



REPUBLIC OF TURKEY
PRIME MINISTRY
PRIVATIZATION
ADMINISTRATION



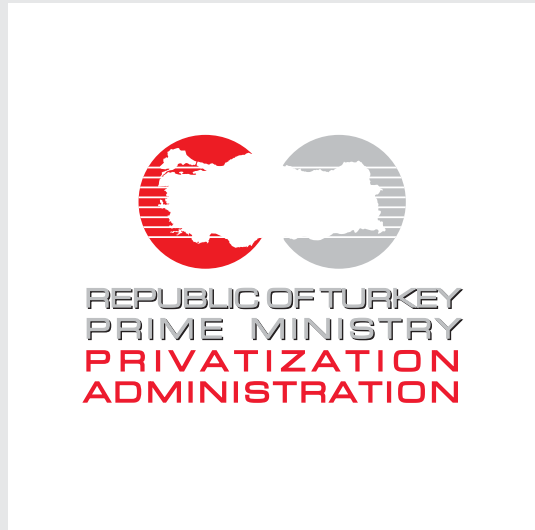
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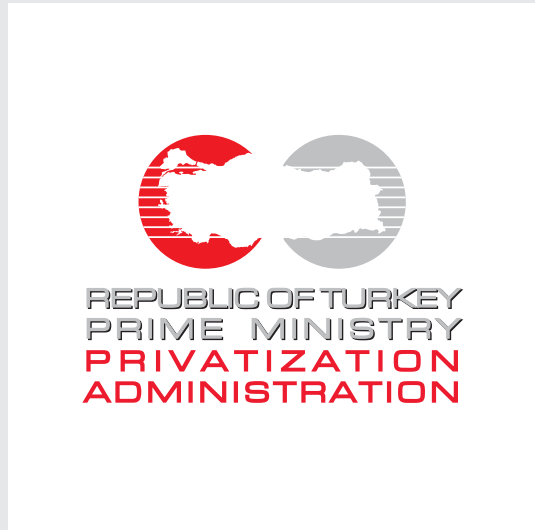
ANNUAL REPORT
2010

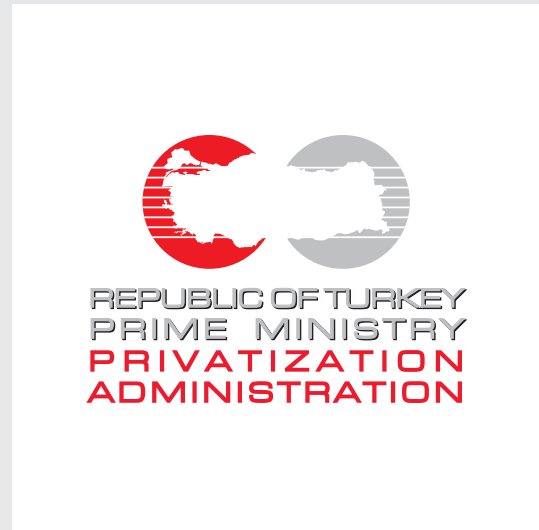
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STRATEGY DEVELOPMENT DEPARTMENT
2010 APRIL







PICTORIAL NEWS



Bandırma Port
08.06.2010



Samsun Port
06.04.2010



Çamlıbel Electricity Distribution A.Ş.
03.09.2010



Çoruh Electricity Distribution A.Ş.
01.10.2010



Osmangazi Electricity Distribution A.Ş.
02.06.2010



Yeşilirmak Electricity Distribution A.Ş.
30.12.2010



PRESENTATION OF PRESIDENT



Our Administration, with a leading vision of reaching Turkey's target of competitiveness on a global scale through privatization implementations, continues to work for this purpose since 1984.

In despite of the global financial crisis, Turkey, in 2010, have not ceased the privatization implementations, but rather continued to be an attractive country for the privatization investments.

As of the end of 2010, the total amount of implications of completed tenders and signed contracts is 3.065 billion USD. Furthermore, the amount of implications at the stage of contract signature or pending approval has reached approximately to 14 billion USD. Privatization implementations exceeding 17 billion USD is the most important indicator of the economic stability and the confidence for our country.

In 2010, Osmangazi, Camlibel, Uludağ, Coruh, Yesilirmak, Fırat Electricity Distribution Inc., the Ports of Samsun and Bandırma owned by the railway company, salt-marsh and Ayvalık Çamaltı of TEKEL, some of the real estate transfer transactions belonging to TEDAS, Tekel, Turkey Sugar Factories Inc. and TCDD privatizations were completed. The sale approvals of Vangölü Electricity Distribution A.Ş.ve Baskent Natural Gas Distribution Company are received, and the contracts are to be signed in due course.

Contracts of Boğaziçi, Gediz, Trakya, Dicle, Akdeniz, Toroslar, İstanbul Anatolian Side Electricity Inc. and TCDD Port of Iskenderun are subject to approval. The realization of tenders in an exceptional competitive environment and reaching a record level of bidding values, displays the intensive interests of the private sector investors in energy sector.

46 percent of the electricity distribution sector was liberalized in 2010. Upon the completion of transactions at the approval stage, the electricity distribution sector will be fully liberalized. For the full liberalization of the electricity market, privatization of power generation needs to be done in conjunction with privatization of electricity distribution. Approvals, with one exception, have been obtained for transfer of 19 groups of 52 river plants and contracts are due to be signed. EÜAŞ Hamitabat of Electricity Generation and Trade Inc's tender for the privatization process has been initiated.

The privatization process of the 6 separate portfolios of the assets owned by The Sugar Company "Turkseker" which consists of 25 factories / plants, is still continuing in order.

The privatization process of Izmir and Derince Ports, owned by the railway company (TCDD), by means of transferring operational rights following the reconstruction, has been initiated.

Tendering in 2011, is planned for the most important cruise port of Turkey, Salıpazarı / İstanbul. Transfer of operational rights / or BOT will be held as a model of privatization.

The highways and bridges (together with the connection roads) have been included into the privatization program, in accordance with the PHC Decision dated 15/10/2010, which will be tendered out by the method of transfer of operational rights for the period of 25 years.

The privatization efforts, by means of method of giving license for prepaid proceeds sharing, of the National Lottery's games of chance is conducted based on a specific regulations of Law. A new tender process for the games of chance preparations (tender specifications, contracts, etc..) are underway with some renovation work i.e. the renewal of the award in the year 2011 is planned.

Procedures for the privatization of public shares of Halkbank and TELECOM, depending on favorable market conditions, is planned to begin in accordance with the decisions of the Council.

Tender for consultancy services was issued in December 2010 in order to determine the privatization strategy of the 49.12 % Turkish Airlines shares held by the Privatization Administration.

Annual reports of the Privatization Administration, within the framework of the principles of transparency and accountability, is shared with the public in detail since 2006. In this context, the "2010 Annual Report" showing activity data for 2010 has been prepared and presented to the public.

I would like to express my intend that this annual report, which was prepared based on the aim and principles of the Public Financial Management and Control Law No. 5018 covering both privatization applications and basic approach towards privatization, will be contributory to the public and also my greetings to my colleagues due to their diligent work within the scope of activities in 2010.

Ahmet AKSU
Deputy President



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1. MISSION AND VISION

Mission

Our mission is;

- i) to execute privatization of state owned enterprises by transferring the shares and the assets (ownership) to private sector,
- ii) to realize infrastructural investments by using Public Private Partnerships,
- iii) to execute privatization applications of social services supported by public-private and non-governmental organizations, to produce policies in these fields and provide consultancy services.

Vision

Our vision is;

to pioneer in achieving a global scale of empowering competitive Turkish privatization applications.

2. AUTHORITY, TASKS AND RESPONSIBILITIES

Privatization High Council (PHC) was established under the Law No. 4046 dated 24/11/1994, which was published on the Official Gazette dd. 27/11/1994 with no. 22124, on Regulation of Privatization Applications and Making Amendments in Some Laws and in Some Decrees of Council of Ministers With Effect of Law. Privatization Administration (Administration) was also set up and its powers and tasks were defined, together with the establishment of Privatization Fund. According to the said Law, Privatization Administration is a temporary organization running under the Prime Minister, which is charged with the tasks of carrying out privatization procedures and governing Privatization Fund, and it has public corporate personality with a special own budget. The Prime Minister may exercise its powers under the said law through a minister he/she will appoint.

