

**MINUTES OF 44TH ORDINARY GENERAL ASSEMBLY MEETING OF
ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
HELD ON 26 APRIL 2019**

General assembly meeting of 2018 of ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi was held on 26 April 2019, at 14.00 hours, at Çankırı Yolu 7. km Akyurt / ANKARA address under the supervision of the Ministry Representative Serhat NAS, who was designated by the letter of Governorship of Ankara Provincial Directorate of Commerce, dated 25.04.2019 and numbered 94566553/431.03.

Having the list of participants examined, it was understood that in the meeting, a capital of TL 318.975,904 shares were represented by the persons acting as principal, a capital of TL 68.785.325 shares were represented by the persons acting as depositors and a capital of TL 845.825.624,46 shares were represented by other representatives which in total made TL 914.929.925,364 shares, out of the 1.140.000.000 shares corresponding to a total capital of TL 1.140.000.000,- and accordingly it was understood that the minimum meeting quorum stipulated by both the law and the articles of association was satisfied and thereby the meeting was opened by the Chairman of the Board of Directors and CEO, Prof. Dr. Haluk GÖRGÜN and agenda discussion process was started.

- 1) Chairman of the Board of Directors and CEO, Prof. Dr. Haluk GÖRGÜN expressed his sincere thanks to those for their attendance to the meeting and thereby invited the meeting participants for a one minute's silence for the commemoration of the Great Leader ATATÜRK and our Saint Martyrs. Following the one-minute silence, national anthem is sang and Meeting Chairman election process started. The proposal offered by the shareholder Volkan CÖMERT was submitted for voting. As a result of the voting, it was decided unanimously to elect Prof. Dr. İsmail DEMİR, who is the representative of the Turkish Armed Forces Foundation, as the Meeting Chairman.

The meeting Chairman assigned Mr. Mehmet Fatih GÜÇLÜ as the Vote Collector, Mr. Nuh YILMAZ as the secretary (for writing down the minutes) and also assigned Ms. Pınar ÇELEBİ to fulfill the electronic general assembly system requirements, in the meeting chairmanship.

The Meeting Chairman confirmed that the meeting was being held at the address indicated in the announcement and that the place of the meeting was in compliance with the relevant provision of the articles of association; that the General Assembly was convoked with the announcement made in the company website, on the Public Disclosure Platform on 19.03.2019, in the Turkish Trade Registry Gazette issue dated 25.03.2019 and numbered 9794 and in the Turkish issue newspaper, Dünya dated 25.03.2019, that this announcement was made at least three weeks prior to the meeting date excluding the dates of announcement and the meeting, that the shareholders in the share ledger and the shareholders, who previously submitted to the company their share certificates or other documents proving their shareholding, were notified of the date of the meeting along with the newspapers containing the agenda and the announcement through registered post at least three weeks before the meeting date.

The Meeting Chairman confirmed that the articles of association, the share ledger, the board of directors annual report, the independent audit report, financial statements, the agenda and the list of attendants prepared by the board of directors were all completely present at the meeting place.

The Meeting Chairman confirmed that the executive members and most of the members of board of directors and the independent auditor were present at the meeting. The Meeting Chairman also informed the physically attending shareholders about the electronic general assembly procedure.

The Meeting Chairman made the items of the agenda read and asked the shareholders whether they have any proposal for amendments regarding the order of the discussion of agenda topics. Since there were no proposals, the Ordinary General Assembly Agenda was started to be discussed in the order previously announced.

- 2) The Annual Report for the fiscal year 2018 prepared by the Board of Directors was read. The Meeting Chairman asked if there was anyone who would like to speak regarding the agenda. As there were no proposals, the negotiation of topic 3 of the agenda was passed on to.
- 3) The independent audit report with respect to 1 January – 31 December 2018 fiscal year prepared by the Independent External Audit Company Yeditepe Bağımsız Denetim A.Ş. was read.
- 4) The Consolidated Balance Sheet and Income Statement in compliance with the Communiqué of the Capital Markets Board with Serial:II and Number:14.1 with the Balance Sheet and the Income Statement in compliance with the General Communiqué on Accounting System Application were read. The Meeting Chairman asked if there was anyone who would like to speak regarding the agenda. The Meeting Chairman submitted the agenda for negotiation. As there were no proposals, the voting was started. As a result of the voting, the financial statements for the fiscal year 2018 were approved with 914.221.922,364 affirmative votes against 708.003 negative vote.
- 5) Acquittal of the members of Board of Directors on operations and accounts of the company for the fiscal year 2018 was put to voting. As a result of the voting, the members of Board of Directors were acquitted with 914.234.394,364 affirmative votes against 695.531 negative vote.
- 6) The Meeting Chairman had the Board of Directors' proposal for profit distribution, which was also included in the 2018 annual report, and the Turkish Armed Forces Foundation's proposal, read and put to vote separately. Accordingly the proposal of the Board of Directors was declined with 845.900.819,364 negative votes against 69.029.106 affirmative votes; and the proposal of the Turkish Armed Forces Foundation was accepted with 914.652.400,364 affirmative votes against 277.525 negative votes.

