

> Corporate Governance Principles Compliance Report

Tekfen Holding, which has a distinguished 52-year history and a strong corporate foundation, has embraced the Capital Markets Board (CMB) of Turkey's Principles of Corporate Governance. Within the framework of its management philosophy - which is based on the principles of equality, transparency, accountability, and responsibility - the Holding, through embracing the Principles of Corporate Governance, aims to maximize its value by protecting the interests of all its shareholders and stakeholders.

March 20, 2009

1. Corporate Governance Principles Compliance Statement

Tekfen Holding understands that good corporate governance brings great benefits to the Company. An important indicator of the emphasis the Company places on Corporate Governance Principles is establishment of an Investor Relations and Corporate Governance Department at the end of 2007, as outlined in the following sections. The Holding has also established a Corporate Governance Committee to evaluate its performance against the Principles and to ensure the highest level of compliance.

Regarding the disclosures that appear in the rest of this report, the Company is fully compliant with the CMB's Corporate Governance Principles with the following exceptions:

- Since the minority share holders who hold a 5% share in the Company, in accordance with the Turkish Law of Commerce and the Capital Markets Law, hold the right to demand for a legal auditor to be arranged, there is no provision in the Company's articles of association for the appointment of a special auditor.
- The Articles of Association contain no provision for the representation of minority shares in management or the utilization of the method of cumulative voting.
- No structure has been established to involve stakeholders in the Board of Directors.
- There is no representative appointed to manage relations with the Company employees. The Company's relations with its employees are actively managed through the human resources and personnel departments of the Holding's companies.
- To allow board members to take positions in other Group companies, it was decided at the ordinary Annual General Meeting that its members would not be subject to the prohibitions and limitations outlined in articles 334 and 335 of the Turkish Law of Commerce. In this regard, board members are in no way restricted from taking positions outside of the Company for the period covered by the General Meeting decision.
- A performance-based award system has not been adopted for the determination of remuneration of board members. However, according to the Company's Articles of Association, in compliance with regulations and the Articles of Association, dividends not exceeding 2% of the profit after deduction of legal reserves and distributed profits may be distributed to the board members in accordance with the amounts and provisions set by the Board.

All work and appraisals necessary for full compliance with the CMB's Principles of Corporate Governance is currently underway. The Tekfen Board of Directors believes that the present level of non-compliance does not constitute a basis for significant conflicts of interest.

> Section I - Shareholders

2. Shareholder Relations Department

2.1 Investor Relations and Corporate Governance Department

In order to ensure that the practice of shareholder rights complies with CMB Corporate Governance Principles and all relevant legislation and to provide communication between existing and potential shareholders and the Board of Directors which is active concerning the exercise of shareholders rights, an Investor Relations and Corporate Governance Department was formed prior to the Company's initial public offering in November 2007. This department reports to The Corporate Governance Committee and to Dr. Reha Yolalan, Vice-President in charge of Corporate Affairs.

The Investor Relations and Corporate Governance Department can be contacted as follows:

Investor Relations and Corporate Governance Coordinator: Çağlar Gülveren, CFA

Tel : +90 (212) 359 34 20

Fax : +90 (212) 257 00 81

E-mail : cgulveren@tekm.com.tr or investor@tekm.com.tr

The Investor Relations Department can also be reached via the contact form on the Company's official website: www.tekm.com.tr.

Investor Relations and Corporate Governance Coordinator Çağlar Gülveren holds all licenses issued by CMB is responsible for the Company's compliance with all obligations arising from capital market regulations and coordinating corporate governance applications.

2.2 Investor Relations and Corporate Governance Department Responsibilities

The main regulatory responsibilities of the Investor Relations Department are as follows:

- To keep shareholder records in a sound, current, and secure manner and to respond to written shareholder requests to the fullest extent possible while not divulging confidential or trade information that should not be disclosed to the public;
- To ensure that the General Assembly is held in accordance with the current legislation, the articles of association, and other internal Company regulations;
- To prepare, in cooperation with other Company departments, the General Assembly documents for shareholders;
- To keep records of voting and to send the relevant reports to any shareholders who may request them;
- To supervise and monitor all matters related to informing the public, including issues such as legislation and the disclosure policy of the Company;

In addition, the Investor Relations Department carries out the following activities:

- To supervise and monitor the implantation of obligations arising from capital market regulations;
- To monitor and update on a regular basis the contents "Investor Relations" section of the website;
- To respond to requests for information regarding the Holding and its Group companies from investors and analysts, to conduct one-on-one talks when necessary or to attend conferences and meeting organized on this subject;

- To supervise and monitor all matters related to public disclosures, including preparing and sending announcements of material events as required to the Istanbul Stock Exchange;
- To obtain financial and operational data required by analysts for research reports to be prepared by analysts provided this data has been previously disclosed to the public and does not contain any trade secrets, to ensure the speedy preparation of research reports from complete, accurate and current data and to examine and monitor analysts reports prepared in this context;
- To answer by telephone or electronic mail the questions and requests for information of existing and potential local and foreign investors to the degree that legal regulations allow;
- To organize teleconferences and meetings with the participation of Company senior managers for investors and analysts following announcements of quarterly Financial Reports to the public;
- To prepare detailed quarterly presentations regarding the activities and financial condition of the Company with the support of the relevant departments;
- Within the framework of regulations related to public announcements of material events, to prepare lists of those with insider information and to keep this list up to date;
- To keep up with the information contained in the Registry System held by the Central Registration Agency.

