives who are appointed by our real and legal person shareholders.
- The notarized Turkish translation of the proxies and the notarized passport copies of the representatives of our foreign shareholders.

The representatives who have been appointed on Electronic General Assembly Meeting System by electronic means are not required to submit any proxies.

Voting method by a show of hands and an open voting method shall be applied save for the voting provisions by electronic means in order to vote on the agenda items at the Ordinary General Assembly Meeting.

Our shareholders are requested to attain knowledge of the meeting particulars and attend the meeting on the specified day and hour.

Note: Pursuant to Article 29 of Capital Markets Law, shareholders holding registered shares that are traded on the stock exchange will not receive a separate registered invitation letter for the meeting.

### **Structure of Shareholders and Voting Rights**

Our Company's shares are divided into groups called A, B, C and D. Each share in each group of shares can cast one vote and thus, a maximum of 350,000,000,000 votes can be casted in the General Assembly Meeting. In this respect, the total number of the shares and votes owned by (i) Group A shares is 192,500,000,000; (ii) Group B shares is 104,999,999,999; (iii) Group C share is 1; (iv) listed Group D shares is 52,500,000,000 respectively.

<b>Group</b>	<b>Shareholder</b>	<b>Paid-in Capital Amount (TL)</b>	<b>Share (%)</b>
A	Ojer Telekomünikasyon A.Ş.	1,925,000,000.00	55
B	Republic of Turkey	875,011,884.975	25
C	Undersecretariat of Treasury	0.01	
B	Turkish Wealth Fund	174,988,115.015	5
D	Free Float	525,000,000.00	15
Total		3,500,000,000.00	100

According to the Article 8 of the Articles of Association; the board of directors is composed of 12 members, the Group A Shareholder shall be entitled (i) to nominate seven (7) persons for election as Directors and (ii) as long as the Undersecretariat of Treasury ("Treasury") holds 15% or more of the Shares (but less than 30% of the Shares), 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 Directors.; and the Treasury shall be entitled; (i) provided that it holds 30% or more of the Company's shares, to nominate four (4) persons for election as Independent Board Members who carry the independence criteria as defined in the Capital Markets legislation and (ii) provided that it holds 15% or more of the Company's shares (but less than 30%), to nominate two (2) persons for election as Independent Board Members who the carry the independence criteria as defined in the Capital Markets legislation and as long as the Treasury holds the C Group Privileged Share, it shall be entitled to nominate, a further one (1) person, for election as Director for the C Group Privileged Share.

During the calculation of 15 % and 30 % of the shares of the Treasury, the amount of Group B Shares and Group D Shares held by the Treasury shall be taken into account together.

As well as the C Group Privileged Share shall be entitled to nominate a further one person for election as Director, it has below mentioned rights which are defined in the Article 6 of the Articles of Association.

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.

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

Procedure of voting is explained in Article 23 and Article 24 of the Company's Articles of Association. Each share shall entitle its owner to one vote at General Assembly Meetings. At the General Assembly meetings, voting shall be cast by raising (show) hands. However, upon the request of the shareholders owning 1/20 of the total capital represented at the General Assembly Meeting, voting may be realized by secret voting or by way of open ballot by calling names.

This information set including the relevant explanations regarding the agenda items shall be made available to the examination of our shareholders, at the head office of our company, located at the address of Türk Telekomünikasyon A.Ş. Genel Müdürlük Kültür Merkezi, Turgut Özal Bulvarı 06103 Aydınlıkevler Ankara, at the website of [www.tinvestorrelations.com](http://www.tinvestorrelations.com) and Electronical General Assembly System of the CRA.

Regards,

Türk Telekomünikasyon A.Ş.

Board of Directors

#### **Additional Information regarding the Communiqué on the Corporate Governance**

No requests have been received from shareholders, CMB and/or other public organizations related to the company about adding additional item to the agenda of general assembly.

