

STATEMENT OF CORPORATE GOVERNANCE PRINCIPLES

The meeting decision of the SPK, dated 10 October 2004 and nr. 48/1588, requires companies to publish the Statements and Compliance Reports regarding their Corporate Governance Principles, and within this context, the "Statement of Corporate Governance Principles and Compliance Reports" for the years 2004, 2005, 2006, and 2007 have been published on our company Web site and within our Annual Reports.

The Corporate Governance Principles Compliance Report for the year 2008 has been published in the Appendix of the aforementioned Statement.

Exercising of the Corporate Governance Principles, a requirement of the progress of the Security Markets, is of utmost importance for our Company. Our company maintains its commitment to complying with the Corporate Governance Principles published by the Capital Markets Board (SPK) and making regulations on the subjects of compliance based on the prevailing requirements.

Within this context, our Company had a Corporate Governance Rating conducted in 2007, announced its rating as 7.57 (75.72), and was among the first five companies to have published their Rating Reports at the ISE. We moreover, improved the rating to 7.74 (77.36) as a result of improvement projects conducted within the same year, and succeeded in becoming the first company to have increased its rating since the ISE Corporate Governance Index was introduced. Our Company's exercises and activities on Corporate Governance issues have increasingly continued in 2008.

First of all, in 2008, a Committee Responsible for Corporate Governance was founded within our Board of Directors and commenced activities. Our rating, which has been confirmed by the rating company Saha Kurumsal Yö'5fnetim ve Kredi Derecelendirme A.Ş. on 28 May 2008, has been raised to 8.16 (81.59) as of 27 November 2008, as a result of the improvement activities undertaken within the year, therefore making Tofaş the first company within the Corporate Governance Index, of which the rating has been revised and raised.

Our company, as stated in the final revised rating report, is conducting the application of Corporate Governance Principles as an ongoing and dynamic process, and extending the perception of corporate governance. The aforementioned Rating Report along with previous ones can be found and viewed on the Web site www.tofas.com.tr.

Our company continues its efforts towards implementing the procedures that are compliant with the Corporate Governance principles for the protection of shareholders' rights, public information, ensuring transparency, and in operations and decisions related to the stakeholders and the Board of Directors, and to elaborate on the activities aiming to realize these goals with its shareholders.

In this context, the realization and sustainability of the aforementioned principles is among the primary goals of our Company for the achievement of equality for all stakeholders, for our responsibility to inform, and for the realization of corporate governance exercises and principles. The activities undertaken by our Company are conducted and followed up in accordance with the responsibility bestowed by these principles.

Our **Corporate Governance Compliance Report** for the **2008** operations, including both the elements implemented and those that could not be, and which has been reviewed in accordance with our Company's relevant priorities is presented below.

Moreover, our recent Corporate Governance Compliance Report can also be accessed via our Company Web site (www.tofas.com.tr).

CORPORATE GOVERNANCE COMMITTEE

Cengiz EROLDU

Ali Aydın PANDIR

O.Turgay DURAK

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1.Part:

SHAREHOLDERS:

Shareholders Relations Department

1-As stated in our previous Compliance Report, a Shareholder Relations Department was founded within our Company to manage relations with the shareholders and the execution of required regulations, and the department was renamed "Corporate Governance and Shareholder Relations" as of 2005, in order to facilitate a more effective follow-up of exercises related to Corporate Governance principles.

The aforementioned department runs related activities within the Company, in accordance with the Corporate Governance principles issued by the CMB and the Corporate Governance applications of ISE listed companies, and also conducts the practices concerning relations with shareholders and partners, shareholding rights, capital markets regulations and company information policy. Within the context of Corporate Governance principles, the department primarily arranges General Assembly meetings, and regulates the usage of shareholding rights and equity transactions; moreover, it keeps the required records of the shareholders and meets information requests coming from the shareholders. The department also represents the company before institutions like the Capital Markets Board, the ISE, the Settlement and Custody Bank, the Central Office of Records etc. In addition, the department runs activities such as transactions related to capital increases and regulations related to dividend distributions, follows up the decisions of the Board of Directors and the Auditing Board, keeps records of activities of Committees within the Board of Directors, informs the public in accordance with Capital Markets regulations and meets the information requests of investors, which includes the Web site.

Besides these, the Corporate Governance and Shareholder Relations department follows up capital market regulations within the company and conducts the required activities, arranges and follows up the Board of Directors meetings and General Assemblies of our Company's subsidiaries and participations.

The department is managed by Dr. M. Adil Salepçioğlu, who holds Corporate Governance Rating Expert certification, and who can be contacted via e-mail through the addresses adil.salepcioglu@tofas.com.tr or borsa@tofas.com.tr or else by phone on (0 212 275 3390 / ext.1631 and 1632).

