



Corporate Governance Compliance Rating Report



Turcas Petrol A.Ş.

08 March 2013

Validity Period : 08.03.2013-08.03.2014

LIMITATIONS

This Corporate Governance Rating Report issued by Kobirate International Credit Rating and Corporate Governance Services Inc (herein after called "KOBIRATE") for **Turcas Petrol A.Ş.** (herein after called "Company") 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 and modified with a communique on Dec.2011, Series:IV,No:56 and on Feb.2012, Series IV, No: 57, which are approved by the CMB.

The Rating Report issued by Kobirate International Credit Rating and Corporate Governance Services Inc is based on 43 copies of 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)

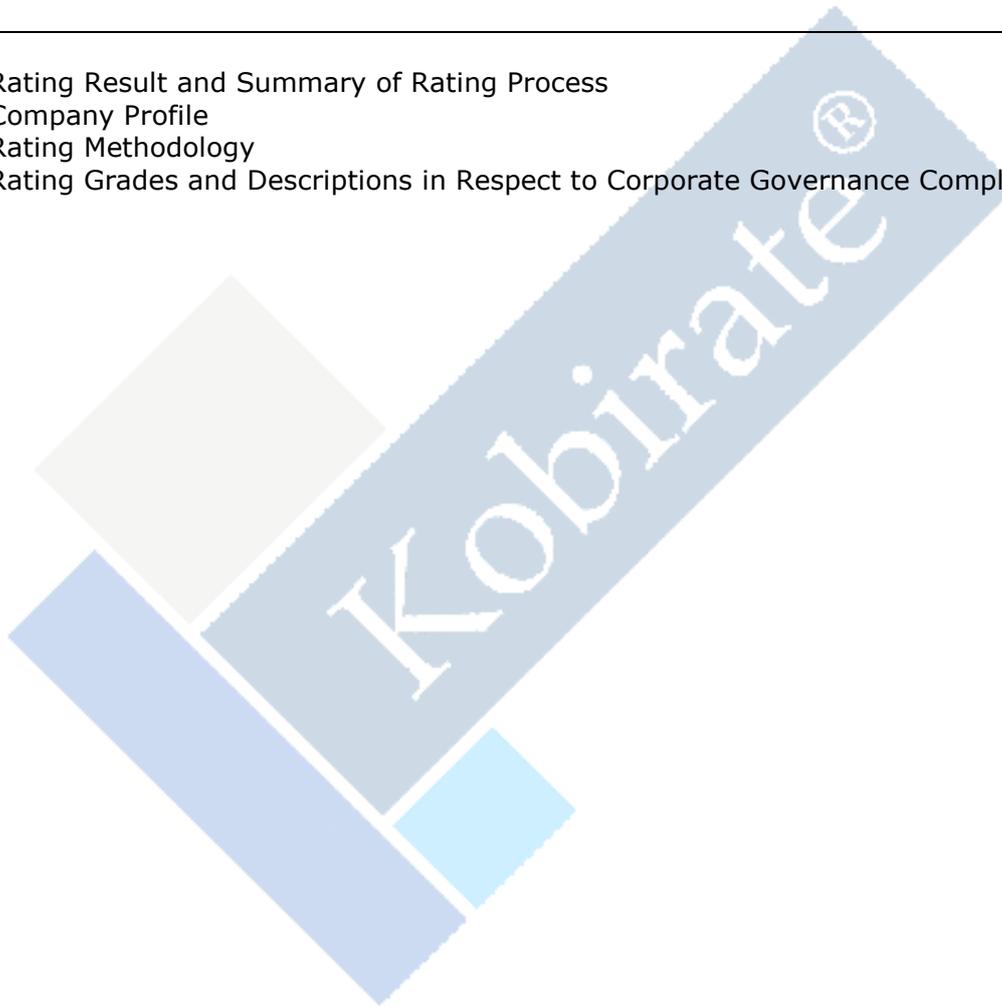
Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate formed accordingly to the methodology disclosed.

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.

