

**COMMUNIQUE ON PRINCIPLES REGARDING DISTRIBUTION OF
DIVIDENDS AND INTERIM DIVIDENDS TO BE FOLLOWED BY THE
PUBLICLY HELD JOINT STOCK CORPORATIONS SUBJECT TO CAPITAL
MARKET LAW**

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**SECTION I
PURPOSE, SCOPE, LEGAL BASIS AND DEFINITIONS**

Purpose and Scope

ARTICLE 1 – The purpose of this Communiqué is to regulate principles regarding distribution of dividends, interim dividends and distribution of dividends to nonvoting shareholders and protection of dividends to be followed by the publicly held corporations subject to Capital Market Law.

Legal Basis

ARTICLE 2 – This communiqué is based on Capital Market Law No: 2499 Article No:14/A and a 15.

Definitions

ARTICLE 3 – For the purpose of this communiqué, the following definitions shall apply:

Law	: Capital Market Law No: 2499,
Board	: Capital Markets Board,
Company	: Joint stock corporations with shares offered to public and assumed to be offered to public.
NVS	: Nonvoting shares,
Takasbank	: Istanbul Stock Exchange Settlement and Custody Bank Inc.
Dividends	: Dividends to be distributed to shareholders,
Interim Dividends	: Advance out of interim period profit shall be distributed to shareholders,
TCC	: Turkish Commercial Code No:6762,
Interim Financial Report	: Balance sheets and income statements

and

supplementary sheets of these with annotations prepared in 3, 6 and 9 monthly periods,
Exchange : Istanbul Stock Exchange
Profit Share : Each shareholder's share of profit to be distributed to shareholders and others joining the profit.

SECTION II PRINCIPLES REGARDING DISTRIBUTION OF DIVIDENDS

First Dividend Ratio and Distribution of Dividend in Joint Stock Corporations with Shares Not Traded on the Exchange

ARTICLE 4 – It is required to state first dividend ratio in the articles of association of corporations. First dividend ratio can not be less than 20% of distributable profit remains after deducting the reserves required to be set aside according to law and taxes, funds, financial payments and the losses of previous year, if any.

The joint stock corporations with shares not traded in exchange are required to distribute first dividend in cash. However, companies that are not exempted from independent auditing obligation in accordance with the subparagraph (a) of article 3 of the Communiqué on Principles Regarding Exemption Requirements for Issuers and Removal from the Board's Register Serial: IV, No: 9 can distribute the first dividend in cash and/or in bonus share form. Corporations which prefer to distribute the first dividend in bonus share form partly or wholly are required to collect demand from their shareholders with an announcement parallel to the form set out annex 1 of this Communiqué shall be published in two daily newspapers-one of them must be circulated throughout the country- at least one month before the beginning date of the duration related to invitation of general assembly provided by Article 368 of TCC. The duration of collecting demand must be at least 15 days. The preference of shareholders who have not demanded and/or could not have an opportunity to demand are considered as dividend in cash. For the corporations in share capital system demand of distributing first dividend partly or wholly in bonus share form it is required to take the approval of the Board for amendment of article in the article of association within the framework of durations related to invitation of general assembly in which decision of capital increase shall be settled.

Dividends relating to shares shall be distributed to all the existing shares as of the end of the accounting period regardless the dates of issue or acquisition of such shares.

Shares issued by companies in share capital system are qualified for dividends as of the accounting period in which capital increase registered. Shares issued by companies in registered capital system are qualified for dividends as of the accounting period in which the pre-emptive rights circular

is published. If the accounting period lasts in the sales period of shares to be issued for capital increase in cash, shares shall be sold by canceling the dividend coupons relating to previous accounting period starting the following date of the last day of the accounting period.

First Dividend Ratio and Distribution of Dividend in Joint Stock Corporations with Shares Traded on the Exchange

ARTICLE 5 – It is required to show first dividend ratio in the articles of association of corporations. The first dividend ratio can not be less than 20% of distributable profit remains after deduction of the reserves required to be set aside according to law and taxes, funds, financial payments and the losses of previous year, if any.