2.3 Activities of the Investor Relations and Corporate Governance Department in 2008

A large percentage (34.5%) of the publicly traded portion of the Company's capital is owned by foreign institutional investors. Consequently, many existing and prospective foreign institutional investors and brokerage companies' analysts who render services to such investors request visits to the Company. The department strives to meet these requests by facilitating the active participation of the Company's senior management. In this context, in 2008, the Department conducted face to face interviews with 89 investors, and held 17 teleconferences.

In addition, it participated in the conference organized by Deutsche Bank in Göçek and held talks with representatives of 11 foreign institutional investors.

Two "Investor Meetings" were organized with the participation of all interested investors and analysts in the conference hall of Tekfen Tower that belongs to the Company to evaluate and discuss the financial and operational results for 2007 and for the first six months of 2008 following the public disclosure of these results. Senior managers of the Company attended these meetings. The date and time of these meetings was advertised on the Company website approximately three weeks in advance.

Additionally, "Investor Presentations" prepared in this regard are posted on the Company website and four teleconferences with all interested investors and analysts were held regarding the quarterly activities and financial results of our Company.

During 2008, in the period following the public offering, the Investor Relations Department replied to approximately 200 e-mails received from investors and analysts and 300 telephone requests for information.

3. The Use of Shareholders' Rights to Obtain Information

3.1 Right to Obtain Information

All requests for information from shareholders that reach the Investor Relations Departments are answered without prejudice in a fair and equal way provided that this information has been previously disclosed to the public and does not contain any trade secrets.

In 2008, the Investor Relations Department answers 200 e-mail enquiries and 300 telephone calls from investors and analysts related to quarterly financial results and developments in the sectors in which the Company's subsidiaries are active.

In addition, investors can obtain accurate and current information and data from the "Investor Relations" section of the Company's website (www.tekfen.com.tr) which appears in both English and Turkish.

3.2 Right to Request a Special Auditor

Since the minority shareholders who hold a 5% share in the Company, in accordance with the Turkish Law of Commerce and the Capital Markets Law, have the right to request the appointment of a statutory auditor, there is no provision in the Company's articles of association for the appointment of a special auditor. No request to make such an appointment was received during this reporting period.

4. Information about the General Assembly

4.1 Annual Ordinary General Assembly

Our financial reports are prepared on a consolidated basis according to International Financial Reporting Standards since our Company is a publicly traded holding subject to the Capital Market Law.

Consequently, annual financial reports prepared on a consolidated basis according to the Capital Market Law and the associated independent auditors report are sent within 14 weeks after the end of the accounting period to CMB and ISE. Taking into consideration the legal period allowed for the partners to examine the General Assembly invitation and documents related to this invitation, our Company's Annual Ordinary General Assembly Meeting takes place not within the three months following the accounting period in compliance with Article 21 of the Turkish Commercial Law and Articles of Association, but in the shortest possible period of time in compliance with the Capital Market Law.

Accordingly, our Company's Ordinary General Assembly was held on May 8, 2008 at 14:00 in the Conference Hall of Tekfen Tower located at Büyükdere Cad. No. 209, 4. Levent-Istanbul.

The date, place, agenda, dividend distribution table and the dividend policy approved by the Board of Directors was announced to the public on April 4, 2008. At the same time, the meeting's agenda, annual report, financial tables and reports, dividend distribution recommendations and proxy form were made available to shareholders on the same date on our Company's website (www.tekfen.com.tr). In addition, explanatory information regarding the items on the General Assembly Meeting agenda were published on our website as "General Assembly Informative Documents."

The shares that represent the issued capital of our Company are all registered bearer shares. The Invitation to the Ordinary General Assembly is issued in compliance with all regulations and the Company's Articles of Association within the specified period of time, and together with a sample proxy form and the agenda, is published in the Turkish Commercial Gazette and one of Turkey's leading national newspapers.

At the General Assembly Meeting, out of a total number of shares of 296,775,000 representing TL296,775,000 in shareholders' equity, 195,467,942 shares (65.86% participation ratio) were in attendance. Of these 34.29% (67,028,415 shares) were represented in person while 65.71% (128,439,527 shares) were represented by proxy. The meeting was not attended by the press or other stakeholders other than shareholders.

According to Article 24 of our Company's Articles of Association, voting at General Assembly Meetings is done by raising hands, with proxies showing the appropriate documents as per the Capital Market Board directives. However, shareholders owning 10% of the capital represented at the meeting may request secret voting.

At the General Assembly Meeting, there is the opportunity to question the partners. Questions related to matters outside the agenda items are answered by our Company's managers. At the General Assembly Meeting, no proposals were made by shareholders.

The agenda of the General Assembly Meeting, together with the register of attendance and meeting notes may be obtained from Company headquarters or from our website (www.tekfen.com.tr).

4.2 Special Decisions

In Article Three, entitled Purpose and Subject, of the Company's Articles of Association, the business and operations that may be undertaken are outlined. In accordance with this article, the Company can enter other necessary business areas only with the General Assembly's approval on the proposal of the Board of Directors. While fulfilling the provisions of Article 3, the Company will also fulfill the public disclosure requirements of the Capital Markets Law and other relevant legislation.

