

CHARTER OF THE
THE VEHBI KOC FOUNDATION

CHAPTER ONE

GENERAL PROVISIONS

Name of the Foundation

Article 1: The name of this Foundation is the Vehbi Koc Foundation. The term "Foundation" as hereinafter employed in this Charter shall mean and imply only this Foundation.

Legal status of the Foundation

Article 2: The Vehbi Koc Foundation is an independent incorporation possessing the nature of a legal entity that is not otherwise affiliated but is subject to audit by the examining authorities specified in Statute 903.

As such, the Foundation may engage in any and all manner of contracts and disposals that will bring about the realization of its aims; it may borrow and lend; it may buy and sell real estate; it may enter into and receive mortgages. It may acquire any and all manner of real and personal rights, and it may dispose of these.

The Foundation shall have no political ties, nor may it be made the tool of any political influence whatsoever.

The Foundation may engage in a cooperative effort with other similar domestic and foreign organizations in matters that are

appropriate with its aims.

Administrative Headquarters of the Foundation

Article 3: The Administrative Headquarters of the Foundation shall be in Istanbul. When required, branches and offices may be opened within Turkey. The business that these shall carry out and the degrees of their authority shall be specified in resolutions by the Board of Trustees.

CHAPTER TWO

PROVISIONS CONCERNING PROPERTIES AND FINANCES

Properties endowed to the Foundation

Article 4: Koc Holding Incorporated has given 10,000 shares of its registered stock with a face value of TL 10,000,000 (ten million liras) to the Foundation as an endowment.

The aforementioned shares of stock, which have been entirely paid for and whose title shall pass to the Foundation concurrently with the registration of this Charter, may not be sold nor may they be given as security. The dividends from Koc Holding that correspond to these stocks shall be allotted and expended together with the income from the Foundation's other assets for the purposes stipulated in this Charter.

Charitable donations

Article 5: The Foundation may accept donations that conform to its aims and at least 80% of which are intended for the services included in the budgets of general, special, and annex budget administrations pursuant to Article 4 of Statute 903. The Board of Trustees shall be authorized to reject donations it does not regard as fitting.

Donations shall be accepted within the framework of the following principles:

a) Those which would add to the Foundation's total properties:

These may be in the form of cash, movable or immovable properties and goods, or rights. In the event that donations are made of the stock of Koc Holding Incorporated, the provisions of Subparagraph 2 of Article 4 shall also apply to these as well.

Depending upon the conditions of their donation, such assets may be maintained in a separate fund. In such cases, no amounts for the Capital Reserve or for the Koc Family Assistance Fund shall be set aside from the revenues from such funds, even in situations where the donation was made by the Koc family. However to the degree that current law allows, the donator may stipulate that a portion of the revenues from the amount of his donation be

set aside for investments that will increase its property assets.

In situations where the terms of the donation do not make it necessary for a separate fund to be instituted, the following matters shall be taken into consideration when 10% of the revenues from such donations is set aside as Capital Reserve or when 10% is set aside for the Koc Family Assistance Fund.

- Unless it is explicitly indicated by the Donator that a Capital Reserve is to be set aside, none of the capital reserves provided for in Article 6 shall be set aside from the income from the donation.
- Nothing shall be set aside for the Koc Family Assistance Fund from the income on assets that are donated by persons or institutions that are not of the Koc Family

From the income of all donations, an amount corresponding to the share of such income in general administrative expenses shall be deducted.

b) Donations made for expenditure in a specific purpose conforming to the aims of the Foundation:

If there are donations similar to these in Chapter Three, the Board of Trustees shall add them to that Appropriation. If there are not, then it shall establish a new Assistance Division and make allotments and expenditures for the specified purpose.

c) By decision of the Board of Trustees, the name of the maker of the donation shall be given to a separate endowment coming under the heading of social and/or cultural support, or to endowments that necessitate the creation of a separate part of an existing institution and that is brought into being by means of donations sufficient to accomplish this.

The Foundation's capital reserves

Article 6: From the amount remaining after the management and administration expenses of the Foundation as well as the participatory share in the expenses of supervision and audit determined as required by Statute 903 have been deducted from the annual income, 10% shall be set aside as a Capital Reserve in the case of assets that were donated at the time of the Foundation's incorporation and of donations that were made at a later time without the stipulation that they be placed in an independent fund.

The total of expenses for management and maintenance as well as of amounts to be expended in investments that will increase the capital assets of the Foundation, for the Koc Family Assistance Fund and for the Capital Reserve may not exceed the amount stipulated in regulations concerning foundations established in accordance with the provisions of the Turkish

Civil Code or in other legislation that has been or will be passed on the basis of that code. Should this amount ever be infringed upon, deductions shall be made first from the Capital Reserve and then from the Koc Family Assistance Fund.

The Capital Reserve is of unlimited size. By decision of the Board of Trustees, expenditures from it may be made for the development of the Foundation. Similarly, should the Foundation's income become incapable of meeting the expenses of its administration or the commitments undertaken for collective assistance or scholarships, then by decision of the Board of Trustees, the reserve may also be employed to cover such commitments and administrative expenses.

