



RATING REPORT ON
TAV HAVALIMANLARI HOLDING A.S.



BASED UPON
“The Corporate Governance Principles of Turkey” issued by
the Capital Markets Board of Turkey

RATING RELEASE DATE
24 August 2012

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INTRODUCTION

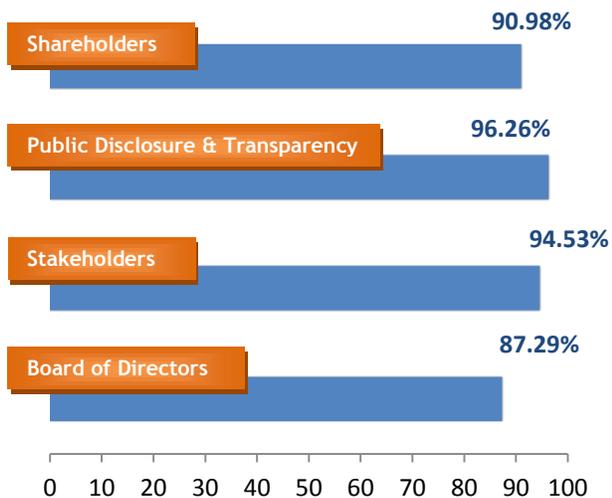
GROUP



OVERALL SCORE



RESULTS BY CATEGORY



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ISS Corporate Services (hereafter, ICS) assigns a rating score of 9.24 to TAV Havalimanları Holding A.S. (the "Company" or "TAV Airports"), which has increased from a score of 9.09. This rating reflects a very good overall performance of the Company regarding its corporate governance structures as measured against the principles stipulated by the Capital Markets Board of Turkey (the "CMB Guidelines"). However, the result also signals that there still remains room to improve the Company's compliance with the CMB Guidelines.

ICS was first appointed by TAV Airports in 2009 to review its corporate governance structures and processes in line with the CMB Guidelines. This rating report represents the fourth rating update after TAV Airports had been subject to a first rating released on 4 September 2009. TAV Airports then had been rated with a score of 8.33 (83.34 percent).

TAV Airports has steadily built upon its corporate governance foundation with a range of corporate governance enhancements in the past several years in numerous areas; such as an updated Articles of Association (AoA) to reflect the new CMB Guidelines (the CMB Communiqué Serial: IV, No: 56), a strengthened internal control and risk management reporting mechanisms, a sound ethical and human resources policy and diligent and consistent communication with its shareholders and stakeholders. The Company has also continued to tailor its website to make it more intuitive and user-friendly for its shareholders.

TAV Airports continues to score particularly well on **Public Disclosure & Transparency** standards and in respect to **Stakeholders**. On the other hand, TAV Airports achieves a slightly lower result for both **Shareholders** and **Board of Directors**.

The rating report is based on information provided to ICS prior to August 2012. The rating may be changed, suspended or withdrawn as a result of changes in or unavailability of such information.

COMPANY INFORMATION

 <p style="text-align: center;">Tepe Akfen TAV Airports</p>	
Trade Name	TAV Havalimanları Holding A.Ş.
Address	TAV Havalimanları Holding Yönetim Merkez Binası İstanbul Atatürk Havalimanı Dış Hatlar Terminali (A Kapısı – VIP Yanı) 34149 Yeşilköy, İstanbul, Turkey
Web	www.tav.aero
Investor Relations	Ms. Nursel İlgen Phone: +90 212 463 3000 E-Mail: nursel.ilgen@tav.aero
Chairman	Hamdi Akın
CEO	Mustafa Sani Şener

TAV, founded in 1997, is the leading airports operator in Turkey. TAV was initially formed as a joint venture between Tepe İnşaat Sanayi A.Ş. (Tepe) and Akfen Holding A.Ş. (Akfen) following their successful bid for the İstanbul Atatürk Airport International Terminal Contract in 1997.

Since its inception, TAV has established itself in both the airport construction and operation businesses. TAV reorganized its businesses in 2006 into TAV Airports and TAV Construction. This was followed by the Initial Public Offering (IPO) of TAV Airports in 2007.

TAV Airports is comprised of 15 companies (nine airport and six service companies, excluding their subsidiaries). In addition to its core service of airport operations, TAV Airports is engaged in the complementary business lines of ground handling services, duty free shops, food and beverage services, operations & services, and IT and security services.

TAV Airports seeks to build on its horizontal expansion in the industry by successfully leveraging its economies of scale and track record in both the region, as well as in the emerging markets of Eastern Europe, North Africa and in the Caucasus region.

TAV Airports continues to position itself to take advantage of continued growth in the regions it operates. Recent expansion into Medinah, Kingdom of Saudi Arabia serves as an example. In 2011, TAV Airports served 451k flights and 53 million passengers. With this capacity, TAV Airports is among the leading airport operators in the world. It has successfully achieved its stated goal of increasing its portfolio of airports to 10 in 10 years. TAV Airports' new goal is to increase the number of passengers it serves to 100 million by 2020.

The Company has adopted the registered capital system pursuant to the provisions of the Capital Markets Law. The registered capital ceiling of the Company is TL 1.5 billion divided into 1.5 billion shares having a nominal value of TL 1 each. The registered capital ceiling permit issued by the CMB is valid from 2008 to 2012. The Company's issued share capital is approximately 363.3 million.

Akfen, Tepe and Sera Yapı, shareholders of TAV Airports, declared on 12 March 2012 that a Share Purchase Agreement (SPA) regarding the sale of 38 percent of the share capital of the Company to Aéroports de Paris Group had been signed. The relevant permissions, the approval of the Competition Board and other procedures required by the Capital Markets Regulations were completed and the transfer of shares took place on 16 May 2012.

The Company's shareholder structure is as follows following the SPA:

SHAREHOLDER STRUCTURE

Shareholder	% of Share Capital
Aéroports de Paris Group*	38.0%
Tepe İnşaat Sanayi A.Ş.	8.1%
Akfen Holding A.Ş.	8.1%
Sera Yapı Endüstrisi ve Ticaret A.Ş.	2.0%
Other Non-Floating	3.5%
Other Free-Float	40.3%

Source: Company website (as at 16 May 2012)

* Through Tank ÖWA alpha GmbH

RATING METHODOLOGY

UNDERLYING REFERENCE

The corporate governance rating at hand has been conducted by ICS based on the CMB Guidelines. As such, it differs in content and methodology from ISS' standard corporate governance ratings that are based on ISS' own methodology.

The CMB defined its first Corporate Governance Principles in 2003, followed by an amendment in early 2005 and most recently in December 2011, February 2012, and June 2012. The new CMB Guidelines (the CMB Communiqué Serial: IV, No: 56) needed to be incorporated into the companies' articles of association by 30 June 2012. In light of the aforementioned changes to the Corporate Governance Principles, ICS updated its rating methodology under the supervision of the CMB.

It should be noted that with the latest CMB Guidelines, the governance landscape in Turkey has moved away from a "comply or explain" regime to one that is more regulated. One conclusion that may be drawn from this shift is that the CMB has increased its tone with a view to boost the competitiveness of Turkish companies globally.

According to the new CMB Guidelines, all ISE companies, excluding companies listed on Emerging Markets and Watchlist Market, are subject to mandatory implementation of certain CMB Guidelines. The CMB Guidelines continue to be divided into four main sections: (i) Shareholders; (ii) Public Disclosure and Transparency; (iii) Stakeholders; and (iv) Board of Directors.

THE RATING

Based on the CMB Guidelines, ICS identified close to 500 criteria to be included into the rating. Each single criterion has been examined thoroughly upon compliance by the Company, on the basis of publicly available information. Additional information was provided by the Company upon request.

While in most instances a straightforward 0 (no) or 1 (yes) scoring approach has been applied, we also

attributed a score of 0.5 points in some instances to acknowledge a partial fulfillment by the Company or where the rating criteria could not be applied.