In calculation of the amount of distributable profit for investment trusts, unrealized capital gains (appreciations) are not taken into account.

Publicly held companies with shares traded on exchange, depending on the decision made in their general assembly, are free to,

- 1) Distribute dividends completely in cash,
- 2) Distribute dividends completely in bonus share form,
- 3) Distribute dividends both in cash and bonus share form with certain rates, keeping the remaining amount in the company,
- 4) Keep the amount of dividends in the company without distributing them neither in cash nor bonus share form.

For such companies, The Board can oblige to distribute the first dividend from previous period's allocated profit in cash until the agenda of general assembly shall be announced.

However, who prefer to distribute dividend from profit gained by them at the end of the accounting period out of the companies that have made capital increase in cash before distributing previous period's profit causing their shares to be traded in two different lines as old and new in the exchange are obliged to distribute first dividend in cash.

* Although the above mentioned rules are the general principles, the 15th article of Capital Market Law also states that the Board may abolish or postpone the requirement for distribution of dividends for types of issuers and amounts of distributable profits. Based on this authority, The Board has decided that (decision number December 30, 2003 – 16/535), effective from January 01, 2004, publicly held companies traded on exchanges shall distribute at least 20% of their distributable profit for 2003 as dividends to their shareholders. However, depending on the decision made in their general assembly, they are free to distribute these dividends completely in cash or in bonus share form, or distribute them both in cash and in bonus share form. Besides, companies that have made cash capital increase before distributing prior period profits causing their shares to be traded as “new” and “old” in the exchange are obliged to distribute at least 20% of their distributable profit for 2003 in cash. It should be noted that this decision is valid only for 2003 profits of publicly held companies traded on exchanges and is not effective for publicly held banks traded on exchanges or publicly held companies whose shares are not traded on exchanges.

The suggestion of the company's Board of Directors to general assembly related to distributing profit or not and the rate of distributing profit share if distributes, shall be announced to the public with the ISE Daily Bulletin within the framework of the provisions in the Communiqué on Public Disclosure of Material Events Serial: VIII, No: 20 published in supplementary edition official gazette dated 06 July 1993 No: 21629 Regarding the Principles.

In case the general assemblies of the companies decide not to distribute first dividend, the amount of the first dividend is supplemented to extraordinary reserves after this amount calculated and deducted.

For the payments of dividends of the corporations whose shares are traded in exchange three centers should be specified-at least one of them must be company's head office- and Takasbank, so as to enable the majority of the shareholders easily access.

Corporations with shares traded in exchange conclude their dividend distribution process taking into account the amount and nominal value declared by Takasbank in three days after the declaration of Takasbank without waiting for the delivery of coupons related to dividend payments. Takasbank takes these coupons into custody on behalf of the issuer and deliver them to the issuer until the end of the year following the distribution process. Takasbank gave the information consist of document numbers of the dividend coupons which shall be the base of payments in magnetic form together with its declaration. Takasbank is responsible for the information it gives.

Dividends relating to shares shall be distributed to all the existing shares as of the end of the accounting period regardless the dates of issue or acquisition of such shares.

Shares issued by companies in share capital system are qualified for dividends as of the accounting period in which capital increase registered.

Shares issued by companies in registered capital system are qualified for dividends as of the accounting period in which the pre-emptive rights circular published. If the accounting period lasts in the sales period of shares shall be issued for capital increase in cash of such companies, shares shall be sold by canceling the dividend coupons relating to previous accounting period starting the following date of the last day of the accounting period.

The Distribution Schedule of Dividends

ARTICLE 6 – Distribution of dividends shall be completed by companies until the end of the fifth month following the end of their accounting periods.

