

ARTICLES OF ASSOCIATION

FOUNDATION:

Article 1:

The founders, identified herebelow with their names and residence addresses, have decided to found a joint-stock company in accordance with provisions of the Turkish Commercial Code pertaining to immediate foundation of joint-stock companies.

Names and addresses:

- 1) Asım Emrem : Etiler Kooperatifi Evleri No. 11/6 Bahçelievler / Ankara
- 2) Barık Uluğ : Halaskargazi Caddesi No. 25/2 Şişli / İstanbul
- 3) İhsan Altunel : Hocaüveyz Balipaşa Caddesi No. 94 Fatih / İstanbul
- 4) Ziya Umay : Serbesti Sokak No. 20 Yeşilköy / İstanbul
- 5) Asım Kocabıyık : İstanbul Caddesi No. 29 Yeşilköy / İstanbul
- 6) Safa Batıbayı : Gazi Evranoz Sokak No. 29 Yeşilköy / İstanbul

TRADENAME:

Article 2:

The tradename of the Company is BORUSAN MANNESMANN BORU SANAYİ VE TİCARET ANONİM ŞİRKETİ.

OBJECTIVES AND FIELDS OF ACTIVITY:

Article 3:

Fields of activity of the Company are as follows:

- A. establish and operate all kinds of industrial ventures and businesses. Particularly dealing with manufacturing of all kinds of pipes and metallic goods.
- B. engage in import, export, representation, commissioning, contracting and within the broadest sense of the word, commercial deals and activities of every kind.

In order to achieve its objectives constituting its main fields of activity listed above, the Company may engage particularly in the following activities, without being limited thereto:

- a) purchase, import or otherwise procure all kinds of raw materials, finished and semi-finished goods of every description, and may enter into all and any commercial deals after fully or partially processing the same;

- b) for conducting these manufacturing and other works, establish new industrial plants, factories, workshops and manufacturing plants, and acquire or transfer or lease the existing ones, throughout Turkey and abroad, and purchase from domestic or foreign markets all kinds of machinery, tools and materials required for foundation and expansion of the said plants, and found or acquire other companies and plants engaging in the same fields of business, and participate in the existing ones provided that these do not constitute investment services and activities within the scope of the Capital Market legislation; and appoint others or serve to others as a representative;
- c) enter into collaboration and partnership with other local and foreign enterprises, companies and ventures, and acquire, use, sell and lease trademarks, brand names, licenses, concessions, know-how, industrial drawings and models, and receive or give them as security;
- d) acquire, sell or lease all types and kinds of real properties (including ships), and equip or encumber them with usufruct and servitude rights or other personal rights or rights in rem, and establish or remove mortgages, to this end, execute all kinds of transactions, including, but not limited to, parceling, unification and division before land registries;
- e) undertake all types of financing of third parties, and particularly, enter into secured or unsecured lending or borrowing businesses with them, and receive or give personal security (mortgage) or guarantees in kind of every description in favor of them, subject to compliance with the laws and related regulations;
- f) complies with the principles determined within the frame of Capital Markets legislation with respect to the giving of guarantees, sureties, security or establishment of pledges, including mortgages, in its own name and in favor of third parties;
- g) establish and operate laboratories for tests and inspections within its fields of business; and
- h) perform all kinds of commercial activities and operations, and found social support funds or other social organizations in favor of its officers, personnel and workers; and establish foundations or participate in existing ones;
- i) distribute dividend to foundations it has established or participated as above, or to similar other persons and/or entities, without prejudice to the first dividends, within the frame of Capital Markets legislation; and
- j) The Company may make donations without delaying the conduct of its field of activity pursuant to the donation policy determined in accordance with the provisions of Capital Markets legislation and approved by the General Assembly and by complying with the relevant applicable laws, provided that the upper limits of the donation are determined by the general assembly, and no donation exceeding this upper limit is made, and donations made are included in the profit base, and donations are not in violation of the thin capitalization provisions of the capital markets law, and the required public

announcements are made, and the donations made throughout the year are submitted to the information of shareholders in the general assembly meeting.