The latest version of the articles of association is posted on the Company's official website.

5. Voting and Minority Rights

5.1 Voting Rights

Prior to our Company's IPO, privileged rights were removed by an amendment of the articles of association in compliance with the CMB's Corporate Governance Principles. Currently there are no privileged rights. As a result, every share carries a single vote; this point is clearly stated in our Company's Articles of Association.

In line with the CMB's regulations, shareholders may use their voting rights directly or via a duly authorized proxy.

The Company's capital contains no cross ownership.

5.2 Minority Rights

The Company's Articles of Association contain no provision for the representation of minority shareholders in the management of the Company or about utilization of the method of cumulative voting.

6. Dividend Policy and Deadline for Dividend Distribution

Company dividend policy is determined according to the Turkish Law of Commerce, Capital Market Law; Capital Market Board Regulations and Directives, Tax Laws, other relevant legislation, and the Company's Articles of Association. Our Company's "Dividend Policy" which was approved by the Board of Directors on April 4, 2008 was presented to our shareholders at the general Assembly Meeting on May 8, 2008. Our Company's Dividend Policy is as follows:

"Company dividend policy is determined according to the Turkish Law of Commerce, Capital Market Law; Capital Market Board Regulations and Directives, Tax Laws, other relevant legislation, and the Company's Articles of Association.

1- Article 28 of the Holding's Articles of Association reads as follows:

Profit will be distributed as outlined below from the net profit stated in the Holding's balance sheet and reached after deducting the general expenditure of the Holding, various amortization costs, and mandatory taxes. The relevant provisions of the Capital Markets Law and notifications of the Capital Markets Board will be followed during the process of profit distribution.

First Level Legal Reserves:

a) Legal reserves at a rate of 5% will be allocated.

First Dividend:

b) To the remaining amount, grants delivered during the year, if any, are added, from this total at least 30% first dividends are allocated provided the rate or the amount is not below those set by the Capital Markets Law.

c) A maximum of 3% of the remaining amount will be allocated to the Tekfen Foundation for Education, Health, Culture, Art and Preservation of Natural Resources

d) After the above mentioned deductions, the General Assembly has the right to decide on an allocation of dividends that does not exceed 2% of the remaining profit to members of the Board (in line with the limits and principles set by the Board)

Second Dividend:

e) The General Assembly is entitled to distribute the amount remaining (after the deduction of the items outlined in a, b, c, and d, above) from the net profit as second dividends or allocate it as extraordinary legal reserves.

Second Level Legal Reserves:

f) Subject 3 of paragraph 2 of Article 466 of the Turkish Law of Commerce and the provisions of the paragraph of the same article do not apply to the Holding.

g) Until the reserves required to be set aside as required by law have been so set aside and until the first dividend is paid to shareholders in cash and/or shares, no decision may be made to set aside profits for other reserves to transfer profits to the following year, or to distribute dividends to the founders or dividend right certificate holders, board members or Company officials, workers or foundations or other similar real/legal entities established for specific purposes.

h) Dividends shall be distributed to all the existing shares at the end of the accounting period without taking into account the date of issue or acquisition of such shares.

The decision as to how and when the annual profit will be distributed to the shareholders will be decided by the General Assembly upon the recommendation of the Board and in accordance with the provisions of the Turkish Tax Laws and the Capital Markets Law. Profit distributed according to the provisions of the Articles of Association cannot be recovered.

2- The place and date of dividend payments are set in accordance with Capital Market Board Regulations.

3- Within the framework of Article 29 of the Holding's Articles of Association, if the Company General Assembly so authorizes the Board, interim dividend payments may be made (for that specific year only). The Capital Markets Law is taken into account during this process."

Additionally, in compliance with Capital Market regulations, if the financial statements prepared according to the Turkish Commercial Code and Tax Laws does not show a net distributable profit for the period, dividends should not be paid, even if the financial statements prepared according to IFRS and Capital Market regulations do show a "net distributable profit for the period."

Taking into consideration the legal period of time following the completion of the General Assemblies of our subsidiaries and partnerships included in the consolidated financial statements, dividend payment recommendations are announced to the public in accordance with relevant legislation upon the resolution of the Company's Board of Directors.

The basic principles of profit distribution are announced to investors on the Company's official website (www.tekfen.com.tr).

In this regard, the distribution of profit of the 2007 accounting period was completed by the end of May 2008 within the terms set by the Capital Markets Law and in accordance with the Articles of Association.

7. Transfer of Shares

The Company's Articles of Association place no limitations on the transfer of shares (cf. Article 6) within the limits set by the Capital Markets Law.

> Section II - Public Disclosure and Transparency

8. Company Information Disclosure Policy

The Company's Board of Directors developed its disclosure policy in accordance with the CMB's Corporate Governance Principles and this policy was first publicly announced in the Company's IPO prospectus. The disclosure policy holds a permanent place on the Company's official website.