For completion of the dividend payments,

a) If dividends shall be distributed in cash, making payments in cash or on account to shareholders applied to dividend distribution addresses together with related coupons for collecting the dividend,

b) If dividends shall be distributed in bonus share form, registration of shares issued because of addition of dividends to capital by Board and, completing the process after registration, shares shall be distributed in exchange for dividend,

1) Make ready to deliver to shareholders applied to share distribution addresses until the end of the fifth month following the end of accounting period for companies in registered capital system,

2) Make ready to deliver by completing the registration of capital increase until the end of the fifth month following the end of accounting period for companies in share capital system,

c) If choices in above paragraphs (a) and (b) are used together, completing the processes set out in these paragraphs separately until the end of the fifth month following the end of accounting period, is required.

Companies' with shares traded in exchange applications about registration of shares shall be issued because of addition of dividends to capital to the Board should be made until the end of the fourth month following the end of accounting period.

In case of applying during the period of prescription, it is required to make payments to shareholders applied to dividend payment addresses to get their dividend after the beginning of dividend distribution.

Distribution of Profit Shares to Members of the Board of Directors, Officials, Employees and Workers, Holders of Publicly Offered Shares, Founder Shares or Ordinary Dividend Right Shares, Charitable Foundations Established for Various Purposes and such Persons or Legal Entities

ARTICLE 7 – In order to distribute profit shares to members of the board of directors, officials, employees and workers, holders of publicly offered shares, founder shares or ordinary dividend right shares, charitable foundations established for various purposes and such persons and/or legal entities and make donations to charitable foundations established for various purposes and such persons and/or legal entities, there needs to be a provision in the company's article of association.

In cases of making donations or distributing profit shares to charitable foundations established for various purposes and such persons and/or legal entities, regarding the materiality concept regulated in Communiqué on Principles and Rules on Financial Statements and Reports in Capital Markets Serial: XI, No: 1 published in the official gazette dated 29.01.1989 numbered 20064, it is required that,

a) These payments should not result in transactions defined in the last paragraph of article 15 of the Law,

b) Information regarding the donations including the ones made during the year need to be given to shareholders at the general assembly,

c) Necessary information need to be disclosed and published in ISE Daily Bulletin according to Communiqué on Public Disclosure of Material Events Serial: VIII, No: 20.

Preference in Dividend Distribution

ARTICLE 8 – Preference in dividend distribution can be granted for the remaining part of distributable profit after the distribution of first dividend. Holders of NVS who have received the profit share in certain rate of first dividend per share defined in the article of association related to preference of those shares from the remaining part after getting the first dividend based on their rate of shares together with other shareholders.

No decision may be made to set aside profits for other reserves, to transfer profits to the following year, or to distribute a share from the profits to the holders of preference shares, holders of publicly offered, founder or ordinary dividend right certificates, the members of the board of directors, officials, employees or workers, charitable foundations established for various purposes and such persons and/or legal entities and make donations to charitable foundations established for various purposes and such persons and/or legal entities unless the first dividend defined in article of association for shareholders and holders of NVS is distributed in cash and/or bonus share form and unless the reserves required to be set aside as required by law have been so set aside. Besides, NVS has equal right of benefit based on their rate of shares such as other shares, in case of distribution second dividend from profit.

SECTION III PRINCIPLES REGARDING DISTRIBUTION OF INTERIM DIVIDENDS

The Decision of Distribution of Interim Dividends

ARTICLE 9- Companies may distribute interim dividends in cash from the profit shown on their 3, 6 and 9 monthly interim financial statements prepared in conformance with the capital market legislation and independently audited. The Board may require independent special auditing for the interim financial statements of companies shall distribute interim dividends.

It is required that the articles of association permit and there has been a decision of the general assembly giving such authority to the board of directors limited to the current year. In the above mentioned general assembly meeting, it should be decided that in case there has not been

enough profit or a loss has been realized, the interim dividend to be distributed shall be deducted from the extraordinary reserves of the previous year's balance sheet. If the board of directors has been authorized by the general assembly to distribute interim dividends, the board of directors should decide whether to distribute interim dividends or not within the 6 weeks following the related quarter and this decision should be disclosed to the public. This decision of the board of directors shall be disclosed to the public, within the Communiqué on Public Disclosure of Material Events Serial: VIII, No: 20.