# **TÜRK TELEKOMÜNİKASYON A.Ş.**

## **AGENDA FOR ORDINARY GENERAL ASSEMBLY MEETING 2016**

**June 21, 2017**

### **1. Opening and Election of the Chairmanship Committee,**

The Chairman of the Meeting will be elected in accordance with the relevant provisions of Turkish Commercial Code No. 6102 ("TCC"), the Regulation on General Assembly Meetings of Corporations, and under the provisions of Ministry of Industry and Trade Commissary Regulations ("Regulation"), The Internal Directive On The Working Principles And Procedures Of The General Assembly Of Türk Telekomünikasyon Anonim Şirketi (Internal Directive) and Türk Telekom Articles of Association (Articles of Association). The Chairman of the Meeting shall assign at least one clerk who writes down the minutes and if deemed necessary vote collectors in the number required. Expert consultants may also be assigned by the Chairman of the Meeting in order to perform the technical needs in the Electronic General Assembly System at the Meeting time.

### **2. Authorizing the Chairmanship Committee to sign the Minutes of the General Assembly Meeting, and the List of Attendees,**

Authorizing the Chairmanship Committee to sign the minutes of the General Assembly Meeting and the List of Attendees will be voted in accordance with the relevant provisions of the TCC and the Regulation.

### **3. Reading the Board of Directors Annual Report for the year 2016,**

This agenda item will not be voted on. The 2016 Annual Report, approved under the Decision of the Board of Directors No. 9 dated 28th of February, 2017 will be read. Our shareholders can find the Annual Report prepared by the Board of Directors in accordance with the Capital Markets Board legislation at under the financial and operational information section of [www.ttinvestorrelations.com](http://www.ttinvestorrelations.com) or at our Company's headquarters.

### **4. Reading the Auditor's Report for the year 2016,**

This agenda item will not be voted on. The Independent Audit Company's report for the year 2016 will be read. The Independent Audit Company report, prepared in accordance with the Turkish Commercial Code and Capital Markets Board legislation, are available at our Company's headquarters and under the financial and operational information section of [www.ttinvestorrelations.com](http://www.ttinvestorrelations.com).

### **5. Reading, discussing and approving the Balance Sheet and Profit/Loss Accounts for the year 2016,**

Consolidated balance sheet and profit/loss accounts related to our activities between 01 January 2016 - 31 December 2016, which were prepared as per the provisions of CMB Communiqué No.II-14.1 on "Principles Regarding Financial Reporting in Capital Markets" and in accordance with the CMB's financial table format, and were approved under Board of Directors Resolution No. 4 dated 8th of February 2017, will be read and presented to the General Assembly for approval.

These documents are available at our Company's headquarter and under the financial and operational information section of [www.ttinvestorrelations.com](http://www.ttinvestorrelations.com).

## **6. Releasing the Members of the Board of Directors for the operations and transactions of our Company during 2016,**

The release of the members of Board of Directors from the operations and actions of the Company during the year 2016 be presented to the General Assembly for approval, as per the provisions of the Turkish Commercial Code.

## **7. Approval of the temporary appointments made to the Board of Directors to the positions which became vacant because of the resignations by the General Assembly pursuant to Article 363 of the Turkish Commercial Code,**

Fuat Oktay was appointed as the Independent Board Member to the board membership position which became vacant due to the resignation of Kemal Madenođlu who was the Independent Board Member and the Vice Chairman on July 19, 2016 according to article 363 of Turkish Commercial Code and elected as the Vice Chairman by the Board of Directors.

Fuat Oktay's appointment as Independent Board and election as the Vice Chairman in accordance with Article 363 of Turkish Commercial Code will be submitted to the General Assembly's approval.

The information regarding the background of Fuat Oktay is as follows:

### **Fuat Oktay**

He was born in 1964 in Yozgat-Çekerek. After graduating from the business management department at Çukurova University in 1985, he worked as a research associate at the university. He completed a master's programme on Manufacturing Engineering and received his MBA in business management at the Wayne State University in 1990 in Detroit which is the center of automotive industry in USA. He also received his PhD on Industrial Engineering at the same University and worked as a research associate and academician at the Business Administration and Manufacturing Engineering Departments. He became an expert on aviation and automotive industries and he provided process management consultancy services to many companies and conducted many projects as the project leader. He worked in the automotive industry, at the companies such as Ford, General Motors and Chrysler. In these companies, he worked on product development and lean production projects. He provided consultancy services to many public and private sector companies. Moreover, he provided consultancy services to small and medium sized enterprises, including KOSGEB. In some of these companies, he served as Director General, Vice-Chairman and Board Member. During the economic crisis hitting Turkey in early 2000s, he specialized in enterprise-based crisis management, and worked as Vice-Dean and Head of the Business Management Department at Beykent University. He served as Deputy Director General responsible for Strategic Planning and Business Development, Sales and Marketing, Production Planning and Information Technologies, at Türk Hava Yolları (THY). Between 2008-2012, he has brought 5 different joint venture projects to life at THY Teknik A.Ş. in the fields of maintenance & repair, design and manufacturing. He also served as a Steering Committee Member for Turkish-English, Turkish-German and Turkish-Spanish Business Councils at Foreign Economic Relations Board. He performed as the Chairman of the Prime Ministry Disaster and Emergency Management (AFAD) between January 2, 2012 and June 19, 2016. Since June 19, 2016, he has been working as the Prime Ministry Undersecretary and he speaks fluent English.