According to the Company's disclosure policy:

- In accordance with the CMB's Corporate Governance Principles, the Holding has adopted the concepts of transparency, equity, integrity, objectivity, consistency, comprehensibility, and punctuality with regard to disclosing financial and non-financial information about the Holding (excluding commercial secrets and confidential information) to its shareholders and other stakeholders. All announcements and explanations made under the jurisdiction of this policy will be timely, complete, accurate, comprehensible, and analyzable, and should be made at minimum cost.
- In following an active and transparent disclosure policy, the Holding acts in accordance with Capital Markets legislation and ISE regulations and implements an effective communications policy within the framework of the CMB's Corporate Governance Principles.
- For this purpose, the Holding's Investor Relations and Corporate Governance Department responds in writing to all shareholder, stakeholder, financial analysts', and media inquiries and requests for information and printed material.

Meetings presenting the Company's annual and semi annual operational results with the participation of senior managers are planned. After the disclosure of the annual and semi annual financial statements, four conference calls involving senior managers will be organized for investors and the analysts.

Çağlar Gülveren, head of the Company's Investor Relations and Corporate Governance Department, is responsible for supervising and applying the disclosure policy.

9. Disclosure of Material Events

During 2008, as required by CMB regulations, 42 disclosure statements were made. Three of these were additional disclosures made at the request of ISE and one item was made in response to the request of ISE.

These disclosures were also sent to the Public Information Platform in electronic form.

Our company is not listed on foreign securities exchanges and therefore is not required to issue any disclosures of material events other than those required by the Capital Markets Board and Istanbul Stock Exchange.

During 2008, no sanctions have been imposed by the Capital Markets Board to the Company for not making material events disclosures on time.

The Investor Relations Departments is responsible for disclosures of material events in our Company and carries out all processes related to this topic.

10. Official Company Website and Its Content

The official website of the Company is www.tekfen.com.tr.

The website includes all the information outlined in Article 1.11.5 of Section II of the CMB's Corporate Governance Principles, other than Board meeting minutes that might affect the value of investment instruments.

Minutes of Board decisions that might affect the values of investment instruments are not presented via the website in the format of a separate report, as they are disclosed via disclosure of material events.

11. Disclosure of Ultimate Controlling Shareholder(s)

The ownership structure of the Company is as follows:

SHARESOLDER'S NAME	NUMBER OF SHARES	SHARE RATIO (%)
Feyyaz Berker	50.066.663	16,87
Alev Berker	7.223.744	2,43
Berker Family - Total	57.290.407	19,30
Necati Akçağlılar	50.066.663	16,87
Cansevil Akçağlılar	7.223.744	2,43
Akçağlılar Family - Total	57.290.407	19,30
Ali Nihat Gökyiğit	25.883.731	8,72
A.Nihat Gökyiğit Yatırım Holding	25.758.370	8,68
A.N.Gökyiğit Eğ.Sağl.Kült.San.	5.648.306	1,90
Gökyiğit Family - Total	57.290.407	19,30
Günay Ünlüsoy	3.848.867	1,30
Necdet Bozdoğan	3.315.207	1,12
Naim Özkazanç	3.379.427	1,14
Elçin Erktin	846.866	0,29
Mehmet Erktin	1.234.173	0,42
Emine Erktin	1.234.173	0,42
Erktin Family - Total	3.315.212	1,13
Erhan Öner	6.424.347	2,16
Öner Yatırım İç ve Dış Tic.A.Ş.	2.233.919	0,75
Öner - Total	8.658.266	2,91
Free Float	102.386.800	34,50
GROSS TOTAL	296.775.000	100,00

12. Disclosure of Individuals Who Have Access to Insider Information

The list of individuals who have access to insider information made public for the first time in our Corporate Governance Principles Compliance Report for 2007.

There are numerous undisclosed transactions and events which have potential to affect the Company share price. Thus, many Tekfen employees and managers who participate in the decision taking and reporting processes and as well as the personnel of companies providing services to the Holding have access to inside information. In this regard, the Company management takes all precautions to prevent misuse of such information.

The list of senior managers and other employees who, as a result of their positions, have the ability to access to the inside information that might affect the share price of the Company is given below:

NAME SURNAME	POSITION
Feyyaz Berker	Chairman of the Board
Ali Nihat Gökyiğit	Deputy Chairman of the Board
Cansevil Akçağlılar	Deputy Chairman of the Board
Murat Gigin	Board Member
Işık Zeynep Defne Akçağlılar	Board Member
Dr. M. Ercan Kumcu	Board Member
Dr. Rüşdü Saracoğlu	Independent Board Member
Hasan S. Subaşı	Independent Board Member
Şefika Pekin	Independent Board Member
Cengiz Yaman	Auditor
Erhan Öner	Group Companies President
Dr. Ahmet İpekçi	Vice-president Investment & Service Companies Group
Ümit Özdemir	Vice-president-Contracting Group
Esin Mete	Vice-president-Agri-industry Group
Mehmet Erkin	Vice-president-Real Estate Development Group, Auditor
Dr. Osman Reha Yolalan	Vice-president-Corporate Affairs
Ali Şevket Tursan	Director of Finance & Administrative Affairs
Burçin Kuzgun	Finance Coordinator
Dr. Ahmet Burak Emel	Strategic Planning and Reporting Coordinator
Dorotya Maria Kiss Kalafat	Corporate Communications Coordinator
Çağlar Gülveren	Investor Relations & Corporate Governance Coordinator
Hakan Dündar	Audit Manager
Toca Tonya	Chief Accountant
Arzu Dodurga	Finance Manager
Atila Purut	Chief Legal Consultant / Attorney
Şule Özkaner	Legal Consultant / Attorney
Ramazan İbrahim Eker	Consultant

> Section III - Stakeholders

13. Informing Stakeholders

The Holding informs stakeholders of important Company developments via internal correspondence, meetings, the intranet and internet, press meetings, briefings, and other written and visual media.