Article 4 of the Law No. 4046 on Privatization Applications sets forth the tasks of the Administration as follows:
To implement the resolutions taken by Privatization High Council,

To make decisions on relevant issues and carry out necessary procedures under its powers and tasks as per assigned by the Board,

To submit proposals to the Board to make decision on issues regarding inclusion of public enterprises within the scope of privatization, removing enterprises from privatization scope to their former status, or preparing those enterprises already included in privatization program for actual privatization process,

To carry out any and all kinds of procedures concerning privatization of enterprises, and directing, following and coordinating the activities needed to prepare these enterprises for privatization,

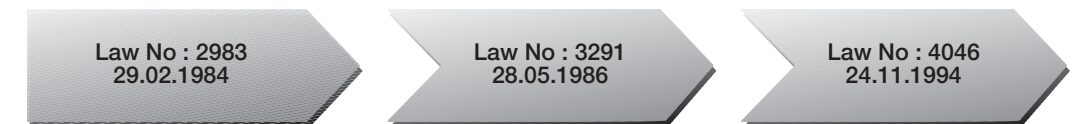
To make decisions on whether or not to convert those enterprises included within the scope of privatization that are not incorporated (joint-stock) companies into incorporated companies,

Pertaining to the enterprises included within privatization scope, to determine their capital structures, to make necessary arrangements concerning their establishment merge or divisions, to define the principles concerning their assets as well as their rights and obligations, to make any arrangements related with their accounts and activities, and to take measures to facilitate these procedures, until public share drops below 50% for incorporated companies included in the privatization scope, or until the date these enterprises are transferred as a result of privatization to other companies, To carry out any and all types of acts, transactions and procedures as may be required by privatization applications,

- a) To make arrangements regarding with financial, administrative and legal structures of the enterprises, provided that legal restrictions are reserved.
- b) To make decisions on enterprises included in the privatization scope concerning their demand for resource utilization, hiring and acquirement of real estates as well as disposing with the same by means of other contracts, establishment of acts and deeds over the same under Article 30 of Law No. 2942, staff recruitment and dismissal taking into account the principle of increasing efficiency, working conditions and temporary assignment of the staff for abroad tasks.
- c) To submit proposal to the Prime Minister concerning the assignments and dismissals for chairman and members of Board of Directors, for members of audit and liquidation boards, for general directors of the enterprises, and in enterprises that are not required to be converted into incorporated companies, for company managers and management committees, operation and operation managers (Those to be assigned for these posts are required to be graduates of a 4-year faculty),
- d) To determine the numbers, value and other relevant issues concerning with the arrangement of securities (stocks and bonds) as well as other valuable instruments to be issued by the Board,
- e) In cases where in-kind capitals are placed into the capitals of the enterprises, the assess or cause to be assessed this in-kind capital,
- f) To administer Privatization Fund,
- g) To carry out any types of research, project, advertisement, promotion, public relations tasks as well as financial audit, legal technical administrative and financial assessments as may be required by the service, and/or to have these acts to be done by assigning consultants,
- h) To provide loans to the enterprises included within privatization scope in cases where needed by privatization applications, and to determine interest rates and terms applicable to the finance to be provided by Privatization Fund, provided that the highest commercial interest rate applied by public banks are not exceeded,
- i) To fulfill other tasks as set forth by laws and other regulations.

In cases where the Administration deems it beneficial for the performance of the services, it may transfer powers to the enterprises covered by the privatization program in subjects mentioned in (a), (b), (h), (i) and (m) subparagraphs of this Article.

LEGAL PROCESS

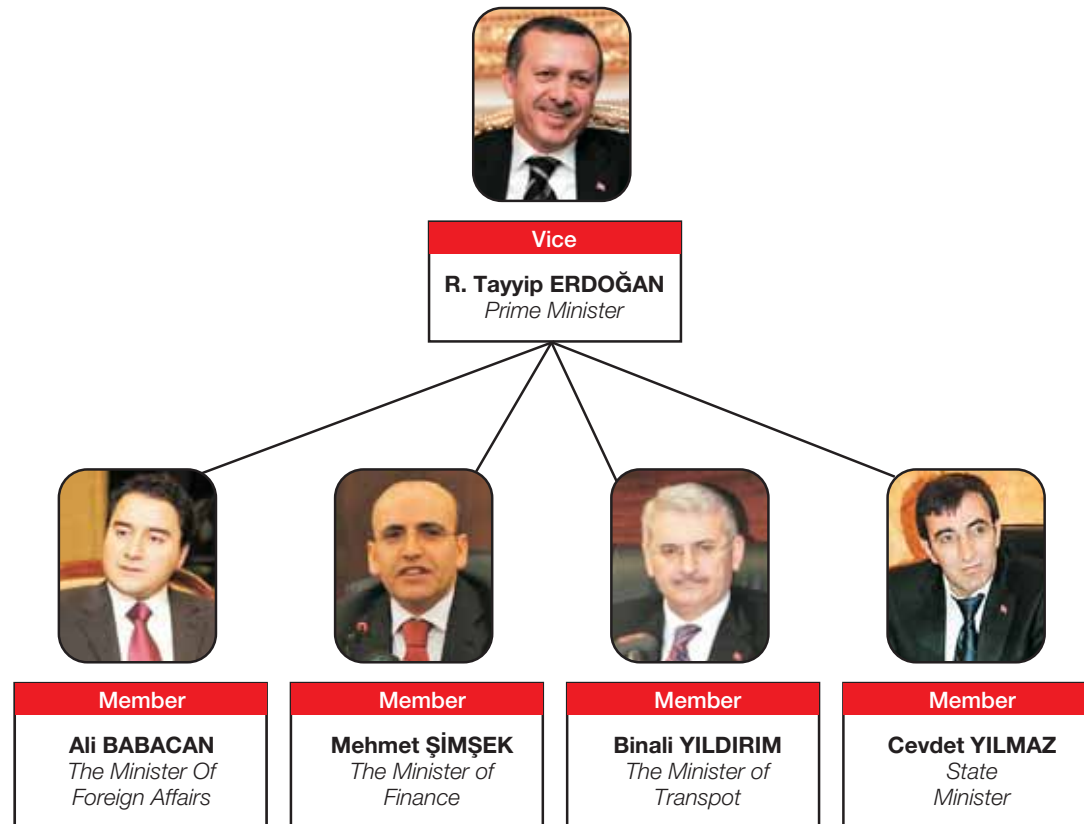


INSTITUTIONAL PROCESS



Privatization High Council:

Consisting of four ministers to be determined by the Prime Minister and chaired under the presidency of the Prime Minister, Privatization High Council holds its meeting with the attendance of all members and takes resolution by a unanimous vote. Secretariat services are conducted by Privatization Administration.



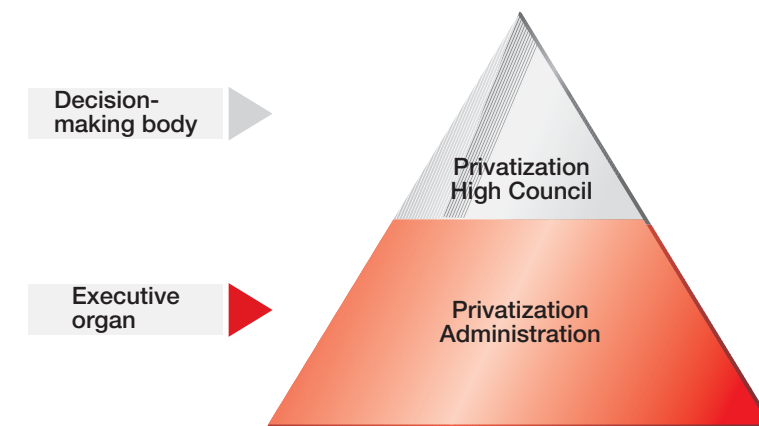
The duties of Privatization High Council, set up as the sole decision authority for the privatization of enterprises mentioned in Article 1 of Law No. 4046, are defined as follows:

- To make decisions as to include the enterprises mentioned in Article 1 of Law No. 4046 within the scope of "Privatization", to make "preparations for privatization" regarding financial and legal aspects for those enterprises that are not considered suitable for privatization as of their current situation; to take decisions for inclusion within privatization scope after completion of preparations for those whose preparation has been completed, and for direct inclusion into "privatization program" of those that do not need preparation procedures; to determine periods for the completion of privatization procedures for enterprises included in the privatization scope,
- To make decision as to removing the enterprises included within the scope of privatization and returning them to their former statuses, and/or to prepare those enterprises included privatization program that are deemed appropriate for privatization,
- To determine which one of the privatization methods will be used for the transfer of enterprises by means of selling, hiring, assignment of operation rights, establishment of in-kind rights other than property, and by other appropriate legal dispositions,

- To approve final tender award decisions taken by procurement commissions carried out by means of "transfer to real and/or private corporate persons through selling, hiring, assignment of operation rights, establishment of in-kind rights other than property, and by other appropriate legal dispositions",
- To make decisions as to reducing the size of the enterprises included in privatization scope, ceasing their activities for limited or non-limited periods, their closing down or liquidation,
- To make decisions to obtain loans from domestic and/or foreign markets for utilization in the usage fields of Privatization Fund, and to issue domestic and foreign bonds, State guaranteed and non-guaranteed, as well as any types of securities in necessary cases, and to issue other valuable instruments.
- In necessary cases, to make decisions on purchasing shares of the enterprises included in privatization scope, and any types of securities and other valuable instruments of these enterprises, and to decide on re-selling them,
- To discuss and ratify income expenditure programs of Privatization Fund and Privatization Administration,
- To evaluate during-year application of Privatization Administration as well as its future programs, to take necessary measures to correct any errors, if any, and to make final decisions on the rights, receivables and payables of the Administration,
- To make decisions on the tasks set forth by laws and other regulations.