The provisions of TCC concerning the acceptance of the balance sheet and income statement and the distribution of dividends that are inconsistent with the article 15 of the Law shall not apply to decisions to distribute interim dividends and the payment of such advances.

Calculation of the Amount of Interim Dividends to be Distributed

ARTICLE 10 – The interim dividends shall be distributed shall not exceed half of the amount remaining after subtracting the reserves required to set aside according to law and the articles of associations plus funds designated for taxes, fiscal allowances and prior year losses, if any from interim period profits.

In calculation of the amount of interim profit for investment trusts, unrealized capital gains (appreciations) are not taken into account.

The total amount of interim dividends distributed in one accounting period can not exceed half of the remaining amount after subtracting reserves required to set aside according to law and the articles of association plus funds designated for taxes, fiscal allowances and prior year losses, if any and the extraordinary reserve amount in the year-end balance sheet approved by the general assembly. In calculation of the amount of prior year profit for investment trusts, unrealized capital gains (appreciations) are not taken into account.

If interim dividend payment is made more than once within the same accounting period, the interim dividends paid in the previous interim periods are subtracted in calculation of interim dividends shall be distributed in following periods.

Additional interim dividends can not be given and dividends can not be distributed for following accounting periods without subtraction of interim dividends paid in previous accounting period.

Prohibition to Distribute Interim Dividends to the Holders of Preferred Stock and to Persons and/or Entities that have received a Profit Share but are not Shareholders

ARTICLE 11 –Interim dividends can not be distributed to the holders of preferred stock and to persons and/or entities that have received a profit share but are not shareholders

Principles Regarding Announcements and Notifications

ARTICLE 12 – Companies with shares traded in exchange shall distribute interim dividend are required to send their detailed financial statements, interim dividend distribution tables taken place in annex 2 of this Communiqué and independent limited or special audit reports to the Board and Exchange in 6 weeks following related quarter and publish those in a newspaper circulated throughout the country and in one of the two local newspapers with the highest circulation published at the place where the headquarters of the corporation is located.

However, companies with shares not traded in exchange shall distribute interim dividend are required to send their detailed financial statements, interim dividend distribution tables taken place in annex 2 of this Communiqué and independent limited or special audit reports to the Board in 6 weeks following related quarter and publish those in two local newspapers. One of these local newspapers should be the one with the highest circulation published at the place where the headquarters of the corporation is located.

Obligation of publishing in local newspapers can be fulfilled in newspapers circulated throughout the country.

The Distribution Schedule of Interim Dividends

ARTICLE 13 – The distribution of interim dividends should be started minimum 4 and maximum 6 week after the date interim financial statements, interim dividends distribution table and independent limited or special audit report sent to the Board. However, the Board can postpone the distribution time of interim dividends within the framework of its supervision and correction authorization of balance sheets and income statements or in case of companies' shall distribute interim dividends capital increase in the same accounting period.

Interim Dividend Payments

ARTICLE 14 – Interim dividends shall be distributed to all the existing shares as of the distribution date without taking into account the dates of issue or acquisition of such shares. However, the matter defined in the third paragraph of this article is reserved. Shares issued by companies in share capital system are qualified for dividends as of the accounting period in which capital increase registered, but shares issued by companies in

registered capital system are qualified for dividends as of the accounting period in which the pre-emptive rights circular published.

The interim dividends payments are made in exchange for dividend coupons within the principles determined in amended article 2 of Communiqué Regarding the Form Requirements of Shares Serial: I, No:5.