Stakeholders, investors, and analysts can access financial reports, annual reports and other presentations and information regarding the Holding via the official Company website.

Because the Company is a holding company, it is not directly involved in commercial activities. However, depending on the business area of the Holding's companies, stakeholders (such as customers who have affiliation with the Company, franchisees, and suppliers) are informed about issues of interest to them, via franchise meetings or training sessions.

Employees are informed via various events, periodical meetings with managers, and the intranet. Some important announcements and messages are communicated to all employees via email. Tekfen Holding places great emphasis on dialogue between the employees and managers and facilitates such an information flow.

14. Participation of Shareholders in the Management

No structure for the involvement of stakeholders in the Company's management has been established. However, managers evaluate requests and recommendations emanating from meetings held with the employees and other stakeholders and thus, relevant policies and applications are developed.

15. Human Resources Policy

The Human Resources Policy of Tekfen Holding and group companies is formulated on the following principles:

- Continuous customer and employee satisfaction is a guarantee of the present and future success of a company.
- To minimize any possibility of damage to employees, third parties, property, or the environment, Tekfen Holding arranges all its operations according to the following work principles, presented in order:
 - Abide by all relevant laws, regulations and directives regarding Health, Safety, the Environment, and Quality for which all managers and employees are responsible,
 - Keep strict adherence to standards and customers' specifications so as to eliminate or minimize customer complaints, and repeat and maintenance charges,
 - Increase the effectiveness of management systems and continuously monitor and improve applications.

Tekfen Holding is not only concerned with managing its own human resources policy effectively, but in investing in Turkey's future. In this regard, social, cultural, and environmental protection activities, as well as the Company's scholarship program for successful students (which we have undertaken since the Company's foundation) are among the tasks that are covered by the policy and that carry Turkey to a brighter future. This management concept is based on a belief in people's unlimited potential to succeed and an understanding that a brighter future can only be attained through technology and science. Therefore, investing in human intelligence and skills is essential. The fact that no complaint of discrimination came from the employees in 2008 indicates the objective attitude of Tekfen Group towards its employees. Its employees are the Company's most valuable assets and their quality is the most important guarantee of the quality of our services and products. The Company shows the same diligence for employee development programs as it does for employee selection. Employee development programs develop the employees' ability to act in a coordinated fashion, to develop recommendations, and to make rational decisions. The Human Resources and Personnel Units take active roles in managing relations with employees.

16. Information on Relations with the Clients and Suppliers

Because the Company is a holding company, it is not directly involved in commercial activities. However, the Holding places great emphasis on relations with and the satisfaction of stakeholders, such as its clients, franchisees, and suppliers.

The Agri-industry Group takes great care to reply to all emails regardless of whether or not they come from its customers. All complaints, recommendations, or technical inquiries from customers via email or telephone are replied to as soon as possible and relevant solutions are provided. Periodical dealer meetings involving senior level managers are organized to provide information to dealers and to manage dealer relations in the best possible way. There is a mutual sharing of information during these meetings. Solutions are created for the problems of dealers. Questions that go unanswered at these meetings are evaluated later and information is provided to the dealers concerned. In addition to these meetings, senior level managers and the sales teams from regional offices visit dealers throughout the year to nurture warm relations. On average 30 training sessions a year are organized to increase the awareness level and knowledge of the end users. During these meetings, Company training consultants with academic backgrounds provide information on various agricultural practices. In addition to these meetings and training sessions, the official website includes a comprehensive section on recommendations about fertilization practices for the farmers. The Agri-industry Group has many years of reliable relations with foreign suppliers. There is a continuous information flow with suppliers with regard to current and future market conditions and expectations.

To maximize customer satisfaction, the Contracting Group places great emphasis on product, human, and environmental health. Product quality is guaranteed by the ISO 9001 Quality Management System, the safety of the employees, property, and third parties is guaranteed by OHSAS 18001 Occupational Health and Safety Management System, and environmental protection is guaranteed and continuously improved by the ISO 14001 Environment Management System. Suppliers are also asked to operate in accordance with these management systems and to improve themselves on a continuous basis.

17. Social Responsibility

As a responsible member of society, the social, cultural, and environmental activities of Tekfen are an integral part of the Holding's corporate culture.

In 1999, Tekfen established the Tekfen Foundation for Education, Health, Culture, Art, and Preservation of Natural Resources, which is known as the Tekfen Foundation, with the aim of increasing Tekfen's contribution to social and cultural activities and to establish a better future in harmony with the natural environment.

Tekfen Foundation

The Foundation;

- Provides scholarships every year to 180 successful high school, undergraduate, and graduate school students in need of financial support. To date, these scholarships have helped more than 1000 students to graduate.
- Supports a large number of NGOs, including TEMA Foundation (The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats), the Family Planning Foundation of Turkey, the Istanbul Foundation for Culture and the Arts, in addition to developing and maintaining the Tekfen Philharmonic Orchestra, which was established in 1992.
- Published Flowers of Anatolia by Fatih Orbay, with the aim of preserving Turkey's natural, historical, and cultural heritage for future generations in addition to supporting various projects and publications for similar aims.
- Provides social support for various needs.