## **8. Defining the salaries of the Members of the Board of Directors,**

Salaries to be paid to the members of the Board of Directors for the year 2017 will be determined.

**9. Defining the salaries of the Members of the Statutory Audit Board,**

Pursuant to Article 16 of our Company's Articles of Association, salaries to be paid to the members of the Board of Auditors for the year 2017 will be determined.

**10. Discussing and resolving on the proposal of the Board of Directors about distribution of the profit,**

Pursuant to the Board of Directors resolution dated April 25, 2017 in relation to distribution of the profit generated in 2016, subject to the decision of our Company's Ordinary General Assembly to be convened for the year 2016 it has been resolved that;

- As a result of our Company's activities performed between 01/01/2016 – 31/12/2016, a loss of TRY 724,339,772.42 has occurred according to the independently audited consolidated financial tables prepared in accordance with the provisions of "CMB Communique About Financial Reporting in Capital Markets No.II-14.1", on the other hand, the commercial profit of our Company has been calculated as TRY 1,436,292,604.03 within the scope of the provisions of Tax Procedure Law;
- Pursuant to the CMB Communique on Dividends No: II-19.1, the loss of TRY 724,339,772.42 which is the after tax amount calculated in accordance with consolidated financial tables shall be the base amount for dividend distribution;
- Accordingly, no dividend shall be distributed for the activity year 2016 due to the loss after tax calculated in accordance with consolidated financial tables.

**11. Election of the Auditor for the purpose of auditing our Company's operations and accounts for the year 2017, pursuant to Article 399 of Turkish Commercial Code and Article 17/A of the Articles of Association of our Company,**

Signing an agreement with Independent Audit Company Akis Bağımsız Denetim ve SMMM A.Ş. (KPMG) for its audit assignment on the operations and accounts of the Company for the year 2017 as per Article 399 of Turkish Commercial Code and Article 17/A of the Articles of Association of our Company will be presented to General Assembly's approval.

**12. Informing the General Assembly about the donations and aids made in 2016,**

This agenda item will not be voted on and has only been provided for information purposes. Total amount of donations and aids in 2016 is TL 17,750,145

**13. Informing the General Assembly about the guarantees, pledges and mortgages given by our Company in 2016 in favor of third parties, and about revenues or interests generated,**

This agenda item will not be voted on and has only been provided for information purposes.

The information regarding the guarantees, pledges and mortgages provided by the Company to third parties or the derived income or interest thereof is available at footnote no: 24 of the 2016 consolidated financial statements which have been prepared in accordance with the CMB rules and

publicly disclosed. The information note regarding the guarantees, pledges and mortgages provided by the Company to third parties or the derived income or interest thereof will also be read during the General Assembly.

The Company's guarantee, pledge and mortgage (GPM) position as of 31st of December 2016 is as follows:

<b>GPMs given on behalf of the Company</b>	<b>31 December 2016</b>
A. Total amount of GPMs given on behalf of the Company's legal personality	1,716,036
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	1,303,204
C. Total amount of GPMS given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	1,920,454
D. Total amount of other GPMs	-
i. Total amount of GPMs given in favor of parent company	-
ii. Total amount of GPMs given in favor of Company companies not in the scope of B and C above	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-
<b>Total</b>	<b>4,939,694</b>

Based on law 128/1 of Turkish Code of Obligations, Group has given guarantee to distributors amounting to TL 1,920,454 for the financial obligation that would arise during the purchase of devices that will be sold as commitment sales by Group.

**14. Informing the General Assembly of the changes that have material impact on the management and the activities of our Company and its subsidiaries and that were realized within the previous fiscal year or being planned for the following fiscal year and of the reasons of such changes, pursuant to the Corporate Governance Principle No. 1.3.1 (b),**

This agenda item will not be voted on and has only been provided for information purposes.

