



Corporate Governance Compliance Rating Report



Turcas Petrol A.Ş.

8 March 2012

Validity Period 08.03.2012-08.03.2013

LIMITATIONS

This Corporate Governance Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. (herein after called "KOBIRATE") for Turcas Petrol A.Ş. is compiled in accordance with the Corporate Governance Principles Compliance Rating Methodology prepared by Kobirate on the basis of the Corporate Governance Principles issued by the CMB in 2005, which are approved by the CMB with its letter of 24.04.2009, no. 5347.

The Rating Report issued by Kobirate is based on documents, data, files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

Kobirate has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Firms, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website (www.kobirate.com.tr)

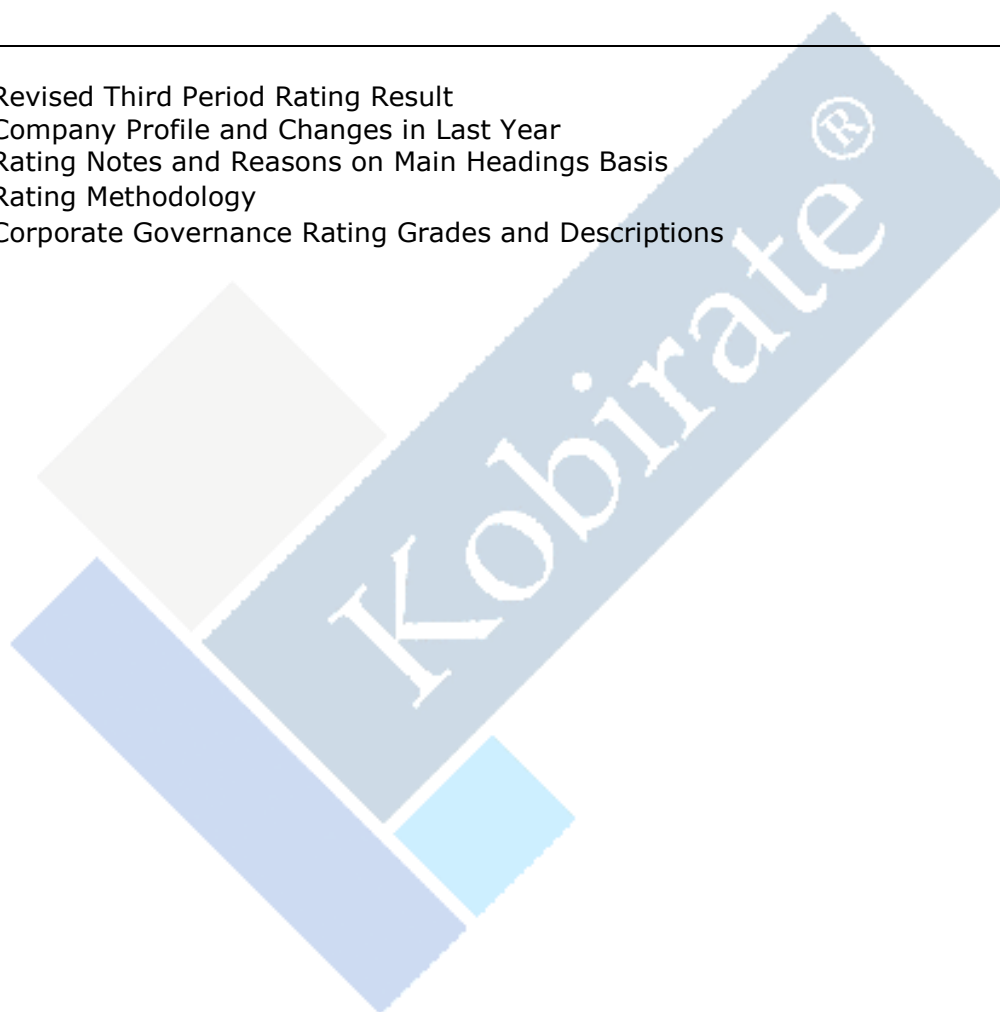
Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate formed accordingly to the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, to hold or to dispose any kind of borrowing instrument. Kobirate may not be held liable for any losses incurred or investments made to the company referring to this report.