Investment of the Foundation's funds

Article 7: The investment of the cash amounts donated to the Foundation as well as of amounts from the Capital Reserve set aside from annual income and from the Koc Family Assistance Fund that are not employed during the year shall be made in a manner that will ensure the highest possible income for the Foundation and within the framework of the following principles:

a) Until such time as this money has been allotted for the areas of investment specified in accordance with the provisions of Subparagraph (b), it may be held in the form of fixed-term or

demand deposit accounts, and similarly it may be immediately converted into cash and invested in government bonds.

b) At the discretion of and decision by the Board of Trustees, the liquid assets of the Foundation temporarily put out at interest in accordance with Subparagraph (a) may be invested:

— By participating in the further funding of Koc Holding Incorporated (should it decide to increase its capital) so as not to lower the rate of the Foundation's participation. (If Koc Holding should increase the company's capital because it is considered that the share of such capital put up by the Foundation would be an element ensuring an effective maintenance of accounts in the Holding Company and its continuity, then if the Board of Trustees sees no drawback whatsoever in doing so and entirely at the discretion of the Board of Trustees, preferential consideration shall be given to participation in this capital increase so as not to lower the rate of the Foundation's shareholding interest. If the Foundation's Capital Reserve does not permit participation in this increase then, on condition that the law and the Foundation's own account standing permit, the Board of Trustees shall be authorized to to participate in the further funding of Koc Holding Inc. in an amount exceeding 20% of the income from

the Foundation's principal capital assets or to enter into borrowing agreements for this purpose.)

- By being invested in the stocks and bonds of organizations regarded as being productive and without risk. (If available, the stocks and bonds of the companies in which Koc Holding participates are to be preferred.)
- By purchasing immovable properties that will provide the Foundation with risk-free and relatively high rates of return.

Changes in the properties of the Foundation

Article 8: In the event that assets that are given as endowments or donations to the Foundation or that are acquired through purchases fall into circumstances where they are subject to a major and persistent loss of their commercial value and profitability, then upon the proposal of either the examining authority or else of the Board of Trustees and having obtained the opinion of the other, they may be sold by means of a decision handed down by a competent court of first instance.

The proceeds from sales that may arise pursuant to the first paragraph, as well as any sums acquired from the liquidation of companies in which the Foundation has a shareholding interest shall be invested by the Board of Trustees within the framework of the principles of Article 7.

CHAPTER THREE

THE AIMS OF THE FOUNDATION

The manner of the allocation of the Foundation's income

Article 9: The annual income from the Foundation's principal capital assets and from the funds that are established by means of later donations shall be spent or allocated in accordance with the following principles.

a) 80% shall be set aside for social and cultural services.

b) A maximum of 20% of total income shall be spent on administrative expenses, Capital Reserves, the Koc Family Assistance Fund, and investments that will increase the Foundation's capital assets.

In situations where changes in current laws and regulations result in a reduction of the share dedicated for the social and cultural services specified in Subparagraph (a) below the 80% level while at the same time raising the share allocated for administrative expenses, for capital reserves, for the Koc Family Assistance Fund, and for investments that will increase the Foundation's capital assets stipulated in Subparagraph (b), the new percentages shall be fundamental.

The following matters shall be applicable when expenditures are made pursuant to Subparagraph (a):

- Income from assets that have not been dedicated to a independent fund but are retained among the Foundation's principal capital assets may be spent in accordance with the provisions of articles 10, 11, 12, 13, 14, and 15 of this Charter.
- Income from independent funds shall be spent in accordance with the terms specified at the time the donation was made.
- It is a fundamental requirement that the income from any particular year be spent during that year. However where compelling reasons dictate that amounts of income cannot be spent, the outstanding balance shall be transferred forward to the following year and added to the income for that year. On condition that permission is obtained from the authorities concerned, it shall be possible for fund income balances to be carried forward to subsequent years, for whatever length of time current law provides, for the realization of specific projects in which case no other compelling reasons shall be required.

The following matters shall be applicable when expenditures are made pursuant to Subparagraph (b):

- First of all, the Foundation's general administrative outlays and its share in the supervisory expenses of the General

Directorate of Pious Foundations shall be covered.

- Secondly, a Capital Reserve shall be set aside in accordance with the principles stipulated in Article 6 of this Charter.
- Thirdly, in the case of income from properties that were donated at the time of the Foundation's incorporation or from those that have been or will be donated by members of the Koc Family (but not that from properties that are the subject of an independent fund), 10% of the balance remaining after the deduction of its share of general expenses shall be set aside for the Koc Family Assistance Fund.
- If there remains any income after the foregoing expenditures and allocations have been made, the Board of Trustees may use it in investments that will increase the Foundation's capital assets.