Moreover, the "Corporate Investor Relations" department is responsible for facilitating more effective communication with corporate investors in 2008. Within the department, Mr. Emre Ertürk is responsible for the aforementioned activities, and can be contacted via e-mail at emre.erturk@tofas.com.tr or by phone on (0 212 275 3390 / ext.1884).

Usage of the Shareholders' Rights of Receiving Information

2-Our 83 Partners, who have applied to be recorded on the list of attendants for our latest General Assembly, were informed about the financial and administrative issues and attended the General Assembly. Within the term, aside from those who made contact by phone, there are 22 transactions in the Corporate Governance and Shareholder Relations department, related to information requests and utilization of a bonus issue and dividend rights. Moreover, the issues mentioned in the 221 incoming e-mail messages to borsa@tofas.com.tr have been compiled and were answered accordingly.

In addition, 150 direct meetings and 4 Analyst Meetings were arranged within the term for Corporate Investors and Investment Banking experts, both domestic and abroad, with the attendance of top Management. The Investor Presentations and Analyst Reports prepared for the mentioned meetings were published on our Web site, in order to inform investors and the public. Within the context of its information policy, our company places utmost emphasis on the issue, aimed at both its individual shareholders and corporate investors, and facilitates the necessary arrangements for contact and information flow.

Our Partners can access information concerning "Corporate Governance" and "Shareholder Relations" on our Web site, through the "Investor Relations" link and view general, administrative and financial data related to our Company. In addition to these subsections, the "Stock Exchange Information link," launched in 2005 and providing access to the ISE records has been kept active in 2008.

Within the context of KAP (Public Information Project), the electronic operating system, software and links enabling Special Condition Announcements and other notifications to be sent online to the CMB and ISE have been launched in our Company. Moreover, registration to the Central Office of Records (MKK), founded for the purpose of tracking security market tools, has been completed, and thus stocks quoted on the ISE have been dematerialized. Based on this issue, and as of 31 December 2006, in accordance with the regulations of the Central Office of Records, and with the purpose of enabling stocks of which the types have been changed, but not dematerialized, our 21st and 22nd array stocks have begun to be tracked within the context of the dematerialization of security market instruments. The aforementioned activities were also conducted in 2007 in accordance with the related CMB regulations and in parallel with the MKK's relevant practices; and with the inclusion of 24th array stocks, as of 31 December 2007, regulations related to the tracking of security market instruments have been put into practice. The aforementioned practices between the MKK, the Brokerage House and our Company have continued to be conducted by our related Department in 2008, in compliance with regulations.

Efforts related to the fulfilment of shareholders' information requests, and within the context of our Company's Information Policy have been continued with the utmost effort.

3-The Company Master Agreement does not contain any regulations regarding the request to assign a "special auditor." No request has been submitted to our Company within the term regarding the assignment of a special auditor. No information or practical application is yet available, either within the context of current regulations or general practice. Our Company is following up the issue in parallel with the new Turkish Commercial Code draft and the arrangements within the Capital Markets Regulations. Moreover, our Company is subject to the audits of the two main Partners (KOÇ and FIAT), and is also being audited by the Independent External Auditing Company that has been legally approved by the General Assembly.

General Assembly Information

4-Our Ordinary General Assembly was conducted on 24 April 2008. The General Assembly calls have been published in the Turkish Trade Registration Gazette and two more national daily newspapers, in accordance with regulations, fully including the required information, and within the legally stipulated time period. In addition, written notification was sent to those shareholders included in the Shareholders' Stock Register. 83 shareholders were included in the list of attendants, based on the blockage notification received over the Central Office of Records. Moreover, attendance of those who wanted to participate in the General Assembly as observers has been arranged. Within this context, representatives of the written and visual media, various brokerage house and banking experts, officers from the related associations, civil organizations and rating institutions have participated in the Meeting.

The General Assembly meeting is arranged to facilitate the maximum participation of shareholders, the meeting minutes are made available in written and electronic forms, and regulations related to the enhancement of the Meeting effectiveness are strictly followed. Utmost effort is shown in order to facilitate the required functioning of the General Assemblies. The shareholders' rights and descriptions regarding the utilization of such rights are presented to our shareholders through both regulatory ads and the informative documentation published on our Web site.

Prior to the General Assembly within the legal time period, the financial statements, Annual report and other information and documents are made available at Company Headquarters for the review of shareholders and other related persons. The General Assembly notifications are published at least 3 weeks prior to the meeting. Following both the submittal of financial statements to the ISE and the preparation and printing of the Annual Report, all information and reporting is sent to the addresses of those requesting it, via postal mail, facsimile or e-mail, whichever the most suitable and faster may be. The records are made available in the media, including electronic media, which can easily be accessed by shareholders.

