

Attachment: Report on Compliance with Corporate Management Principles

1. Compliance with Corporate Governance Principles Declaration

Compliance Report for the period of activities between 01.01.2010-31.12.2011 as per the Corporate Governance Principles, which the Capital Markets Boards (CMB) had announced and which it required the companies to include in their activity reports is presented hereinafter.

Efforts to ensure compliance with the Corporate Management Principles - where it could not be achieved will - continue in the future, to the extent where that proves to be possible in the sector in which activities are performed.

SECTION I - SHAREHOLDERS

2. Relations with Shareholders Unit

Information on the Investors' Relations and Affiliates Unit that had been set up to be in charge of relations of the company with its shareholders are presented herein below:

Ahmet DEMİR	(Vice President/Chief Financial Officer)
Aykan ÜRETEN	(Financing Director)
Pınar ÇELEBİ	(Treasury and Fund Management Manager)
Bani Betül DİNÇER	(Investors Relations and Affiliates Unit /Senior Specialist)
Dilara AKÇAM	(Investors Relations and Affiliates Unit / Specialist)

Contact Details

Tel: (312) 592 12 42-43-45-70

e-mail: ortaklar_servisi@aselsan.com.tr

Investors Relations and Affiliates Unit carries out the activities regarding correct, reliable and updated keeping of the records on shareholders as well as the exercise of their rights; coordination of public announcements about special cases; answering of shareholders' written requests for information about the company, except for the undisclosed and secret information as well as the commercial secrets; ascertaining of holding of the General Assembly meeting in accordance with the current legislation, articles of associations and the other internal rules of the company, and keeping of the records of the casted votes and sending the results to the shareholders; considering and monitoring of legislation, all matters about public disclosures, including company's disclosure policy; carrying out of the procedures about increase of capital, distribution of profit, and amendment of the articles of association as well as the dematerialization procedures by using Enlightening of the Public Platform of the CMB and; the Corporate Management Principles studies.

Dematerialization of the physical share certificates of about 100 shareholders and the procedures about their receipt of dividends were carried out by the Investors Relations and Affiliates Unit in the year 2011.

3. Exercise of Their Right to Information by the Shareholders

In the year 2011, questions of about 200 shareholders, mainly on how they would claim the bonus shares and the dividends (thereof) that they hadn't claimed within the set

time, and what procedures they should follow for the dematerialization of their share certificates have been orally answered. Special care has been taken to provide full and understandable answers to the shareholders who apply for information.

Company's web site is effectively used for the announcement of the developments that would affect exercise of shareholding rights.

Appointment of a private auditor has not been provided as an individual right in the articles of association of the company, and there has not been any request from the shareholders for the appointment of a private auditor, either.

4. Information on General Assembly

The agenda and the invitation to the 36th Annual General Assembly Meeting of the company which was held on the date of 31.03.2011 to discuss the activities of the year 2011 have been announced in the Trade Registry Gazette of Turkey, on 07.03.2011, and published in two newspaper at the date of 09.03.2011 at national level in Turkey. The meeting was held with the participation of 11 shareholders, who owned 19.990.001.790 shares of the total number of 23.522.400.000 shares represent TL. 235.224.000 issued capital.

Annual reports are made ready for the shareholders for examination latest by fifteen days before the general assembly date and; they are given to the shareholders who apply to participate to the general assembly and to those who demand them. Special care is given to shareholders' right to ask questions in the general assembly meetings on matters that take place in the agenda. The questions that the shareholders ask at the meetings and their suggestions, as well as the answers that are given to them are entered in the minutes of the general assembly.

Within the scope of CMB Communiqué, Series: IV No: 56 and No: 57, the company will comply with the regulations of Corporate Governance procedures of CMB due to the significant operations. The Company will add this issue to its main contract and will submit for approval in Ordinary General Assembly in 2012.

5. Voting Rights and Minority Rights

Shareholders have no preferred voting rights in the company, and there are not any rules pertaining to cumulative voting, either.