SECTION ONE

SOCIAL AND CULTURAL ASSISTANCE

Scholarships

Article 10: Of the amount set aside for social and cultural assistance, 20% (twenty percent) shall be devoted to educational scholarships. The manner of the operation of scholarships and of their utilization shall be determined by the Board of Trustees by means of a special set of

regulations. The basic principles that should be included in these regulations are the following:

a) Poor but talented persons who are students in universities, academies, colleges, upper and medium level trade schools and institutes, or in other educational institutions that would take the place of these shall be allowed to take advantage of the scholarship.

b) The educational institutions for which scholarships may be given as well as the number of scholarships to be allotted to each one shall be determined by the Board of Trustees. During the course of such allotment and to the degree circumstances allow, preference is to be shown to those engaged in teaching concerned with subjects in which Koc Holding or the companies in which it participates are involved.

c) In selecting those who are to benefit from scholarships, the success of the student and the inability of his family to cover his living expenses shall be taken into consideration. In addition, attention shall be given to engaging in cooperation with the Board of Instruction of the college or other school that the student attends.

d) No scholarships are to be granted from the Foundation

to those who receive assistance in the form of scholarships or loans from any other governmental or private institution.

e) Scholarships shall continue for the duration of one's education. However in the case of those who fail to show success in the year in which a scholarship is received or else of those whose family financial situations are rectified, a scholarship shall not be given the subsequent year. The Board of Trustees of the Foundation shall designate the action to be taken in the event of the occurrence of cases of illness and other compelling circumstances.

f) Any amounts of money set aside for scholarships that are not used during one instructional year are to be added to the scholarship appropriation for the subsequent year.

g) It is a basic principle that scholarships are to be without strings attached. Nevertheless, students who benefit from scholarships are to be encouraged to repay them after they have begun working and earning. Collections made in this manner are to be added to the scholarship appropriation.

h) In cases where the Board of Trustees considers it to be more beneficial, it may cooperate with other foundations established for the purpose of granting educational scholarships.

i) Scholarships are to be allotted to students who are studying or undergoing post-graduate education in institutions that are in Turkey or abroad; however the total value of scholarships given to students who are studying or undergoing post-graduate education in institutions that are outside Turkey cannot exceed one-half of the total amount allocated for scholarships in any given year. The Foundation's Board of Trustees may allocate scholarships to students studying in pre-university institutions or institutions of higher education that the Foundation operates or that have been established with its support; except that the total thereof shall not exceed one-fourth of the amount allocated for domestic scholarships. If such institutions accept students on tuition, this fact shall be taken into account when determining the amount of the scholarship. The scholarships that are allocated however shall not include those tuition-free students whom the educational institutions in question are obliged to instruct.

j) In the event that donations are made that contain conditions contrary to the foregoing rules, such rules may be partially or totally ignored.

Vehbi Koc Science, Art, and Literature Awards

Article 11: 5% (five percent) of the share set aside from the income from the principal capital assets for social and cultural assistance shall be allotted to the Vehbi Koc Science, Art, and Literature Awards.

When preparing its annual budget, the Board of Trustees may, if it considers it necessary, turn all or part of the income to be allotted for Vehbi Koc Science, Art, and Literature Awards over to the Comprehensive Assistance Division described in Article 14.

a) Each year the Board of Trustees shall distribute awards to recipients in at least one of the subjects that it designates in the areas of the positive sciences, literature, the social sciences, and art. In the event that the appropriation set aside for this purpose is sufficient, the number of subjects may be increased.

b) The proportional distribution of the appropriation to be set aside among the subjects is left up to the discretion of the Board of Trustees.

c) Awards may be allotted only to first place, and similarly, a classification such as first place, second place, and third place may also be made if the amount of the

aware permits this. In classifications by degree, the amount of award corresponding to the subject in question shall be distribute in proportions that the jury deems appropriate.

d) Awards may be distributed at the conclusion of each competition, and similarly, they may also be granted to those who have created a work of composition or have engaged in a creative effort without a competition being held.

e) Awards shall be granted to those who are Turkish citizens.

f) Works whose creation has been caused in this manner by governmental, by official, or by private organizations as well as works that have received higher honors in other competitions shall be excluded from the judging.

g) The per diem allowances of the jury members, announcement fees, and the expenses for the award distribution ceremony shall be paid out of the appropriation set aside for the Vehbi Koc Science, Art, and Literature Awards Division.

h) The balance of any appropriation that cannot be used in whole or in part because of the lack of a work worth of receiving the award or for other reasons shall be transferred into the Comprehensive Assistance Division.

i) Should awards be taxable, such liabilities shall be the responsibility of their recipients.

j) Budgetary appropriations that have been made for Vehbi Koc Science, Art, and Literature Awards that go unspent for any reason whatsoever shall be transferred to the Comprehensive Assistance Division.

Health assistance

Article 12: Using 10% (ten percent) of the amount set aside from the income from the Foundation's principal capital assets for social and cultural work, support may be provided for the construction, establishment, and equipping of health facilities and machinery, equipment and implements may be purchased for use in the diagnosis, treatment, and operation services in hospitals as decided upon by the Board of Trustees. It is an essential requirement that the hospitals that benefit from this assistance be non-profit institutions and that they function on behalf of the public benefit.

20% of the amount set aside for health assistance is to be allotted to the Vehbi Koc Eye Bank of the Medical Faculty of Ankara University, for use in the needs of that institution.