THE GROUPS

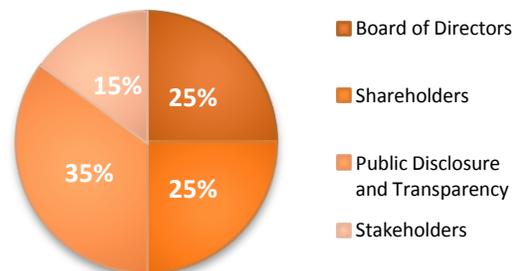
The new CMB Guidelines classify ISE companies in three main groups based on the systematic risk companies pose to Turkish capital markets:

- 1. Group I:** ISE companies with a market value exceeding TL 3 billion and free float exceeding TL 750 million;
- 2. Group II:** ISE Companies with a market value exceeding TL 1 billion and free float exceeding TL 250 million; and
- 3. Group III:** All other ISE companies which do not fall under either Group.

Group I companies are required to comply with all mandatory Principles whereas Group II and III companies benefit from certain exemptions.

WEIGHTING SCHEME

The weighting scheme applied for the four main sections was pre-determined by the CMB:



Further sub-weightings have been attributed to the sub-criteria according to ICS's own reference. Based on the scoring and adjusted weightings, the overall rating result is calculated. The result reflects the overall compliance of the Company. Besides the overall assessment, results also have been calculated for each main section, providing a differentiated picture of the company's strengths and weaknesses.

THE GOVERNANCE LANDSCAPE IN TURKEY

Though the corporate governance structure and performance on the company level is of particular interest for shareholders, one should also acknowledge the corporate governance landscape on the country level. Despite the fact that the country level is not a part of the rating itself, ICS believes that an overview can enable investors to enhance their perspective and evaluation of corporate governance in a more holistic approach.

Turkey is well aware of the structural changes and the need for ongoing development and harmonization of its capital market legislation. Although Turkey is a latecomer to corporate governance, it has tried to speed up the progress since the year 2000. The overall legal framework regulating public companies in Turkey is determined by the new Turkish Commercial Code (effective 1 July 2012), the Capital Markets Law, the Decree-law, CMB regulations, and Istanbul Stock Exchange (ISE) listing requirements.

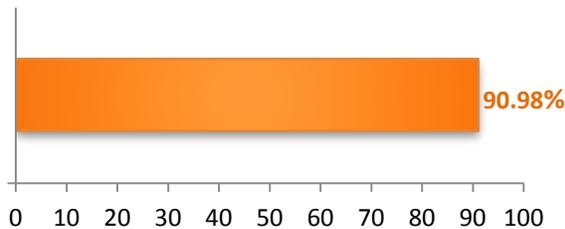
Focusing in particular on corporate governance, the CMB and the ISE can be observed as key players in promoting relevant regulations. They are supported by several other organizations such as the Turkish Industrialists' and Businessmen's Association, Corporate Governance Association of Turkey, Corporate Governance & Sustainability Center and the Corporate Governance Forum of Turkey.

Below we have highlighted the general aspects of the governance landscape in Turkey.

- Within Turkish companies stock ownership is concentrated, very often characterized by the presence of a majority shareholder. In addition, holding structures, conglomerates, pyramid shareholding structures, and cross-shareholdings are quite common. Through these mechanisms Turkish families control a considerable amount of Turkish listed companies. Additionally, one can also find shares containing multiple voting rights, thus preserving family control.
- Due to the influential holdings of the families, family members are often present on the boards of the holdings and subsidiaries or act as executives.
- Due to the limited free float, hostile takeovers are rare, thus, weakening the market for corporate control.
- State ownership has declined significantly in line with privatization efforts, but is still to be found in the energy, communication and mining industries. In the meantime, foreign institutional investors started to increase their holdings.
- Issued stocks in Turkey range from ordinary shares, to preference shares. Golden shares only exist in few companies.
- Minority rights are granted to shareholders that own at least 5% of the company's capital, providing them with the right to call an extraordinary general meeting or bring in a shareholder proposal.
- Even though pre-emptive rights are granted by Turkish law at the first instance, companies can, through their articles of association, exclude pre-emptive rights in case of capital increases up to 100% of their registered capital.
- Mandatory tender offer bid requirements exist above a 50% threshold.
- Disclosure of indirect or direct ownership in case various thresholds (e.g. 5, 10, 15, 20, 25, 1/3, 50, 2/3, and 75%) are passed.
- Companies have adopted IFRS accounting standards.
- Companies have a single tier board structure.
- The current CMB Guidelines outline rules that regulate the independence of board members.

SECTION I - SHAREHOLDERS

SHAREHOLDERS



SUMMARY

TAV Airports continues to attain a good result of 9.09 in this category, which represents an increase from a score of 9.06 since ICS's last review. A clear dividend policy is in place and voting rights are well defined. Each share is subject to the **one share - one vote - one dividend principle**.

With a free-float higher than expected for the Turkish market, TAV Airports pays close attention to **minority rights** which have been clearly defined in the Company's AoA. However, a few areas of improvement do remain. For example, the right to request a **special auditor** is still not granted under TAV Airports' AoA (though this right is protected under the new Turkish Commercial Code) and **cumulative voting** still does not apply. In addition, in case of a capital increase, the board can restrict the rights of the existing shareholders to acquire new shares (exclusion of **pre-emptive rights**). This feature continues to be in place today.

TAV Airports maintains a **clear dividend policy** with the level of payout determined by the local regulations, the national and global economic conditions as well as the Company's growth strategy. Although no dividend was paid during the 2010 financial year, the Company resumed its dividend payments for the 2011 financial year, which was approved by its shareholders at the Company's 2011 AGM.

An **Investor Relations (IR) Department** has been established (in 2006) to enable shareholders to exercise their rights and obtain relevant information. TAV Airports' IR website is easily accessible from the Company's main website and includes information concerning the Company's corporate governance structure, financials, and pertinent news. Another good feature of the IR website is the fact that foreign investors could access it in English. ICS notes that the Company's IR team is very proactive and a number of key initiatives were taken over the past year to further improve its website and usability by investors.

The General Meeting (GM) invitation, agenda and accompanying documents (including the proxy voting form) are uploaded to the corporate website and announced in leading newspapers well in advance of the GMs. A summary of the vote results and attendance rate (the "Minutes of the AGM") is uploaded on the Company's website.

The GMs appear to be conducted in a fair and efficient manner where shareholders are allowed to exercise their statutory rights. In addition, although not yet incorporated in its AoA, TAV Airports permits the media to attend general meetings if asked beforehand.

It should also be noted that at the Corporate Governance Association of Turkey (TKYD) honored TAV Airports for having the second highest Corporate Governance Rating in January 2012, after scoring the highest Corporate Governance Rating in 2011.

1.1 RIGHTS OF SHAREHOLDERS

GOVERNANCE FOCUS
+ Established dividend policy
+ Clearly defined voting rights
+ No preferred shares issues
+ One Share – One Vote respected
- No cumulative voting procedures
- Shareholders are not able to appoint a special auditor under the Company's AoA (however, such right is enshrined into Turkish law)
- The board may exclude pre-emptive rights

1.1.1 Equal Treatment of Shareholders and Their Ability to Obtain and Evaluate Information

According to ICS's analysis, no provisions hindering the equitable treatment of shareholders were identified. No written or verbal complaints reached the Company during the 2011 financial year concerning the exercise of shareholder rights, nor is the Company aware of any legal proceedings initiated against itself in this regard.

The Company has an active Investor Relations (IR) Department, which was established in 2006, that enables shareholders to exercise their rights, ease their access to information, keep shareholders updated, and oversee the Company's Disclosure Policy. The Head of IR, Ms. Nursel Ilgen, reports directly to the CEO, Mr. Mustafa Sani Şener. Ali Özgü Caneri and Besim Meriç serve as Assistant Managers to Ms. Nursel Ilgen. This unit is also closely related to the Company's board.