The shareholders have every right to ask questions, or to express their opinions at our General Assemblies, and this issue is strictly conformed to. Within this context, our Company Partners' rights to ask questions, to present suggestions regarding Agenda items, or to give speeches on their suggestions or issues at hand are facilitated by the Council Committee, in accordance with regulations, and the necessary records are kept. Within this frame, the written and oral suggestions presented by the shareholders to the Council Committee regarding information stated on related issues are added into the General Assembly Meeting Minutes that are also published on our Company Web Site. Moreover, the records showing that the shareholders' negative votes on certain items (if any) are included in the Meeting Minutes and may be seen by reviewing the recent General Assembly documentation (www.tofas.com.tr).

The Annual Activity Reports, financial statements and dividend suggestion with independent audit reports, the form for voting by proxy with the other information and documents until the General Assembly agenda, required documentation prepared in accordance with capital markets regulations, records including the final version of the Main Contract and covering any relevant modifications, information included in the Special Condition Announcements and the Annual Report submitted to the ISE, as well as arrangements in accordance with Corporate Governance principles, the distribution of capital among partners, and the Board of Directors' report and Corporate Governance Compliance Reports are available and accessible in the electronic medium, and followed up with required updates.

The working and information requests of the shareholders in parallel with their submitted suggestions are reviewed and approved by Company top management. Within the term, following the reviewing activities of such Shareholders, they are asked to present their assessments, and the relevant issues are taken into consideration.

Company activities are defined in the Main Contract. The 3rd clause of the Company Main Contract, titled "Purpose and Subject," includes the main goals and the relevant activities that can be conducted. The Company cannot conduct whatever activity it wishes, unless this Clause is modified by the General Assembly. Subjects such as mergers, takeovers or split-offs are voted on at the General Assembly, upon suggestion of the Board of Directors, and decisions are made. Moreover, as approved by the General Assembly in the form of a Main Contract modification, the Company can buy, sell, build, rent any real estate, take/give mortgage or facilitate any other real rights on it. The final version of the Company Main Contract, including the abovementioned issues, is available on our Web site (www.tofas.com.tr).

All General Assembly Meeting Minutes and the Lists of Attendants, sorted by years, are available at our Company Headquarters, as well as in the Turkish Trade Registration Gazette archives located at the İstanbul Trade Registry Office. In addition, the General Assembly Meeting Minutes and other related documentation for the past 5 years are available on our Company Web site, in the form of "PDF" documents.

Voting Rights and Minority Rights

5-At General Assemblies every share has one vote, and there are no privileges in voting rights (Main Contract, Clause 20). Exclusively, for the Board of Directors membership and Auditorship, the election has to be held among candidates that are nominated by Group A and D Privileged Shareholders (Main Contract, Clauses 9 and 15). At the General Assembly, voting rights are utilized in accordance with regulations regarding voting methods (Main Contract, Clauses 21 and 22). Voting by proxy is exercised in accordance with the Capital Market Board's respective regulations.

In the case of a reciprocal shareholding, there are no dominant partners. The Company Main Contract does not contain any provisions on either the representation of minority shares in the management or cumulative voting methods. Hence, neither the common practice of capital market regulations, nor the dominant partners provide such a regulation, and the provisions of the General Assembly quorum are followed (Main Contract, Clause 19).

6-For issues regarding stakeholders, the principles of fair transaction and treatment, and relevant regulations are followed, and our Company places utmost importance on observing the necessary regulations.

Dividend Policy and Dividend Times

7-Our Company's Dividend Distribution Policy, as appears in the previous year's Corporate Governance Compliance Report and the General Assembly Meeting Minutes, is determined in accordance with the Turkish Commercial Code, our Company's medium and long-term strategies and investment and financial plans. As of the year 2008, our Dividend Distribution Policy, which is determined accordingly, is published both on the Company Web site (www.tofas.com.tr) and in the Annual Report, and announced at the General Assembly, for the information of the shareholders and the public.

The relevant decree of the Capital Market Board requires that a minimum 20% of the distributable profit is given out as dividends. Our Company, on principle, distributes the maximum part of its profit to its shareholders, taking into account its strategic plans and financial structure, and not falling below the abovementioned rate.

The dividends may be distributed in cash or as a bonus, by addition of the dividend to the paid-in capital, or partly in cash and partly as a bonus, in parallel with the decision of the General Assembly.

There are no privileges in dividend distribution. Dividends are distributed to all present shares, regardless of their issue or acquisition dates.

The dividends, of which the distributable amount is determined in accordance with the relevant legal regulations and Clause 29 of the Company Main Contract regarding the distribution of dividends, will be distributed to the shareholders within the determined time period, following General Assembly approval, and on the date determined by the General Assembly.

In addition, it is also possible to distribute dividend advances to shareholders upon the decision of the Board of Directors, if authorized by the General Assembly in parallel with the Main Contract Clause 29.