The balance amounts of allocations that for any reason

go unused shall be transferred into the Comprehensive Assistance Division. Nevertheless such transfers are not to be employed as a means of evading the intended health-related purpose of this assistance.

Assistance allowances given by order of the Board of Trustees

Article 13: 15% (fifteen percent) of the income from the principal capital assets that is allocated for social and cultural assistance shall remain under the control of the Board of Trustees of the Foundation for miscellaneous assistance each year.

When preparing its annual budget the Board of Trustees may, if it considers it necessary, turn all or any part of this allocation remaining to the Comprehensive Assistance Division provided for in Article 14 after the following priorities have been given consideration.

The Board of Trustees may grant aid and make donations from this appropriation for work it considers necessary. Such assistance shall be devoted to the services included in the budgets of general, special, and annex budget administrations pursuant to Article 4 of Statute 903.

According to the dictates of circumstances and time, the

Board of Trustees shall give priority to providing the following types of assistance at rates that it sees fit:

- a) The educational equipment needs of village schools.
- b) Assistance made for the repair and maintenance expenses of the building of the Vehbi Koc Student Dormitory of Ankara University as well as for its fixtures. (Such assistance is to be restricted to essential expenses not made by Ankara University on account of the lack of an appropriation.)
- c) If new student dormitories, or institutions for needy children, the disabled, or the aged are ordered built by Vehbi Koc or else by the Board of Trustees from the Comprehensive Assistance Appropriation set aside in accordance with Article 14, then for the expenses incurred for their essential repair, maintenance and purchases of fixtures.
- d) Maintenance of the Istanbul Darulaceze (Home for the Poor, Homeless, and Handicapped); assistance in the form of cash or goods provided for such matters as the food, clothing, and health expenses of those sheltered here.
- e) Maintenance, repair, and operational expenses that are incurred by museums and similar establishments founded by

the Koc Family following the establishment of this Foundation and donated to the state or to relevant authorities and institutions, and that cannot be covered by such institutions.

f) Assistance made to parts of the country suffering damage on account of natural disasters or to those in need either directly or through the Turkish Red Crescent Society.

g) Assistance made to graduate assistants at universities, academies and schools of higher education for their scientific research.

Budgetary appropriations that have been made for assistance allowances to be given by order of the Board of Trustees that go unspent for any reason whatsoever shall be transferred to the Comprehensive Assistance Division.

Comprehensive assistance (facility assistance)

Article 14: 50% of the income from the principal capital assets that is devoted to social and cultural assistance as well as those appropriations that are transferred here in accordance with the foregoing articles is to be used for the establishment of schools; of hospitals; of dispensaries; of student dormitories; of homes for needy children, the disabled, and the aged; of libraries; of museums; of houses

of worship; of other facilities that will carry out the services included in the budgets of general, special, and annex budget administrations, or else for the complete or partial outfitting of such facilities.

By means of a decision by the Board of Trustees and within the framework of existing laws and regulations, the Foundation may open non-profit universities and other institutions of higher education, units associated with them, and centers for applications and research in order to train intellectuals who can think soundly and who are in possession of an attitude towards scholarship, a talent for research, and respect for national ideals; it may also provide them with financial support for their establishment and perpetuation.

Attention is to be given to the distribution of these facilities (which are to bear the name of the Foundation) in various regions of the country, and to thriftiness in avoiding luxury.

In the educational institutions that the Foundation establishes, it shall allocate at least 10% of the capacity thereof to students who are talented but lack financial means. In its health facilities, it shall also allocate at

least 10% of available services and bed capacities to patients who lack financial means.

The basic principles to apply in the course of providing Comprehensive Assistance are the following:

a) As a matter of principle, independent facilities are to be set up with this assistance. However, annex construction such as new wings, classrooms, etc. may be made to existing hospitals, schools, and dormitories or to the other facilities mentioned above depending upon their nature, or else participation may take place in their restoration or repair. In such cases, the annex construction shall also be given the name of the Foundation.

b) For the purpose of establishing such facilities the Board of Trustees may enter into commitments that extend over several years. In this case, priority shall be given when drawing up the annual budget to the completion of such commitments extending over several years.

c) In order to ensure that the facilities to be built are completed and put into operation as soon as possible, the Board of Trustees shall be authorized to conclude borrowing agreements up to the amount of a three-year appropriation. If there exists a fund established outside the principal capital

assets for the proposed endowment and/or its operation, the amount in that fund shall be taken into account and deducted from the amount that is to be borrowed.

If such loans entail any interest or other outlays, they shall be paid out of the Comprehensive Assistance Division if they cannot be covered by the fund concerned.

d) Prior to starting the construction of facilities that are being built with the intent of being turned over to a public concern or other institution, an agreement is to be reached with the public concern or other institution concerned that will include the operation of these facilities, and following the completion of their construction they are to be turned over to such institutions.

e) In order that the facilities that it has established, to which it has made addition, or that it has wholly or partially outfitted may function in a manner in accordance with their goals, the Foundation may operate them or participate in their operation when necessary with the funds it sets aside from this Comprehensive Assistance appropriation; similarly, it may also provide cash assistance to the relevant concern or other institution in order to partially cover their operating expenses when it considers

this necessary.

f) Any portions of the sums set aside for Comprehensive Assistance that go unused during the year are to be added to the Comprehensive Assistance appropriation for the following year.