HEADQUARTERS OF COMPANY:

Article 4:

The headquarters of the Company are at the address of Beyoğlu, Salıpazarı, Pürtelaş Hasan Mahallesi, Meclisi Mebusan Caddesi No. 37, İstanbul. In case of change of address, the new address is registered with the Trade Registry and announced in the Turkish Trade Registry Gazette, and is separately notified to the Capital Markets Board and the Ministry of Customs and Trade. Notices delivered to the registered and announced address will be deemed to have been duly served on the Company. Failure to have the new address registered in due time after moving from the registered and announced address will be considered as a just cause for dissolution of the Company.

The Company may open branch offices in Turkey and abroad in compliance with the applicable laws and regulations.

TERM OF COMPANY:

Article 5:

The Company has been established for an unlimited term.

CAPITAL:

Article 6:

The capital of the Company is 141,750,000 Turkish Lira, divided into 14,175,000,000 in Group A and Group B shares with a nominal value per share of 1 Kurush.

Breakdown of these shares is as follows:

<u>No.</u>	<u>Group</u>	<u>Type</u>	<u>Amount (TL)</u>
1,417,500,000	A	Registered	14,175,000.00
12,757,500,000	B	Bearer	127,575,000.00

The share capital of the Company of 141,750,000 Turkish Lira has been fully paid.

Shares representing the capital are dematerialized within the frame of dematerialization principles.

DIVIDEND SHARES:

Article 7:

Upon increase of capital by 40,000,000 (forty million) Turkish Lira, 100 dividend share certificates in bearer form have been issued for distribution among shareholders, who have subscribed to the capital increase and served for the foundation and growth of the Company.

Holders of dividend shares do not have a voting right; they participate in profit as stipulated in Article 23 and in liquidation balance at the same rate.

ISSUANCE OF SECURITIES:

Article 8:

In accordance with the Turkish Commercial Code, the Capital Markets Law and other applicable laws and these Articles of Association, the Company may, for sale to local or foreign real persons or legal entities, issue all types of secured or unsecured bonds, profit and loss sharing certificates (profit sharing bonds), bonds convertible into shares, convertible subordinated notes, precious metals bonds, commercial papers, dividend share certificates, and other capital market instruments accepted and classified by the Capital Markets Board as debt instruments, and all kinds of other capital market instruments, and other securities that may be issued by joint-stock companies according to the Capital Markets Law and other applicable laws and regulations.

Capital market instruments referred to in this article may be issued by a decision of the Company management to the extent allowed by the capital markets legislation. Accordingly, the Board of Directors is authorized to issue debt instruments.

The Board of Directors is authorized to issue capital market instruments, and to determine maximum amounts, types, maturity dates, interests and all other conditions of issuance, and to authorize the Company management in connection therewith, in compliance with provisions of the Capital Markets legislation.

ELECTION OF DIRECTORS:

Article 9:

The Board of Directors is composed of minimum 5 and maximum 9 directors. One more than half of the number of directors are appointed among the candidates nominated by Group (A) shareholders. The provisions of the Capital Markets Law and other regulations of the Capital Markets Board pertaining to independent directors to be elected to the Board of Directors are reserved.

TERM OF OFFICE OF MEMBERS OF BOARD:

Article 10:

The directors are elected for a maximum term of three years, and serve until new directors are appointed, and may be re-elected. The General Assembly may, if deemed necessary, replace the directors at any time. The provisions of the Capital Markets Law and other regulations of the Capital Markets Board are reserved.

MEETINGS OF BOARD OF DIRECTORS:

Article 11:

The Board of Directors meets if and when deemed necessary for business activities and operations of the Company. The provisions of article of the Turkish Commercial Code

pertaining to decision quorum are applicable. The provisions of the Capital Markets Law and other regulations of the Capital Markets Board are reserved.

REMUNERATION OF BOARD MEMBERS:

Article 12:

The remunerations payable to the members of the board of directors are determined by the General Assembly. The General Assembly determines the remunerations of independent and non-independent directors in accordance with the Capital Markets legislation.

DUTIES OF BOARD OF DIRECTORS:

Article 13:

The Board of Directors manages and represents the Company. The duties, rights and powers vested in the independent directors by the Capital Markets Law and other applicable legislation are reserved. The Board of Directors is under obligation to establish the committees and commissions specified in the relevant applicable laws. In addition to such committees, the Board of Directors may also establish committees and commissions for implementing and supervising the decisions and policies with respect to the Company business affairs. The provisions of the Capital Markets legislation are applicable in appointment of these committees.