In order to increase efficiency and effectiveness under Türk Telekom Group's (TTG) integrated structure, below organizational changes were implemented in 2016.

- "Consumer Business Unit CEO, TTNET" position and "Corporate Business Unit CEO, TTNET" position were abolished. Meanwhile, CXO positions under Consumer and Corporate Business Units at the previous organization were also abolished.
- "Marketing Assistant General Manager" position (under TTNET) was established, reporting directly to CEO, responsible for end to end management of marketing activities for corporate and consumer customers.
- "Sales and Customer Care Assistant General Manager" position (under TTNET) was established, reporting directly to CEO, responsible for management of corporate and consumer sales and customer care activities.

- Under the new organization, Finance Assistant General Manager is responsible for end to end management of financial processes for all business units and functions.
- Business Planning Department and Strategy & Business Development Departments were integrated under “Strategy, Planning and Business Development Assistant General Manager” department.
- “Human Resources, Regulation and Support Assistant General Manager” position was established, reporting directly to CEO.
- “Chief Procurement and Vendor Relations Management Officer” position was abolished. This position was reorganized at Director level, directly reporting to the CEO.

With the new organization, TTG aims to achieve maximum benefit from the synergies of shared operations at the Assistant General Manager level and strengthen execution, while maintaining its customer centric approach and consumer and corporate customer focus. In addition to increased efficiencies, TTG targets to create additional value to total customer experience via the streamlined operations.

**15. Informing the General Assembly of the transactions of the controlling shareholders, the Board of Directors Members, the executives who are under administrative liability, their spouses and their relatives by blood and marriage up to the second degree that are performed within the year 2016 relating to make a material transaction which may cause conflict of interest for the Company or Company’s subsidiaries and/or to carry out works within or out of the scope of the Company’s operations on their own behalf or on behalf of others or to be a unlimited partner to the companies operating in the same kind of fields of activity in accordance with the Communiqué of the Capital Markets Board No: II-17.1 pursuant to the Corporate Governance Principle No. 1.3.6,**

As per the corporate governance principle no: 1.3.6 issued by Capital Markets Board, information regarding any controlling shareholders, board members, senior management, spouses and 2nd degree blood and affinity relatives who engage in activities which may cause conflict of interest with the company or its subsidiaries, and who participate in commercial activities similar to those conducted by the company in their own name or on behalf of a third party, or who become a shareholder with unlimited liability and become a member of the boards of enterprises engaging in similar transactions must be submitted to the General Assembly. In order to fulfil the requirements of this principle, all transactions which can be classified as outlined above within the previous financial year which come to the attention of the Company must be submitted for the information of the shareholders at the General Assembly.

**16. Informing the Shareholders regarding the “Remuneration Policy” determined for the Board of Directors Members and the Senior Executives in accordance with the Corporate Governance Principle No: 4.6.2 of the Capital Markets Board,**

This agenda item will not be voted on and has only been provided for information purposes.

As per the Communiqué on Corporate Governance Principles and obligatory Article 4.6.2, the remuneration policy of the members of the Board of Directors and the senior management shall be in writing and its policy and principals will be submitted to the General Assembly’s information. The Remuneration Policy can be found under Appendix 1 of this document.



**17. Discussing and voting for authorizing the Board of Directors or person(s) designated by the Board of Directors for company acquisitions to be made by our Company or its subsidiaries until the next ordinary general assembly meeting up to 500 Million Euros which will be separately valid for each acquisition,**

Our company and its subsidiaries are open to opportunities which may contribute to the operations of the group and create synergies as part of the “Smart Growth” strategy. A general approval from the General Assembly is obtained each year due in order to be able to act quickly to be able to utilize the opportunities both at home and abroad.

**18. Discussing and voting for authorizing the Board of Directors to establish Special Purpose Vehicle(s) when required for above mentioned acquisitions,**

A need to establish Special-Purpose Vehicles may arise in order to ensure operational convenience for the acquisitions to be made by our company and its subsidiaries.