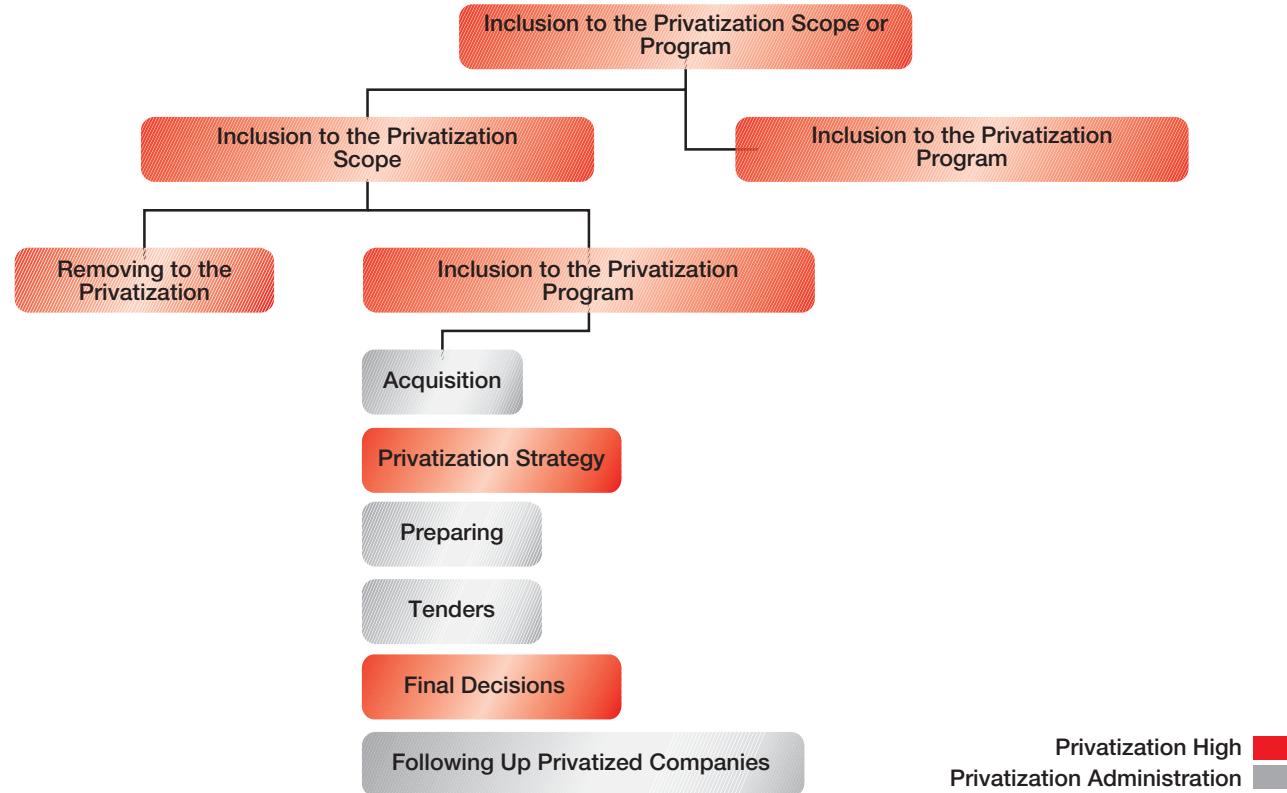
The Council, in cases where it deems beneficial for the performance of the services and provided that it clearly determines monetary limits as well as principles and procedures beforehand, may assign powers to Privatization Administration in areas mentioned in subparagraphs (d) and (g) of this Article.

According to the 4046 Act, the Privatization High Council is decision-making body ; but . Privatization Administration has served as the executive organ