Accordingly, of the net profit generated by our company from its 2018 activities;

- In accordance with Article 519/(1) of the Turkish Commercial Code, General Legal Reserves amounting to TL 91.456.032,50 is going to be allocated,
- Net distributable profit to the shareholders for the period, calculated in the framework of the profit distribution regulations and decisions of the Capital Markets Board is proposed as: Gross profit, TL 174.000.000 (Kuruş 15,26316 per share of TL 1 and 15,26316% on the basis of the capital) (net profit TL 147.900.000,- Kuruş 12,97368 per share of TL 1 and 12,97368% on the basis of the capital) as in the form of cash,
- In accordance with Article 519/(2) of the Turkish Commercial Code, General Legal Reserves amounting to TL 11.700.000,- is going to be allocated,
- The remaining profit is going to be allocated as Extraordinary Legal Reserves,

and distribution of the cash dividends to the shareholders are planned to be distributed as of June 19, 2019, September 18, 2019, and December 18, 2019 in three equal installments.

- 7) Regarding the election of the members of the Board of Directors; the proposal submitted by the Turkish Armed Forces Foundation Representative was read. It was decided with 864.984.922,364 affirmative votes against 49.945.003 negative votes that Mr. Haluk GÖRGÜN (RTIDN: 49357231712), Mr. Mustafa Murat ŞEKER (RTIDN: 25240920666), Mr. Celal Sami TÜFEKÇİ (RTIDN: 37930396606), Mr. Alpaslan KAVAKLIOĞLU (TC Kimlik No: 12731833536), Mr. Mehmet Fatih KACIR (TC Kimlik No: 46351127010) and Mr. Salih KUL (RTIDN: 20737477456) would be elected to serve until the next ordinary general assembly.

One of our shareholders, Sevda ALKAN has stated that; according to CMB Corporate Governance Principles, women members shall be taking place in the Board, with a suggestion of 25% of the Board of Directors at the minimum, and asked about the target and compliance policy regarding this principle. Turkish Armed Forces Foundation Representative replied and stated that there is no specific target or aim not to include women in the board of directors and that the applications were evaluated, where no women has applied and thus there are no women members. He also stated that there are no women applicants among the independent member candidates either and in the case

that women candidates submit their competencies and apply for board membership, visible steps can be taken on that issue.

Among the 4 Independent Board of Member nominees, who were determined by the Board of Directors and approved by the Capital Markets Board and announced to the public in accordance with the Corporate Governance Principles; Mehmet ARIK received 864.984.922,364 votes, Ercümen ARVAS received 864.984.922,364 votes, İbrahim ÖZKOL received 864.984.922,364 votes and Gürbüz BEKTAŞ received 18.897.845,904 votes. Within this scope, Mehmet ARIK (RTIDN: 26350359070), Ercümen ARVAS (RTIDN: 24968360020) and İbrahim ÖZKOL (RTIDN: 33862801270), who received the highest votes, were elected to serve as Independent Members of the Board of Directors until the next ordinary general assembly.