When the company distributed interim dividends and realized capital increase after that in same accounting period wants to distribute interim dividends again, principles determined following should be implemented.

a) In the new payments of interim dividends after capital increase, shareholders of shares issued for capital increase and shareholders of new series shares gained the payment of interim dividends shall be made are given preferential treatment.

b) The above preferential treatment should be continued until the total amount of interim dividends taken by shareholders of old and new series shares in the accounting period becomes equal.

c) After equalizing the total amount of interim dividends taken by shareholders of old and new series shares in the accounting period, the remaining amount of interim dividends or amount of interim dividends shall be paid in following interim period should be distributed equally to existing shareholders.

The interim dividends payments of companies with shares traded in exchange should be made in three centers-at least one of them must be company's head office- and Takasbank, so as to enable the majority of the shareholders easily access.

Companies with shares traded in exchange end their dividend distribution process taking the amount and nominal value declared by Takasbank into account in three days after the declaration of Takasbank. Takasbank gave the information consist of document numbers of the dividend coupons which shall be the base of payments in magnetic form to the issuer companies. Takasbank is responsible for that information given by it. Coupons related to interim dividends payments are taken into custody in Takasbank on behalf of the issuer.

SECTION IV OTHER PROVISIONS

Calculation of the Second Order Legal Reserves

ARTICLE 15 – 1/10 of the amount of profit distributed to shareholders and other persons sharing the profit remaining after the deduction of %5 of paid or issued capital should be parted as second order legal reserve in accordance with third subparagraph of second paragraph of the article 466 of TCC.

Responsibility Regarding Incomplete Distribution of the First Dividend

ARTICLE 16 – In case companies distribute dividends incomplete according to rates in articles 4 and 5, the Board can oblige that the amount of incompletely distributed dividends shall be distributed in cash together with the amount of interest calculated using the Turkish Central Bank's short term advance interest rate or in bonus shares form by adding extraordinary reserves to paid capital, taking the distribution time regulated in article 6 into account. If legal conditions are met, the right of applying legal procedures against members of the board of directors for incomplete distribution of the dividends of those suffered from this is reserved.

Responsibility Regarding Interim Dividend Distribution

ARTICLE 17 – The members of the board of directors and legal persons they represent, company auditors, independent auditors, real and legal persons they are connected, are jointly responsible for the damages arising from not reflecting the truth on the interim balance sheets and income statements and not preparing the statements in accordance with law and applicable accounting principles and rules to the company, shareholders, creditors of company and besides directly to the persons who have acquired shares within the accounting period in which decision of interim dividend made or paid and to the third persons.

If situations creating legal responsibilities exist, shareholders, members of the board of directors, auditors and the Board can bring an action for rescission in 30 days from announcement of the decision of board of directors.

Interim Dividend Distribution by Banks

ARTICLE 18 – In case banks with shares sold by public offering want to distribute interim dividends, they should set aside the first dividend in accordance with the Board regulations and obtain permission from Banking Regulation and Supervision Agency within the framework of banking legislation.

Prescription of the Amount of Uncollected Dividends and Interim Dividends

ARTICLE 19 – The amounts of dividends not been collected by shareholders and other parties participating in the profit and interim dividends not been collected by shareholders prescribe within 5 years from the date of distribution. The Law numbered 2308 Regarding Passing of the Prescribed Shares, Bonds and Coupons' Amounts to the Treasury should be implemented about the amounts of prescribed dividends and interim dividends.

Repealed Provisions

ARTICLE 20 – The article of 7 of the Communiqué Regarding Principles to be Followed by the Joint Stock Companies Subject to Capital Markets Law Serial: IV No:1 published in Official Gazette dated 26.02.1982 numbered 17617 is overruled.