6. Dividend Distribution Policy and the Date

According to the Capital Markets Law and the other legislation as well as the provisions of the articles of association, and as per the resolutions of the general assembly, in the year 2011 TL 32.696.136 (TL 0,139 per 1 TL share, 13,9% gross over capital) and (net TL 27.791.715,60 per TL 0,11815 - 1TL share, 11,815 % over capital) of the profit for 2010 has been distributed to shareholders as cash dividend. There are no privileges granted to (certain) shareholders as to the entitlement to the profits that are obtained by the company. The dividend distribution policy that has been presented to shareholders' information is as follows:

DIVIDEND DISTRIBUTION POLICY

The amount of dividends shall be calculated - by taking into consideration the pertinent legislation, the provisions of the articles of association, the equity capital ratio of the

company, the sustainable growth rate, market value and cash flows – as the distributable profit by referring to the annual profit that is indicated in the financial statements of the company, which had been prepared according to the laws and regulations (after subtracting therefrom the reserves that had to be set aside according to the law, tax, funds, financial liabilities and the losses from previous years). Then, the Board of Directors will prepare its recommendation on the way such dividends would be distributed, i.e. as cash on the set dates, or as bonus shares that represent the profit which would have been added to the capital, and submit it to the approval of the General Assembly.

There are no privileges in the company regarding entitlement to the company's profit.

7. Transfer of Shares

In defense industry in which the company operates, it is very important to identify the controlling shareholders who would have a voice in the company management. For that reason, transfer of Group-A registered shares which represent a part of the capital and that are not traded in İstanbul Stock Exchange is restricted as per the provision of the articles of association which reads as, "Group-A shares cannot be sold or transferred without the approval of the Board of Directors and; in the event all or some of them are sold and transferred to third persons without the approval of the Board of Directors, the Board can, without stating any cause, refrain from registering such sale (in the company books)".

SECTION II - ENLIGHTENING OF THE PUBLIC AND TRANSPARENCY

8. Company's Disclosure Policy

Disclosure policy, about which our shareholders were informed at the Ordinary General Assembly meeting of 30.03.2007, can be accessed on the company's internet web site.

9. Explanations Regarding Special Cases

Explanations have, under the guidelines of the CMB, been made in the year 2011 for 25 special cases. CMB or İstanbul Stock Exchange did not request any explanations and/or additional explanations within the year.

10. Company's Internet Web Site and Its Content

Arrangements have been made to enable access to the following information on the company's web site (www.aselsan.com.tr).

- Members of the Board of Directors/Auditors;
- Trade Registry information;
- Shareholding structure;
- Latest version of the articles of association;
- Preferred shares;
- Explanations regarding special cases;
- Annual reports;
- Corporate management compliance reports;
- Disclosure policies;
- Explanations and public offering circulars;
- General assembly meetings;
- Proxy voting form;
- Frequently asked questions;

- Periodical financial statement and independent audit reports.

In the news and announcements section of the main page of the company's internet web site, explanations regarding special cases to İstanbul Stock Exchange as well as information on other matters that concern the investors take place.

11. Disclosure of Real Person(s) Who is/are Ultimate Controlling Shareholder(s)

The Turkish Armed Forces Foundation is the largest shareowner of the company, and owns 84,58% shares of the company. The company does not have a mutual subsidiary relationship with the Turkish Armed Forces Foundation, or with any other company.

12. Public Disclosure of Persons Who Can Have Access to Insider Information

Starting from the year 2004 annual report, the list of the persons who can have access to insider information are annually disclosed to the public in the Corporate Management Principles Compliance Reports that take place in the annual reports.

The list of persons who can have access to insider information as of the beginning of February 2012 are as follows.

1)	Hasan MEMİŞOĞLU	Chairman of the Board of Directors
2)	Necmettin BAYKUL	Vice Chairman of the Board of Directors
3)	Ahmet ŞENOL	Member of the Board of Directors
4)	Birol ERDEM	Member of the Board of Directors
5)	M. Ayhan GERÇEKER	Member of the Board of Directors
6)	Erhan AKPORAY	Member of the Board of Directors
7)	Osman Kapani AKTAŞ	Member of the Board of Directors
8)	Mehmet TİMUR	Member of the Board of Auditors
9)	İsmail DİKMEN	Member of the Board of Auditors
10)	Ali Rıza DADAŞ	Member of the Board of Auditors
11)	Cengiz ERGENEMAN	CEO
12)	Özcan KAHRAMANGİL	Vice President (MGEO Division)
13)	Fuat AKÇAYÖZ	Vice President (SST Division)
14)	Faik EKEN	Vice President (HBT Division)
15)	Ergun BORA	Vice President (REHİS Division)
16)	Ahmet DEMİR	Vice President (CFO)
17)	İnci UYSAL	Internal Audit and Assessment Committee Chairman
18)	Aykan ÜRETEN	Financing Director
19)	Gönül TETİK	Accounting and Financial Affairs Director
20)	Afşin AKKERMAN	Supply Logistics Director
21)	Ali Fatih Bilgi	Information Management Director
22)	Mustafa ERTÜRK	International Marketing Director
23)	Nihat İRKÖRÜCÜ	Human Resources and Support Services Director
24)	Baran ÖZER	Contracts Director
25)	Baki ŞENSOY	Strategic Management Director
26)	M. Uğur KARAVELİOĞLU	Military Wireless Program Director
27)	Mehmet Atilla AKAY	Military Communication Systems Director
28)	Sinan ŞENOL	Avionic Satellite and Naval Communication Systems Program Director
29)	Özge SAVAŞ	Radar Program Director