Verbal and written requests for information received from shareholders during the 2011 financial year were responded in a timely manner under the supervision of the IR Department and in compliance with the Capital Markets Law. It should be noted that the design and content of the Company's IR section of the website was updated and refined to facilitate easier access to information and data by investors.

A good level of information continues to be provided to shareholders and TAV Airports has made a strong

effort to comply with the CMB Guidelines in this regard. Information that may be of interest to shareholders is provided in an accurate, timely, and diligent manner.

During the 2011 financial year, the IR Department attended 17 domestic and foreign conferences that were organized to provide information to shareholders and investors. More than 600 in person meetings were held with investors, shareholders, and analysts about the Company's operating and financial results, strategy, performance and other developments.

1.1.2 Dividend and Voting Rights

Dividend Rights

Each share is entitled to an equal dividend. None of the Company's shares incorporate special rights concerning the distribution of the Company's profits.

A dividend policy is established and accessible through the Company's public documents and website, in English and Turkish. Depending on the financial results of TAV, a dividend will be paid to investors. ICS notes, however, a targeted dividend payout ratio has not been communicated by the Company to its shareholders.

For the 2011 financial year, shareholders approved a gross cash dividend of TL 0.25 per each share with a par value of TL 1. The total amount of distributable profit for the 2011 financial year amounted to approximately TL 90.8 million. It should be noted that no dividend payments were made during the 2010 financial year.

Voting Rights

As the Company has not issued any preferred stock, each share is entitled one vote without any further privileges. The right to vote is automatically granted when the share is purchased, and no arrangements can be installed that would hinder this right or cause a delay in exercising voting rights, following the share acquisition.

Voting rights are well defined in the Company's AoA, ensuring equal and clear voting procedures. The exercise of voting rights can be delegated to a proxy whether or not the person is shareholder. According to the Company's AoA, voting is exercised by show of hands, though closed ballots are mandatory if requested by the absolute majority of the shareholders represented at the AGM.

Shareholders are enabled to exercise their proxy voting rights, through either another shareholder or a non-shareholder. In order to comply with the CMB guidelines, TAV Airports makes the electronic proxy form available on its website. When exercising their votes international shareholders mostly use local intermediaries as proxies.

There are no ceilings on the number of votes a shareholder might exercise during the meeting. The Company's share capital does not involve any cross-shareholdings. Finally, the Company is not aware of any voting agreements aimed at increasing control over the management of the Company.

1.1.3 Minority Rights and Transfer of Shares

Minority Rights

Minority rights, as stipulated by the AoA, are granted to shareholders owning (collectively) 5 percent of the Company's issued share capital. Those rights include requesting to convene an extraordinary meeting or requesting special agenda items. According to the TCC, both aspects are up to the discretion of the board, though shareholders can appeal to the court to decide on the GM to convene.

Mirroring Turkish market practice, TAV Airports does not permit cumulative voting procedures in the belief that the effect of cumulative voting on the board is achieved by the presence of independent directors on the board.

In line with minority rights, the ability to appoint a special auditor is considered crucial by ICS, though this is only a recommendation by the CMB principles and a right protected under the new TCC. TAV Airports does not grant this right and notes that it

has not received any requests in that sense during the reporting period. However, according to article 20.1 under the Company's AoA, shareholders do have the right to direct the attention of auditors to doubtful matters and request necessary explanations.

In the case of a capital increase, the board can decide to exclude pre-emptive rights, according to article 12 of the AoA. Although not endorsed, ICS notes that this is a common practice in Turkey.

Transfer of Shares

There are no provisions installed or included in the AoA that may impede the free transfer of shares by shareholders.

1.2 GENERAL MEETINGS

GOVERNANCE FOCUS
+ Timely provision of information on agenda items
+ Sound execution of the General Meeting
+ Voting procedures are clear
+ Sufficient disclosure on candidates
+ Remuneration policy disclosed and voted at the AGM
+ Minutes of the AGM are disclosed in a clear and timely manner
- The Company's AGM was not held within the three months after the 2011 financial year-end

1.2.1 Invitation

The Company can convene a General Assembly ordinarily or extraordinarily.

The announcement of the 2011 AGM, including the necessary information like the date, time and location, agenda items, procedures for attendance at the meeting, proxy forms and arrangement procedures were published 21 days in advance. The announcement was also published in two leading Turkish newspapers 21 days in advance. In addition to the procedures stipulated by legislation, the AGM announcement and all necessary documents (annual reports, etc.) were also made available at the Company's Headquarters and on the Company's

website 21 days prior to the meeting in an attempt to reach the maximum number of shareholders possible.

The agenda for the 2011 AGM was prepared in a solid manner, clearly indicating each agenda item. In line with the CMB Guidelines, the Company allows shareholders to put forward agenda items to be voted on at the general meeting. However, for the 2011 AGM, the Company received no such request.

Considering the administrative proceedings, voting procedures are set up in a clear and understandable manner and proxy forms are available in written and electronic form.

Finally, according to TAV Airports, general meetings are open to related parties and the media. However, participants without an entrance card providing shareholder or proxy status are not allowed to vote. A clause to this regard can be inserted in the Company's AoA.

1.2.2 Functioning

TAV Airports held its AGM on 11 May 2012, not in the three months following the end of its financial year. Upon engagement, the Company stated that a number of one-off events, such as the share purchase agreement entered with Aeroports de Paris in mid of March, led to a delay in convening the AGM. In addition, it should be noted that it is common practice in Turkey that companies have their AGM's between April and June.

Since TAV Airports is headquartered in Istanbul, this was the location of the 2011 AGM. This location is considered as easily accessible to shareholders.

Following our examination, TAV Airports' AGMs continue to be held in an appropriate way, led in an unbiased manner by the chairman and overseen by an official government representative, and thereby ensuring that all shareholders are able to exercise their statutory rights.

The AGM functions as a forum to discuss the Company's annual report and financial results. The appointed audit company is held responsible to present the latter to the auditorium. The chairman reads a summary of the annual report and the Company's financial performance at the beginning of the AGM, followed by the presentation prepared by the Company's CEO and President, Mustafa Sani Şener. This is followed by a discussion of the questions raised by shareholders. According to TAV Airports, all questions coming from shareholders are, in principle, responded to in detail. However, according to the Minutes of the AGM, shareholders did not exercise this right during the 2011 AGM.

It is our understanding that the chairman of the meeting ensures an equitable participation among shareholders and leads the meeting in a fair and efficient manner, where each agenda item is voted upon separately and where there are no special privileges enjoyed by any of the Company's shareholders.

Board members, auditors and other authorized and responsible persons attend the AGM to answer requests put forward by shareholders.

Deviating from CMB Guidelines, there is no provision in the Company's AoA stating that if any officer invited to a meeting cannot attend the meeting, the reasons of non-attendance of such officer will be declared by the chairman of the GM.

Candidates to be elected to the board are obliged to disclose a wide range of information covering nearly all aspects put forward by the CMB Guidelines. These requests comprise for example, their educational background, previous board membership(s) and experience, financial status, and independence considerations. All of this information was provided to the shareholders at the 2011 AGM and the following Extraordinary General Meeting (EGM) held in June 2012 to elect further members to the board.

The specific right of shareholders to ask questions to the candidates is not mentioned in the Company's

public documents, but from previous engagement with the Company, we have ascertained that such rights are provided.

The AoA enables the AGM (with a majority of three-fourth) to allow board members to be engaged in business with the company or competition against the company. Once again, no board member made use of this authorization and was involved in business or competitive activities with the Company during the 2011 financial year.

Remuneration of the board members is subject to shareholder approval at the AGM. A remuneration policy for board members and executives has been disclosed but is limited in content. At the 2011 AGM, shareholders approved an annual fee of USD 50,000 for each independent board member. It was decided at the 2011 AGM, that the Company shall not pay any salary or attendance fee to other board members or the statutory auditors.