Assistance during time of war

Article 15: In cases where Turkey is at war, the Vehbi Koc Science, Art, and Literature Awards provided for in this section are to be halted. The Comprehensive Assistance appropriation will be set aside only at the rate of any current commitments, while other appropriations are to be reduced to minimum levels at the discretion of the Board of Trustees.

Any amounts of money arising from the foregoing forms of assistance that have been halted or reduced to minimum levels are to be allotted exclusively for the treatment of the war wounded, for the housing and victualing of those forced to abandon their places of abode, and for the expenses of the needy children and spouses of those killed in combat.

The Board of Trustees may provide this assistance directly; similarly, it may establish cooperation on this matter with the Turkish Red Crescent and with other relevant

organizations. According to circumstances and without being bound by whether or not peace has been officially concluded, the Board of Trustees shall determine the time when the state of war is over and the social and cultural assistance stipulated in this Charter may once again commence.

SECTION TWO

THE KOC FAMILY ASSISTANCE FUND

Purpose and general provisions

Article 16: A Koc Family Assistance Fund is to be set up with the shares of income set aside in accordance with Article 9 of this Charter for the purposes of ensuring a source of income for Vehbi Koc and his legal heirs and their children, of providing specific types of assistance to later descendants, and of providing subsistence allowances.

In the event that the sums of money and of income set aside for the Koc Family Assistance Fund after 31 December 1982 are not expended within the five years following the year in which they are allotted for the matters stipulated in articles 17 and 18 of this Charter, 80% of them are to be transferred to the Social and Cultural Assistance Division and 20% to the Capital Reserve Division.

Profits arising on account of the growth of the Koc

Family Assistance Fund and on account of the sale of assets invested in the Fund are to be added to the Fund. With regard to such added income, the foregoing principle shall also apply to its interest and dividends.

Allotment of income for the Koc Family

Article 17: For the duration of his life to Vehbi Koc and after that to those of his legal heirs and of their children whose post-tax net earnings for use in their personal requirements are less than TL 6 million, an allotment of income shall be made to complete their income up to TL 6 million.

The amount of six million stipulated in this and in the following article has been calculated on the basis of the official cost of living indices for 1982, and is to be adjusted in accordance with the rates of change in the indices in question.

It is a prerequisite that that the person receiving an allotment of income from the Koc Family Assistance Fund be of legal age. However the age requirement shall not be made of those who lose both their parents or of those who have lost one parent and whose other parent's income is less than six million liras.

In cases where the circumstances of the Koc Family Assistance Fund are not favorable, the manner of distribution shall be decided upon by the Board of Trustees.

Assistance to be made from the Koc Family Assistance Fund

Article 18: Assistance shall be made from the Koc Family Assistance Fund to Vehbi Koc's third degree and subsequent descendants within the framework of the following principles. It is a prerequisite that the persons to whom aid is to be given have post-tax net annual incomes of not more than six million liras that they can put to use for their personal requirements. However this stipulation shall not be made in the case of scholarship assistance provided for study in foreign countries as well as in the case of the types of indebtedness explained in Subparagraphs (e) and (f) below.

The types of assistance that are to be made from the Koc Family Assistance Fund are the following:

a) Domestic and foreign scholarships needed for education up to the highest level of specialization.

b) Expenses for treatment, operations, care and medicines whether in their homes or in public or private health institutions, fees for doctors and nurses, as well as

expenses for prosthetic and medical devices and necessities. (If the opportunity exists, expenses for treatment and operations abroad may also be paid.)

c) Assistance made at rates at the discretion of the Board of Trustees in cases birth, death, and marriage as well as in the case of damages incurred on account of natural disasters.

d) Aid in the form of permanent or temporary maintenance allowances in cases of disability, military service, old age, illness, or necessity. (This aid may if necessary be provided in the form of of a fixed monthly pension.)

e) Assistance in the form of a loan in order to obtain the capital and equipment necessitated by a profession or art that is to be performed.

f) Provision of loans in instances of obligatory payments that do not arise on account of any fault of the person himself and the fulfillment of which would damage his livelihood or future. (Prepayments of inheritance and transfer taxes may be considered to be of this nature.)

g) Assistance in the form of a loan for immovable properties to be purchased for the purpose of residence. (It shall be a requirement that the person receiving such a loan,

his spouse, and his minor children not possess any immovable properties within Turkey for use as a residence.)

Of the types of assistance indicated above, those shown in Subparagraphs (e), (f), and (g) may be made only in the event that there is any balance remaining from the other forms of aid. The terms of the loan to be provided in accordance with these subparagraphs shall be determined by the Board of Trustees.

h) The Board of Trustees may make allotments, in amounts it deems appropriate, from the income of the Koc Family Assistance Fund for the purchase of works to be displayed at the Sadberk Hanım Museum, for the purchase of real estate properties for the museum, and for the museum's construction outlays except that this shall not hinder the provision of the assistance enumerated in the clauses above.