Transfer of Shares

8-The guidelines regarding the sale and transfer of Group A and D registered shares are given in the Company Main Contract Clause 8, regarding the "Sale of Registered Shares," and there are limitations to the transfer of shares due to these guidelines and regulations. The subject includes the protection of the current rights of the dominant partners and, in particular, limitation of share transfers to other automobile manufacturers, or companies that are indirectly controlled.

2.Part:

PUBLIC INFORMATION AND TRANSPARENCY:

Company Information Policy

9-Our Company's "Information Policy" is exercised within the context of legal regulations, capital market regulations, rules set by published decrees, and Corporate Governance principles. Through the abovementioned principles, our Company aims to facilitate timely, correct, complete, comprehensible, cost efficient, accessible and analyzable information flow, in parallel with public information and transparency criteria. Every information request is evaluated and announced to the public, as long as it is not a trade secret.

The aforementioned Information Policy includes regulations regarding the arrangement of public meetings, the execution of investor and shareholder relations, and the informing of customers. The Policy is sustained and coordinated by the relevant Departments.

Additionally, the information methods of domestic and foreign partner Companies which that we are bound to, and that are regulated in parallel with the aforementioned policies, are adopted. Our Board of Directors is authorized for the execution and improvement of the Company Information Policy, and the the Directorates of our Company are responsible for the control of the processes. Our Company approaches applications towards main partners, as well as our corporate investors and shareholders, as a whole.

In line with the Corporate Governance principles, our Information Policy includes the follow-up of the capital market regulations, running of themaintenance of relations with capital market institutions, meeting of the information requests of the shareholders and investors, facilitating the utilization of stakeholder rights, and compliance with regulations regarding the General Assemblies, as well as information flow including the Web site and other related co-ordinations.

Regulations regarding the General Assemblies, Annual Activity Report, periodic Financial Statements and Reports, Special Condition Announcements, and the Web site are fulfilled in accordance with the legal procedures and in line with the Capital Market Legislations, Turkish Commercial Code requirements and the Capital Market Board regulations.

Our Ordinary General Assembly is conducted annually within the legal time period, and all activities regarding the participation of our shareholders in the General Assembly is run registered. Our ActivityAnnual Reports, in line with legal regulations, are accessible in printed form and through the Internet. The CMB decrees regarding the periodic Financial Statements and Reports, and the financial results prepared in accordance with the IFRS are submitted to the CMB and ISE and published. They are also sent to those institutions or individuals who have requested them.

In addition, notifications regarding the Special Condition Announcements that are prepared in accordance with the CMB decree Series VIII Nr.39 are both submitted both to the ISE and as a KAP notification in electronic media.

Every communication tool is utilized for the fulfilment of our shareholders' information requests and facilitation of the utilization exercising of stakeholder rights. In addition, periodic factory tours are arranged for the shareholders.

Moreover, our Company has an active and frequently updated Web site. Information flow is provided through our Company Web site (www.tofas.com.tr), showing maximum careattention on to what is required to be placed on the Web site. The abovementioned Web site contains various assorted information about on our Company, that might be demandedrequested. In the "Investor Relations" section of our mentioned Web site, in addition to the information required by the CMB, such as the corporate governance compliance report, trade issues, Company Main Contract, activityAnnual reports, periodic financial reports and general assembly minutes, there is an information link for shareholders, investors and analysts, through which they can reach access the ISE data.

[f1Our Web site also includes Special Condition Announcements sent to the ISE and the Company capital structure, as well as an e-mail address (borsa@tofasc.com.tr) that includes an investor registration form, for meeting information requests and electronic communicatione in the electronic medium. Within this context, the required arrangements regarding the systematic relations with investors, corporate governance, shareholder relations and easy access to stock exchange data, and making ensuring that financial data is correct, complete and analyzable are realized in accordance with social responsibility and ethical codes.

The abovementioned issues are within the responsibility of the "Corporate Governance and Shareholder Relations" department, as stated in our Corporate Governance Principles Compliance Report. The periodic meetings and presentations for domestic and foreign analysts, regarding corporate investors in parallel with the information practices, are conducted by the "Finance Department." In addition, the Company's relations with the media and publishing companies are run by the "Corporate Relations" department.

Our company facilitates the required communication between its relevant departments, and thus executes the Information Policy in parallel with the Corporate Governance principles. In parallel with the briefing and transparency criteria, the preparation of any presentation, arrangement of meetings and the press announcements are coordinated at the CEO and Director levels. The aforementioned briefing exercises are conducted both periodically and upon direct requests, with the attendance of the Company top top management.

Our Company vision is restated,restated based on the stakeholder concept. All mentioned stakeholders are informed about issues related to them, and the required organizations, briefing meetings, planned works, and arrangements including the necessary announcements are conducted by our Company in accordance with related regulations. Assurance of any rights and benefits of our stakeholders, and the facilitation of communication, are followed and recorded at the departments level.