1.2.3 After the General Meeting

As a follow-up to the meeting, minutes are made available for the examination of shareholders at the Company's headquarters. This information is also disclosed on the Company's website (in English and Turkish) summarizing and reflecting the meeting in a short but clear manner.

Information pertaining to previous annual meetings of shareholders is stored on the Company's website and is easily accessible. The English versions of the invitation, summary of the voting results, etc have all been uploaded on the Company's website for the previous six years (AGMs held in 2006, 2007, 2008, 2009, 2010, and 2011).

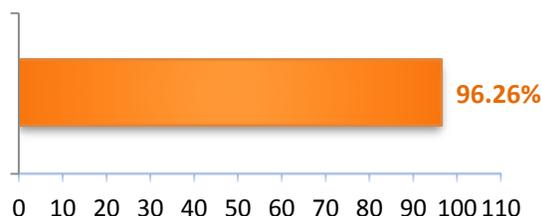
There is information in the Company's AoA as to how the votes are collected but not on how they are counted. Upon engagement with the Company, it was disclosed that the votes are counted after each item using a tag system and that the result of each item voted is announced by the chairman of the council.

In compliance with the CMB guidelines, in cases where questions are raised by shareholders that

cannot be answered immediately, the IR Department is responsible for providing a response in a fast manner.

SECTION II - PUBLIC DISCLOSURE & TRANSPARENCY

PUBLIC DISCLOSURE & TRANSPARENCY



SUMMARY

TAV Airports attains a score of 9.62 in this category which represents an increase from last year's score of 9.34. This reflects the continued good flow of information between the Company and its investors and an acceptable level of transparency.

A **Disclosure Policy** document has been provided on the Company's website and contains TAV Airports' policy on how it will approach public disclosure of material events. The Company's updated Disclosure Policy was approved by shareholders at the 2011 AGM.

The Company's board is responsible for overseeing, reviewing and improving the Disclosure Policy. The Corporate Governance Committee provides information and recommendations to the board and the IR Department on matters regarding the Disclosure Policy. The IR Department is charged with overseeing and monitoring all matters regarding public disclosures.

TAV Airports also discloses a **Code of Ethics**, and a comprehensive **Insider Trading List** on its website. With regard to TAV Airports' Code of Ethics, this document is a set of essential rules that have been formulated to govern the Company wide relationships, the relationships between the Company and its employees, and the relationships with customers, suppliers, and other stakeholders. Additional safeguards governing the behavior

towards clients, employees and corporate governance principles are also formalized in this document.

There have been no major changes in the management or operational organization of the Company during the period under review, nor are any such changes envisioned for the near future. In the case such change does occur, the Company confirms that it will share with the public within the scope of legislative requirements.

A **website** for investors is easily accessible and is continuously improved. The content on the website is well structured and comprehensive. As for the Company's **annual report**, it is detailed in terms of form and content and contains a corporate governance section that explains the Company's rationale for opting-out of key governance provisions, such as cumulative voting and the appointment of a special auditor.

GOVERNANCE FOCUS
+ Disclosure Policy is established and covers material disclosure aspects
+ Disclosure proceedings are clearly defined and assigned to high level personnel
+ A Code of Ethics has been disclosed
+ The Company's website provides a good level of resource for investors
- The board's evaluation of its own performance and that of its key Committee has not been disclosed

2.1 DISCLOSURE – PRINCIPLES & MEANS

2.1.1 Information Policy

The Disclosure Policy document was last updated and approved by TAV Airports' shareholders at the 2011 AGM. It has been disclosed to the public and is accessible through the Company's website.

The Company's main disclosure principle is to share information on its performance and forward looking

developments within the scope of generally accepted accounting principles and Capital Market Legislation, in a fair, complete, accurate and comprehensible manner to shareholders, investors, and other capital market experts. Except trade secrets, TAV Airports believes sharing information on activities and related strategies, critical subjects, risks and growth opportunities with the public will create a more efficient market for the Company's capital markets instruments.

To underline the importance placed by TAV Airports on public disclosure, the board has been tasked to enforce, supervise and develop the Disclosure Policy. In turn, the IR Department is charged with observing and controlling all issues concerning the Disclosure Policy.

The Disclosure Policy covers forms and methods of disclosure, authorized personnel regarding public disclosure, how investors are dealt with, procedures with regard to forward looking statements.

The Company has stated its adherence to the following principles: all amendments to the Disclosure Policy should be presented at the AGM and be disclosed to the public after the board's approval; developments that may affect the Company's capital market instruments are to be disclosed to the public without delay; significant changes in the financial status or operations should be disclosed; and, previously disclosed information should be monitored and updated if deemed necessary.

Forward-looking statements made in the Company's written documents will be identified and accompanied with disclaimers that risks, uncertainties and other factors could cause actual results to differ materially from the expectations expressed in the forward-looking statements. The statements will only be made by authorized representatives. According to the Company's Disclosure Policy, forward looking statements are based on reasonable assumptions and estimates and

can be revised upon deviation due to unforeseeable risks and developments.

2.1.2 Disclosure Procedures

After reviewing TAV Airports' public disclosures, no issues were found that would harm investors' interests. Given TAV Airports' shares are traded on the ISE in Turkey; announcements made to the ISE are simultaneously translated into English and put on the Company's website.

In 2011, 24 material disclosures were made to the public. These material disclosures were also posted on the Company's website.

The responsibility for public disclosure is clearly defined and assigned to specific individuals within the Company. The methods used to disclose information to the public are: financial statements and footnotes, the Company's website, analyst meetings and conferences, declarations and announcements in newspapers and to data vendors, and press releases. Company press releases can be found on the website.

The IR Department is very active in publicly disclosing all information on the Company. The unit, managed by Ms. Nursel Ilgen, continues to report directly to the CEO. This department continues to manage relationships between the Company and its shareholders and to ensure that all shareholders can fully exercise their right to information.

Press statements for written and visual media and to data distributors can only be made by designated individuals within TAV Airports. Unless being specially assigned such responsibility, TAV Airports' employees cannot answer questions coming from capital market participants.

TAV Airports has an email distribution list, to which it sends the public disclosures in Turkish and in English after the disclosure is made to Public Disclosure Platform.

2.1.3 Transparency Issues

Transparency issues cover ethical behavior, insider trading rules and the functions of the external audit.

TAV Airports has issued a Code of Ethics to provide guidance for its business activities. This Code can be found on the Company's website. For more information on the Company's Code of Ethics, please refer to the "**Stakeholders**" section of this report.

In order to prevent insider trading, TAV Airports tries to enforce necessary measures and precautions. TAV Airports provides a comprehensive list of executives and other third parties who potentially have access to information that can impact the value of the capital market instruments issued by the Company. This list can be found both on the Company's website as well as in its annual report.

With regard to insider trading, all employment contracts at TAV Airports include the following clause: " "The employee understands that 'insider trading' transactions are prohibited ('Insider trading' means stock trading in violation of competition and honesty, using information on the financial position of a publicly traded company or any other information that can affect the share price of the company before other investors can learn of it). Therefore, the employee accepts and commits to not using any information or documents on the Company's financial position, or any other information that can affect the value of the Company's publicly traded shares, acquired as a result of managerial position, or any other position in the Company, or through other means in or outside of stock market trading for the purpose of making a profit on his/her own behalf or on behalf of another person."

Since the appointed audit company (i.e. KPMG under the legal entity of Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş) does not provide any consulting services, it can be considered as independent from having other business interests that may impede the objectivity of the auditing services. As for the rotation of auditors, the CMB

requires mandatory chief auditor rotation within a maximum period of seven years, which is the case at TAV Airports.