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TURCAS PETROL A.Ş.

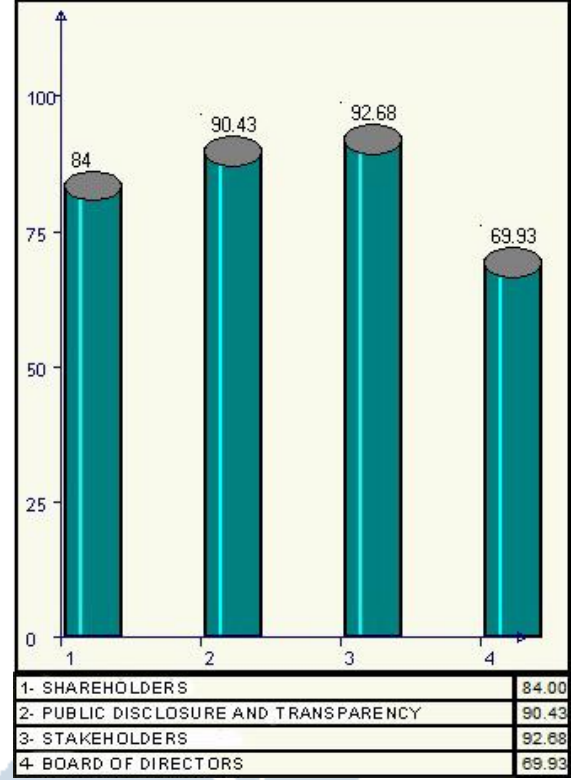
CMB CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE GRADE

8.4

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1. THIRD PERIOD REVISED RATING RESULT

At the end of examinations of the documents made at firm's site, discussions held with executives and other individuals concerned, and of other reviews, rating of **TURCAS Petrol A.Ş.** with the Corporate Governance Principles is updated in accordance with the Corporate Governance Compliance Rating Methodology developed by **Kobirate** Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. based on the Capital Market Board's Corporate Governance Principles, which is approved by the same regulator.