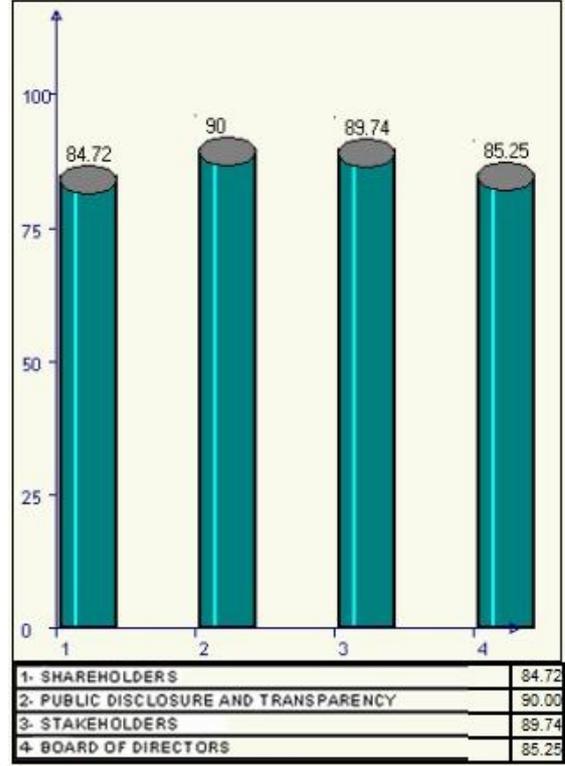
CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE GRADE

8.75

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1. SUMMARY OF RATING PROCESS

At the end of on site examinations of the documents, interviews held with executives and persons involved, and of other reviews, the process of rating of compliance of **TURCAS PETROL A.Ş.** with the Corporate Governance Principles is concluded in accordance with the Corporate Governance Principles Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.Ş. according to the Corporate Governance Principles issued and approved by the R.T.Prime Ministry, Capital Market Board of Turkey. Examinations were based on the modifications made on the Capital Market Board's Corporate Governance Principles by the Communiqué Series IV, No:56 in December 2011 and revised regulations.

At the end of examination of 293 criteria under the headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors

as specified in the CMB's Corporate Governance Principles and the methodology of Kobirate A.Ş., developed for "Third Group Companies of the ISE" the Corporate Governance Compliance Rating Grade of **TURCAS PETROL A.Ş.** is determined as **8,75**.

This result signifies that the company has achieved a considerable compliance with the CMB's Corporate Governance Principles and it expresses a need for some improvements while it doesn't pose major risks. The company deserves to be included in the ISE Corporate Governance Index at high level.

In view of rating process under main headings in brief;

It is observed that **TURCAS** has obtained a grade of **84,72** in respect of Shareholders' Section.

In this section, it is confirmed that the company in general has achieved quite a

good level of compliance with the CMB Corporate Governance Principles. The salient positive achievements are; the existence of Shareholders Relation Department, properly held general meetings including its invitation, preparation of a detailed disclosure for the shareholders' in order to ensure access to sufficient information on agenda items and income appropriation policy being submitted to the approval of general assembly and disclosed to public via corporate website. It has been observed that relevant items required to be complied with the CMB Communique Series:IV, No. 56 have been respected and necessary amendments are made to the Articles at the general meeting held on May 24,2012.

It has been appreciated that the company gained **90,00** for Public Disclosure and Transparency has developed its disclosure policy and shared with public, have access to several current data on the Internet website, which are specified in the principles and might be needed by the investors. The company's corporate website and annual reports largely meets the corporate governance principles.

It's observed that the company reached the grade of **89,74** for the Stakeholders' Section.

The Company has achieved considerable compliance with the CMB's Corporate Governance Principles in respect to this section. An extremely comprehensive Human resources policy has been developed, recruitment, performance appraisal, promotion, awarding, leave and social benefits has been set forth by means of internal arrangements and disclosed to the employees. The assistance of a Management Consulting Firm is still in progress. In this context, a new management organization chart has been created; directives and internal company regulations were prepared in accordance with this structure. With the new re-structuring, tasks and job descriptions of the existing and newly created units were identified and processes are developed.

The compensation policy for the employees has been prepared, approved by the board of directors and published on the corporate website.

Necessary information has been given on a detailed Ethical Code to all the employees to obey with and behave accordingly.

The company has set forth corporate social responsibility policies and disclosed to public.

As for the Board of Directors Section, it is found that the Company's grade amounts to **85,25**, representing a considerable compliance with the CMB's Corporate Governance Principles.

It is confirmed that the Board has set company's strategic targets, audited the management performance of the company management, attention is paid to the company affairs to be in compliance with the legislation, the Articles and internal regulations.

The posts of Chairman of the Board and Chief Executive Officer are held by different individuals.

It has been observed that the Audit, Corporate Governance and Advance Risk Recognition Committees referred to in the Principles have been formed, whose working principles appear in written documents.