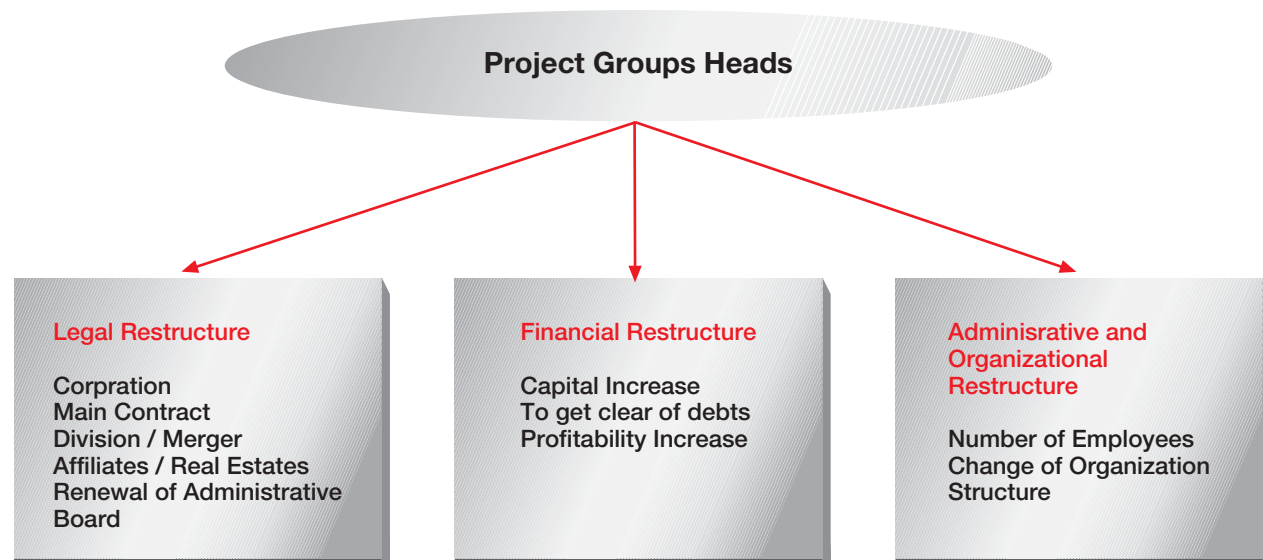


3. PRIVATIZATION PROCEDURE

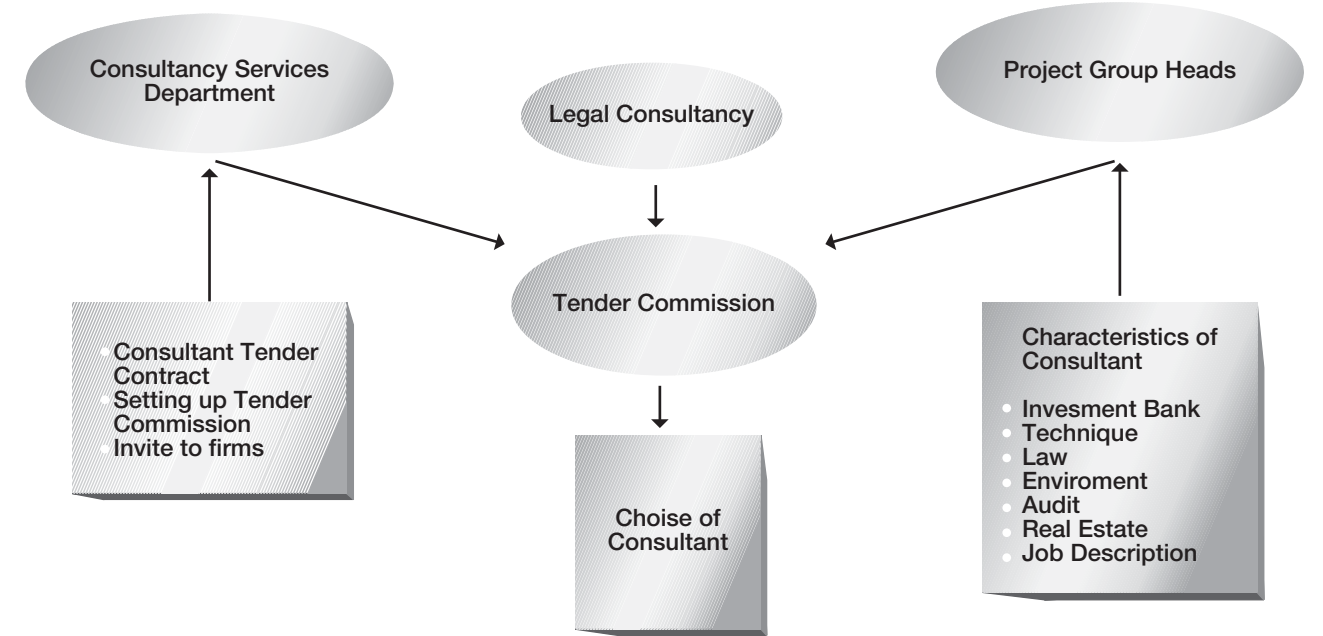
a. Privatization Procedure



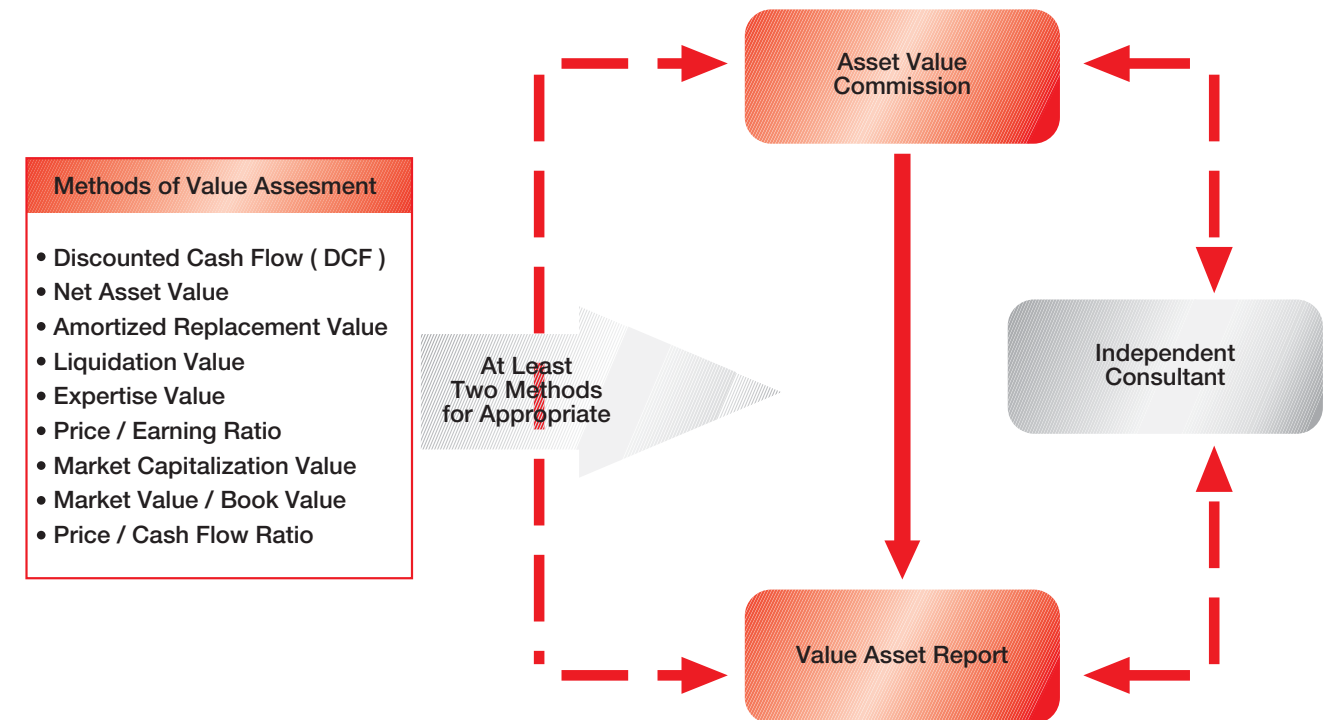
b. Restructure for Privatization Process