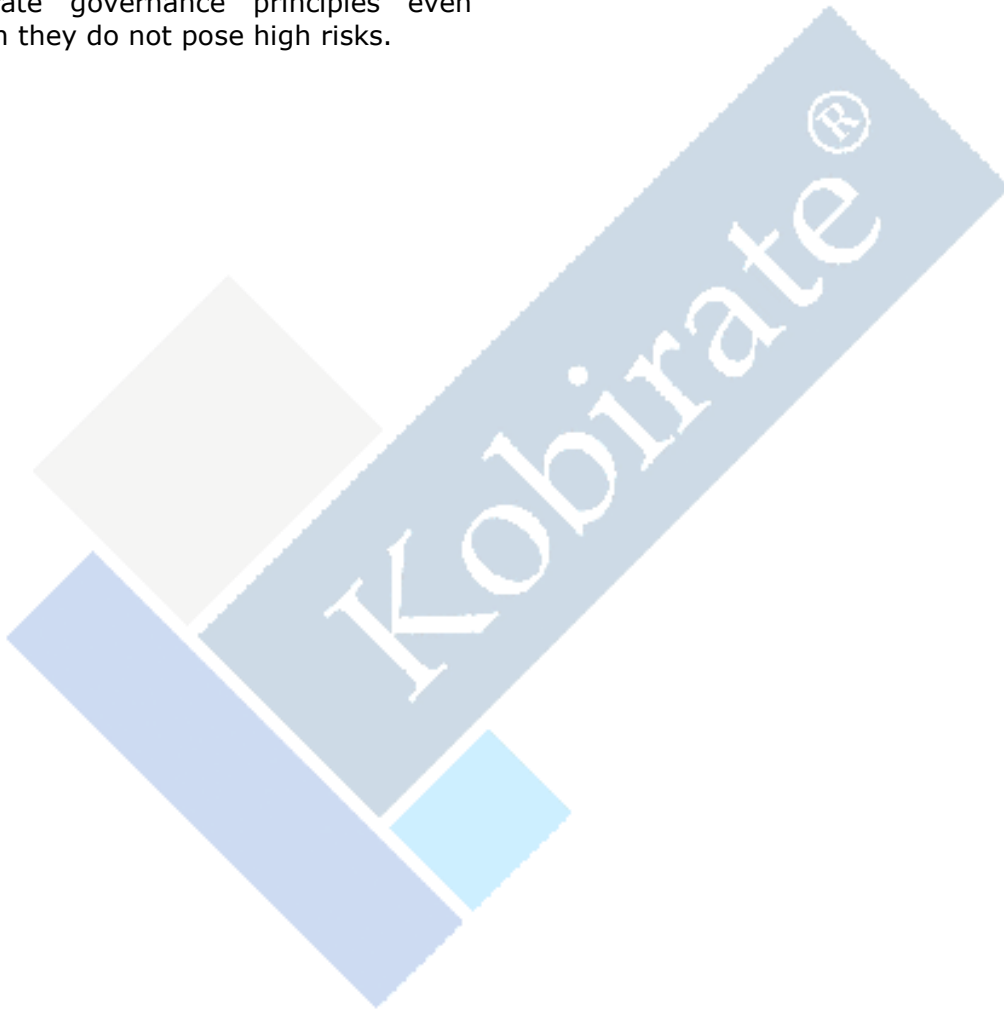
At the end of rating process covering the assessment of 388 criteria under the headings of Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors as laid down by the CMB's Corporate Governance Principles and of assessment according to the Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal

Yönetim Hizmetleri A.Ş.'s methodology, **TURCAS Petrol A.Ş.'s** Corporate Governance Compliance Rating Grade is revised as **8,40**

The grade indicates that the Company has achieved substantial compliance with the Corporate Governance Principles issued by the CMB and that it is highly eligible for continuity of being traded on the ISE's Corporate Governance Index.

The most important factor in attainment of the revised grade is that both the Board and the top management have been desirous and determined to produce solution to areas requiring compliance and improvement in the Corporate Governance Principles.

This result means that **TURCAS Petrol A.Ş.** has achieved substantial compliance with the Corporate Governance Principles issued by the Capital Market Board. Risks that might be exposed are largely recognized and controlled. The rights of the shareholders are protected equitably, public disclosure and transparency efforts are at high level. The rights of the stakeholders are considered fairly. The structure and working conditions of the Board comply with the corporate governance principles, however, certain improvements are required under the corporate governance principles even though they do not pose high risks.



2. COMPANY PROFILE AND CHANGES IN THE LAST YEAR



Company Name : Turcas Petrol Anonim Şirketi
Company Address : Emirhan Caddesi 109 Atakule Kat:6 Beşiktaş 34349
İstanbul
Company Phone : (0212) 2590000 / 18 Hat
Company Facsimile : (0212) 2590018 / 19
Company Website : www.turcas.com.tr
Date of Incorporation : 07/03/1980
Registered Number : 171118 / 118598
Paid-in Capital : 225.000.000.-TL
Line of Business : Local and international operations, investments in exploration, production, transport, distribution, storage, import, export of and dealing in energy sector and its sub-sectors such as oil, petrochemicals, fuel, electricity and naturel gas.
Industry in Which its Operates : Energy

Company Representative in Charge of Rating :