**19. Resolving on giving permission to the Board of Directors Members to carry out works within or out of the scope of the Company’s operations on their own behalf or on behalf of others or to be a partner to companies who does such works, and to carry out other transactions, as per Articles 395 and 396 of Turkish Commercial Code,**

The Board of Directors must have the General Assembly’s permission to perform their acts within the context of Articles 395 and 336 of the Turkish Commercial Code entitled “Prohibition of Transactions with Company and Borrowing” and “Non-Competition”. In order to comply with these regulations, the permission will be put to the vote at the General Assembly.

**20. Comments and closing.**

## **APPENDIX/1 REMUNERATION POLICY FOR THE MEMBERS OF BOARD OF DIRECTORS AND EXECUTIVES**

This remuneration policy document (“Remuneration Policy”) defines the remuneration system and procedure applicable to the Board Members and Senior Managers of Türk Telekomünikasyon A.Ş. (the “Company”) under the Capital Markets Board (“CMB”) regulations.

### **1. Chairman and Members of the Board of Directors**

A fixed salary is determined in every ordinary general assembly meeting in order to be applied to each Board Member. In any case, the salaries of the independent board members shall be determined at a level which will not adversely affect the independent exercise of their decision making. Stock options or payment plans based on the performance of the Company shall not be used while determining the salaries of the independent board members.

The Board Members are paid according to pro rata principle, by taking into consideration their term of duty, starting from their appointment and ending on their resignation dates. The expenditures assumed by the Board Members while performing their duties for the Company (transportation, communication, accommodation, insurance costs etc.) may be compensated by the Company.

In the event that a Board Member also acts as a Senior Manager at the management of the Company pursuant to CMB regulations, this Board Member may also be paid Salary and Premium determined under the terms of article two of this Remuneration Policy, along with the Salary mentioned in article one.

### **2. Senior Managers**

The remuneration of the Senior Managers is variable and is composed of two components; fixed and performance based remuneration.

**a. Fixed Salary:** The fixed salaries of the Senior Managers are determined in accordance with the international standards and legal obligations, in line with the remuneration principles accepted by the Company pursuant to the remuneration policies applied both in domestic and international markets; and, in any case, by taking into consideration the macro economic data in the market, the size of the Company, long term targets of the Company and the position / qualifications of the Senior Managers. The salary is paid during the term of the employment contract.

Provided that there is no change in the market condition, the fixed salaries of the Senior Managers are revised in accordance with the pre-determined principles, once per year, by also taking into account the above-mentioned criteria applied while determining the salaries. The information regarding the market and/or sector conditions is determined by collecting such information through generally accepted consulting firms as well as by using the information provided from other sources and by considering the accomplishment degree of the objectives and the future of the Company.

**b. Premium:** The premiums of the Senior Managers are decided jointly by the Company CEO and the Group CEO according to Company Performance and the Individual Performances and paid after informing the Executive Committee.

Company Performance is determined by evaluating, at the end of the relevant period, the operational and financial targets (revenue and cost targets, efficiency targets, synergy, investment, number of subscribers, etc.) determined by the Company at the beginning of each year. While determining the targets of the Company, the principles of sustainability and improvement of the targets are essentially considered.

Individual Performance is determined by measuring of the individual targets of each Senior Manager related with their responsibilities, together with the Company targets at the end of each period. While measuring the individual performance, in parallel to the Company performance, the principle of being measurable, logical and achievable is considered.

**c. Side Benefits:** In accordance with the pre-approved principles and procedures being applied in the Company, certain side benefits in health insurance, communication, transportation or similar areas may be provided as additional benefits to the Senior Managers, in general and/or conditional on qualifications, position, etc.

### **3. Notification to the General Assembly**

The total of the amounts paid in each year to the Senior Managers and Board Members in accordance with the above-mentioned principles shall be notified to and/or submitted for the approval of the Shareholders in the next ordinary General Assembly Meeting in accordance with the applicable legislation.

### **4. Entry in Force and Implementation**

This Remuneration Policy shall enter into force upon the approval of the Board of Directors and be submitted to the Shareholders for information in the next the General Assembly Meeting under a separate agenda item.

The Remuneration Committee to be established under the Board of Directors in accordance with the CMB legislation and relevant regulations and/or the Corporate Governance Committee which will carry out the duties and responsibilities of the Remuneration Committee as per the CMB regulations shall be responsible for the implementation of this Remuneration Policy. During the period until the establishment of a Remuneration Committee and/or Corporate Governance Committee under the Board of Directors, the Board of Directors shall be responsible for the implementation of this Remuneration Policy.