

1st December 2007

DEAR MEMBERS OF THE MEDIA,

I would like to share with you the data of the financial results for the period January-September 2007. We all in Turkish Airlines take pride in the successful results that we have come up with recently. Having acquired sustainable growth and profitability, our company is making a quantum leap to travel big distances. At the present point, which we have arrived in the direction of the implemented strategies and goals, Turkish Airlines has doubled in size.

WE HAVE GAINED THE STATUS OF A PRIVATE COMPANY

Following the successful 3rd public offering in May 2006, Privatization Administration holds 49.2% of our company's shares whereas the remaining 50.88% is floated publicly on Istanbul Stock Exchange (Table 1).

Under the decision of the Prime Ministry Privatization Administration, which aims to ensure continuous quality and efficiency in aviation like many other industries, Turkish Airlines Technic Co., Inc. was established on 23 May 2006 as a subsidiary wholly owned by Turkish Airlines Co., Inc.

Turkish Airlines has entered into a joint venture named Turkish Do&Co with Austrian-based Do&Co to provide its flights with catering. THY also holds a fifty per cent stake in Sunexpress, another joint venture with Lufthansa (Table 2).

GLOBAL AIR CARRIER

With the thought "to become a global player in the civil aviation industry", we as the management team of Turkish Airlines set the strategies and goals in 2003. As a first step of growth, we placed orders for new aircraft. To heighten quality and efficiency and adopt the customer oriented management principle were major milestones on the long journey to success. Specifically the 24 new routes that we started in 2006 constituted a major move to grow our market share.

140 DESTINATIONS WITH A FLEET OF 102

Turkish Airlines flies to 141 destinations in 138 cities and 69 countries around the globe. Our company continues with its existing success in punctuality with a percentage of 83.3 in September 2007 in spite of the well increased number of landings and takeoffs in the last 3 years.

With the delivery of 38 new aircraft, daily utilization increased by 10 minutes and 49 minutes in 2006 and 3rd Quarter 2007, respectively, over 10 hours and 21 minutes in 2005 (Table 3).

We added in 2005 Casablanca, Lisbon, Oslo and Astana to our network while starting flights to Stansted as the second airport in London. With the addition of 24 fresh new points in 2006, we reached a roster of 103 international destinations. In 2007, number of our international destinations rose to 107 following the inaugurations of Batumi, Johannesburg, Cape Town and Medina. With the revival of Kahramanmaraş and Adıyaman in 2005, number of our domestic points reached 28. At the end of April 2005, we started domestic flights from Sabiha Gökçen Airport in Istanbul to Ankara, Izmir, Adana, Antalya, Bodrum (summer schedule), Van, Erzurum and Diyarbakır. Among the new domestic routes we started in 2007 are Bursa-Trabzon, Bursa-Erzurum, Istanbul-Eskişehir and Istanbul-Hatay (starting December 10) (Table 4).

As a result of recent purchase of new aircraft, fleet size of Turkish Airlines increased to 101 including 2 cargo aircraft at 30 November 2007 compared to 65 aircraft in 2003. Our fleet includes 17 wide body long haul aircraft. By the end of 2008, 20 more new aircraft will have been delivered in. (Table 5).

With the latest deliveries of aircraft, total number of seats increased by 19.1% and 24.4% in 2005 and 2006, respectively. With the contractual deliveries until the end of 2008, that figure will go up by 27.5% to reach 18,388 seats.

10 TO 20 MILLION PASSENGERS IN 4 YEARS

As of end of October 2007, our passenger traffic rose by 16.6% to 16,581,058 over the similar period of previous year. We expect to reach 20 million passengers with around 170,000 landings (Table 6).

August 2007 turned out to be a great success with over 2 million passengers carried in a single month. Traffic increases of 27.5% and 29% in Middle East and Far East, respectively, ensured us to attain record high passenger load factors (Table 7).

Number of international passengers reached 7 million 610 thousands while domestic passengers end up to be 8 million 438 thousands year to date. Compared to the similar period of previous year, increases in domestic and international passengers came out to be 13.8% and 18.5% in 2007(international passenger increase was 15.8% in 2006) (Table 8).

As we look at the regional breakdown of international passengers, we see that Europe takes the first place with a figure of 5 million 281 passengers, followed by 831 thousand and 659 thousand 700 passengers chose Turkish Airlines in Middle East and Far East, respectively (Table 9).

In the first 10 month period of 2007, Available Seat Kilometers (ASK) increased by 13.1% over the similar period of the previous year to reach 34 thousand 715 (Table 10).

In the first 10 months of 2007, number of landings turned out to be 140 thousand 533 while 170 thousand landings are targeted at the end of 2007 (Table 11).

With the planned flights, a distance of 193 million 943 thousand kilometers was flown to take a total time of 331 thousand 508 hours (Table 11).

GEARING UP IN CARGO TRANSPORTATION

Turkish Airlines took a big leap in cargo transportation and reached 147 thousand 942 in January-October 2007 with an increase ratio of 14% over the same period of previous year. 3 Airbus A310's in our fleet were scheduled for cargo conversion; the first one already joined in while the remaining two are expected to finish up with their conversion by the end f 2008 (Table 13).