Religious ceremony

Article 19: Each year during the month of Ramazan, the Board of Trustees shall have the Koran recited from beginning to end in such mosques in Ankara and Istanbul as it deems appropriate in memory of those who have gone to their eternal rest and for the souls of Vehbi Koc and his ancestors and his descendants, and it shall have the Nativity Poem of the

Prophet chanted once a year in Istanbul and once in Ankara. In addition during the Feast of Sacrifice it shall have sacrificial animals slaughtered in the name of the Foundation in such numbers as sees fit.

Since at the same time the goal of providing material assistance through this religious ceremony to men of religion is also to be taken into consideration, the Board of Trustees should take into account the extent of the assistance rather than its ostentation and cost. The expenses of these ceremonies as well as maintenance costs for the family cemetery are to be covered from the Koc Family Assistance Fund.

The Family Tree and the registration of heirs

Article 20: The Family Tree of the Koc Family as it has been drawn up to date has been presented to the Foundation. This Family Tree is to be maintained under the responsibility of the Board of Trustees in the safe where it keeps the securities that belong to the Foundation, and its subsequent stages shall be continued together with necessary documentation for those who are of the lineage of Vehbi Koc. The expenses needed for this are to be covered from the Koc Family Assistance Fund.

CHAPTER FOUR

ADMINISTRATION OF THE FOUNDATION

Establishment of the Board of Trustees

Article 21: The Foundation shall be administered by a Board of Trustees consisting of seven persons. The Board of Trustees shall be established with the following members:

1. Vehbi Koc

2., 3., 4., and 5. Members to be selected from the Koc Family. (Semahat Arsel, Rahmi M. Koc, Sevgi Gonul, and Suna Kirac shall be on the initial Board of Trustees.)

6. The General Coordinator for Koc Holding Incorporated (Should the position of General Coordinator become abolished on account of organizational changes, then the person occupying whatever position corresponds to this one).

7., 8. Two members whom the Board of Directors of Koc Holding Incorporated shall select from persons well-known in financial and economic matters. (One of these may be from outside Koc Holding Incorporated and its subsidiaries and affiliates.)

9., 10. Two university professors who either still serve in that capacity or else are retired. (One of these must be a jurist.) When the terms of these two members are about to

expire, they are to be selected at a meeting of the Board of Trustees held by members other than those in this capacity. At least five votes shall be required for election.

11. The General Manager of Turkiye Is Bankasi, or one of his designated assistants. (In the event of the dissolution of Turkiye Is Bankasi, the General Manager (or one of his designated assistants) of the bank in which the Koc Holding Group has most of its bank-related transactions performed.)

In the case of memberships that are selected by specific groups, an alternate member is to be chosen for each actual member who will assume the position in the event of a vacancy.

If the General Coordinator for Koc Holding Incorporated (or the person occupying whatever position corresponds to this one should the position of General Coordinator become abolished on account of organizational changes) is one of the members of the Koc Family who is or will be on the Board of Trustees pursuant to this article and to Article 22, then the right of the Board of Directors of Koc Holding Incorporated to select members to ensure the continuity of the eleven-person membership of the Board of Trustees shall increased to three. The Board of Directors of Koc Holding

shall conduct this selection following announcement to itself of the situation by the Board of Trustees of the Foundation, and it shall notify the Foundation of the results.

Term of the Board of Trustees and changes

Article 22: a) Vehbi Koc shall serve on the Board of Trustees for as long as he lives. The person he wishes to assume this membership upon his death is to be indicated in a letter that he shall present to the Board of Trustees. In the event that he submits more than one candidate, they shall be taken in the order that they are listed in the proposal (unless some other stipulation is made). If Vehbi Koc makes no declaration, this seat on the Board of Trustees shall be abolished and the membership shall be reduced to ten.

b) The terms of the member whom Vehbi Koc chooses and of the four members who come from the Koc Family shall continue for as long as those persons live or until they resign.

At the time their memberships begin, the member who assumes Vehbi Koc's seat as well as the four members from the Koc Family are to submit in a sealed envelope to the Chairman of the Board of Trustees a letter declaring the names and addresses of three candidates who might replace themselves in the event of death, incapacity to perform their duties, or

resignation. It shall be possible at any time to replace the sealed envelope that has been submitted. The Board of Trustees shall select one of these three candidates. The candidates proposed and the member selected must either be one of Vehbi Koc's descendants (if there are any) or else married to one of them.

In cases where the member who assumes Vehbi Koc's seat as well as the four members from the Koc Family fail to make such a designation, or else where the designated candidates do not undertake the duty, or else where the number who may be selected from among of candidates indicated in the submitted envelope is fewer than two on the date it is opened, the persons who are to fill the vacancies shall be designated by a majority vote of the memberships reserved for the Koc Family. A member designated in this way must either be one of Vehbi Koc's descendants (if there are any) or else married to one of them.

c) The membership status of the General Coordinator for Koc Holding Incorporated and of its bank representative will terminate in the event that these persons leave those positions.

d) The term of office of members who are elected shall

be three years. At least three months before the conclusion of this term, the Board of Trustees shall notify the relevant organizations of the renewal of the election. In the event that the election is delayed, the former members shall continue in their duties until the new election. It shall be permissible for a member whose term is coming to an end to be reelected.

e) In all cases (including the members of the Koc family as well), illnesses that prevent one from performing ones duties shall be considered a cause for the vacancy of the membership. In addition, the situation where other members fail three times in a row to attend meetings without a valid excuse shall also be cause for vacancy. The resolutions needed in these matters shall be made by the Board of Trustees with the unanimous consent of all members other than the one concerned.

f) In the event that Koc Holding Incorporated is dissolved, the three memberships reserved for Koc Holding shall be abolished.