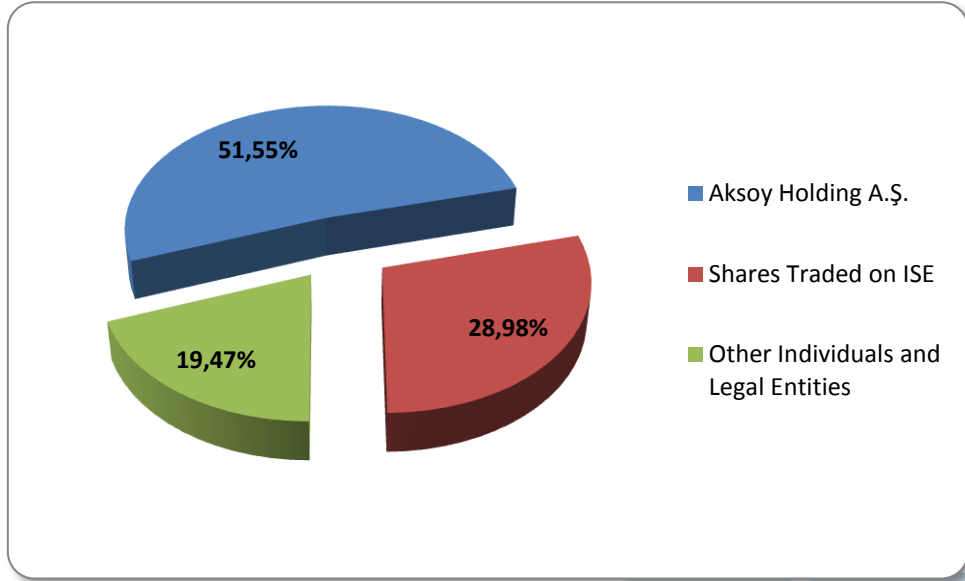
C.Yusuf Ata

Head of Shareholders' Relations Department

yusuf.ata@turcas.com.tr

0212 2590000

Shareholders' Structure (29.02.2012)



Source: Turcas Petrol A.Ş. Website

Turcas Petrol A.Ş.'s Ultimate Controlling Shareholders

Name	Share (%)
Erdal Aksoy	30,86
Saffet Batu Aksoy	10,32
Banu Aksoy Tarakçioğlu	10,32
Ayşe Belkıs Aksoy	0,05
TOTAL	51,55

Source: Turcas Petrol A.Ş. Website

Company's Board of Directors

Name	Title
Erdal Aksoy	Chairman
Yılmaz Tecmen	Vice Chairman of the Board
N.Süreyya Serdengeçti	Member
M.İlhan Nebioğlu	Member
Bülent Çorapçı	Member
Banu Aksoy Tarakçioğlu	Member
S.Batu Aksoy	Member and CEO

Company's Executive Committee

Name	Title
Erdal Aksoy	Chairman of the Board
Yılmaz Tecmen	Vice Chairman of the Board
S.Batu Aksoy	Member of the Board and CEO
Banu Aksoy Tarakçioğlu	Member of the Board
Cabbar Yılmaz	Coordination and Regulatory Affairs Director
Arkin Akbay	Electricity and Gas Group Director

Company's Top Management

Ad/ Soyadı	Unvanı
Cabbar Yılmaz	Coordination and Regulatory Affairs Director
Arkin Akbay	Electricity and Gas Group Director

Balance Sheet Comparison of Company's Selected Items as of Third Quarter of Last Two Years

	2010/9	2011/9	Change %
Current Assets	66.131.061	94.259.248	42,53
Fixed Assets	499.716.151	658.222.325	31,72
Total Assets	565.847.212	752.740.286	33,03
Short Term Liabilities	2.898.681	6.875.564	137,20
Long Term Liabilities	4.476.805	197.094.073	4.302,56
Equity	558.471.726	548.770.649	(1,17)

Source : www.kap.gov.tr

Income Statement Comparison of Company's Selected Item as of Third Quarter of Last Two Years