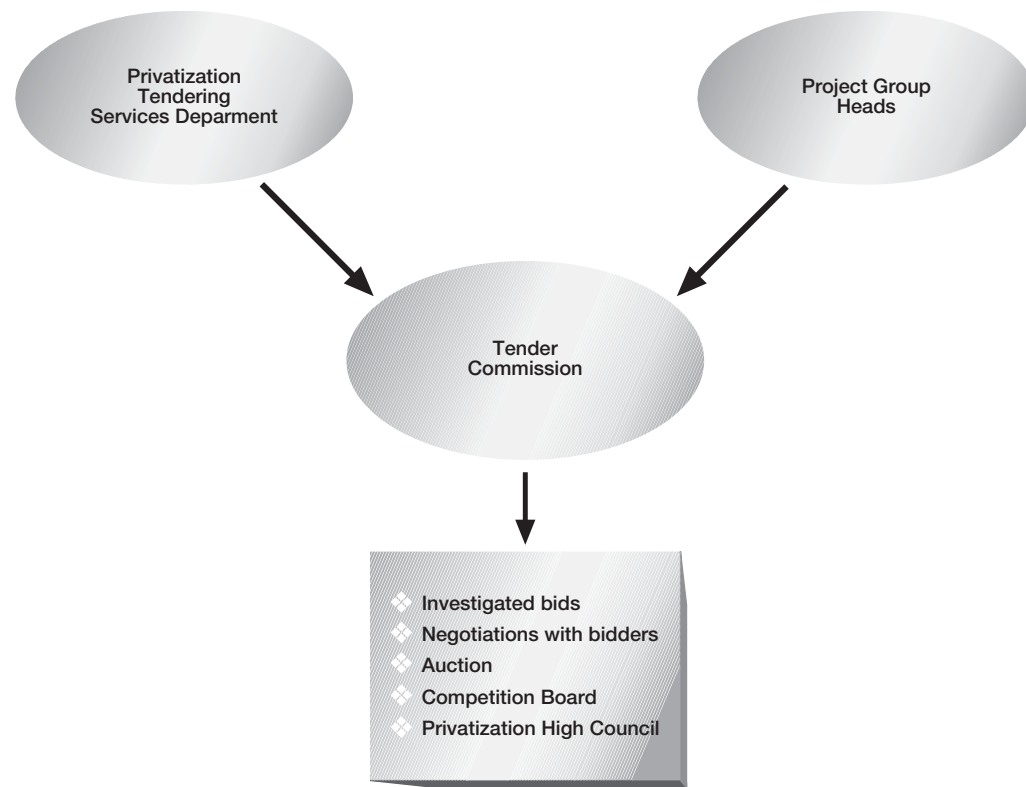
c. Preperation for Privatization



d. Methods of Value Assesment

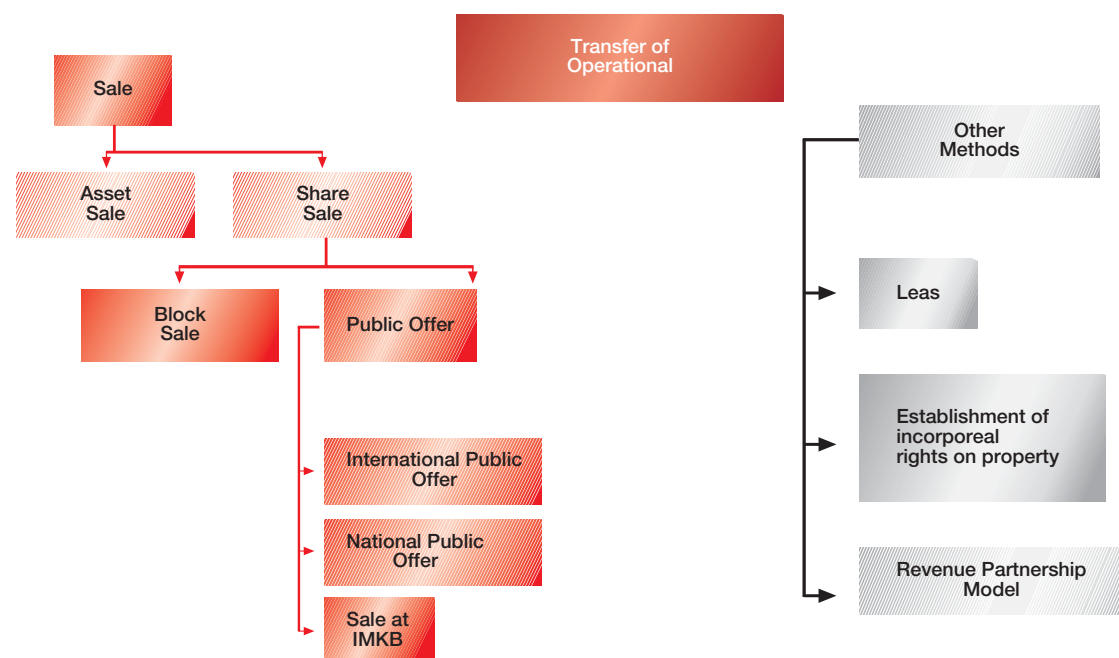


e. Tender Process

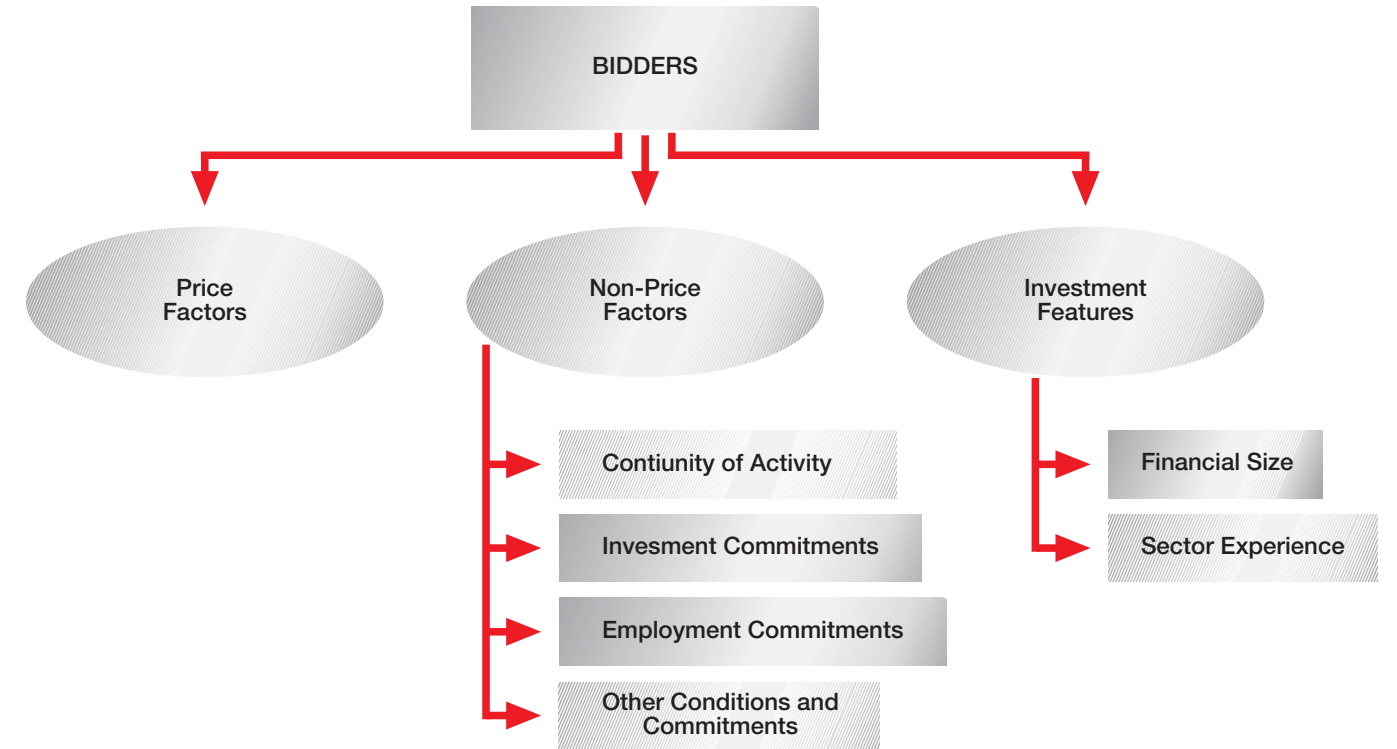


f. Privatization Methods

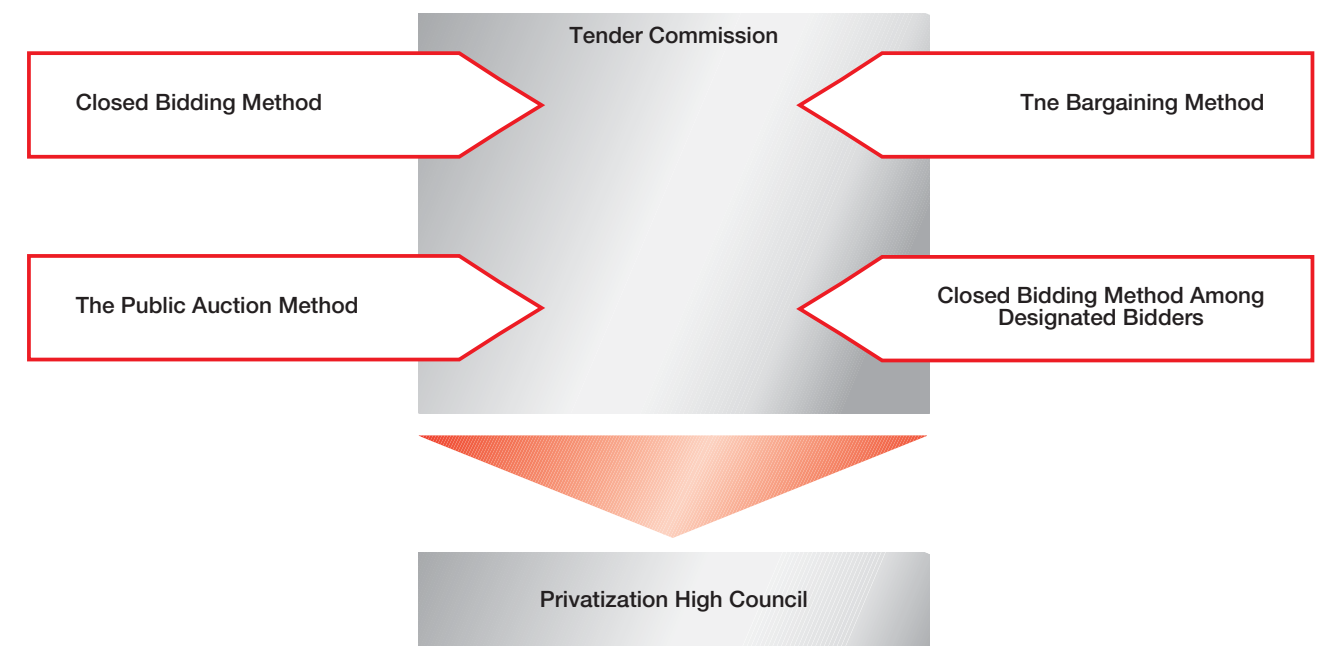
There are various privatization methods; especially sale and transfer of operational rights.