Chairman of the Board of Trustees

Article 23: For the duration of his life, Vehbi Koc shall act as Chairman of the Board of Trustees, followed

after his death by Sadberk Koc (if she is still alive) for the duration of her life. In the event she does not wish this or following her death, the Chairman shall be chosen each year from among the members of the Board of Trustees itself. Reelection of a person whose term of office has expired shall be permissible.

The Chairman shall regulate the work of the Board of Trustees and follow up the implementation of its decisions.

The Board of Trustees shall choose a Vice-Chairman who will act on his behalf of the Chairman during his absence and who, when the Chairman is present, will assume duties within the framework of authorities delegated by him. The term of office of the Vice Chairman is one year and his reelection shall be permissible.

Duties of the Board of Trustees

Article 24: The Board of Trustees shall administer and represent the Foundation as its authorized body. In this capacity, and in addition to the duties assigned to it by statutes, regulations, and the various sections and articles of the Foundation Charter, it shall also perform the following:

- a) It shall make necessary decisions concerning the

general situation of the Foundation and its affairs.

b) It shall prepare the Foundation's budget and work program for the following year and carry these out by having collections and disbursements made.

c) It shall examine the Foundation's final accounting as well as the report prepared on the previous year's operations.

d) It shall determine those who are authorized to represent the Foundation and to be a signatory on its behalf as well as the degrees of such authorization.

e) It may engage in suits and prosecutions instituted for and against the Foundation; it may effect settlements and discharge obligations.

f) On condition of conforming to the provisions of this Charter, it shall determine the principles to be followed in the Foundation's business, prepare regulations, and amend them.

g) It shall determine the candidates who are to represent the Foundation on the Board of Directors of Koc Holding Incorporated and propose them to the general assembly of stockholders of the Holding Company. (Such candidates — one of whom is to be the General Coordinator for Koc Holding

Incorporated — shall be chosen from among the assistants to the General Coordinator for Koc Holding Incorporated and from its managers and assistant managers, all of whom must have worked for at least five years in companies that are part of the Holding Company.)

Meetings of the Board of Trustees

Article 25: The Board of Trustees shall convene at least once every three months, and in addition, it shall convene in extraordinary session in cases where this is deemed necessary by the Chairman. The Chairman shall notify the members of ordinary sessions. For extraordinary sessions, the major members must have been invited by registered mail at least one week in advance and notified of the agenda.

The Board of Trustees shall convene with the presence of more than half its members, and resolutions shall be passed by a majority vote of those present at the meeting. In the event of ties, the side on which the Chairman votes shall be considered to be in the majority. However for the approval of the budget, for a determination of the establishments to which comprehensive assistance is to be allotted, for the acceptance and amendment of regulations, for decisions on investments to be carried out pursuant to Subparagraph (b) of

Article 7, for the engagement in borrowing agreements, for the election of candidates to be proposed to the Board of Directors of Koc Holding Incorporated, and for the election of the Chairman of the Board of Trustees, more than half the reserved memberships must have cast favorable votes.

Per diem allowances for members of the board of Trustees

Article 26: For each meeting, members of the Board of Trustees shall be paid a per diem allowance of three hundred liras. (This sum was determined on the basis of the market value of ingot gold on the date of the Foundation's registration. In the event that gold prices change in the future, it shall be adjusted according to the new values.) The traveling expenses of members who live outside Istanbul shall also be paid for. Vehbi Koc and his children shall perform their duties on the Board of Trustees without payment.

The Executive Committee

Article 27: The Board of Trustees shall create a three-man Executive Committee of members whom it chooses from among itself for business that necessitates constant action under its own supervision and responsibility. One of the members of this committee must be from the members of the

Board of Trustees who are part of the Koc Family, and another must be from among the members of the Board of Trustees chosen by the Board of Directors of Koc Holding Incorporated (So long as she wishes, Suna Kirac shall be on the Executive Committee on behalf of the Koc Family.)

The duties and authorities of the Executive Committee and the fees to be paid to the members of this committee shall be determined by the Board of Trustees of the Foundation.

The Foundation's administrative staff and budget

Article 28: There shall be an administrative and accounting organization consisting of a manager and necessary personnel who will perform their duties under the supervision and accountancy of the Board of Trustees of the Foundation. In setting up this organization, the Board of Trustees is to keep in mind that it is an institution dedicated to charitable work and act in a thrifty manner.

The Foundation's accounts shall be maintained in a manner that will make it possible to follow transactions pertaining to the Koc Family Assistance Fund separately from other transactions.