	2009/09	2010/09	Change %
Sales	39.180.193	8.315.726	(78,78)
Cost of Goods (-)	(38.942.772)	(7.156.100)	(81,62)
Gross Operating Profit/Loss	237.421	1.159.626	388,43
Operating Expenses (-)	(6.893.345)	(8.747.885)	26,90
Operating Profit/Loss	11.373.791	9.496.399	(16,51)
Before Tax Profit/Loss	70.097.171	16.762.608	(76,09)
Net Profit/Loss of the Period	67.246.107	13.727.377	(72,15)

Source : www.kap.gov.tr

The Peak and Bottom Closing Values of Company's Shares Traded on ISE During the Last Year

Bottom Value	Peak Value
(09.01.2012) 1,99	(04.05.2011) 4,40

Source : Turcas Petrol A.Ş.

Changes Experienced in the Company in the Last Year:

Annual General Meeting of the shareholders for discussion of 2011 operations was held on 27.04.2011, after deduction of TL 2.866.664.57 as legal reserves from the period's net income of TL 56.382.591 resulted from the financial statements prepared under UFRS, pursuant to the provisions of the Capital Market Board's Communiqué Series: IV, No: 27 and of Section 466 of the Turkish Commercial Code and it was unanimously resolved that the shareholders would be distributed in cash and at once the total sum of TL 11.250.000, corresponding to gross TL 0,05, net TL 0,0425 per share with a face value of TL 1, from 23.05.2011 and that the remaining amount be earmarked as Prior Year's Profit. The shareholders were distributed the dividends on the announced date pursuant to this resolution adopted by the General Assembly.

It has not been attempted at the said meeting to replace any Director, and Members who have not completed their 3 year terms yet have continued to serve.

Hasan DEMIR and Nedret ERGENE were reappointed as members of Audit Committee for a period of 1 (one) year.

Our rating experts, too, attended the general assembly and observed that **TURCAS** Petrol A.S. achieved a high level of compliance for the general assembly practices as specified in Section 1 and 3 of the Corporate Governance Principles.

Operations involving the shareholders are performed by Shareholders' Relations Department and Corporate Finance and Investor Relations Department in coordination. After resignation of F.Şehsuvar ALADAĞ, serving as Investors Relations and Strategic Planning Manager, Erkan İlhan TEKİN serving as Corporate Finance Manager in the company has also assumed Management of Investors Relations Department and his new job title is revised as Corporate Finance and Investors Relations Manager.

There have been replacements on the Risk Management Committee and Business Development Committee with the Board after date of this report. Audit Committee and Corporate Governance Committee members remain the same. The Composition of the committees follows:

AUDIT COMMITTEE

Halil Bülent Çorapçı
Mehmet İlhan Nebioğlu

CORPORATE GOVERNANCE COMMITTEE

Necip. Süreyya Serdengeçti
Banu Aksoy Tarakçıoğlu
Cabbar Yılmaz

It was decided at the meeting of the Board held on 09.12.2011, to replace Erkan İlhan Tekin as a member of the Risk Management Committee after resignation of Cemal Safak Ayisigi, and to replace Arkin Akbay as a member of Business Development Committee after resignation of F. Sehsuvar Aladag.

ADVANCE RISK RECOGNITION COMMITTEE

Yılmaz Tecmen
Banu Aksoy Tarakçıoğlu
Erkan İlhantekin

BUSINESS DEVELOPMENT COMMITTEE

Erdal Aksoy
Saffet Batu Aksoy
Arkin Akbay

The corporate reorganization was completed, the departments, operational areas and tasks and work processes were laid down pursuant to the new organizational structure. Further, the job titles and authorizations have been re-specified, and corporate structure has been rendered to be fully compatible with the current circumstances and requirements.