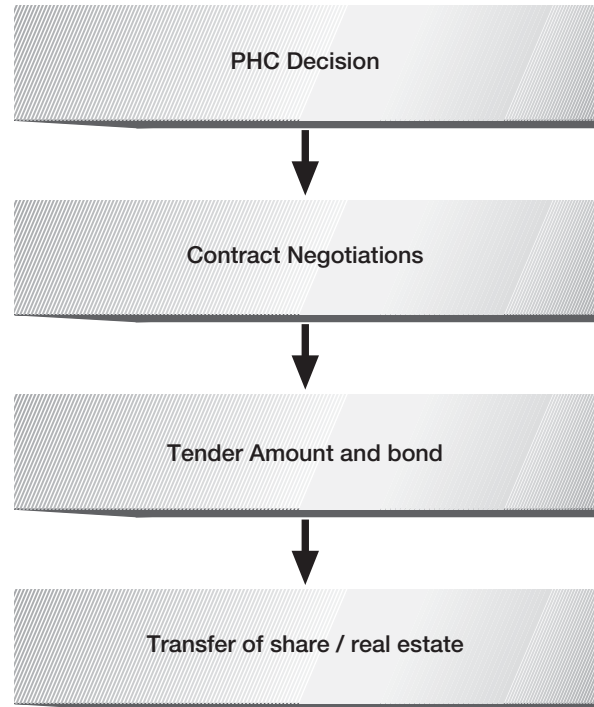
g. Estimate of Bidders



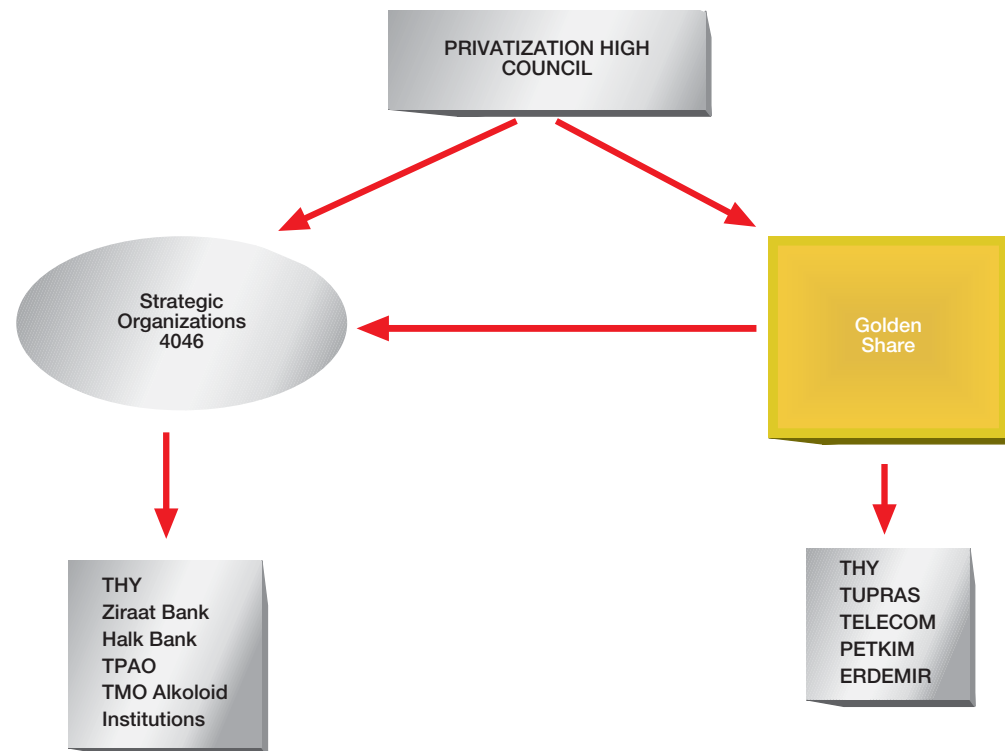
h. Tender Methods



i. Completed Privatization Process



j. Strategic Organizations and Privatization



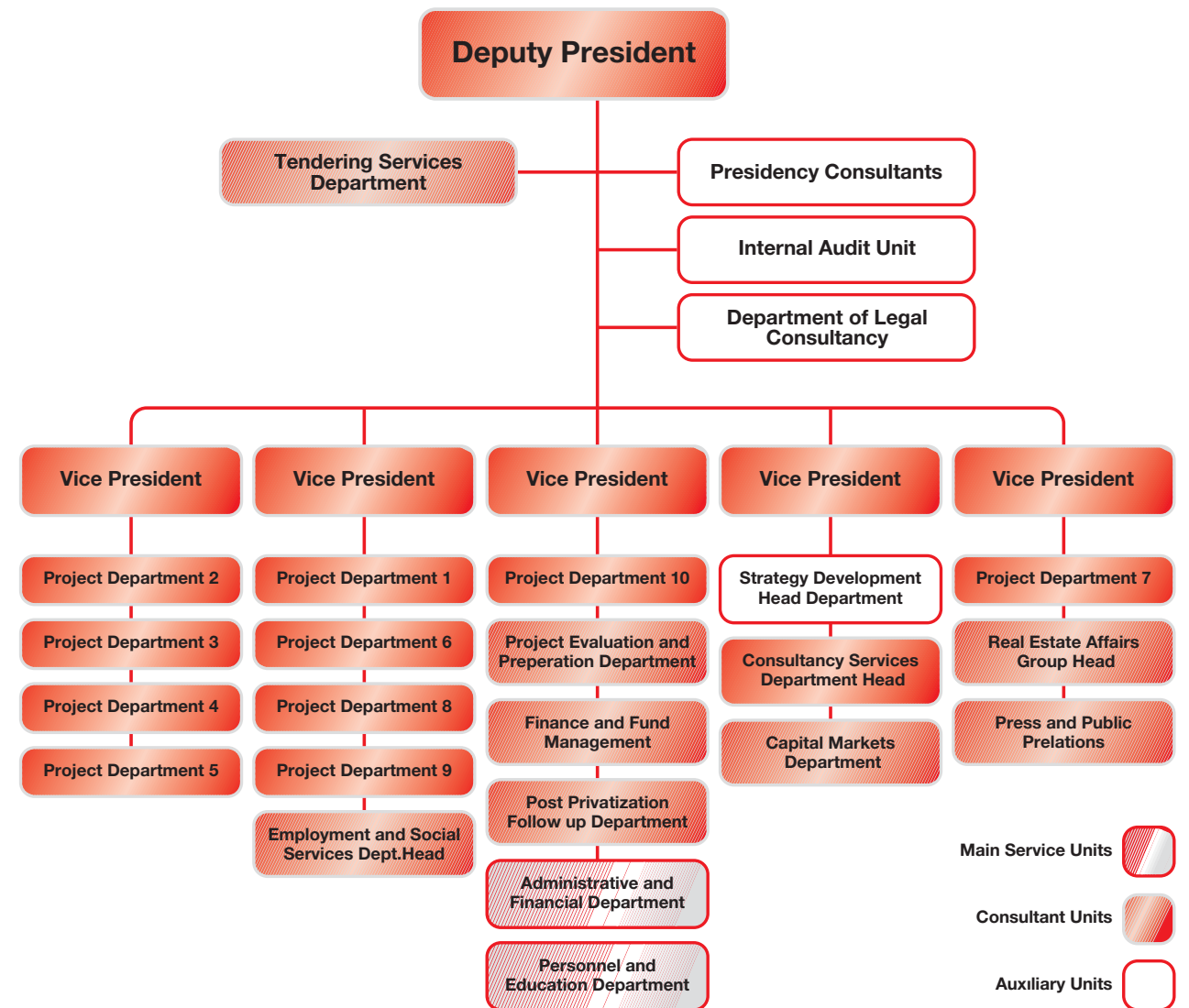
4. ORGANIZATIONAL STRUCTURE

Organizational structure of the Administration is defined in Article 5 of Organization and Tasks Regulations of Privatization Administration, under Law No. 4046. Accordingly, Administration's organization consists of Presidency, Vice Presidents, Consultant Units and Auxiliary Units.

The President is the highest rank Administrator with first degree signatory power, and he is the Payment Authorizing Officer of the Administration's Budget. He is responsible for the management of all activities of the Administration in accordance with the Law, relevant regulations and with decisions of Privatization High Council, for the representation of the Administration, as well as for the management of Privatization Fund.

Vice Presidents are responsible for fulfilling tasks and instructions given by the President, ensuring harmony and coordination between various organizational sections and relevant service units, and ensuring work organizations and coordination. In addition, vice presidents exercise the powers assigned by the President on behalf of the President. There are five Vice Presidents in the Administration's structure, and the service units under the vice presidents are determined by the President.

Privatization Administration has no regional local units, and its organizational structure is shown below:



5. HUMAN RESOURCES

Out of 341 civil servant positions allocated to Privatization Administration as of 2010, PA employs 249 posts whereas 92 posts are vacant, with a utilization rate of 73%.

Employees are employed in the Administration in 4 statuses as follows:

Permanent personnel are the civil servants employed in the posts allocated to the Administration under Law No. 657.

Contractual personnel employed under permanent posts: these are the civil servants employed on contractual basis, as the same equivalent the titles mentioned in paragraph 2, Article 6 of Law No. 4046, on the basis of the permanent posts allocated to the Administration under Law No. 657.

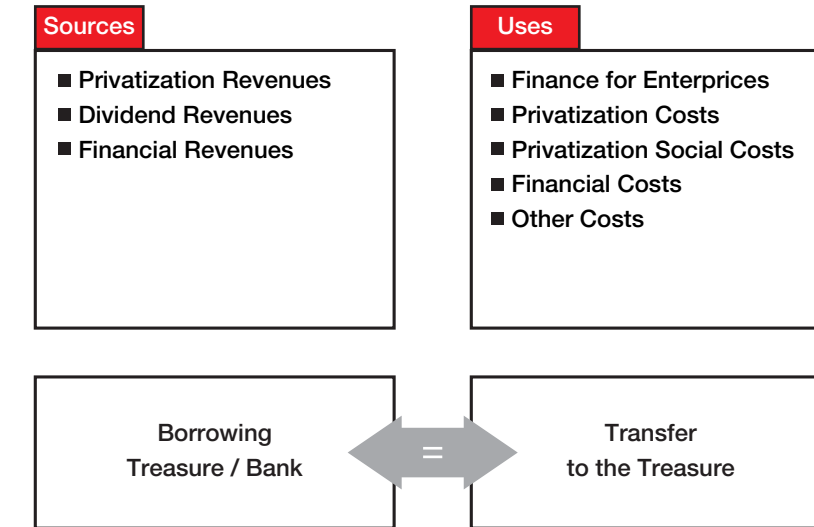
Contractual personnel: these are the staff employed in a contractual status under paragraph 3, Article 6 of Law No. 4046, provided that their permanent post are reserved in their original organizations.

Temporary Personnel: These are the staff working in State Owned Enterprises and their subsidiaries, as well as in the enterprises included in privatization scope, who are employed in the Administration on the basis of the need for their service, provided that these staff receive their personal rights from their own organizations.

6. OTHER ISSUES

Privatization Fund

Sources of privatization funds and it's uses are given below.



In addition, the Fund is authorized to obtain loans and to issue marketable securities.

In this scope, the total of the privatization revenues obtained during 2010 was 2.540 Million US \$, and privatization revenues based on the years are shown below.

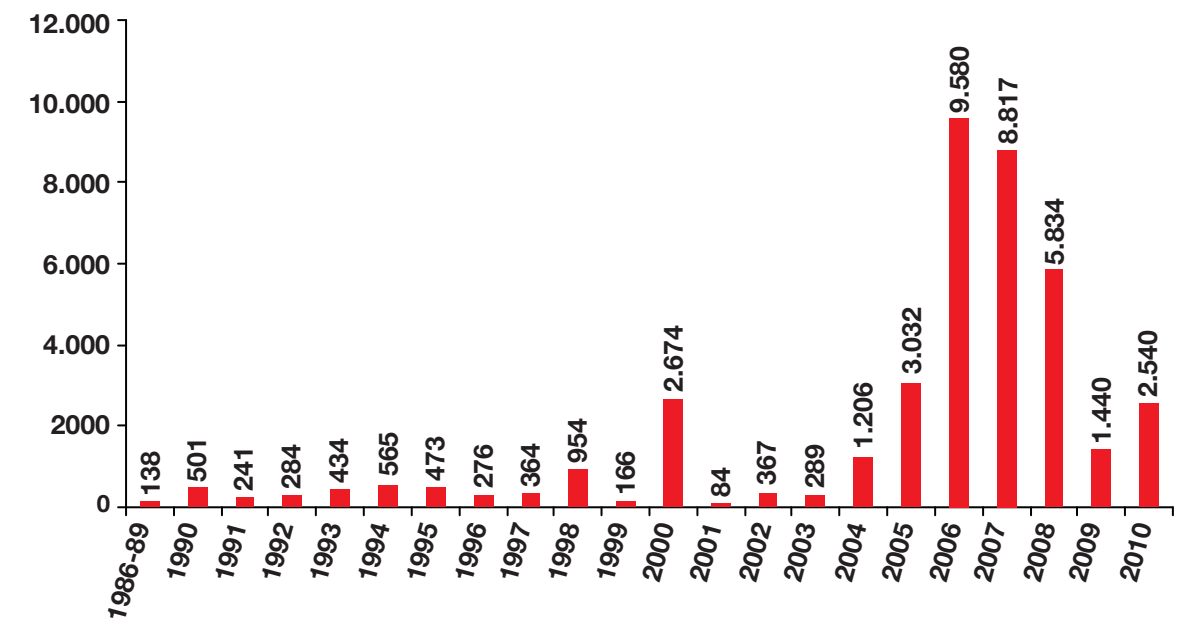
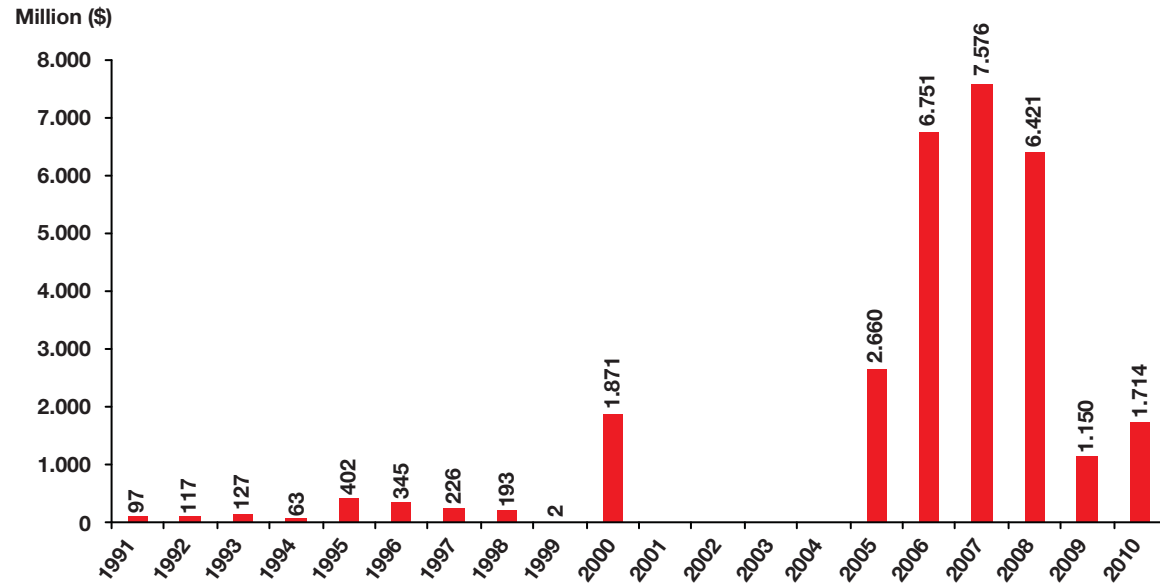