2.2 ANNUAL REPORT

GOVERNANCE FOCUS
+ Detailed information on the board of directors
+ Key risks and mitigation efforts are disclosed
+ Detailed information on the Company's operation and strategy
+ A sustainability report has been included in the annual report, which has been prepared in accordance with GRI standards

Overall, the annual report continues to be well prepared and houses all of the pertinent content and information relevant for investors. For example, TAV Airports' Corporate Governance Compliance Report, risk management philosophy, and general investor information can all be found in both tabular and graphic form. Financial information is presented in a manner that is easy to follow and the notes to the financial statements clarify the content. ICS notes that TAV Airports' 2010 annual report won "Best of Show" award at the ARC Awards.

A Statement of Responsibility, signed by the Company's CEO and Financial Affairs Director, has been included in the annual report. This statement is present to show that the board and the Audit Committee have approved the consolidated financial statements for the 2011 financial year. According to the Company's independent auditor, KPMG, the financial statements truly reflect the current financial status of the Company.

There is a dedicated section on the Company's efforts with regard corporate social responsibility (CSR) in the annual report. It outlines a thorough and concrete plan regarding employees' social rights and the environment. It also highlights reductions and advances the Company has made in areas such as energy consumption, sustainability and human rights.

There is a risk management mechanism in place and a detailed explanation of the different types of risks encompassed. For more information on the Company's risk management and internal control systems refer to the "**Board of Directors**" section of this report.

Once again, there continues to be no information on the opinion of a credit rating agency on the Company in its annual report. This is due to the fact that the Company has not applied for a rating and procures project finance loans through alternative means that do not require a rating. This continues to be the case today.

According to the annual report, the Company's activities have caused no infringements of the environmental legislation, and information regarding lawsuits is fully disclosed. There is no information, however, on fines levied against TAV Airports as a result of legislative practices or on warnings or administrative fines from public authorities. Information provided by the Company reveals that no fines were levied against them.

In conclusion, while the Company's annual report provides basic elements, there is still room for improvement to cover more items. Issues that could be added in the annual report include, but are not limited to, the following: more information on the remuneration of executives, a statement referring to how the Company prevents conflicts of interest between the Company and related companies offering investment, consulting and auditing services; and, the performance evaluation of the board and its key Committees.

2.3 WEBSITE

TAV Airports has created a dedicated website (<http://ir.tav.aero>) for IR where shareholders may find information on the Company's corporate governance practices, financial statements, annual reports, sustainability reports, etc. As a means of communication the use of the website is also subject

to and incorporated in the Company's Disclosure Policy.

The website is considered by ICS as a satisfying instrument for shareholders to access information on the Company. For foreign investors an English version of the website is also available, which does not differ in content from the Turkish version. It should be noted that the Company's website won the first place in the "Best Website" category at the Investor Relations Awards organized jointly by Thomson Reuters and Acclaro for the first time in 2009 and ranked in second position for 2010 and 2011.

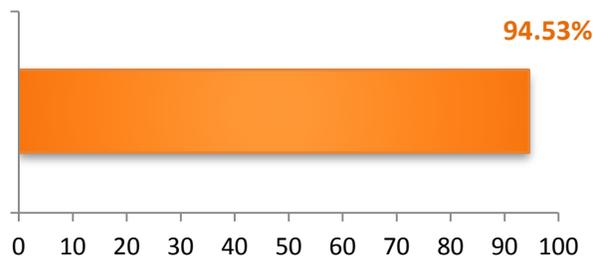
The Company's website is robust and continually updated. The content is structured in a sound manner, where investors find relevant documents suggested by the CMB for inclusion. Features like the interactive investor toolkit, FAQ, AGM Kit, and Media section are all positive steps taken by TAV Airports which demonstrates its belief in informing its shareholder to the fullest extent. The website also offers a section that includes information previously disclosed to the public

The dedicated corporate governance section of the website includes a number of key information documents, such as the Company's risk management processes, sustainability reports, prospectus & circulars, remuneration policy, etc.

During 2010 and 2011 financial years, the Company redesigned the website to provide an interactive experience that enables easy access to information and data. In addition, the website is now also available on mobile phones and the iPad. Finally, the Company's letterhead clearly indicates the address of its website.

SECTION III - STAKEHOLDERS

STAKEHOLDERS



SUMMARY

The Company has scored 9.45 in this category, which represents a decrease when compared to its previous rating of 9.68. The drop in the score is a result of ICS's revised methodology where the employees' and stakeholders' participation in a company's management has been strengthened.

The Company's corporate governance practices and **Code of Ethics** ensure the protection stakeholders' rights as stipulated in legislation or mutual agreements. Stakeholders are continually kept informed within the framework of the Company's Disclosure Policy, established with respect to governing legislation and the Company's Code of Ethics.

The Company's Code of Ethics provides the essential rules to be applied in the relationships between the Company and its stakeholders, namely the employees, customers, environment, and wider community. However, there are no concrete measures in place to avoid conflicts of interest between the Company and its stakeholders.

Although no formal procedures have been devised and disclosed by the Company publicly, the Company appears to be in contact with its stakeholders and engaged with its employees. TAV Airports' annual report suggests that all feedback received from the stakeholders is presented to senior management for evaluation and solution

proposals and policies are developed from such feedback.

A **Human Resources policy** is in place and disclosed publicly. In accordance with its human resources policy, the Company offers equal opportunity to people with the same qualifications in recruitment and career planning.

There is also a **Corporate Social Responsibility** section in the annual report and website outlining TAV Airports' social and environmental efforts. TAV Airports published its first **Sustainability Report** in accordance with GRI standards for the 2010 financial year.

GOVERNANCE FOCUS
+ Companywide human resources policy
+ Employee rights are warranted
+ Code of Ethics governing companywide relationships disclosed publicly
+ A sustainability report has been published
- No formal model to include employees and/or stakeholders in the company's management, but some actions in place
- Equity not considered when determining pay

3.1 RIGHTS & DUTIES OF STAKEHOLDERS

Not much has changed in this regard since ICS's last rating. TAV Airports recognizes and guarantees the rights of employees in its Code of Ethics (which can be found on the Company's website). There is also a Corporate Social Responsibility (CSR) section in the annual report where information on TAV Airports' social initiatives is provided.

TAV Airports' website also has a dedicated section regarding the Company's stance on environmental reporting. This is also evident in a section dedicated to its sustainability reporting in the annual report. The Company's sustainability report uses the Global Reporting Initiative (GRI) standards as a reference

for presenting its content. The Company notes that it complies with all regulations regarding the environment.

Stakeholders are kept informed by the Company through annual reports, material event disclosures, press releases, meetings, and its website. In addition, a corporate intranet and magazines have been created in order to keep the employees informed.

TAV Airports could benefit from publishing a new policy that establishes concrete measures on how potential disputes between the Company and the stakeholders are dealt with. According to the Company, however, no conflicts have occurred to date. This remains the case again this year.

3.2 RELATIONS WITH CUSTOMERS & SUPPLIERS

As a holding company, TAV Airports determines the general policies for regulations and practices geared towards achieving the satisfaction of customers of its subsidiaries. It provides maximum support to its subsidiaries and in, some circumstances enters into contracts with third parties on these matters, to ensure customer satisfaction. In this respect, surveys are conducted for quality control, as well as enhanced customer satisfaction. Customers are provided with opportunities to easily communicate their needs and complaints are responded to and resolved as quickly as possible.

To this end, the Company states that 4,322 domestic and international passengers were surveyed via external customer satisfaction forms at the Company's Ankara and Izmir terminals in 2011. The results of the survey affirmed the importance TAV places on external customer satisfaction, as the rates of customer satisfaction were quite high (97 percent at TAV Istanbul, 99 percent at TAV Ankara, and 96 percent at TAV Izmir).

Customers are provided with opportunities to communicate their needs and complaints are responded to and resolved as quickly as possible.