CHANGES IN THE GROUP STRUCTURE AND AFFILIATES:

Turcas Ruzgar Enerji Uretim A.S. , Turcas' indirect subsidiary whose 100 % of shares are held by TURCAS took over 1 Geothermic Source Exploration License in Central District of Denizli province on 05.08.2011 within its mission to make energy generation based investments on renewable sources such as wind, geothermic, water and sun. At the Extraordinary General Assembly held on 25.10.2011, the name of Turcas Ruzgar Enerji Uretim A.S. was changed to Turcas Yenilenebilir Enerji Uretim Anonim Sirketi.

As a result of the Board's Resolution of 26.12.2011, no. 2011/13, it was decided to establish a subsidiary under the name of Turcas Rafineri Yatirimlari A.S. with a share Capital of TL 50.000 whose objects are mainly to be involved in oil refineries, operations and investments in whom TURCAS would hold a 99.60% share equivalent to a share Capital of TL 49.800. Thus it is planned that Turcas will hold the share in STAR Rafineri A.S. in its affiliate portfolio by means of this partnership.

On 19.12.2011, under the restructuring of **TURCAS'** partnership with STATE OIL COMPANY OF THE AZERBAIJAN REPUBLIC (SOCAR), negotiations were started with SOCAR so as to transfer to SOCAR its 25% share in SOCAR Turkey Enerji A.S. (STEAS), however, also to take over from STEAS the 18.5% of the STRAS' shares becoming member directly of STAR Rafineri A.S. (STRAS) who is an indirect member and who has undertaken to realize the SOCAR / TURCAS Ege Refinery Investment Project. As of 27.12.2011, at the end of such negotiation, two separate agreements to sell and purchase shares were signed for the sale of its 25% share in STEAS to SOCAR for USD 44.000.000, and for purchase from STEAS by Turcas Rafineri Yatirimlari A.S., its subsidiary with a 99.6% share, 18.5% share for TL 9.250.000. Further, a shareholders agreement was signed by and between Turcas Rafineri Yatirimlari A.S. and STEAS for the partnership to be maintained in STRAS.

After approval of the R.T., Energy Market Regulation Board and the Competition Board, on 30.12.2011, the transfers of TURCAS' 25% share in STEAS to SOCAR and the share representing 18.5% of STAR Refinery A.S. to Turcas Rafineri Yatirimlari A.S., which is its subsidiary for 99.6% share, has been completed. Shares to be transferred under the signed Agreement to sell and purchase shares cover Erdal Aksoy holder of shares with a face value of TL 20.000, Saffet Batu Aksoy holder of shares with a face value of TL 20.000, Aksoy Holding A.S. holder of share with a nominal value of TL 1, and the transaction in question represents the total sum of USD 44.000.000 for shares with a nominal total value of TL 50.040.001 covering those shares, the portion received by TURCAS from the sale of shares with a nominal value of TL 50.000.000 is USD 43.964.827,26.

3. RATING NOTES AND REASONS ON MAIN HEADINGS BASIS

It is observed that the rating obtained by **TURCAS** Petrol A.S. for the **shareholders'** section is **84.00**.

It has been confirmed that the Shareholders Relations Department has fulfilled its duties effectively, preparations for and notices of general meeting have been made in time and correctly, results of general meeting have been announced to public and that there hasn't been any obstacle to proxy voting as was in the previous period. The concept of minority shareholders was defined again in the Articles according to the CMB criteria and regulations extending the rights of such shares were introduced. A detailed dividend policy has been developed and shared with public, and it has been confirmed that the distribution of the portion of TL 11.250.000 of the profit of 2010 have been complied with legal regulations, Company's Articles and income appropriation policy and the dividends were paid to shareholders 23.05.2011. Notwithstanding the necessary regulation on dividend advance found in the Articles, such item has not been practiced for this period.

The general meeting was held on 27.04.2010, for which calls were made 3 weeks prior. It has been observed that the meeting also attended by our experts was held pursuant to the regulations, questions directed to the Board of Directors and the Auditors were responded. The call for the general meeting, information on the agenda, the minutes, the list of attendees, the method of voting and the specimen Proxy appear on the Corporate website.