Figure: Privatization Revenues by Years

Pursuant to the provision of Article 10, Law No. 4046 reading "Excess cash in Privatization Fund is transferred to Treasury accounts for the purpose of payment of internal and external debts of the Treasury. No transfers may be made from the Privatization Fund to any other funds.", 1.714 Million US \$ was transferred from the Fund to the Treasury. Transfers made to the Treasury by years are shown in the figure below.



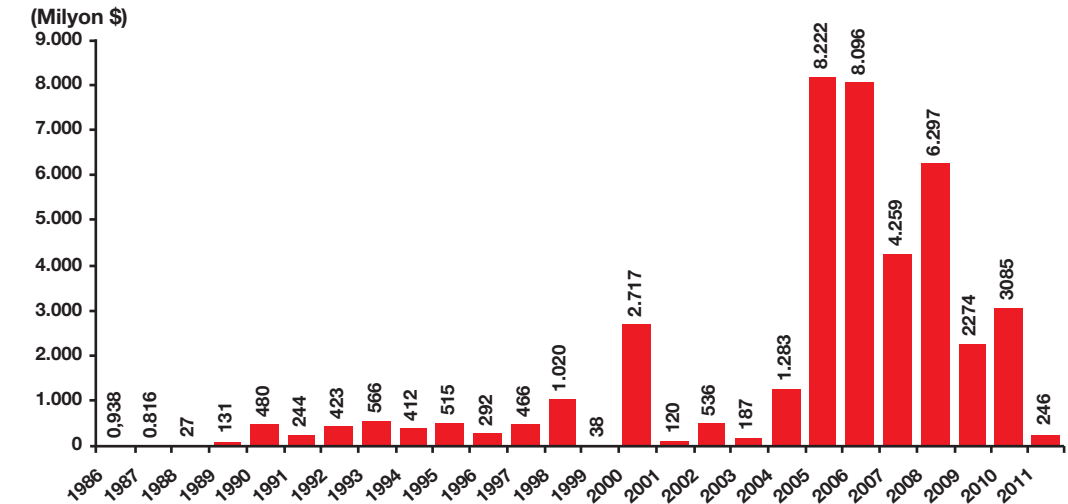
2010 Financial Year Budget of Privatization Fund was put into effect by approval of the resolution of Privatization Higher Board, dd. 30/12/2009 and with No2009/74, but due to higher realization rates in some budget items during the year, the supplementary budget revised by Presidency Approval dd. 11/11/2010 with No. 961.

7. PRIVATIZATION IMPLEMENTATION

The Turkish economy is currently in a high degree of reliance recovered strongly from the 2001 recession. Strong political stability, strong monetary and fiscal policies and structural economic reforms has conveyed the support of the International Monetary Fund and the World Bank.

Despite the current global financial crisis, which has a retarding effect on privatization, in the coming two years the PA envisages many privatization achievements. Several national and foreign companies are keeping a close eye on the long-awaited privatization tenders of Turkey's state-owned companies such as the national lottery, hydro electric, natural gas and coal fired power generation plants, sugar manufacturing companies and toll motorways including Bosphorus Bridges.

As shown below PA has made remarkable strides in its privatization efforts during the last decade. Accordingly, since 1986, Turkey has generated USD 41,9 billion in income from privatization.



Privatization efforts in Turkey contributed to the development of Istanbul Stock Exchange (ISE) and the capital markets. One of the often-stated objectives of privatization is broadening the ownership base and contributing to the development of stock markets. These are also ranked high among the objectives set for privatization in Turkey.

Since 1986, state shares in 270 companies, 104 establishments, 22 incomplete plants, 8 toll motorways, 2 bosphorus bridges, 1 service unit and 524 real estates and 6 sea ports have been taken into the privatization portfolio. Currently there are 23 companies in the privatization portfolio.

Overall privatization summary so far has concluded that;

- All cement manufacturing companies,
- Food chain store (GIMA),
- Animal feed, milk and dairy products manufacturing companies,
- Majority of meat, fish and poultry processing companies,
- Forestry products industries,



- All textile manufacturing installations belonging to Sümerbank ,
- All seaports operated by Turkish Maritime Lines,
- Majority of the seaports operated by Turkish State Railways
- The entire shipyards,
- Turkish cargo lines
- All refineries (4 refineries belonging to the same Company)
- Petrochemical processing Company,
- All iron and steel manufacturing Companies,
- Two Commercial Banks (Etibank and Sümerbank)

The most significant privatization transactions realized by PA encountered over USD 100 Million commencing from 2003 is set forth below:

Table 1: The Major Privatization Implementation carried out in 2003-2010 in Turkey (realized by PA)

	Date	Privatized Company	Sector	Method of Privatization	Amount (Million USD)
1	2004	BURSAGAZ	Gas Distribution	Block Sale	120
2	2004	TEKEL (Turkish State Monopoly)	Alcoholic Beverages	Block Sale	292
3	2004	TUGSAS-IGSAS	Gas Distribution	Block Sale	100,5
4	2004	THY	Airline Transport	23% PO	191,2
5	2005	ETİ ALUMINIUM	Mining	100% Block Sale	305
6	2005	TURK TELEKOM	Telecommunication	55% Block Sale	6,550
7	2005	ISTANBUL HILTON OTEL	Tourism	Asset Sale	255
8	2005	TUPRAS	Refining	%14 (ISE)	454
9	2005	PETKIM	Petrochemical	%34 (ISE)	274
10	2006	TUPRAS	Refining	51% (Block Sale)	4,140
11	2006	ERDEMİR	Iron&Steel	46% (Block Sale)	2,770
12	2006	BASAK INSURANCE COMPANY	Insurance	100% Block Sale	268
13	2006	BUYUK EFES OTEL	Tourism	100% Block Sale	121,5
14	2006	BUYUK TARABYA	Tourism	100% Block Sale	145,3
15	2006	THY	Airline Transport	28,75 % PO	207,8
16	2007	HALKBANK	Banking	%25 (IPO)	1,838
17	2007	MERSIN PORT	Port Operation	36 years of Concession	755
18	2007	GENERAL DIRECTORATE OF STATE HIGHWAYS (Ist.Levent Real Estate)	Real Estate	Asset Sale	800
19	2007	MOTOR VEHICLE INSPECTION STATION	Service	20 years (Concession)	613



	Date	Privatized Company	Sector	Method of Privatization	Amount (Million USD)
20	2008	TURK TELEKOM	Telecommunication	%15 (ISE)	1,911
21	2008	TEKELTURKISH TOBACCO	Tobacco Products	Asset Sale	1,720
22	2008	PETKIM	Petrochemical	%51 Block Sale	2.040
23	2008	ANKARA NATURAL ELECTRIC PRODUCTION	Electricity Generation	Sale of Shares based in TOR	510
24	2009	TEDAS BASKENT Electricity Distribution Company	Electricity Distribution	Sale of Shares based in TOR	1,200
25	2009	TEDAS SAKARYA Electricity Distribution Company	Electricity Distribution	Sale of Shares based in TOR	600
26	2009	TEDAS MERAM Electricity Distribution Company	Electricity Distribution	Sale of Shares based in TOR	440
27	2010	SAMSUN PORT	Port Operating	36 years (Concession)	125,2
28	2010	BANDIRMA PORT	Port Operating	36 years (Concession)	175,5
29	2010	TEDAŞ OSMANGAZI Electricity Distribution Company	Electricity Distribution	Sale of Shares based in TOR	485
30	2010	TEDAŞ ÇAMLIBEL Electricity Distribution Company	Electricity Distribution	Sale of Shares based in TOR	258,5
31	2010	TEDAŞ ULUDAĞ Electricity Distribution Company	Electricity Distribution	Sale of Shares based in TOR	940
32	2010	TEDAŞ YESILIRMAK Electricity Distribution Company	Electricity Distribution	Sale of Shares based in TOR	441,5
33	2010	TEDAŞ FIRAT Electricity Distribution Company	Electricity Distribution	Sale of Shares based in TOR	230,2
				Total of All Implementations (1986-2010)	41.862

The detail information about privatized companies is given below.