3.3 PARTICIPATION IN MANAGEMENT

Employees do not take part in the management of TAV Airports. To date, no specific measures have been set up to ensure an integral model to include employees in the Company's management. However, according to the annual report and previous correspondence with the Company, employees are constantly encouraged to participate in the Company's management, and their suggestions aimed at the improvement of the business are taken into consideration, assessed accordingly and rewarded. This can be seen through the Company's performance management system, employee satisfaction surveys and programs. It is also important to note that some executives of TAV Airports can become board members at TAV Group's subsidiaries. For example, the Company's CFO is a board member of HAVAS.

TAV Airports does not provide board membership to an employee representative, as suggested by CMB principles. The Company continues to affirm that this need is met by the presence of independent directors on the board.

As for stakeholders, ICS is not aware of a comprehensive model being implemented to include stakeholders in the Company's management. However, in order to take into account the stakeholders' opinions, the Company has put some measures in place. For example, shareholders are continuously informed via the IR Department and the Company's website. Upon engagement, the Company also noted that opinions, suggestions and demands of stakeholders are conveyed to its management team via relevant undisclosed bodies.

ICS considers it essential that TAV Airports commit itself to formulate and incorporate formalized mechanisms to ensure a stronger recognition of employee and stakeholder matters.

3.4 EMPLOYEES & SOCIAL RESPONSIBILITY **Employees**

As at 31 December 2011, TAV Airports, including all of its subsidiaries, had a total of 20,269 employees.

To manage its large workforce, TAV Airports has a written human resources policy which is available on the Company's website. This policy talks extensively about training employees on the job as well as promotion procedures. Although no succession mechanisms for the Company's senior management have been disclosed in the Company's public documents, upon engagement the Company stated that it institute a mechanism by the end of the 2012 financial year.

There is information on the professional and personal training of employees, and the different training categories are outlined on the website and in the annual report. According to the Company, there are regular sessions organized to inform all employees about the company's financial capability, training, and health. In 2011, TAV offered 1,069 interns the chance to gain professional experience. Successful interns who completed the Company's "Professionals of the Future Internship Program" that was implemented in 2010 and who embraced the corporate culture were recruited for appropriate positions in 2011.

The Company ensures that equal opportunities are provided to all employees. According to the Company, no cases of discrimination have been reported during the 2011 financial year.

Employees are evaluated on the basis of their responsibilities, qualifications, work development and contribution to the Company's objectives. Outstanding performance is differentiated from all others and rewarded by various benefits. With respect to performance based compensation, the Company revealed that it has mechanisms in place to accurately account for the performance of employees based on productivity metrics and this is reflected in their pay.

TAV Airports' Code of Ethics sets out the rules and principles that all executives and employees are obliged to comply with. The Code, in addition to being on the website, has been published on the Company's Intranet and shared with its employees

through workplace programs and performance evaluation forms.

One area where the Company has yet to show any improvement against the recommendations of the CMB is the fact that equity has not been utilized to pay its employees. To this end, the Company states that the non use of equity will be considered now given the changes made to the TCC. In addition, with respect to performance based compensation, TAV Airports still needs to implement pertinent mechanisms and disclose it to the public.

Social Responsibility

The Company provides extensive information on its social responsibility activities within its annual report as well as on its website, thereby proving that it is well aware of its role in society according to social and environmental issues.

TAV Airports complies with all regulations regarding the environment, consumer and public health, as well as ethics rules, and directs and supports its subsidiaries to behave in the same manner. The Company's terminal operating subsidiaries conduct their operations in compliance with environmental legislation, directives and guidelines of international aviation organizations such as the ICAO, ECAC, EUROCONTROL and IATA, as well as the Equator Principles of the World Bank.

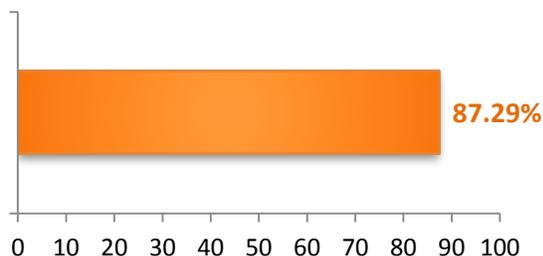
As for the environment, TAV Airports has also provided information on its sustainability efforts. The Company notes that due to the nature of their operations, the Company and its subsidiaries are not legally obligated, within the scope of Environment Law and its related legislation, to produce environmental impact assessment reports. Nevertheless, the Company's relevant subsidiaries prepare environmental reports and environmental management plans during both the construction and operation phases of terminals and comply with updated environmental management plans.

The Company's 2011 sustainability report was prepared in accordance with the globally accepted

Global Reporting Initiative (GRI) Sustainability Reporting Guideline (G3.1) requirements and the GRI Airport Operators Sector Supplement (AOSS). This report includes the Company's improvement efforts and the objectives set for the airports operated by TAV in Turkey.

SECTION III - BOARD OF DIRECTORS

BOARD OF DIRECTORS



SUMMARY

TAV Airports has improved its score to 8.72 in this category and when compared to last year's score of 8.43.

Firstly, it is important to highlight that the Company's board has experienced a significant degree of change since it was last reviewed. The board's size has increased from nine to eleven members. In addition, the number of independent non-executive directors (NEDs) has increased from two to four directors.

Following the changes that took place during the period under review, ICS notes that the composition of the Company's board complies with the CMB's Guidelines that one-third of the board be comprised of independent NEDs. In addition, the compositions of the board's key Committees are also in line with the CMB Guidelines.

The suggested separation of the chairman of the board and the CEO is followed. Hamdi Akin serves as the board's chairman and Mustafa Sani Şener serves as the CEO.

Despite the positive changes made to the Company's board, TAV Airports still has areas to improve. For example, there is still no disclosure on the performance evaluation of its board and its key Committees and induction programs for new board members. Another key area for improvement is the

disclosure of its remuneration policy, which ICS considers to be limited in content.

GOVERNANCE FOCUS
+ The board plays an active role in the Company's strategic planning
+ The Company does not lend money to board members or executives
+ Each board member is entitled to one vote
+ A secretariat has been established to support the board
+ The majority of the board is composed of NEDs
+ The board has four independent NEDs
- Cumulative voting in board elections is not provided
- Board members are not restricted to accept other positions outside the Company
- There is no formal adaptation program in place
- Performance-based pay is in place, but with limited disclosure

Each board member has one vote without any privileges. Attendance at board meetings is encouraged and all board members need to be present in-person at meetings where important matters concerning the operations of the Company are going to be discussed.

There are risk management and internal control systems in place at TAV Airports, which have been made more robust over the years.

4.1 PRINCIPLES OF ACTIVITY, DUTIES, AND RESPONSIBILITIES OF THE BOARD

Following a review, the TAV's board appears to fulfill its duties with diligence and meets its responsibilities.

All of the nominated and appointed members of the Company's board possess the qualifications stipulated in CMB's Guidelines. The board is structured to ensure maximum influence and effectiveness. Article 13 in the Company's AoA stipulates the principles regarding this matter. It is the Company's principal aim to appoint board members who possess the fundamental knowledge

regarding the legal principles governing the Company's transactions and business, are qualified and experienced in corporate management, possess the capability of examining financial statements and reports, and preferably have graduate degrees. Background information of the members of the board is included in the annual report and company website. Having looked at the board members' experience, ICS concludes that such requirements have been met by the Company's directors.

It is mandatory that independent board members issue an independence declaration and inform immediately the board in case their independence is compromised. In such event, in principle, a member whose independence has been compromised resigns and a new member is elected in his/her place. Before commencing work, board members have to declare compliance with all necessary internal and external regulations in writing.

Concrete mechanisms used to keep board members regularly and comprehensively informed on pertinent matters are not explained, but there is a secretariat with the aim of keeping directors informed. The information on the attendance of board members to the meetings is also not publicly disclosed.

TAV Airports does not impose any rules or restrictions on its board members assuming additional duties outside of the Company. Nevertheless, as suggested by the CMB Guidelines, the Company's AoA provides guidance to the issue of board members engaging in business or competitive activities with the Company. Such activities have to be approved by three-fourths of the Company's shareholders at the AGM. The annual report states that no board member engaged in any business or competed with the Company in 2011.