- 8) Regarding the remuneration appraised for the Board of Directors Members, the proposal submitted by the Turkish Armed Forces Foundation Representative was read. As a result of the voting, it was decided with 855.740.035,364 affirmative votes against 59.189.890 negative votes that the payment of monthly net TL 3.000.- (three thousand Turkish Liras) would be made to the Board of Directors Members, valid until the Ordinary General Assembly Meeting, which shall be held in 2020 where the fiscal year 2019 activities shall be discussed.
- 9) As per the Capital Markets Board legislation, the proposal regarding the approval of the Independent External Audit Company chosen by the Board of Directors was read. As a result of the voting, it was decided with 858.592.257,364 affirmative votes against 56.337.668 negative votes that Yeditepe Bağımsız Denetim A.Ş., at the address “Fahrettin Kerim Gökay Cad. Okul Sokak No:1 Altunizade Sitesi E blok d:16 Altunizade-Üsküdar-İstanbul” , Üsküdar Tax Office’s tax number is 9460222817, Maltepe Chamber of Commerce’s registration number is 609033 and 0946022281700012 mersis number, which would be approved to perform the independent audit of our company for the 2019 fiscal year.
- 10) Regarding the amendment of company articles of association article 11 titled “Quorum of Meeting and Decision Making” and article 13 titled “Duty and Authorities of the Board of Directors”; the shareholders were informed that; since there were no proposals submitted to the general assembly chairmanship, no voting shall be held.
- 11) The letter of the Board of Directors regarding the information to be given with respect to the donations made in fiscal year 2018 and the income or interest gained by the guarantees, pledges, mortgages and warranties issued in favor of third parties was read. Pursuant to this, it was stated that between the dates 01.01.2018 and 31.12.2018; the group made a donation worth of TL 100.000,-, there were no income or interest gained from third parties and no pledges, mortgages and warranties issued in favor of third parties, and TL 494.700,- for Mikroelektronik Araştırma Geliştirme Tasarım ve Ticaret Ltd. Şti., TL 22.095.780,- for ASELSAN Bilkent Mikro Nano Tek. San. ve Tic. A.Ş., TL 15.070.000,- for ASELSAN Hassas Optik San. ve Tic. A.Ş. were given as per the guarantees issued in favor of third parties within 2018.
- 12) As per the Capital Markets regulations, the conclusion part of the report prepared by the Board of Directors was read, which was related to the comparison of the conditions of the transactions made in 2018 with the Presidency of Defense Industries with the market conditions, since it was publicly disclosed on 19.03.2019. The conclusion part that was submitted to the information of the shareholders is given below.
- “Based on the Communiqué Serial: II, No: 17.1, the ratio of the amount of the Company's transactions with SSB in the accounting period to the revenue according to the last annual financial statements announced in the public procurement in the accounting period is more than 10% of the processes leading to the prediction of its arrival; Service and liability transfers in accordance with market conditions as specified in the contracts.”
- 13) As for the decisions to be taken with respect of the upper limit of the donations and aids to be provided in fiscal year 2019; the proposal submitted by the Turkish Armed Forces Foundation Representative was read. As a result of the voting, it was decided with 853.259.297,92 affirmative

votes against 61.670.627,444 negative votes that the company and the group companies would make donations and aid with an upper limit of total TL 1.000.000,- (OneMillion Turkish Liras) in 2019.

- 14)** As for the decisions to be taken with respect of the upper limit of the sponsorships to be made in fiscal year 2019; the proposal submitted by the Turkish Armed Forces Foundation Representative was read. As a result of the voting, it was decided with 853.259.297,92 affirmative votes against 61.670.627,444 negative votes that the Company would provide sponsorships with an upper limit of total TL 7.000.000,- (SevenMillionTurkish Liras) in 2019.
- 15)** Board of Directors' letter regarding the subject that shareholders who have a management control, members of board of directors, managers with administrative liability and their spouses, relatives by blood or marriage up to second degree may conduct a transaction with the corporation or subsidiaries thereof which may cause a conflict of interest and compete with them, was read. The shareholders were informed that there is no authorization regarding the subject that shareholders who have a management control, members of board of directors, managers with administrative liability and their spouses, relatives by blood or marriage up to second degree may conduct a transaction with the corporation or subsidiaries thereof which may cause a conflict of interest and compete with them.
- 16)** The Meeting Chairman asked the Shareholders attending the General Assembly if they had any wishes or requests.

Ferda DİNÇER, one of the shareholders, expressed his gratitude for the fact that he had been accepted for the meeting and for the hospitality. He stated that for years, he has been supporting the company with his own efforts and was always proud of the R&D and innovation activities of ASELSAN. However, he said, for the last two years he was suffering financially as an investor and asked for the explanation of the reasons for that. The Chairman of the Board of Directors and CEO of ASELSAN, Prof. Dr. Haluk GÖRGÜN took the floor and said that this question is frequently asked noting that the dynamics of the stock market should be evaluated within the scope of general economic conjuncture. He stated that ASELSAN is a leading company in terms of both innovation and international competitiveness and it is sharing information as transparent as possible. He stated that the turnover and profitability of the company increased and that there was also an increase in exports.