The commercial and non-commercial relations and transactions between the company and the Board of Directors members, managers and stakeholders holding at least 5% of the company capital, directly or indirectly, are arranged in accordance with the capital market legislations.

Tofaş, within the scope of its Information Policy, addresses the "management" and the "communication" concepts as one, and conducts its "corporate governance" related exercises together with its investors and stakeholders.

The new arrangements regarding the Company Information Policy has have been sent submitted to the ISE, for our partners' information, and the text, which was revised in 2008, has also been published on the Company Web site.

Special Condition Announcements

10-Notifications regarding the Special Conditions are made in both written form and electronically through KAP-BIY software to the CMB. The aforementioned notifications are made public within the time periods set by regulations. A total of 21 Special Condition Announcements and/or Company notifications have been sent to the ISE during the term, and have been published in the "Company News" section of the ISE Bulletin. In addition, there are links on our Web site to the related pages.

The submission dates of the Special Condition Announcements and the others published in the Stock Exchange Bulletin are as follows: 22 January 2008, 19 February 2008 (twice), 22 February 2008, 25 February 2008, 05 March 2008, 07 March 2008, 02 April 2008 (twice), 03 April 2008, 24 April 2008, 05 May 2008, 13 May 2008, 28 May 2008, 24 July 2008, 23 September 2008, 24 October 2008, 28 November 2008, 15 December 2008, 19 December 2008, and 29 December 2008.

No other information has been sent to Stock Exchanges quoted abroad, other than that sent to the ISE. Within the related term, there has been no position for Special Condition Announcements to necessitate a warning from the CMB. However, a written warning was received from the ISE as of 31 December 2008, for a delay in a Special Condition Announcement because of a force majeure situation.

Company Web Site and its Content

11-Our Company has an active and frequently updated Web site. It has been revised in 2008 to improve its visual effectiveness. The Web site contains assorted information about our Company that might be requested, including Promotion and News, Human Resources and R&D studies. The abovementioned Web site (www.tofas.com.tr) is updated in parallel with developments, and features an "Investor Relations" section that contains the minimum information required by the CMB. The "Corporate Governance" and the "Shareholders" subsections contain the required records and information. Moreover, the "Stock Exchange Information" subsection that is added into the "Investor Relations" section features an information link whereby shareholders, investors and analysts can access ISE data. The link was actively maintained in 2008. Additionally, both current and archived issues of our Company Annual Reports can be obtained in printed form and also be accessed through the Web site. As previously mentioned, our periodic financial statements and reports are always accessible through our Web site, and information requests through the electronic medium are met as required.

Announcement of the Real-Person Ultimate Controlling Shareholders

12-In our Company's shareholding structure, except for the major partners Koç Holding A.Ş. and Fiat Auto S.p.A., the stakeholders with shares of more than 5% are not published in the ISE Bulletin. There are links provided to KOÇ and FIAT Web sites for our main partners' shareholding structures, through which public information regarding both companies, which are quoted in their respective native stock exchanges, can be accessed. Members of the Board of Directors, top management and stakeholders who directly or indirectly hold at least 5% of the company capital shall publicly announce any transactions they have done on the Company's capital market instruments and stocks, and their results.

Within this context, required announcements on purchase and sale transactions regarding the stocks are submitted to the ISE and published in the Stock Exchange Bulletin. Regarding our Company's stock transactions in 2008, the required disclosures are published in the ISE Bulletin and the relevant announcements are followed-up and recorded.

Public Announcement of Persons Able to Obtain Insider Information

13-Trade secrets are comprised of information and documents, as well as records and data in electronic media, which are related to a trade enterprise's, or a company's area of activity, are known or accessible to certain employees or officers, that should not be available to competitors, the public or third persons, that are of great importance to the company's success and efficiency in its economic life, and that are related to the company's internal structure, organization, its financial, economic, credit and cash situation, research and development studies, activity strategies, raw material resources, manufacturing technical specifications, pricing policies, marketing tactics and expenses, market shares, potential wholesale and retail customers and customer networks, and information regarding contract links that are, or are not subject to permission. Trade secrets cannot be revealed, used or given out, provided they are in accordance with the principles and limitations stated in the Capital Market Law and other laws.