As stated in the AoA, the board defines TAV Airports' mission and vision and is thereby leading the Company. An evaluation of the Company's performance by the board has not been provided. In addition, a performance evaluation of the board and

its key Committees has also not been provided in the Company's public documents.

An official declaration confirming the careful preparation of financial statements is provided by the board, the Audit Committee and the responsible financial officers in the annual report. This declaration is also posted to the ISE.

Turkish Law foresees the joint liability of the board. In accordance with this, the AoA states that the board should perform and carry out its duties in accordance with the provisions of the Capital Markets Law, Turkish Commercial Law and the AoA. There are no sanctions foreseen for employees that obstruct the flow of information to board members, apart from the ones foreseen in Turkish Labour Law. TAV Airports may consider including those in internal regulations or in the AoA.

4.2 BOARD STRUCTURE

The Company's AoA suggests a minimum board size of nine members with no limit on the maximum number of members that may serve on the board. In addition, the Company's AoA stipulates that it will have sufficient independent representation on its board as required by the CMB.

The current board is composed of 11 members, which is an increase from last year. The composition is made up of three members appointed by Aéroports de Paris Group, three members appointed jointly by Tepe and Akfen, four independent members, and the CEO.

Of the ten NEDs, four are considered to be independent. As such, TAV Airports meets CMB's Guidelines that one-third of a board be comprised of independent directors. It should be noted that independent board members are obligated to submit a written statement of independence to the board and immediately inform the board when their independent status ceases.

The suggested separation of the chairman of the board and the CEO is followed. Hamdi Akin serves as

the board's chairman and Mustafa Sani Şener serves as the CEO.

Name	Role	Independent
Hamdi Akın	NED	
Pierre Graff	NED	
Ali Haydar Kurtdarcan	NED	
Mustafa Sani Şener	ED	
Abdullah Atalar	NED	
Laurant Galzy	NED	
Francois Rubichon	NED	
Tayfun Bayazıt	NED	*
Necmi Bozantı	NED	*
Jerome Calvet	NED	*
Sevdil Yıldırım	NED	*

Appointed board members at TAV Airports seem to be highly qualified and show a high level of knowledge and experience, reflected in long-lasting career backgrounds.

TAV Airports does not currently have a formal training or compliance program for new board members. Upon engagement, the Company stated that it sends relevant documents to new members to gain access to information on the Company as well as inviting them to Company meetings. TAV Airports would benefit from the implementation of a more formal program.

There is no age limit prescribed in the Company's AoA. Pursuant to the current AoA, board members are elected for a maximum period of three years, with re-election possible at the end of term.

As for diversity on the board, ICS notes that there is only one woman serving on the board, Ms. Sevdil Yıldırım.

4.3 BOARD COMMITTEES

4.3.1 General

TAV Airports has established an Audit Committee, Corporate Governance Committee, Nomination Committee, and a Risk Assessment Committee to assist the board.

All Committees (Corporate Governance and Audit Committees were available in 2011, the other two were formed in 2012) met on four occasions during

the 2011 financial year. Upon engagement, the Company confirmed that all meetings were attended in full. The charters of Committees state that committees shall meet at least one day prior to each meeting of the board.

4.3.2 Audit Committee

The Audit Committee, reporting directly to the board, oversees the financial and operational activities of the Company.

The Audit Committee scrutinizes the effectiveness and adequacy of the internal control and internal audit. The Audit Committee is also responsible for ensuring that measures are taken such that internal controls are transparent. According to the Company, and in accordance with CMB guidelines, the Audit Committee is tasked with responding to complaints and suggestions put forward by any member of the company.

The external audit firm is invited to the meetings of evaluation of the financial statements if the Audit Committee members consider that its presence could help clarify issues.

The Company's AoA stipulates that the Audit Committee shall meet at least once every three months upon the invitation of the Committee Chairman. Senior executives responsible for financial affairs are not allowed to be Audit Committee members.

Following the changes made to the board during the 2011 financial year as well as the most recent changes approved by shareholders at the extraordinary shareholder meeting held in June 2012, the Committee's composition is as follows:

Name	Role	Independent
Necmi Rıza Bozantı	Chairman	x
Tayfun Bayazıt	Member	x

ICS notes that the Committee chairman, Necmi Rıza Bozantı, is considered to have recent and relevant financial experience to serve in such role. In addition to his academic background where he has an

accounting masters and PhD on general economics, ICS notes that he has an extensive banking career.

4.3.2 Corporate Governance Committee

A Corporate Governance Committee has been established reporting directly to the board. The charter of the Corporate Governance Committee is available on the Company's website in Turkish and English.

This Committee's function is to assist the board in creating and improving the Company's governance structure and practices. The Committee is also tasked to review the Company's remuneration practices, professional development and career planning of the senior executives.

Following the changes made to the board during the 2011 financial year as well as the most recent changes approved by shareholders at the extraordinary shareholder meeting held in June 2012, the Committee's composition is as follows:

Name	Role	Independent
Tayfun Bayazit	Chairman	x
Sevdil Yildirim	Member	x
Pierre Graff	Member	
Francois Rubichon	Member	
Ali Haydar Kurt darcan	Member	
Pelin Akin*	Member	

* Pelin Akin is not a board member.

Tayfun Bayazit is the Chairman of the Corporate Governance Committee and is an independent board member, which is in line with the CMB regulations. In addition, the Committee has two independent members, which again meets the CMB Guidelines. Finally, the CEO and CFO do not take part of this Committee.

4.3.3 Remuneration Committee

A separate remuneration committee has not been created as the Corporate Governance Committee fulfills its mandate. More specifically, the Corporate Governance Committee carries out works to specify the approach, principles, and practice concerning the performance evaluation, salary and promotion

policies as well as career planning of the board members and top-level managers.

4.3.4 Nomination Committee

A separate nomination committee has been created which is specifically tasked to establish a transparent system and develops policies and strategies related to the determination of candidates suitable for the board and for the top level management.

The composition of the Nomination Committee is as follows:

Name	Role	Independent
Sevdil Yildirim	Chairman	x
Tayfun Bayazit	Member	x
Pierre Graff	Member	
Laurent Galzy	Member	
Ali Haydar Kurt darcan	Member	
Hamdi Akin	Member	

4.3.5 Risk Assessment Committee

As recommended by the CMB Guidelines, the Company has also established a Risk Assessment Committee. The composition of the Risk Assessment Committee is as follows:

Name	Role	Independent
Jerome Calvet	Chairman	x
Necmi Riza Bozantı	Member	x
Pierre Graff	Member	
Laurent Galzy	Member	
Ali Haydar Kurt darcan	Member	
Selim Akin*	Member	

* Selim Akin is not a board member.

This Committee regularly assesses, together with the general management, the main risks to which the Group is exposed. In addition, amongst other duties, the Committee examines all significant off-balance sheet liabilities and monitors the effectiveness of the risk management systems.

4.4 EXECUTIVES

The day-to-day running of the Company is assigned to the senior management, consisting of 22 executives. Previous correspondence with the

Company revealed that monthly reports of the performed works by the executives are prepared, as recommended by the CMB. Below is the list of the Company's senior management team:

Name	Role
Mustafa Sani Şener*	CEO and President
Murat Uluğ	CFO
Serkan Kaptan	Business Development & Strategy Director
Yiğit Oğuz Duman	Human Resources Director
Altuğ Koraltan	Internal Audit Director
Murat Örnekol	Operations Director
Waleed Youssef	GCC Director
Haluk Bilgi	North Africa Director
Ersagun Yücel	General Secretary
Ceyda Akbal	General Counsel
Deniz Aydın	Financial Affairs Director
Kemal Ünlü	General Manager
Nuray Demirer	General Manager
F. Erkan Balcı	General Manager
K. Mete Erkal	General Manager
Eda Bildiricioğlu	General Manager, TAV Operations
Binnur Onaran	General Manager, TAV IT
Turgay Şahan	General Manager, TAV Security
Müjdat Yücel	General Manager, Havas
Ersan Arcan	General Manager, ATU
Sadettin Cesur	General Manager, BTA
Zoran Krtevski	General Manager

* Member of the Board
Source: Company's website

Management liability insurance has now been implemented and the Company also has D&O insurance for its directors.