Volkan CÖMERT, one of the shareholders, stated that they have great expectations when it comes to ASELSAN, and that they are expecting bigger initiatives in the field of exports. In addition to that, he said that they are looking forward for the company to overcome the problems seen in the cash flow for the last 1 year, and their expectations from the Defense Industry Presidency are high on that issue.

Ferda DİNÇER, one of the shareholders, asked if there were any problems in the company's receivable collection. The Chairman of the Board of Directors and CEO of ASELSAN, Prof. Dr. Haluk GÖRGÜN took the floor by mentioning that the company works with 2900 domestic companies and 2600 of them are SMEs and stated that ASELSAN is working to fulfill its mission to help building a domestic defense industry. In response to the comment of the shareholder Volkan CÖMERT, he said that in 2018 there were many partnerships established abroad, but the export effects of those will become visible in 2019 due to the long duration of the contract processes. He stated that regarding cash flow management, the company is sensitive on both collections and payments and that the secondary public offering proceeds are being used in accordance with its purpose. He said that a systematic structure was created for the collection of receivables and a commission was established. ASELSAN CFO and Vice President Okan TURAN took the floor and said that besides the fact that there is a partial decrease in cash flow, the company's medium term target is to maintain a positive operational cash flow and a close-to-positive free cash flow. He also emphasized that the average life span of the projects is 4-5 years and it would be more accurate to evaluate the cash flow within a 2-3 year window.

Shareholder Volkan CÖMERT took the floor again and stated that he thought that projects should be started faster in defense industry and gave the examples of HAVASOJ and AKKOR projects. He also stated that he had expectations from the Presidency of Defense Industry regarding this issue.

TAFF representative Prof. Dr. İsmail DEMİR took the floor and stated that they have great expectations from ASELSAN as the shareholder of the Company, and that they expect the company to increase the number of inventions, R&D products and patents. He stated that the suffering of retail shareholders is a subject that is being closely monitored. He said that the possibility of a speculation on the stock was investigated by the Capital Markets Board but there was no such finding. He stated that ASELSAN's key financial data are robust and ASELSAN is a reliable company in the long term, which will carry Turkey forward in the fields of industry and technology. He added that the loss seen on the stock does not match the Company's financial data and that one should also consider the general economic climate in Turkey for that issue. He expressed his thanks to all the employees, especially the Board of Directors and expressed their wish for the better of ASELSAN. He said that the company has a duty to evaluate and use every structure and every researcher in every company that will add value to growth, with national feelings. He stated that it is good to work with a large number of subcontractors and to pay attention to this issue, but small businesses are expected to have more attention by ASELSAN.

TAFF representative Prof. Dr. İsmail DEMİR continued his words and said that ASELSAN is one of the most important companies they work with as the President of Defense Industry. He stated that there is no problem in the cash flow, but a new method of advance payment is intended. In this context, he said that while 20-25% advance payment was being given at the beginning of the project, it would be more appropriate to give out advances and interim payments as needed by taking the country's total cash flow into account and considering the payments to be made in the projects. He emphasized that it is important to avoid import items on orders, to examine domestic and foreign company options well and to observe foreign exchange / TL balance in payments. In this area, he said that targets shall be set for domestic companies where necessary, and making use of the R&D incentives of the institutions such as the Ministry of Industry and Technology and Ministry of Commerce are also considered to be important in terms of providing both cash flow and current balance and reducing the dependence on foreign countries in an important area such as defense. He gave the example of HAVASOJ, where the prolonging process resulted with providing domestic solutions rather than foreign elements in the project. He emphasized that, the Presidency of Defense Industry has been working in coordination with the end-users and can detect such improvements, thus projects may take longer than anticipated.

As there was no one that would like to speak, the Meeting Chairman expressed his gratitude on behalf of all shareholders to the Board of Directors members who resigned upon their completed term of office. He also thanked all employees, especially the members of the Board of Directors, for the performance of the company. He closed the meeting by stating that he anticipates that our Company's stock performance would find the value it deserved with the robust data that the Company has. 26.04.2019 ANKARA

Ministry Representative
Serhat NAS

Meeting Chairman
Prof. Dr. İsmail DEMİR

Vote Collector
Mehmet Fatih GÜÇLÜ

Secretary
Nuh YILMAZ

EGAS Resp.
Pınar ÇELEBİ