The most important developments to increase the note in this section;

- The observation that changes experienced in recent year including those in group structure and management including any information that might affect the exercise of rights

are shared electronically on time and without any delay to ensure the shareholders' right to obtain information.

- The dividend distribution was made as provided by in the regulations and within the short time after the general meeting also as in the last two rating process periods.

The grade reached by the Company for **Public Disclosure and Transparency** is **90.43**.

TURCAS Petrol A.S. carries out its public disclosure duties under its Disclosure Policies approved by the General Assembly and shared with public. Company's website serves as an effective platform for public disclosure, which contains current information. The Company explains its commercial relations with its affiliates and subsidiaries in the annual reports and on the corporate website. Company's periodical financial statements are produced in compliance with the UFRS and it is ensured that they are regularly subject to external independent audit. The annual reports contain the details specified in the Principles and are disclosed to public. Similarly, the Ethical Rules including individuals and organizations that may be subject to insider trading, are disclosed to public both on the website and in the annual report.

The most important developments to increase the note in this section;

- The annual report is being renewed and its coverage is enriched by rendering to be more exhaustive.

- English version of corporate internet website is renewed and updated simultaneously with the Turkish version.

Rating gained by the Company for **Stakeholders** Section is **92,68**.

With assistance provided by a Management Consulting firm, Turcas Petrol A.S. developed a new Management Organization Chart and introduced directives and intra-company regulations appropriate for such structure. Though the restructuring, the responsibilities and tasks of existing and newly formed departments are set forth and processes are laid down.

Staff Manual, Staff Regulation, Training Regulation, Discipline Regulation, General Correspondence and Internal Communication Regulation, Travel and Entertainment Regulation, Company Vehicle Directive are introduced while titles and career paths and Authority Chart are renewed to be consistent with current conditions. These regulations mentioned above were considered and approved at the Board Meeting of 01.04.2011, no 2011/3.

Further, Discipline Committee comprising the following individuals was structured pursuant to Item 2.2 of the Discipline Directive.

-Saffet Batu AKSOY (Chairman of D.C.)
-Cabbar YILMAZ (Member of D.C.)
-Arkin AKBAY (Member of D.C.)
-Esra UNAL (Member of D.C.)
-Halime Elif (Member of D.C.)
KIRANKABES

Constituted Discipline Committee was approved at the Board Meeting of 31.05.2011, no 2011/8.

Via both the Ethical Rules currently in force and the renewed internal regulations, a loss of Company's assets is prevented and in the event of such situation relevant sanctions to be applied are clearly set forth.

The most important developments to increase the note in this section;

- The company has been restructured in compliance with current requirements.
- The Corporate Human Resources Policy has been revised resulting in a more exhaustive coverage.
- Training policy has been reformulated.
- All the internal regulations have been renewed rendering them to be appropriate for current conditions.
- The performance criteria are developed and put into operation.
- The discipline committee has been set up.

As for rating for the **Board of Directors**, it is observed that the grade reached by **TURCAS** Petrol A.S. is 69.93.

Company's mission and vision are developed by the Board and shared with public, Corporate Governance Committee, Audit Committee, Risk Management Committee and Business Development Committee are formed within the Board in order to fulfill the duties and responsibilities more healthily. A written regulation on working principles of the Board is developed in detail such as the solicitude of the Directors in fulfillment of their duties, the prohibition on deals and competition with the Company, the necessity of allocation of sufficient time for Company's affairs. As of the latest situation, three (3) of the 7 - member of the Board are non-executives. The Executive Committee convenes regularly whose meeting programs are prepared annually. Further, the top executives report to the Board monthly.

The most important developments to increase the note in this section;

- The Board made and put into operation the necessary arrangement in order that the corporate organizational structure could respond to the current circumstances.