Tekfen's contribution to society is not limited to the activities of the Foundation. Tekfen Group Companies continue to work in collaboration with local authorities and the public with regard to issues arising in those regions and sectors where the companies operate.

Tekfen Contracting Group

Tekfen Construction is a reliable partner for international contracting companies, with the emphasis it places on occupational health and safety and the environment, its know-how, experience, project delivery punctuality, business ethics, and EU-compatible standards.

Tekfen Construction's business concept has been established and developed over many years in accordance with the following principles:

- To minimize any possible harm to employees, third parties, property and the environment during general operations;
- To act with the goal of benefiting society and the environment during all its operations, and to set high standards with regard to environmental awareness;
- To strive to avoid breaches of environmental rules that might endanger the health and rights of clients or inhabitants of the areas where the Company operates;
- To act in a way that minimizes the environmental impact of its operations and to take precautions to eliminate environmental pollution;
- To respect the traditions and cultures of the countries it operates in and to avoid practices that might adversely affect the social environment;
- To take all precautions necessary to preserve archeological, historical and cultural artifacts, as well as the natural environment during the course of operations;
- To minimize the consumption of natural resources;
- To determine all environmental issues and their effects, as well as risk levels with regard to all business practices and projects, and to minimize the determined risk levels with corrective and preventive action.
- Within the framework of its social responsibility obligations, to support education, activities that increase environmental and social awareness, as well as cultural and social responsibility activities.

The core of Tekfen Construction's quality concept is the HSE (Health, Security and Environment) system. With this system, Tekfen undertakes not to harm people, to protect the environment, to use natural resources efficiently, and to develop and maintain the HSE system. With HSE, Tekfen's goal is to win the trust of its clients, shareholders, and the general public and to contribute to sustainable development.

Tekfen Construction gives great importance to on-the-job training. In 2008, out of a total of 55,523,483 man-hours, 660,875 man-hours were used for training. In other words, 1.19% of working time was spent on training in 2008.

Tekfen Construction continued to achieve international success. In 2008, it won the International Pipeline and Offshore Contractors Association's (IPLOCA) "IPLOCA Health and Safety Award" for 2007.

Tekfen Construction was recognized by its clients for the absence of accident-related lost time incidents on the following projects;

- ACG Terminal Project (Azerbaijan) 32 million accident free man-hours award;
- Kashagan Main Work Project (Kazakhstan) 27 million accident free man-hours award;
- Samir Refinery Modernization Project (Morocco) 17 million accident free man-hours award;
- UOU and UO1 Projects (Saudi Arabia) 10 million accident free man-hours award;
- Khurais Project (Saudi Arabia) 5.5 million accident free man-hours award;
- Kashagan Industrial Buildings Project (Kazakhstan) 2 million accident free man-hours award;
- Maritza Power Plant Project (Bulgaria) 2 million accident free man-hours award;
- Harweel Pipeline Project (Jordan) 1.7 million accident free man-hours award;
- Ma'aden Phosphoric Acid Plant Project (Saudi Arabia) 412,000 accident free man-hours award.

In order to standardize applications related to the design, assembly and disassembly of scaffolding on our projects within work safety norms "Scaffolding Safety Handbook" was published in Turkish and English and distributed to all projects and worksites. A book entitled "Introduction to Ark Welding" containing basic information and various test procedures regarding ark welding which is widely used in our operations was also prepared in Turkish and English and distributed to all projects and worksites.

With its trained technical and administrative personnel, Tekfen Contracting Group reinforces its reputation in the national and international contracting sector. The Group has ISO 9001:2000 Quality Management, OHSAS 18001 Occupational Safety and Health, and ISO 14001 Environment Management System Certificates. Group employees and the management systems are audited under these certifications by independent organizations on a continuous basis and improvement programs are implemented.

Toros Tarım

In addition to its main business activity, Toros Tarım aims to improve the income and the living standards of farmers and agricultural sector employees and to contribute to the development of the Turkish agricultural sector.

To help solve farmers' problems, Toros Tarım has over several years organized Field Day activities and regular training seminars for farmers focused on improving agricultural techniques, increasing yields, and ensuring correct fertilization.

Toros Tarım also provides farmers with free soil analysis. With the help of this service, farmers can understand the nature of their soils' and ascertain fertilizers they need to maximize yields and crop health.

Additionally, Toros Tarım carries out various educational events for children living in the environs of Ceyhan and Samsun. Toros Tarım initiated the establishment of Toros Primary School and Toros High School, near the Ceyhan production facility, and continues to meet all the needs of these schools. The training center established in the Sumsun Production Plant offers free university preparation for high school students living in the area in cooperation with TOG (Foundation for Community Volunteers).

Toros Tarım continues to support scientific and cultural activities related to the sector. It sponsors the "Grain Symposium" organized by the Bahri Dağdaş Research Institute which is well-known for its contribution to agriculture in Turkey and the "Agricultural Stars" contest held by the İzmir Mercantile Exchange for creative and innovative farmers.

Toros Tarım has two Toros Houses, one in Antalya Kumluca and the other in Mersin Erdemli, where producers are offered technical know-how and support as well as practical information about monitoring seed performance. Agricultural engineers attached to the Toros Houses deal with farmers' problems and provide solutions.