30) Hayrullah YILDIZ	EH Self Defense Systems Program Director
31) Fikri ATMACA	EH Intelligence and Attack Systems Program Director
32) İbrahim Aybars KÜÇÜK	Land and Missile Program Director
33) Fikret ÜLGÜT	Defense Systems Program Director
34) Metin SANCAR	Air and Naval Programs Director
35) Yavuz Suat BENGÜR	Naval Systems Program Director
36) Yavuz BAYIZ	Prof. Civil System Program Director
37) Mustafa KAVAL	Air Defense System Program Director
38) Murat ACAR	Accounting Manager
39) Pınar ÇELEBİ	Treasury and Fund Management Manager

Within the framework of Communiqué Series:VIII, No: 54 “Principles Regarding Public Disclosure of Special Circumstances” published at 06.02.2009 by CMB, the list of persons who have access to insider information is also prepared and kept to be presented if demanded.

SECTION III - BENEFICIARIES

13. Informing of Beneficiaries

Necessary case is taken when handling the requests of the beneficiaries for information about the company and on matters that concern them, and when answering them correctly and in an understandable manner.

In the Aselsan Magazine which is published quarterly by the company, information on the technical matters regarding the activities that are carried out and on the current social events is given. Aselsan Magazine is sent to the end users of the company products, to the shareholders that had attended to the General Assembly, to the company personnel and to others who may be interested, upon publication.

Company employees are informed on the Internet, on many subjects regarding their financial and social rights. Besides, in the company there is an Employee Representation in which 45 currently employed personnel participate, with the purpose of enabling communication between the personnel and management and to provide guidance in social activities.

Periodical meetings that are held with the representatives of the employees are platforms where the employer and the employees exchange their views and wishes regarding the current practices. The minutes that are kept at such meetings are communicated to all personnel on the employee representative’s page of the company intranet.

14. Participation of Beneficiaries in the Management

Company employees can communicate their expectations and demands to the top management through their representatives. Studies on the participation of the beneficiaries other than the employees and the shareholders will be (re)considered in accordance with the amendments to the Turkish Commercial Code (TCC).

15. Human Resources Policy

Arrangements were made regarding working conditions of the personnel according to the vision, mission and principles of the company, hiring, promotions, remuneration,

awarding, layoffs, leaves, disciplinary procedures, rights, duties and responsibilities and other personal rights of the employees.

There are, among the employees of the company, 45 employee representatives; 12 of which representing the engineers, 3 representing the administrative personnel, 20 representing the technical personnel, 4 representing the office personnel, and 3 representing the workers.

In the year 2011, there have been no complaints from the employees regarding discrimination.

16. Information About the Relations Between Customers and Suppliers

The basic principle of the company is to supply presenting continually and promptly flawless products and services to its customers, and continuously develop the processes, services and products in order to fully meet customer needs. For this purpose, in order to meet the requirements of quality standards, a quality system documented with quality handbook, directives, quality plans, standards, auditing and test directives and foresight implemented operations has been designed.

For the purpose of procuring the materials and software that are used in the products, as well as the services regarding such products, from reliable suppliers, so that possible quality issues would be reduces, the suppliers are checked for their technical, commercial and quality efficiency and capacity. The results of such assessments are communicated to the supplier firm, and suppliers that meet the required conditions are contracted. Within this context, in the year of 2011, orders were placed with 3.817 supplier firms, 176 of which being subsidiary industry firms.

Information about customers and suppliers are classified under appropriate confidentiality levels, and treated according to such classification. Information on the offers received from the suppliers and the correspondence with them are treated as confidential, and are not given to unauthorized persons or to third party firms. In the directives that are created, guarantees are provided to ensure that unfair advantages are not obtained from the customers and suppliers.

17. Social Responsibility

The company has donated to the elementary school, faculty and rehabilitation center in the scope of social responsibility.