Given that the aforementioned trade secrets and issues that can be learned from within the company are the information and strategic decisions that can only be known by the Company top management; the announcement of these individuals' names was not considered necessary, since the public has the means to know these individuals, and there was no legal requirement to do so. However, our Company Top Management is content in taking every precaution to prevent the use of insider information. The previous Compliance Report includes the names of individuals who may be able to obtain insider information. The top management who has access to information that might affect the value of our Company's capital market instruments are the Board of Directors and the Company Directors. Therefore; members of the Board of Directors, Mr. Mustafa Vehbi Koç, Mr. Sergio Marchionne, Mr. Temel Kamil Atay, Mr. Bülent Bulgurlu, Mr. Osman Turgay Durak, Mr. Alfredo Altavilla, Mr. Paolo Monferino; member of the Board of Directors and Company CEO, Mr. Ali Aydın Pandır; Company Managers who make up the top management as of term-end, Mr. Cengiz Eroldu, Mr. Massimo Risi, Mr. Selçuk Öncer, Mr. Okan Baş, Mr. Altan Aytaç, Mr. Turhan Çeltikçioğlu, Mr. Ali Kemal Yazıcı, Mr. İbrahim Çağlar Şahin, Mr. Ahmet Numan Altekin, Mr. Yüksel Öztürk, Mr. Burhan Çakır, Mr. Mehmet Osman Soyogul, Mr. Ahmet Tunç Noyan and Mr. Banu Kalay Erton can be announced as the list of names in such position. The updated list of the names of the individuals making up the top management can be accessed through our Company Web site. Moreover, the updated lists are also available through the Web site.

14-Within the term, as stated in our Corporate Governance Principles statement, following the confirmation of our Company's rating, Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. raised our rating to 8.16 (81.59) as of 27 November 2008, as a result of improvement activities undertaken within the year, therefore making Tofaş the first company within the ISE Corporate Governance Index whose rating has been revised and raised. The aforementioned Rating Report was submitted to the CMB and the ISE for public information, and also published on our Web site along with our other Rating Reports.

Regarding the revised Intermediary Report, the distribution of the average rating of 8.16 (81.59) per main sections of the aforementioned Report is as follows: Shareholders 77.59, Public Information and Transparency 90.48, Stakeholders 94.04 and Board of Directors 65.66. The current and previous Rating Reports can be found on our Web site, www.tofas.com.tr.

3. Part :

STAKEHOLDERS

Informing the Stakeholders

15-The "Stakeholders" concept includes the employees, suppliers, customers and basically the third parties who are in direct relationship with the Company. All parties within the "Stakeholder" concept are subject to equal transactions and communications. The company vision is restated based on the "Stakeholder" concept, and in addition, in the context of the Information Policy, all stakeholders are informed about issues related to them, and the required organizations, briefing meetings, planned works, and arrangements including the necessary announcements are conducted by our Company. The Company's corporate governance practices guarantee the stakeholders' rights that are, or as yet are not regulated by legislation.

Stakeholder Participation in Management

16-The participation of stakeholders in administrative improvement studies and the applications in which they can actively express their ideas are conducted in accordance with the procedures of the company. There are systematic meetings and training programs based on the Total Quality philosophy such as WCM and Kaizen studies, which target improved efficiency, and enable employees, suppliers and customers to state their demands, as well as research studies such as the "working life evaluation questionnaire," all of which are conducted in parallel with Human Resources policies. In addition to the Company Web site, an intranet application is utilized for intra-company communication.

In addition to the Dealers' Council and the dealership organization meetings, there is a system in which customer demands and satisfaction are followed and reported to the management, and feedback is generated through arrangements made accordingly. Furthermore, policies are in progress for improving efficiency in customer relations through studies conducted in parallel with Customer Relation Principles and similar applications, ultimately targeting the maximization of customer relations, thus improving service quality. Regarding these applications, studies, including recent developments within the term, were planned and realized. Our company places utmost importance on applications based on quality, efficiency and institutionalisation.

Human Resources Policy

17-Our Company's "Human Resources Policy" has been developed and is executed in parallel with company strategy and policies. Topics like recruitment, career planning and rotation, individual development, compensation, and performance planning are addressed within this context, while issues such as the regulation of working life and fundamental duties and responsibilities of employees are covered by Personnel Legislation, which is based on laws and the collective labour agreement. There are several committees run with the participation of employees, however, except for union relations, no representatives were elected and/or appointed to directly conduct relations with employees. The rights and working conditions of both white and blue-collar employees has been guaranteed in the Factory and Headquarters, eliminating any discrimination and adverse treatment. There have been no complaints within the term on such issues.

Additionally, in 2006, a process named the "Investment in People" (IIP) project was initiated, targeting to improve corporate performance by ensuring employee development. In this manner, our Company has been qualified for the "Investors in People" certificate and award, which is the World's first and only Human Resources Development Certificate. Such comprehensive studies were also continued in 2008. Utmost importance is placed on employees' social rights and professional training.