Toros Tarım has developed its quality, environmental, and occupational safety performance in line with international standards and obtained ISO 9001, ISO 14001 and OHSAS 18001 certification, demonstrating the company's adherence to occupational safety, environmental, and quality standards in all its operations.

Finally, Toros Tarım sponsored the "1 Anthem, 12 Compositions" project carried out by Tekfen Foundation to celebrate the 85th anniversary of the Republic of Turkey and contributed material and moral support to the performance by the Tekfen Philharmonic Orchestra of 12 of the compositions which vied in the National Anthem competition held in 1921.

Tekfen Real Estate Development Group

Tekfen Real Estate Development is a founding member of the Turkish Green Building Council, which was established to construct energy-efficient buildings and inform the sector about the need for energy conservation to combat global warming.

> Section IV - Board of Directors

18. Structure of the Board and its Independent Members

The Company's administration is undertaken by a Board of Directors of nine members chosen by the General Assembly. The current board members and their positions in the Company are as follows:

NAME SURNAME	POSITION
Feyyaz Berker	President and Managing Director
Ali Nihat Gökyiğit	Deputy Chairman and Managing Director
Cansevil Akçağlılar	Deputy Chairman and Managing Director
Işık Zeynep Defne Akçağlılar	Member
Murat Gigin	Member
Dr. M. Ercan Kumcu	Member
Dr. Rüşdü Saracoğlu	Independent Member
Hasan S. Subaşı	Independent Member
Şefika Pekin	Independent Member

Due to the death of Ayşe Leyla Akçağlılar on September 13, 2008, who had been appointed as a Member of the Board of Directors on May 8, 2008 at the Ordinary General Assembly Meeting, Işık Zeynep Defne Akçağlılar was appointed to take her place pending approval at the first General Assembly.

In 2008, three members had executive roles in the Company as managing directors and the remaining members had non-executive roles.

Among the board members, Rüşdü Saracoğlu, Hasan S. Subaşı and Şefika Pekin are independent members in line with the CMB's Corporate Governance Principles and each has made a written statement about his or her independence.

Up to the end of the period covered by this report, no situation arose that undermined the independent status of these members.

To allow board members take positions in other Group companies, it was decided in the ordinary Annual General Meeting that the board members would not be subject to the prohibitions and limitations outlined in articles 334 and 335 of the Turkish Law of Commerce. In this regard, board members are not limited in any way from taking positions outside the Company for the period covered by the General Assembly's decision.

19. Qualifications of Board Members

As a matter of principle, all board members, independent or otherwise, are chosen from among candidates who have relevant expertise and experience, and a high level of skill and knowledge in their respective areas. In this regard, the qualifications required of board members match those outlined in Articles 3.1.1, 3.1.2, and 3.1.5 of Section IV of the CMB's Corporate Governance Principles. However, the Company's articles of association contain no provision about the minimum qualifications for board members.

There has been no need up to now to organize a training and orientation program for board members. However, if the need should arise, a training and orientation program for the new board members will be organized in accordance with the principles set out by the Company's Corporate Governance Committee.

20. The Vision, Mission, and Strategic Goals of the Company

20.1 Our Mission and Vision

The Company's vision and mission statement are published on the official website.

Tekfen Group's vision is;

To be one of the leading forces of Turkey's growth in our areas of operation, namely, Contracting, Agri-Industry, Real-Estate Development and Finance.

Tekfen Group's mission is;

While remaining committed to our traditional values, we aim to focus on our core operations, deliver the highest quality products and services, become the leader of our segments, and at the same time, generate value for all of our stakeholders, namely, our customers, suppliers, employees, shareholders and society.

20.2 Our Values

Tekfen Holding A.Ş. operates in accordance with the corporate values it has developed over its 52 years and which have been fully adopted by its employees. These corporate values, which are also stated on the Company's official website, are as follows:

- To do what you know best in the best possible way
- To benefit the country
- To stand by the employees
- To talk less and to do more
- To act ethically and fulfill commitments regardless of the circumstances
- To be in harmony with others and not to disillusion anyone to attain your goals
- To prevent greed overtaking wisdom
- To believe in the power of technology and science (as is reflected in the Company's name)
- To conserve nature and protect the Company's employees.

20.3 Strategic Objectives

The Board of Directors holds quarterly evaluation meetings with senior representatives of each business group where the Board monitors the financial and operational performance of the Group companies against their budgetary and other objectives. The meetings also develop recommendations with regard to the Company's core business areas and strategy.

21. Risk Management and Internal Control Mechanism

The Board of Directors is responsible for minimizing imminent and potential risks by establishing risk management and internal control mechanisms.

As a holding company, the Company's financial statements are consolidated and the financial results and performance of all the Holding's companies are controlled and followed up at the holding level, as the relevant legislation requires. In line with the provision of the Capital Markets Law and other relevant legislation, internal auditing is the responsibility of the Audit Committee and is undertaken by the Financial and Administrative Tasks Directorate of the Holding, Audit Department and Finance Directorate. Risk management and reporting tasks related to the Holding's companies are followed up at the vice-presidential level.

The financial results required for public disclosure are presented to the Board after they have gained the approval of the Audit Committee.