SHINING IN EUROPE

As compared to the data available with Association of European Airlines (AEA), figures attained by Turkish Airlines come out to be multiples of AEA averages. While average increase in number of carried passengers in Europe over the last four years varies between 4 and 5%, Turkish Airlines obtains 15 to 20% increases (Table 14). Ratios in Available Seat Kilometers and Revenue Passenger Kilometers show similar trends (Table 15-16). Our

company placed first in the ranking of carriers for least lost baggage per thousand passengers by Association of European Airlines in the first 3 quarters of 2007 (Table 17).

EFFICIENCY HAS RISEN

The major factor for THY's sustainable growth and profitability rates has been the increased efficiency. Number of employees considerably increased in operational units while dwindling in others. In the last four years, number of pilots went up to one thousand 205 from 671 while number of cabin crew rose to 2 thousand 540 from one thousand 676 (Table 18).

A comparison of 2002 and the current year indicates that number of pilots and cabin crew per aircraft increased 10 to 12 and 25 to 26, respectively (Table 19).

As regards to personnel efficiency, we obtained fairly favorable results in 2005 and 2006: number of employees per aircraft fell in 2005 by 10.6% over the figure in 2004 as contrasted to the number of passengers per aircraft rose by 16.2%. In 2006, number of employees per aircraft shrunk by 25.4% over 2005 while the number of passengers per aircraft went up 29% compared to 2005. Number of passengers per employee is predicted to rise to 1,888 this year from 1643 last year (Table 20-21).

FINANCIAL RESULTS FOR JANUARY-SEPTEMBER 2007

Consolidated financial statements for 3rd Quarter 2007 operations of Turkish Airlines were announced and sent to Istanbul Stock Exchange. According to the statements, net operating profit has reached a record level of 418 million YTL (312 million USD) over the previous year.

Net term profits over the previous year increased to 194 million YTL by an increase of 52% (145 million USD with an increase of 62%). Falling currency rates and consequential net balance sheet losses exerted a negative effect on the net term profits (Table 22-23).

At the end of 3 quarters of the current year, net operating income realized to be 3,567 million YTL showing an increase of 21% (2,663 million USD with an increase of 29%). Among the operating costs are fuel cost with a share of 27% and personnel cost with a share of 24%. Last year, the same figures were 29% and 20%, respectively (Table 24).

When net operating income is considered on a regional basis, considerable increases are experienced especially in the regions of Middle East, Africa and Far East, where we started a range of new routes. Turkish Airlines captured an opportunity for incremental revenue in the markets to which it has gained access thanks to the routes started recently (Table 25).

We are expecting our sales revenues to reach 4 billion 800 million YTL (3 billion 767 million USD) at the end of 2007 compared to 4 billion 49 million YTL (2 billion 832 million USD) in 2006 (Table 26).

12 per cent operating profit margin and 5 per cent net profit margin show that our company is among the best in the world (Table 27).

It is seen that Turkish Airlines has recently accomplished an obvious improvement in cash flow generation and profitability. EBITDA and EBITDAR ratios indicating net cash inflow after deducting depreciation and lease repayments exhibit a similar favorable trend (Table 28).

Successful results in recent years have contributed to equity and caused indebtedness to assets and indebtedness to equity ratios to fall thanks to the conspicuous improvement in equity even though the substantial increase in financial debt associated with the acquisition of new aircraft. Resulting picture clearly shows that Turkish Airlines has become a good choice for investment (Table 29).

Having shared with you the financial results, I would like to briefly mention to you a few points.

Taking an important first step in last December, we made a strategic decision to join Star Alliance, which is the biggest of the 3 global airline alliance handling two thirds of the air passenger traffic generated in the world. We are targeting to become a full member at the end of March 2008.

Turkish Airlines was awarded Aviation Safety Standard Certificate (the very early worldwide standard in airline safety management) issued by International Air Transportation Association (IATA). Following its initial issue in 2006, we have successfully passed an IOSA audit in 2007 and received a renewal of the same certificate running through October 2009.

Our company has succeeded in placing among the successful carriers of Europe and the world in an extremely competitive industry thanks to its service quality, scope of network, flexible fleet structure and rapid deployment of advanced technology.

SkyTrax, a rating company which classifies air carriers and airports in 750 metrics regarding to their service and quality standard, raised the rating of Turkish Airlines to four stars. As a recognition of its developed services and customer centered business understanding, THY promoted from its earlier three-star standing to a conspicuous position of four stars in a list being watched closely by the whole airline industry (Table 30).

Following its debut in 2006 on the Board of Governors of IATA, which represents a turnover of 400 billion USD in airline industry, Turkish Airlines made a major success in obtaining a decision from IATA members to host Annual General Meeting in Istanbul in June 2008 (Table 31).

We aim to bring THY to higher standings and make sure that it takes its place among the creditable and renowned carriers in Europe and the world thanks to our well received quality and service standards added on our increasing passenger traffic fueled by our growing fleet.