The Foundation's administrative expenses shall always be

made with attention being given to purpose and thrift, within the framework of procedures determined by the Board of Trustees and in accordance with a budget containing appropriations that it accepts.

The Board of Trustees may select the manager from among its own members, in which case the duties of the manager on the Board of Trustees will still continue.

The fiscal year

Article 29: 1) The Foundation's fiscal year shall begin on 1 January and end on 31 December.

With the realization of this amendment, a transitional accounting period shall be in effect until the end of the current calendar year.

Supplementary article 1: All Foundation income — other than the amounts to be set aside for its administration and continuation, as delimited in Article 37 of the governing regulations concerning Foundations established in accordance with the provisions of the Turkish Civil Code, as well as for investments that will increase the Foundation's income — shall be allotted or spent on behalf of the Foundation's goals.

CHAPTER FIVE

LIQUIDATION OF THE FOUNDATION

Reasons for liquidation and preventive measures

Article 30: The sole cause for the liquidation of the Foundation is the reduction of its allotted capital assets to a point where they are incapable of realizing the aims of the Foundation as indicated in this Charter. Under these circumstances, before having recourse to liquidation, the Board of Trustees shall endeavor to make necessary changes by reducing a portion of the areas for which appropriations are made according to the Foundation's remaining assets and their income-earning ability, or to eliminate them entirely. In addition, the 50% of the assets in the Koc Family Assistance Fund at that date may be added to the Foundation's legal reserves by means of a unanimous decision of the Board of Trustees of the Foundation.

Nevertheless, should it become clear that there would be no benefit in perpetuating the Foundation, recourse shall be had to liquidation.

The Board of Liquidators

Article 31: In the event that the Foundation is to be terminated or a court order is issued for its liquidation,

the Board of Trustees of Directors at that date shall become a Board of Liquidators, and continue its duties in that capacity until the conclusion of the liquidation.

Should the continuation of the Board of Trustees into the liquidation be regarded as objectionable in a court order for liquidation, the court decision shall serve as the basis for the formation of the Board of Liquidators. Nevertheless two of the members of the Board of Liquidators to be established, which would consist of three individuals, should preferably be descendants of Vehbi Koc. These should be chosen by the court from among members of the Board of Trustees or else from outside. The Board of Liquidators is to be paid a fee to be set by the court.

Principles of liquidation

Article 32: Liquidation shall take place in accordance with the following principles:

a) All the holdings of the Foundation other than the Koc Family Assistance Fund shall be converted to cash. Nevertheless, during the course of this conversion to cash, any stocks that the Foundation owns (in the event that the liquidation does not extend to these companies) are to be disposed of within the framework of a plan that will not

impair their value.

b) From the proceeds acquired as a result of the liquidation, the amount of the commitments undertaken for scholarships and institutions receiving comprehensive assistance are first to be set aside. The remaining amount is to be given to the General Headquarters of the Turkish Red Crescent Society, or in the event that that organization is not in existence, then to the one that replaces it.

If that too is lacking, then with the approval of the Examining Authority, the Board of Trustees shall possess the authority to give it to other institutions having social and cultural assistance goals of which it approves and considers productive.

c) Any assets in the Koc Family Assistance Fund on the date of liquidation shall be assigned to the Koc Family. With these assets, a new foundation may be established by means of a decision made then by those of the lineage of Vehbi Koc and similarly, the assets in question may be divided up among those concerned or else assigned to some charitable work.

d) The Board of Liquidators shall present its decision on the result of the liquidation to the court and to the supervisory authority, and similarly advise the general

public through announcements. It shall also make a separate notification to all organizations benefitting from the Foundation under this Charter.

e) All the records of the Foundation and all documents related to liquidation shall be presented to the archives of the examining authority. The family tree files shall be given to the senior member of the descendants (if any) of Vehbi Koc bearing the Koc surname, or else without exception to the oldest member of those in the lineage of Vehbi Koc at that date.

CHAPTER SIX

FINAL PROVISIONS

Commencement of the Foundation

Article 33: This Foundation shall commence following its registration pursuant to Article 74 of the Turkish Civil Code as amended by Statute 903.

Tax Exemption
Republic of Turkey
Prime Ministry

Office of the Examiner of Laws and Decrees

Prime Ministry

Resolution 6/11114

Copy of the Decree

On 28 December 1968 it was resolved by the Council of Ministers that a tax exemption be granted to the Vehbi Koc Foundation based upon letter number 22101-285/50978 dated 18 December 1968 from the Ministry of Finance and in accordance with Article 4 of Statute 903 dated 13 July 1967.

Establishment of and amendments to the Charter of the Vehbi
Koc Foundation

1. Establishment: Decision number K.969/18 dated 22 January 1966 of the Tenth Court of First Instance of Istanbul
2. Amendments:
 - a) Decision number K.970/199 dated 10 April 1970 of the Tenth Court of First Instance of Istanbul
 - b) Decision number K.983/1 dated 4 January 1983 of the Second Court of First Instance of Istanbul
 - c) Decision number K.1983/210 dated 4 May 1983 of the Eighth Court of First Instance of Istanbul