SECTION IV – BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors and Independent Members

Hasan MEMİŞOĞLU	Chairman of the Board of Directors / Executive Director
Necmettin BAYKUL	Vice Chairman of the Board of Directors / Executive Director
Mustafa Ayhan GERÇEKER	Member of the Board of Directors (Member of the Corporate Management Committee)
Osman Kapani AKTAŞ	Member of the Board of Directors (Member of the Corporate Management Committee)
Ahmet ŞENOL	Member of the Board of Directors (Member of the Committee in Charge of Auditing)

Erhan AKPORAY	Member of the Board of Directors (Member of the Committee in Charge of Auditing)
Birol ERDEM	Member of the Board of Directors

There is no board member who has an assignment in execution.

Due to the Main Contract Article No.8 of the Company, Board of Directors are composed of privileged shareholders who are representing Turkish Armed Forces Foundation (TAFF) and who are worked for Turkish Armed Forces and retired, and are experienced professional members. In the scope of CMB Communiqué Series:IV No:56 and No:57 Communiqués, to comply with corporate management procedures, the number of members will be increased from 7 to 9 including 3 independent members. There will be amendment in Main Contract of the Company for this issue and will be submitted for approval in the Ordinary General Assembly in 2012.

The members of the Board of Directors of the company serve without receiving any interest or benefit, with the responsibilities and powers bestowed upon them according to the Capital Markets Law and TCC.

Members of the Board of Directors are, according to the “Operating Directives of the Board of Directors”, obliged not to engage in any commercial transaction with the company or regarding any field that fall within the scope of the company’s (activities), either personally or indirectly.

19. Qualifications of the Members of the Board of Directors

Members of the Board of Directors are composed of members who have strong ethical standards, vocational education, knowledge, experience and reputation.

20. Company’s Mission and Vision and Strategic Objectives

Board of Directors is the highest level strategic decision making, executive and representative body. According to the articles of association of the company, the board of directors is responsible for deciding the strategic plans and supervising their implementation. In this context, the mission, vision and strategic objectives are set by the board of directors, which of them are included in the strategic plan. The level of achievement of these objectives are followed up by using the Information Management System, and checked by the Board of Directors and the General Manager on monthly basis. Current version of mission and vision is made available to the public on the company’s web site.

The Company’s Mission:

“To design, develop, produce cost efficient product and system solutions electronic technologies, to customers mainly to Turkish Armed Forces by increasing the assets and resources of the company and increasing their worth.”

The Company’s Vision:

Has been set as “Being one of the largest 50 defense industry firms of the world, by creating high, original and national technological means and capabilities.”

21. Risk Management and Internal Control Mechanism

The Internal Audit and Assessment Committee, which has been created under the Board of Directors, with the purpose of managing the company's risks, and assessing the control and corporate management processes, audits the units and the processes of the company according to the plans that had been prepared, and regularly reports its findings to the Board of Directors. Continuous studies are made to increase and improve the effectiveness of the systems.

22. Members of the Board of Directors and the Powers and Responsibilities of the Directors

Powers and responsibilities of the Board of Directors are stated in Article 13 of the articles of associations of the company, which is titled "Duties and Powers of the Board of Directors" the company will add this issue to its main contract and will submit for approval in Ordinary General Assembly in 2012. Besides, duties and powers of the Board of Directors are also explained in the Operating Directives of the Board of Directors, which has been prepared in the company. In Article 14 of the articles of association, which is titled "Transfer of the Powers to the General Manager" the rules on the transfer of the powers of the Board of Directors to the General Manager are set. Managers' powers and responsibilities are explained in the "Duties and Responsibilities Directive" that has been prepared in the company.

23. Principles on the Activities of the Board of Directors

Agenda of the meetings of the Board of Directors are decided by the Chairman, in a way that would include the subjects that were suggested by the members of the Board of Directors. The matters that the members of the Board of Directors wish to be included in the agenda as well as the suggestions of the General Management regarding the agenda are reported to the Chairman of the Board of Directors. The Chairman of the Board of Directors reviews the opinions of the members of the Board of Directors and the General Management, and finalizes the agenda. Matters that the members of the Board of Directors wish to be discussed will also be included in the agenda. Matters or urgency that emerge and discussion of which are deemed useful can also be included in the agenda during the meeting of the Board of Directors.

According to the Article 10 in the articles of association, the Board of Directors convenes as necessary, and at least once a month. The number of meeting in the year 2011 was 27. (15 of the decisions are the recessional decisions)

The place, date, time and the agenda of the next meeting are decided in every meeting of the Board of Directors. General Management does, in accordance with the directive of the Chairman of the Board of Directors, or of the Vice Chairman or else of a Executive Director, and at least 5 workdays before, send the documents regarding the items of the agenda to the members of the Board of Directors and of the Board of Auditors. Invitations cannot be made by telephone, and the members of the Board of Auditors are also invited to the meetings.