Information on Customers and Suppliers

18-Our Company takes every precaution in the marketing of its products and services, sales, and the provision of after-sales customer satisfaction. Customer satisfaction is maintained by meeting their demands on the purchased product, providing information and systematic execution of improvement projects, whereas ISO quality certification and quality standards assure high quality. Principles and policies regarding suppliers, and satisfaction criteria regarding customer-oriented products and services are measured regularly and followed-up by the relevant departments, with information being provided thereafter. Moreover, market developments are taken into consideration, and emphasis is placed on arrangements regarding suppliers.

Social Responsibility

19-Within the context of social practices for the region where our Factory is located and for the general public, activities are organized in line with the social responsibilities and public-influencing criteria. The Annual Report includes necessary and detailed information regarding activities conducted in this manner. Furthermore, Tofasweb on the Intranet, as well as the periodically published Tofaş Newspaper, include miscellaneous news, information, and journals regarding social activities. There are no adverse notifications within the term regarding environmental abuse, and records are present regarding our activities, such as environmental effect evaluation reports. Effective applications are initiated for the realization of quality and efficiency standards, within the context of current ISO certification and the policies regarding environmental consciousness, and our stakeholders are informed accordingly. Moreover, comprehensive Social Responsibility projects and environmental protection measures are conducted by our Company, and the public is informed accordingly.

The Corporate Social Responsibility Sustainability Policy has been revised during 2008, and published on the Company Web site for the information of stakeholders.

4.Part:

BOARD OF DIRECTORS:

Structure and Formation of the Board of Directors, and Independent Members

20-Our Company's Board of Directors is formed in accordance with the Law and the rules stated in our Main Contract. Except for the CEO, the Chairman and other members of the Board do not hold executive positions directly in the Company. Our Company CEO, Mr. Ali Aydın Pandir, is also a member of the Board of Directors. Board members are elected representing a certain share group, as required by our Main Contract, and do not have the independent member status mentioned in the Corporate Governance principles.

Our Board of Directors is comprised of the following: Mr. Mustafa Vehbi Koç (Chairman), Mr. Sergio Marchionne (Vice Chairman), Mr. Ali Aydın Pandir (Member & CEO), Mr. Temel Kamil Atay (Member), Mr. Bülent Bulgurlu (Member), Mr. Osman Turgay Durak (Member), Mr. Alfredo Altavilla (Member) and Mr. Paolo Monferino (Member).

The Board members are not subject to any limitations as concerns assuming other responsibilities outside the Company, other than by the regulations and rules annually decided by the General Assembly. Regarding the assumption of duties in the group companies they are connected to, and for other issues, Turkish Commercial Code regulations are followed. Main Contract Clauses 9 and 10 include regulations on the structure and service period of the Board of Directors, and Clauses 11 and 12 include regulations on the authorities of the Board, its quorum for meetings and its operations. All Board of Directors decisions are valid upon the approval of a minimum of five Board members, of which a minimum of two should be Group A and a minimum of two should be Group D.

Qualifications of the Board of Directors

21-The Board of Directors Chairman and members are chosen to facilitate the maximum authority and effectiveness. The A Board of Directors which is formed in parallel with the issues stated in the Corporate Governance principles, and made up of individuals who feature the required qualifications and have strong management skills. Among the qualifications required of individuals for appointment to Board Membership, managers are required to have the necessary experience. Those members capable of facilitating the maximum satisfaction of shareholders and stakeholders concerning Company activities, and who are at senior level, well known, effective and competent are elected to the Board of Directors.

The Company Mission, Vision and Strategic Goals

22-Our Company mission, vision and values are published, and revised and renewed in line with developments. The mission, vision and values that are prepared by Company top management under the supervision of the Board of Directors, are also available on our Web site. Furthermore, a participating "vision workshop" has been organized in 2008, and "Tofaş's 2015 Vision" has been developed and submitted for our stakeholders' information.

In the formation of the Company's strategic goals and their execution, the works of the relevant Departments are presented to the Board of Directors by the Top Management, and then followed-up. Our Company's strategic decisions are also put into practice in 2008, in parallel with prevailing priorities. The Board of Directors reviews annual activities taking into account the strategic goals, and compares the new year's targets for the Top Management by evaluating the past year's performance, taking decisions accordingly.

Risk Management and Internal Control Mechanism

23-Risk management is established and an internal control organization is set up in connection with the Company's financial and administrative activities, while internal control performance and effectiveness is followed up by the Financial Directorate and the Committee responsible for Audits, in accordance with relevant capital market legislation and regulations.

Internal audits are conducted within the year, aiming to control the accuracy and reliability of financial statements, to ensure that activities are pursued in accordance with relevant laws and regulations, and to improve the effectiveness and efficiency of the aforementioned activities, with the processes reviewed by the relevant Department, and the present and potential risks, as well as the recommended solutions determined and reported. The internal auditing activities are conducted with the Auditing Committee's knowledge and under the Financial Directorate's responsibility. The foreseeable risks regarding the activities are evaluated and the necessary information flow is facilitated.