On the other hand, it appears as important indications of compliance with the Principles such as the Board comprises independent members, guidelines for remuneration of Board Members and top executives are set forth and have been presented to the attention of the shareholders at the general assembly as a separate item.

2. COMPANY PROFILE AND CHANGES IN LAST YEAR



Company Name	: Turcas Petrol Anonim Şirketi
Company Address	: Emirhan Caddesi 109 Atakule Kat:6 Beşiktaş 34349 İstanbul
Company Telephone	: (0212) 2590000 / 18 lines
Company Facimile	: (0212) 2590018 / 19
Company Web Site	: www.turcas.com.tr
Time of Incorporation	: 07/03/1980
Trade Registry Number	: 171118
Paid-in Capital	: 225.000.000.-TL
Scope of Business	: Exploration, production, transport, distribution, storage, import, export of and local and international dealing in energy sector and its sub-sectors such as oil, petrochemicals, fuel, electricity and naturel gas, investments
Sector in Which its Operates	: Energy

Company's Representative in Charge of Rating :

Erkan İlhan Tekin

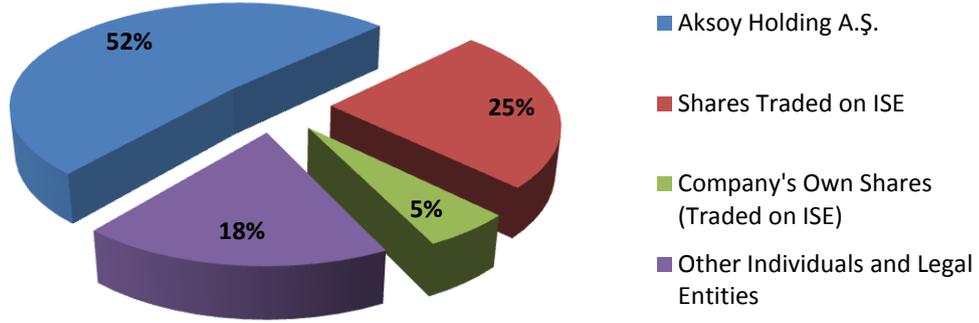
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Company's Capital Structure

Turcas Petrol A.Ş. Shareholders' Structure (03.01.2013)



Shareholder	Share(TL)
Aksoy Holding A.Ş.	115.979.909,81
Shares Traded on ISE	55.748.652,89
Company's Own Shares (Traded on ISE)	12.059.447,00
Other Individuals and Legal Entities	41.211.990,30
Total	225.000.000,00

Source: www.kap.gov.tr

Turcas Petrol A.Ş.'s Ultimate Controlling Shareholders

Shareholder	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. Web Site

Company's Board of Directors

Ad/ Soyadı	Unvanı
Erdal Aksoy	Chairman
Yılmaz Tecmen	Deputy-Chairman
S. Batu Aksoy	Member & CEO
Banu Aksoy Tarakçioğlu	Member
Ayşe Botan Berker	Member
Mehmet Sami	Member
Matthew J. Bryza	Member

Company's Executive Committee

Ad/ Soyadı	Unvanı
Erdal Aksoy	Chairman of the Board
S.Batu Aksoy	Board Member & CEO
Banu Aksoy Tarakçıođlu	Board Member
Cabbar Yılmaz	Director of Coordination and Regulatory Affairs
Arkin Akbay	Director of Electricity and Gas Group
Erkan İlhanterkin	Corporate Finance and Shareholders' Relations Manager
M. Selin Çınar Tunguç	Corporate Communications Manager

Executives

Ad/ Soyadı	Unvanı
Cabbar Yılmaz	Director of Coordination and Regulatory Affairs
Arkin Akbay	Director of Electricity and Gas Group
C. Yusuf Ata	Internal Audit Manager

Balance-Sheet Comparison of Company's selected items as of third quarters of the last two years

	2011/9	2012/9	Change %
Current Assets	94.517.961	201.654.950	113,35
Fixed Assets	658.222.325	772.192.933	17,31
Total Assets	752.740.286	973.847.883	29,37
Short Term Liabilities	6.875.564	16.902.371	145,83
Long Term Liabilities	197.094.073	271.231.950	37,62
Equity	548.770.649	685.713.562	24,95

Source : www.kap.gov.tr

Comparisons of some items in Company's Income Statement as of third quarters of the last two years

	2011/09	2012/09	Change %
Sales	8.315.726	15.233.835	83,19
Cost of Goods Sold (-)	(7.156.100)	(14.969.264)	109,18
Operating Profit/Loss	9.496.399	10.304.978	8,51
Pre- Tax Profit/Loss	16.762.608	65.534.789	290,96
Net Profit/Loss of the period	13.727.377	63.528.569	362,79

Source: www.kap.gov.tr

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

Bottom Value(TL)	Peak Value(TL)
2,02 (09 Jan.2012)	3,33 (26 Dec.2012)

Source: Turcas Petrol A.Ş.