Within ICS's analysis, no issues have been revealed that would cause doubt about the transparent, reliable and accountable work of the executives. The CEO is reporting at the board meeting and the Company's results are scrutinized every month in comparison to the budget. Although there are no internal rules or documentation on this, upon engagement the Company stated that executives are to compensate losses that occur as a result of not performing their duties properly. In that case, general provisions would apply.

New executives have to qualify according to professional as well as to personal requirements and

have to undergo a sophisticated selection process. In line with the CMB Guidelines, the CEO does not have any additional outside duties.

4.5 FUNCTIONING OF THE BOARD

The chairman, vice chairman, and each member of the board have the right to invite the members at least seven working days before and/or discuss the subjects on the agenda. These invitations can be performed through electronic means and board members may waive the right by written notice.

TAV Airports' board convenes as required by the business, provided that it is at least four times during a calendar year. During the 2011 financial year, the board met on four occasions (2010:4).

The board and majority decision quorum are both stated in the AoA. The board shall convene in the presence of at least one more than half the number of its membership and decisions shall be taken by a majority of the meeting's participants.

Each board member is entitled to one vote without any preferential voting or veto rights. The board cannot make resolutions on subjects that are not on the agenda. However, the board, where all of its members are present, may decide to put a resolution on the agenda following the unanimous decision of the members.

In order to ensure adequate preparation, the agenda and relevant documentation are provided to board members seven days in advance. It is not stated in the Company's AoA if executives have to attend board meetings. From previous engagement with the Company, ICS was informed that executives attend meetings on a frequent basis and when called upon by the board.

A board secretariat has been established in order to prepare and assist the board meetings as well as to ensure convenient access to information for board members.

Although all board members are required to attend meetings in person, the Company provides the provision to attend the meetings by using any technological methods that would provide remote access. The opinions of the members, who are not able to attend the meeting but present their opinions in writing, shall be submitted for the information of the other members.

In line with the CMB Guidelines, the board members who cast negative votes must sign the minutes by also stating their justifications. The documents concerning the meeting as well as any related correspondences shall be archived by the Secretariat. If a member casts a negative vote in cases where the positive votes of independent board members are required, actions will be taken by TAV Airports pursuant to the Capital Market Law and regulations of the CMB. However, since no such opposition or alternative opinion has been expressed in any meeting of the Board of Directors, no announcement to this effect has been made to the public.

According to the Company, travel and meeting expenses of the board are not paid out of the Company's general budget.

Overall, the board meetings appear to be conducted in an efficient and sound manner. Conducted interviews did not reveal any issue that could cause a different impression.

4.6 INTERNAL CONTROL & RISK MANAGEMENT

TAV Airports has defined and implemented a risk management mechanism and an internal control system.

Risk Management

In 2010, TAV Airports completed the initiative to form its Enterprise Risk Management (ERM) structure, which was launched in December 2009. Under this structure, ERM commenced operation under the supervision of the Risk Management and Research Coordination Department, which in turn

reports directly to the Company's Chief Financial Officer (CFO), as of 2009.

TAV Airports' 2010 risk inventory was revised by the managers under the coordination of the Risk Management and Research Department and the impacts of the action plans determined in 2010 were reflected in the risk levels. The 2011 risk inventory formed in this manner was reported to the senior management. As a result of the revision efforts, the number of risks that was determined to be 269 in 2010 rose only to 273 in 2011. The number of risks that fall within the focus of the senior management per the levels of the risks fell from 61 to 46 while the number of risks deemed necessary for monitoring by the Internal Audit Department rose from 112 to 128.

TAV Airports classifies risks under the categories of strategic, financial, operational and legal/compliance and assesses the impact of the risk not only in financial terms, but also along the dimensions of service continuity, reputation, loss of customers and legal/ regulatory effect. The breakdown of the number of risks by category is presented below.

Operational	124	45%
Strategic	80	29%
Legal/Regulatory	36	13%
Financial	33	12%
Total	273	100%

Source: Company's 2011 Annual Report

Additionally, in keeping with the plans, TAV Airports launched ERM structuring efforts at the group companies in 2011. A total of 1,816 risks were identified at the five service companies and three airport/ terminal operators that participated in these initiatives throughout the year. The objective of this effort is to create a common ERM awareness throughout the entire Group.

In addition, in accordance with its sustainability principles, TAV Airports adopted an approach that encompasses adverse impacts stemming from social and environmental conditions, in addition to economic circumstances, in the regions in which TAV Airports operates and that embraces the concept of managing risks proactively.

Internal Audit

TAV Airports' Internal Audit Directorate conducts periodic internal audits to monitor compliance with the Group Risk Policy at TAV Airports and its subsidiaries. The Internal Audit Directorate identifies and reports the deficiencies in risk management and governance processes, and the practices that are causing inefficiencies and waste of resources through independent audits and/or recommendations. Additionally, efforts are carried out to enhance organizational functionality and service quality.

TAV Airports' Internal Audit Directorate has successfully completed the Internal Audit Quality Assurance Review carried out by PwC. The audit report, dated December 2009, verified the Unit's compliance with the International Internal Audit Standards and Ethical Principles. In addition, the Company's independent auditors, KPMG, annually reviews the Company's internal control system.

To enhance their knowledge, skills and competences, members of the audit team hold various certifications such as CISA, CIA, CFE, SMMM, CCSA, CFSA, CEH, ITIL V3 Foundation and initiatives in this area are carried out on an ongoing basis.

As a result of its leadership in internal audit, TAV Airports was recognized with the "Internal Audit Awareness" award by the Internal Audit Institute of Turkey (TIDE) Board of Directors in May 2011.

4.7 REMUNERATION

In line with the recommendations of the CMB, the Company has provided shareholders the opportunity to vote on the Company's remuneration policy. Although the disclosure surrounding its policy remains limited when compared to western standards, ICS notes it is a positive step towards the right direction. It should also be noted that not much guidance has yet been provided on this issue as such the Turkish market is still trying to grasp the extent of the regulatory requirements and the expectations of its investors.

For board members, the fees are determined at the general shareholder meetings and are determined based on the time required for the board meetings, pre-meeting and post-meeting preparations and the performance of duties, as well as the salary paid to the executive committee president. At the Company's 2011 AGM, shareholders approved an annual fee of 50,000 USD to each Independent board member. However, it was resolved that the Company not pay any salary or attendance fee to the other board members or the statutory auditors.

As for the executives, the remuneration policy is stated to be evaluated on continuous basis to take account of market practice and performance. In determining pay levels, external consultants are used. TAV Airports' remuneration package offered to executives consists of basic salary and performance-based and structured cash bonuses.

Salaries are determined taking into consideration the internal balances, strategic targets, and market conditions. A general increase in salaries is implemented once a year. A two stage process is followed in the determination of the rate of yearly wage increase: first, the general corporate wage increase rate shall be determined, and then personal wage increase rates shall be specified.

The upper limit of bonuses and the total yearly bonus pool is determined by the board in line with the Company's financial performance and budget. However, no further information has been provided on the operation of the bonus plan in the Company's public documents. Information on KPIs used to determine the payout levels will be beneficial for the Company's shareholders, if it were to be disclosed.

A stock option plan for senior managers and other employees at every level is not available. Through engagement, the Company stated that it may consider implementing one in the future.

To avoid conflicts of interest TAV Airports strictly adheres to the principle not to grant loans in any way to board members or executives. This restriction is still in place.