The Authority and Responsibilities of the Board of Directors Members and Managers

24-The Company Main Contract Clause 11 includes the authority of the Board of Directors. In addition, the required regulations are provided in the relevant clauses of the Main Contract. The Company Management is determined in accordance with the Turkish Commercial Code and regulations, to represent and bind the Company, and executes its authority within the framework of legal regulations. The authority and responsibilities of the Company Board of Directors members and managers, within this context, are stated in legislation, capital market regulations and the Main Contract clauses.

Activity Principles of the Board of Directors

25-The topics or the agenda regarding Board decisions are arranged and prepared periodically, or in parallel with upcoming requirements. The number of Board meetings may vary depending on these upcoming requirements. 18 Board Meeting decisions were made in 2004, whereas the number rose to 27 in 2005, with 18 decisions taken in 2006. The number of Board Decisions was 12 in 2007 and 13 in 2008. Participation and the call for meetings are principally done when required by Company activities and Board Meetings are conducted. Though a secretariat is not founded to facilitate communication, preparation of the agenda for the aforementioned Board meetings, the writing of the decisions, the keeping of records and follow-up are performed by the Corporate Governance and Shareholder Relations department. In the event of a different vote being cast in meeting decisions, relevant annotation is added to the decision. The questions asked, if any, and the relevant descriptions are included in the decision making process. The Board decision should be signed by at least 5 members, with a minimum of 2 representing Group A and a minimum of 2 representing Group D, where there are no weighted vote or veto rights.

Prohibition of Transaction and Competing with the Company

26-Company Board of Directors Members are prohibited from making transactions and competing with the Company. In such cases, where there might be a conflict of interest, necessary precautions are taken in parallel with legal regulations.

Ethical Codes

27-The Company conducts the required activities regarding the adaptation and execution of ethical codes. Within the legislation, regulations and applications, generally accepted ethical rules are conformed to. Moreover, within the context of Corporate Governance principles, the ethical code is written down and made public within our Company Personnel Legislation as the "Tofaş Employment Ethical Principles." Relations with Company stakeholders, public information, the activities of Company employees, stakeholders and the Board of Directors are followed in accordance with ethical rules. Within this context, any new regulations made in accordance with the information policy are announced via public announcements. The abovementioned "Tofaş Employment Ethical Principles" are also available on our Web site as the ethical rules. The required activities in this field are also continued within 2008.

The number of Committees Formed in the Board of Directors, Their Structure and Independence

28-The Board of Directors features an Execution Committee, made up of 4 members (2 from Group A and 2 from Group D), as required by the Company Main Contract Clause 12. The Committee is present for the execution of the required activities between the Board meetings, and comprises members appointed from within the Board.

Additionally, the Committee Responsible for Audits has been formed, in accordance with the relevant Decree, for the follow-up of financial issues, periodical review of financial statements and their notes, execution of required activities within the framework of Corporate Governance principles, review of the Independent External Audit Report, presentation of proposals, based on present information, presenting financial results to the Board of Directors, and controlling the internal audit process. Mr. Osman Turgay Durak and Mr. Paolo Monferino are the members of the aforementioned committee as of 2008 year-end.

As of 2008, a Corporate Governance Committee has been formed within the context of Corporate Governance principles. The Corporate Governance Committee has started its activities on this topic within the scope of Corporate Governance principles, in accordance with regulations published by the CMB and in parallel with the Company's activities regarding Corporate Governance applications. The Company's compliance with Corporate Governance principles is followed directly by the Chairman of the Board of Directors, and Mr. Ali Aydın Pandır, Mr. Osman Turgay Durak and Mr. Cengiz Eroldu are the members of the aforementioned Committee.

The activity procedures of the Committees within the Board are prepared, and arrangements regarding their follow-up by the relevant departments are facilitated and revised and followed-up in 2008.

Activities regarding the distribution of duties in the aforementioned committees are submitted to the Board of Directors. If required, individuals who are not members of the Board, but who are experts in their own fields may be appointed to the Committees. The Committees act upon their responsibilities and provide suggestions to the Board of Directors. The final decision is taken by the Board.

Financial Rights Provided to the Board of Directors

29-The Board Chairman and members do not gain any benefits other than the compensation determined at the General Assembly. There are no applications based on performance or reward for the Board of Directors.

Furthermore, no loans are given, no credits offered, no benefits are provided through any third party as a loan, and no guarantees and indemnifications are given to any Board Member or Company Top Level Manager.

Managers

30-The Company top management, within the context of the regulations provided by the Board of Directors and the relevant legislation, conducts its activities for the facilitation of effective management of the Company on behalf of the stakeholders, and through the Company CEO, and based on the Directorates, periodically informs the Board in accordance with the legal regulations and the company's internal procedures.