Members of the Board of Directors must attend the meetings unless they have an important excuse. The members that do not attend must notify their excuses.

There is a secretary to provide information to and communicate with the members of the Board of Directors. Furthermore, a reporter is also assigned to carry out the necessary work in this manner.

When entering the resolutions of the meeting, the reporter of the board of directors must observe the provisions of Article 78 of TCC on the Book of Resolutions and of Article 330 on the resolutions of the board of directors.

Accordingly, the reporter ensures that the date and number of the resolution, the names and surnames of those who has attended, the names and surnames of those who has not attended as well as their excuses, the meeting agenda, suggestions for and discussions on the agenda, the text of the resolution, and if any the dissenting opinions are entered in the resolution book and; that the signature of the attending members are affixed under it.

Every member of the Board of Directors, including the Chairman, has one vote. In case of a tie, Chairman's vote will not make any difference. Members cannot abstain; they must vote either aye or no. The member who abstains will be deemed to have voted no. The member who votes no will also ensure that his/her arguments are entered into the minutes, and then signs under it. However, in order to ensure compliance with corporate governance principles, Article 11 of "Assembly and Decision Making Quorum" of the main contract is updated and "TCC, CMB, regulations of CMB due to the corporate governance and other related regulations should be considered for members of Assembly and Decision Making Quorum and Board of Directors in case of working outside the company. Decisions taken by the Board of Directors and other operations performed without complying with corporate governance principles shall be deemed as invalid contrary to the main contract" is added to the Article 11. Amendment in the main contract is continuing process and will be presented for approval the Annual General Meeting in 2012.

The undersigned resolutions as well as the Preparatory File of the Board of Directors are sent to the members of the Board of Directors and of the Board of Auditors.

24. Restraint of Trade

The General Assembly did not pass any resolution regarding the "Prohibition of Engaging into Transaction with the Company" and the "Restraint of Trade" for the members of the Board of Directors of the Company, which are stated in Articles 334 and 335 of TCC.

25. Ethical Rules

The Ethical Rules that the Board of Directors laid down for the employees of the company have been printed and announced to the public in the year 2007. They can be read on the company's internet web site.

26. The Numbers, Structures and Independence of the Committees set by the Board of Directors

a) The committee in Charge of Auditing

Ahmet ŞENOL

- Member - Member of the Board of Directors

Erhan AKPORAY

- Member - Member of the Board of Directors

The duties of the Committee in charge of auditing as stated in the “Working Directive of the Committee of the Board of Directors of the company that is Responsible for Auditing” are in general as follows:

- The Committee in charge of auditing is in principle responsible for the operation and supervision of the company’s accounting system, disclosure of financial information, independent audit and internal control (internal audit).
- The Committee in charge of auditing convenes quarterly, and at least four times a year. The minutes of the meeting will be submitted to the Board of Directors.

b) Corporate Management Committee

Mustafa Ayhan GERÇEKER - Member - Member of the Board of Directors
Osman Kapani AKTAŞ - Member - Member of the Board of Directors

The directive on the operating principles of the Corporate Management Committee, which has been created in order to work on the Compliance Report that would be prepared as part of compliance with corporate management principles was approved in February 2006.

The duties of the Corporate Management Committee as stated in the “Working Directive of the Committee of the Board of Directors of the company that is Responsible for Corporate Management” are in general as follows:

- Corporate Management Committee does in principle work on the implementation of the corporate management principles,
- Identifies if the corporate management principles are or are not implemented and; if they are not implemented, identified the causes. Discovers the conflicts of interest that are caused for failure of its implementation. Advises the board of directors on improvements and remedies. In compliance with CMB Communiqué Series:IV No:56 Committee of Candidate Nomination, Committee of Fees and Committee of Early Identification of Risks will be determined by the Board of Directors which will be constituted in Ordinary General Meeting of Shareholders, will be held in 2012.

27. Financial Benefits of Granted to the Board of Directors

Monthly remuneration of the members of the Board of Directors are decided by the General Assembly and no other benefits are granted. According to the decision stated at the 36th, Ordinary General Assembly as of 30.03.2011, a monthly payment of TL 1.800 is made to the members of the Board of Directors, to the Executive Directors and to the members of the Board of Directors. There is not any financial rewarding system that has been implemented for the performance of the members of the board of directors. No loans were given by the Company to any member of the Board of Directors or to any manager.