- The Audit Committee is operative and that duties laid down by the Principles are fulfilled at high level.
- That budget procedures are set forth for TURCAS as well as for each of group Companies.



4. RATING METHODOLOGY

The Corporate Governance Rating is a system which controls whether or not the firms management structures, management styles, holding shares and stakeholder - related arrangements are absolutely transparent and sound disclosure is made in accordance with current modern corporate governance principles and which assigns a grade corresponding to the actual situation.

In 1999, the Economic Cooperation and Development Organization (OECD) approved at the Meeting of Ministers and published the Corporate Governance Principles, Since then, these principles have been regarded as international references for the decision - makers, investors, shareholders and companies throughout the world. In 2002, these principles were revised and accommodated to the present situation.

As for Turkey, the Capital Market Board (CMB) has undertaken the duties for the Corporate Governance In 2003, the CMB first established the Corporate Governance Principles, later in 2005, it revised and released the principles. Such principles are grouped under four main headings namely: Shareholders, Disclosure and Transparency, Stakeholders and the Board of Directors.

Apart from the CMB, the BRSA incorporated the rules required to be applied by the Banks in the regulations relating to Corporate Governance Principles for Banks promulgated on Official Journal no. 26333 of 01.11.2006.

Kobirate International Credit Rating and Corporate Governance Services Inc (Kobirate Inc) achieves the Corporate Governance (Compliance) Rating by a system identically based on the Corporate Governance Principles of the Capital Market Board (SPKKYI - CGPCMB).Through this system, the firms are analyzed under four main headings of the Shareholders, Public Disclosure

and Transparency, Stakeholders and the Board of Directors.

In this analysis, the full compliance of job flow and analysis technique with Kobirate Inc's Ethical Rules is considered.

In this analysis, 388 different criteria are considered to measure the compliance of firms whose shares are traded on ISE with the corporate governance principles. Such criteria are translated into the Kobirate Inc-unique Corporate Governance Rating Questionnaire the firms and banks responses to which are received electronically. Responses are viewed by the rating experts and analysts, reexamined and turned into a report with results which is submitted to Kobirate Corporate Governance Rating Committee for final decision.

The grade to be assigned by the Corporate Governance Rating committee to the firm ranges between 0-10.In this scale of grade, 10 points mean excellence, full compliance with CMB's Corporate Governance Principles while points 0 means that there is nowise any compliance with CMB's Corporate Governance Principles in the existing weak structure.

On this context, in order to reach the total grade, the following rates as adopted in the Corporate Governance Principles of the Capital Market Board are applied which result in a final grade:

- Shareholders 25%
- Public Disclosure and Transparency 35%
- Stakeholders 15%
- Board of Directors 25%.

**5. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE
KURUMSAL YÖNETİM HİZMETLERİ A. Ş. CORPORATE GOVERNANCE
COMPLIANCE RATING GRADES AND DEFINITIONS**

GRADE	DEFINITIONS
9-10	The Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognised and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are high. Interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the ISE corporate governance index.
7-8,9	The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place, and operational, although some improvements are required. Potential risks, which the Company may be exposed are identified and can be managed. Benefits of the shareholders are fairly taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are equitably considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is obviously eligible for inclusion in the ISE Corporate Governance Index.
6-6,9	The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at moderate level have been established, and operate, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interest of the shareholders are taken care of although improvement is needed. Although public disclosure and transparency are taken care of, there is need for improvement. Benefits of the stakeholders are taken care of but improvement is needed. Some improvement is required in the structure and working conditions of the Board. Under these conditions, the Company is not eligible for inclusion in the ISE Corporate Governance Index.

GRADE	DEFINITIONS
4-5,9	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level, but are not true and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and the stakeholders, public disclosure, transparency, the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the ISE Corporate Governance Index.</p>
< 4	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency, Structure and working conditions of the Board appears to be at a level that might cause the investor to incur material losses.</p>