Reports of the companies' operational results, the degree to which they have attained their goals, and the risks encountered, are assessed at the periodical Board meetings with the participation of the relevant group vice-presidents.

22. Authority and Responsibilities of the Members of the Board and Executives

According to the Company's Articles of Association, the Board of Directors executes the tasks given to it as a result of the Turkish Law of Commerce, the articles of association, and the decisions of the Company's General Assembly. In line with Article 319 of the Turkish Law of Commerce, the Board can delegate some or all of its authority and responsibilities, including its authority to represent the Company, to a committee made up of its own members or to managing director(s) or manager(s).

During the first Board meeting held after the ordinary Annual General Meeting, the authority and responsibilities of the board members are determined and announced and a circular documenting the authority and responsibilities of the board members is prepared.

In this regard, the board members Ali Nihat Gökyiğit, Feyyaz Berker, and Cansevil Akçağlılar were appointed as managing directors at the 2008 Board meeting.

The Board determines and announces the basic management principles of the Company every year.

23. Principles of Activity of the Board of Directors

Issues related to the Board's meeting frequency and quorum are defined in the Company's Articles of Association. The Board of Directors meets at least once a month or when the need arises. In 2008, Board of Directors made a total of 32 resolutions at 22 meetings.

The quorum required for a Board meeting to commence is half the membership plus one and all decisions require a majority. Board decisions may also be made by obtaining the written decision of each member provided that none of the members demands a discussion of the subject in hand.

The secretariat of the Board of Directors determines the agendas by the taking the proposals of the President of Tekfen Group Companies and approval of the Chairman of the Board. Supporting documents are prepared by the secretariat of the Board of Directors and submitted in a single dossier to the members at least ten days before the meeting date.

All Board decisions in 2008 were passed unanimously, so no dissenting view is recorded in the Resolution Book. Should it arise, all details of dissenting views would be recorded in the Resolution Book.

In 2008, two meetings were held to discuss the issues outlined in Article 2.17.4 of the CMB's Corporate Governance Principles and it was ensured that all board members participated in these meetings.

In cases where the Capital Markets legislation so requires, important Board decisions are publicly announced with a disclosure of material events.

The board members do not have privileges such as controlling a vote or a negative right of veto.

24. Prohibition of Engaging in Transactions and Competing with the Company

To allow board members take positions in other Group companies, it was decided in the ordinary Annual General Meeting that the board members would not be subject to the prohibitions and limitations outlined in articles 334 and 335 of the Turkish Law of Commerce.

Currently, none of the board members is engaged in any activity that would cause a conflict of interest or would be deemed as competing in the same business area.

25. Ethical Rules

Tekfen Holding gives great importance to ethical rules and commercial conventions and takes care to ensure that all employees follow these rules in their relations with stakeholders. These rules, which are incumbent on all Company employees, were printed and presented as part of the requirements of the CMB's Corporate Governance Principles and they were publicly announced in the Company prospectus prepared for the initial public offering, after the approval of the Annual General Meeting.

Tekfen Holding A.Ş.'s ethical rules are published on the Company's official website.

26. The Number, Structure and Autonomy of Committees Formed by the Board of Directors

During the initial public offering, two committees, namely the Audit Committee and the Corporate Governance Committee, were formed upon Board decisions dated November 22nd, 2007.

In the present structure of the committees, no member of the Board of Directors serves on more than one committee.

The Tasks and Operational Principles that outline the general procedures related to the tasks of the Corporate Governance Committee and the Audit Committee are in effect following the Board of Directors' approval. The Tasks and Operational Principles of these committees are published on the Company's official website.

These committees meet at least once every three months and at least four times per year.

26.1 Audit Committee

An independent board member, Dr. Rüşdü Saracoğlu was selected to head the Audit Committee, and Dr. M. Ercan Kumcu, a non-executive board member, was selected as a Committee Member.

In line with Capital Markets Legislation, the Audit Committee is responsible for supporting the Board of Directors by overseeing the Company's accounting system, the public disclosure of financial information, the independent auditing, and by monitoring the effectiveness and performance of the internal audit mechanism, and for reporting on its evaluations to the Board of Directors.

26.2 Corporate Governance Committee

An independent board member, Mr. Hasan S. Subaşı, and Mr. Murat Gigin, a non-executive board member, were selected to head the Corporate Governance Committee.

In line with Capital Markets Legislation, the Corporate Governance Committee is responsible for monitoring the Company's compliance with the CMB's Corporate Governance Principles, proposing improvements in compliance, and making recommendations on compliance issues to the Board of Directors.

27. Remuneration of the Members of the Board of Directors

In line with the Company's articles of association, board members receive an annual or monthly stipend or a certain fee per meeting, as determined by the General Meeting. At the Annual Ordinary General Assembly held on May 8, 2008 it was resolved to pay a gross fee of 20,000 TL per month to Board of Directors Executive Directors and 5,000 TL per month to the other members.

Dividends shall be distributed to board members according to the amounts and provisions set by the Board. However, they may not exceed 2% of the profit after deduction of legal reserves and the amounts to be distributed under the Company's articles of association.

Financial benefits are not determined and granted in line with a performance-based system but paying dividends out of profits can be accepted as a performance based awarding system. No board member or manager may obtain loans or guarantees, such as letters of guarantee, from the Company.