Company's Brief History

Being established in limited liability status in 1931, Türkp petrol ve Madeni Yağlar T.A.Ş. which was the first private gas distribution company, became a joint stock company in 1936. They established "Turcas Petrolcülük A.Ş." in partnership with Burmah Castrol Company of England in 1988. Brand name "Turcas" comes from the first three letters of joint venture companies Türkp petrol and Castrol. After opening to public in 1992, the majority of shares was bought by Tabaş Petrolcülük A.Ş. in 1996. After the merger of Tabaş Petrolcülük A.Ş. and Turcas Petrolcülük A.Ş. in 1999 the company title has changed as "Turcas Petrol A.Ş."

Turcas established a new company with the title of "Shell & Turcas Petrol A.Ş. (STAŞ)" in 2005 as a result of joint venture company agreement with "The Shell Company of Turkey Ltd" pursuant to partial division communiqué in retail and commercial sales, marketing and distribution fields. STAŞ, whose % 30 shares belong to Turcas, has started its activities as of July 1, 2006 after getting the required licenses from RT Energy Market Regulatory Authority.

Information on Company Activities

Turcas has passed to a **holding** structure after transferring its petrol station network, that they owned for 75 years and exceeded 1000 at a point but decreased about 650 within the framework of optimization program to STAŞ built in partnership with Shell Turkey as of July 1, 2006. In this way, they started to make distribution of fuel and lubricant indirectly and started to keep % 30 shared of **STAŞ** in its assets.

It's expected that STAŞ, being one of the leader companies in fuel distribution and lubricants market is going to increase its profitability, productivity and market share. According to commitment of Turcas and Shell Turkey not to compete with STAŞ under the signed joint venture agreement, Turcas carries its effectiveness in the mentioned markets through STAŞ shares in an indirect way.

With the decisions taken by the Board of Directors of Turcas, they started to work on evaluating, investing and/or establish partnership that is deemed appropriate in electricity generation, distribution and trading in energy markets, import and wholesale of natural gas, potential oil refining business especially abroad oil exploration and production areas.

In this context, Turcas chose to grow by means of establishing partnership with domestic or foreign partners where necessary depending on the nature of the projects and discretion of the Board of Directors as an energy holding.

In parallel with the construction of this strategy, Turcas entered a restructuring process and decided to continue its activities in petroleum, petrochemicals, natural gas and electricity.

3. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the firm's management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with the modern corporate governance principles and which assigns a grade corresponding to the existing 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. The CMB established the Corporate Governance Principles first in 2003, later in 2005, it revised and published the principles. The last revisal is done on Dec. 2011, Feb. 2012 and Feb. 2013 with Communiqué Serial: IV, No: 56 ,Serial: IV No: 57 and Serial: IV No: 63 respectively by the Board. The principles are grouped under four main headings namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

Besides the CMB, by the Directive on Bank's Corporate Governance Principles, promulgated in Official Gazette of 01.11.2006, No: 26333, the BRSA introduced the rules required to be complied with by Banks.

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 Public Disclosure and Transparency, Shareholders, Stakeholders and the Board of Directors in accordance with the CGPCMB).

Kobirate achieves the Corporate Governance Rating of the Banks by a system based on CGPCMB as well as on the BRSA's Regulations Relating to Corporate Governance Principles for Banks. In this analysis, the full compliance of work flow and analysis technique with Kobirate Inc's Ethical Rules is considered.

In this analysis, 293 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 A.S.'s unique Corporate Governance Rating Questionnaire and the firms' and banks' responses to which are received electronically. The responses are analyzed and reexamined by the rating experts and analysts, reexamined and turned into a reported 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 excellent, full compliance with CMB's Corporate Governance Principles while grade "0" means that there is unsatisfactory compliance with CMB's Corporate Governance Principles in the existing structure.

On this context, in order to reach the total grade, the following rates as adopted from the Corporate Governance Principles of the Capital Market Board are applied;

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



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

GRADE	DEFINITIONS
9-10	<p>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.</p>
7-8,9	<p>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.</p>
6-6,9	<p>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.</p>

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>