Provisional Article 1 – (Supplemented by the Communiqué Serial: IV No: 32) Within the regulations related to distribution time of dividends taken place in the article 6 of this Communiqué, about the dividend distribution shall be made from the profit of the year 2003;

a) If dividends shall be distributed in cash, the time of payments in cash or on account required to complete until the end of the fifth month following the accounting period to shareholders applied to dividend distribution addresses together with related coupons for collecting the dividend determined as the end of the sixth month following the accounting period,

b) If dividends shall be distributed in bonus share form, registration of shares issued because of addition of dividends to capital by Board and, completing the process after registration, shares shall be distributed in exchange for dividend,

1) Make ready to deliver to shareholders applied to share distribution addresses until the end of the seventh month instead of fifth month following the end of accounting period for companies in registered capital system,

2) Make ready to deliver by completing the registration of capital increase until the end of the seventh month instead of fifth month following the end of accounting period for companies in share capital system,

c) If choices in above paragraphs (a) and (b) are used together, completing the processes set out in these paragraphs separately within the same time periods taken place in these paragraphs are required.

Companies' with shares traded in exchange applications about registration of shares shall be issued because of addition of dividends to capital to the Board should be made until the end of the sixth month instead of fifth month following the end of accounting period.

Entry into Force

ARTICLE 21 – This Communiqué shall enter into force on the date of its publication.

Execution

ARTICLE 22 – The provisions of this Communiqué shall be executed by the Capital Markets Board.

ANNOUNCEMENT TEXT RELATED TO DETERMINING SHAREHOLDER CHOICES ABOUT ANNUAL DIVIDEND DISTRIBUTION AND DEMAND COLLECTION FORM

FROM THE HEAD OFINC. BOARD OF DIRECTORS

ANNOUNCEMENT RELATED TO OUR SHAREHOLDERS' COLLECTING THE YEAR..... DISTRIBUTABLE PROFIT IN CASH AND/OR IN BONUS SHARE FORM

Our Board of Directors have decided to offer the suggestion related the distribution of TL dividends to shareholders as a result of our company's year.....activities to the general assembly.

It is possible to distribute above mentioned dividends to our shareholders in cash and/or in bonus share form in exchange for capital increase shall be realize by our company.

It is required that our shareholders fill and send the following form by a registered and reply-paid letter so that it receives to our company's head office until the date of[†]

DEMAND COLLECTION FORM

Shareholder Name-Last Name :
Address :
Shares' hold
 Series and Group :
 Numbers :
 Nominal Value :

The form of dividend demand:

- Wholly in Cash
- Wholly in Bonus Share
- Partly in Cash and Bonus Share: The amount of.....TL in cash andTL in bonus shares.

Name-Last Name
Signature and Date

[†] The period of collecting demand should be started maximum one month before the announcement of invitation to regular general assembly meeting and should be 15 days at least.

(P.S. The wills of shareholders not to be demand and/or can not to be demand are considered in form of paying dividends in cash.

**INTERIM DIVIDENDS DISTRIBUTION TABLE
SHALL BE PREPARED BY COMPANIES**

PROFIT OF THE PERIOD	
Losses from previous years(-)	
Corporate Tax(-)	
Income Tax Cuts(-)	
Other Taxes etc.(-)	
First Order Legal Reserves(-)	
NET DISTRIBUTABLE PROFIT OF THE PERIOD	
Statutory Reserves(-)(*)	
Amount Allocated for Preference Shareholders(-)(*)	
Amount Allocated for Dividend Right Certificate Holders(-)(*)	
Amount Allocated for Nonvoting Share Holders(-)(**)	
Amount Allocated for Other Parties Participating in the Profit(-)(*)	
AMOUNT BASIS OF INTERIM DIVIDENDS DISTRIBUTION	
Amount of Interim Dividends Shall Be Distributed	
Amount of Interim Dividends Distributed Previous Interim Periods(-)	
Second Order Legal Reserves	
NET INTERIM PERIOD PROFIT REMAINING AFTER INTERIM DIVIDENDS DISTRIBUTION	

(-) It is meaning deductions.

(*) It is given place in case there is a provision in company's articles of association.

(**) It is given place in case the holders of nonvoting shares exist.