REPRESENTATION OF COMPANY:

Article 14:

In order to be valid and binding on the Company, all kinds of documents to be issued and all kinds of contracts with or without consideration to be signed by the Company are required to be signed under the tradename of the Company by two signatories authorized to represent the Company. The Board of Directors may determine that the authorized signatories are authorized to sign individually and/or jointly. The authority individually to sign on behalf of the Company may be delegated to the managing directors, or the signature authorization may be delegated to or given to the managers who are not shareholders of the Company, provided that at least one member of the Board of Directors has the power to represent the Company. In any case, authorized signatories of the Company are duly registered and announced by the Board of Directors.

The Board of Directors is further authorized to delegate its managerial powers in full or in part to one or more directors by internal bylaws to be issued pursuant to article 367 of the Turkish Commercial Code. Furthermore, the Board of Directors may, pursuant to article 371 of the Turkish Commercial Code, appoint the directors, not authorized to represent the Company, or the employees working as per an employment contract signed with the Company, as mercantile agents or other types of mercantile assistants with limited authorization. Duties and powers of persons to be appointed as above are clearly determined and set down in the internal bylaws to be issued pursuant to article 367 of the Turkish Commercial Code. Thereupon, the internal bylaws is duly registered and announced. Mercantile agents or other types of mercantile assistants appointed under this article are also separately registered in and announced via the trade registry.

AUDIT:

Article 15:

On audit of the Company and other matters specified in the applicable legislation, the provisions of the Turkish Commercial Code and the Capital Markets Law shall be applicable.

MEETINGS OF GENERAL ASSEMBLY:

Article 16:

The General Assembly shall convene for ordinary or extraordinary meetings. Ordinary General Assembly meetings shall be held at least once a year and within three months following the end of accounting period of the Company. In these meetings, the issues determined as per the Article 413 of the Turkish Commercial Code shall reviewed and necessary decisions shall be adopted. Exceptions specified in the Turkish Commercial Code are, however, reserved. Extraordinary General Assembly meetings shall be held when necessary due to business of the Company, in accordance with the provisions of the Turkish Commercial Code, these Articles of Association and the internal bylaws and shall adopt the required decisions.

Participation to the General Assembly meetings held in electronic media:

The right holders authorized to participate in General Assembly meetings may attend these meetings also in electronic media pursuant to Article 1527 of the Turkish Commercial Code. Pursuant to provisions of the Regulation on General Assembly Meetings to be Held Electronically in Joint-stock Companies, the Company may establish an electronic general assembly system enabling the right holders to attend the meetings, express their opinions, file proposals and cast their votes electronically in meetings of the General Assembly or may procure services from the existing systems already installed for this purpose. In all General Assembly meetings, the Company shall procure that right holders or their representatives are enabled to use their rights stipulated in the said Regulation via such a system installed pursuant to this provisions of the Articles of Association.

PLACE OF MEETINGS:

Article 17:

The General Assembly shall convene at the headquarters of the Company or at a convenient place in the city where the premises of the Company are located.

MEETING AND DECISION QUORUMS:

Article 18:

The provisions of the Turkish Commercial Code and the Capital Markets Law shall be applicable to the meeting and decision quorums in General Assembly meetings.

ANNOUNCEMENTS:**Article 19:**

Announcements of the Company shall be made in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Law and regulations of the Capital Markets Board. Announcements of the Company, including call for General Assembly meetings, shall be published in the Turkish Trade Registry Gazette, the web page of the Company, Public Announcement Platform and other media as determined by the Capital Markets Board.

VOTING RIGHT:**Article 20:**

In meetings of the General Assembly, votes shall be cast electronically or by show of hands by the shareholders attending the meeting physically. Balloting shall be applied if demanded so by shareholders or their representatives, who are present in the relevant General Assembly meeting and represent at least one-tenth of share capital. Each Group (A) share shall have 5 votes in both ordinary and extraordinary meetings of the General Assembly. However, the provisions of Article 479 of the Turkish Commercial Code relating to voting privileges shall be reserved.

APPOINTMENT OF REPRESENTATIVE:**Article 21:**

In meetings of the General Assembly, the shareholders may be represented by a representative to be appointed among other shareholders or third parties. A representative, who is a shareholder of the Company, shall be authorized to use his own votes, and also the votes of shareholder(s) he represents. Content of certificates of representation/powers of attorney shall be determined and announced within the frame of the Turkish Commercial Code, as well as the communiqués and regulations of the Capital Markets Board.

ACCOUNTING PERIOD:**Article 22:**

Accounting period of the Company shall start on the first day of January and end on the last day of December.

DISTRIBUTION OF PROFIT:**Article 23:**

Net profit of the period shown in the yearly balance sheet, remaining after deduction of the amounts required to be paid or set aside by the Company, such as general expenses and various depreciations, and of the taxes required to be paid by the Company, from the income determined at the end of the accounting period, shall, after further deduction of losses of past years, if any, be distributed as shown below:

General Legal Reserve Fund:

a) 5% of net profit of the period is set aside as the general legal reserve fund.

First Dividend:

b) First dividend on the basis of the amount to be calculated by including the donations, if any, shall be reserved from the balance pursuant to provisions of the Capital Markets legislation and within the frame of distribution of profit principles of the Company.

Without prejudice to the first dividend, the following profit items shall be set aside from the remaining net distributable profit:

c) 10% thereof shall be set aside for distribution to holders of dividend shares.

d) Up to a maximum of 5% of the balance remaining after payment of the items mentioned in paragraphs (a) to (c) hereinabove may, in the discretion of the General Assembly, be allocated as dividend to directors, managers and officers of the Company. The principles of distribution of Board of Directors' dividends among the members shall be determined by the General Assembly in accordance with legislation relating to capital markets.

e) Up to a maximum of 5% thereof may be allocated to foundations established or participated by the Company and/or to such other persons and/or entities.

Second Dividend:

f) Portion of net profit of the period remaining after deduction of the amounts mentioned in paragraphs (a), (b), (c), (d) and (e) may be fully or partially distributed to the shareholders as second dividend, or fully or partially set aside as extraordinary reserve fund, upon decisions of the General Assembly.

General Legal Reserve Fund:

g) Out of the portion decided to be allocated and distributed to shareholders and others having for profit shares, an amount equal to 5% of the paid capital shall be deducted and one-tenth of the balance thereof shall be set aside as general legal reserve fund pursuant to provisions of the Turkish Commercial Code.

h) Unless and until the legal reserve funds stipulated by the law, and the dividends determined for shareholders in the Articles of Association and profit distribution principles are set aside, no decisions to set aside other reserve funds, or to retain the profit, or to distribute profit shares to dividend shares or to directors, employees and the third parties of the Company shall be adopted and no dividend shall be distributed to the shareholders unless the determined dividends are paid in cash.

The profits are distributed to all shares present as of the distribution date without considering their issuance and acquisition dates.

The distribution method and timing of the profit, the decision on distribution of which is adopted, is determined by the general assembly upon the proposal of the board of directors.

The profit distribution decision adopted by the general assembly as per the provisions of this Articles of Association cannot be revoked.

Profit share advances may be distributed pursuant to provisions of the Capital Markets Law and in compliance with the principles set forth in Capital Markets legislation. Advances distributed as above shall be deducted in accordance with the provisions of the relevant legislation.

DATE AND METHOD OF DISTRIBUTION OF PROFIT:

Article 24:

Date and method of distribution of yearly profit to shareholders shall be decided by the General Assembly upon a proposal of the Board of Directors in accordance with provisions of the Capital Markets Law and relevant legislation. Profits distributed in accordance with these Articles of Association cannot be claimed back.

COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES:

Article 25:

The Corporate Governance Principles required to be applied as per decisions of the Capital Markets Board shall be complied with.

In transactions classified as material for implementation of Corporate Governance Principles, and in all kinds of related party transactions of the Company, and in transactions relating to provision of security, establishment of pledges and mortgages in favor of third parties, the provisions of the Capital Markets Law and the regulations of the Capital Markets Board relating to corporate governance shall be complied with.