ELECTRICITY SECTOR

The principles of electricity sector reform and privatization in Turkey were laid out in the Strategy Paper dated 2004, with a primary objective to ensure adequate, high-quality, uninterrupted and low-cost supply of electricity to consumers. The primary benefits expected from the electricity sector reform and privatizations are defined as follows:

- Decreasing costs through effective and efficient operation of electricity generation and distribution,
- Increasing quality and security of supply in the electricity sector,
- Reducing technical losses in the distribution sector to the levels observed in OECD countries and preventing illegal use (non-technical losses),
- Ensuring that rehabilitation and expansion investments are performed, and
- Allowing consumers to benefit from the gains obtained through competition in electricity generation and electricity trade as well as an increase in service quality.

Distribution Market

Privatization of distribution companies commenced in 2006 after the reorganization of TEDAŞ (Türkiye Elektrik Dağıtım A.Ş.) into 20 regional distribution companies in 2005. Together with Kayseri ve Civar T.A.Ş., there are total of 21 distribution companies in Turkey.

The tender process for 18 electricity distribution companies has been finalized in line with Law No. 4046 and the ownership transfer process for 9 companies has been concluded. The transfer process for the remaining 8 companies is still ongoing (Tender Commission decision on the privatization process of Aras Elektrik Dağıtım A.Ş. has been annulled by the Council of State). Upon completion of the process for these regions, electricity distribution will entirely be undertaken by the private sector.

In line with the framework set forth by the agreed privatization strategy, Distribution Companies which are completed transactions and technically completed tenders are as follows:

Table 2: Distribution Companies

Bidding Date	Privatized Company	Transfer Date	Purchased by	Amount (USD)
01.07.2008	Başkent Electric Distribution Company	28.01.2009	Sabancı A.Ş.-Österreichische Elektrizitätswirtschafts AG - Enerjisa Üretim A.Ş JV	1.225.000.000
01.07.2008	Sakarya Electric Distribution Company	11.02.2009	AKCEZ(Ak Enerji-Chez JV)	600.000.000
25.09.2008	Meram Electric Distribution Company	30.10.2009	Alsim Alarko Sanayi Tesisleri ve Ticaret AŞ.	440.000.000
25.09.2008	Aras Electric Distribution Company*	-	Kiler Alışveriş Hizmetleri Gıda Sanayi ve Ticaret AŞ	128.500.000
06.11.2009	Osmangazi Electric Distribution Company	31.05.2010	Eti Gümüş AŞ./ Dedeli Yatırım İnşaat Teknik Elektrik Dağıtım A.Ş	485.000.000
06.11.2009	Yeşilirmak Electric Distribution Company	29.12.2010	Çalık Enerji Sanayi Ticaret AŞ.	441.500.000
06.11.2009	Çoruh Electric Distribution Company	30.09.2010	Aksa Elektrik A.Ş	227.000.000
18.02.2010	Çamlıbel Electric Distribution Company	31.08.2010	Kolin İnşaat Sanayi ve Ticaret. A.Ş	258.500.000
18.02.2010	Vangölü Electric Distribution Company	-	Aksa Elektrik A.Ş	100.100.000
18.02.2010	Fırat Electric Distribution Company	31.12.2010	Aksa Elektrik A.Ş	230.250.000
18.02.2010	Uludağ Electric Distribution Company	31.08.2010	Limak İnşaat Sanayi ve Ticaret AŞ.	940.000.000
09.08.2010	Boğaziçi Electric Distribution Company	-	MMEKA Makina İthalat Paz. JV. -İşkaya Cons.	2.990.000.000
09.08.2010	Gediz Electric Distribution Company	-	MMEKA Makina İthalat Paz. JV. -İşkaya Cons.	1.920.000.000
09.08.2010	Trakya Electric Distribution Company	-	Aksa Elektrik A.Ş	622.000.000
09.08.2010	Dicle Electric Distribution Company	-	Karavil Dayanıklı Tüketim Malları İnş.Oto.Pet.Ür.Paz.San. ve Tic.AŞ.-Ceylan İnşaat Ticaret AŞ. JV.	228.000.000
07.12.2010	Ayedaş Electric Distribution Company	-	MMEKA Makina İthalat Paz. JV.	1.813.000.000
07.12.2010	Toroslar Electric Distribution Company	-	Yıldızlar SSS Holding AŞ.	2.075.000.000
07.12.2010	Akdeniz Electric Distribution Company	-	Park Holding AŞ.	1.165.000.000
				15.888.850.000

A) Completed Tenders:

i)Başkent Electricity Distribution Co: The highest bidder in the tender was Hacı Ömer Sabancı A.Ş.-Österreichische Elektrizitätswirtschafts AG-Enerjisa Üretim A.Ş JV. which amounted to USD 1,225 M. The transfer to the new operator was finalized on January 28, 2009.

ii)Sakarya Electricity Distribution Co: The highest bidder in the tender was AKCEZ(Ak Enerji-Chez JV) which amounted to USD 600 M. The transfer to the new owner was finalized on February 11, 2009.

iii)Meram Electricity Distribution Co: The highest bidder is Alsim Alarko and the proposed amount is USD 440 M. The transfer to the new investor was finalized on April 30, 2009.

iv)Osmangazi Electricity Distribution Co: The highest bidder is Dedeli Yatırım İnşaat Teknik Elektrik Dağıtım A.Ş.(Eti Gümüş Group) for the provinces of Afyonkarahisar, Bilecik, Eskişehir, Kütahya, and Uşak. The amount proposed was USD 485 M. The contract between Turkish Privatization Administration and the new investor was signed on May 31, 2010 and the shares were transferred on June 02, 2010.

v)Çamlıbel Electricity Distribution Co: The highest bidder is Çamlı Enerji which is owned by Kolin İnşaat Sanayi ve Ticaret. A.Ş who proposed USD 258,5 M. for the provinces of Yozgat, Sivas and Tokat. The contract between Turkish Privatization Administration and the new investor was signed on August 31, 2010 and the shares were transferred on September 3, 2010.

vi)Uludağ Electricity Distribution Co The highest bidder is Uluğ Enerji which is owned by Limak İnşaat Sanayi ve Ticaret A.Ş who proposed USD 940 M. for the provinces of Bursa, Balıkesir, Çanakkale and Yalova, The contract between Turkish Privatization Administration and the new investor was signed on August 31, 2010 and the shares were transferred on September 3, 2010.

vii)Aras Electricity Distribution Co: Tender Commission decision on the privatization process of Aras Elektrik Dağıtım A.Ş has been annulled by the Council of State.

viii)Çoruh Electricity Distribution Co The highest bidder was Aksa Elektrik A.Ş who proposed USD 227 M. for the provinces of Artvin, Giresun, Gümüşhane, Rize, and Trabzon.

ix)Yeşilirmak Electricity Distribution Co The highest bidder was Çalık Enerji who proposed USD 441,5 M. for the provinces of Samsun, Amasya, Çorum, Ordu, and Sinop.

x)Fırat Electricity Distribution Co The highest bidder was Aksa Elektrik AŞ. who proposed USD 230,3 M. for the provinces of Malatya, Elazığ, Bingöl and Tunceli.

B)Technically Completed Tenders:

i)Vangölü Electricity Distribution Co. for the provinces of Bitlis, Hakkari, Muş and Van,

The final negotiations have been completed on February 2, 2010. The highest bidder was Aksa Elektrik AŞ.who proposed USD 100,1 M.

ii)Boğaziçi Electricity Distribution Co. for European Side of Istanbul

The final negotiations have been completed on August 9, 2010. The highest bidder was İş-Kaya İnşaat and MMEKA Makina İthalat Paz. JV. who proposed USD 2,990 B.

iii)Dicle Electricity Distribution Co. for the provinces of South Eastern Anatolia(Diyarbakır, Şanlıurfa, Mardin, Batman and Şırnak.

The final negotiations have been completed on August 9, 2010. The highest bidder was Karavil/Ceylan Const. JV. who proposed USD 228 M.

iv)Gediz Electricity Distribution Co. for the provinces of İzmir and Manisa(Aegean Region)

The final negotiations have been completed on August 9, 2010. The highest bidder was İş-Kaya Cons./MMEKA JV. who proposed USD 1,920 B.

v)Trakya Electricity Distribution Co. for the provinces of Edirne, Kırklareli, Tekirdağ (Turkish Thrace region) The final negotiations have been completed on August 9, 2010. The highest bidder was Aksa Elektrik AŞ. who proposed USD 622 M.

vi)Akdeniz Electricity Distribution Co. for the provinces Antalya, Burdur and Isparta,

The final negotiations have been completed on December 7 , 2010. Highest bidder was Park Holding Co who proposed USD 1.165 M.



vii)AYEDAS Istanbul Anatolian Side Distribution Co. for the entire area in Anatolian side of Istanbul.

The final negotiations have been completed on December 7, 2010. Highest bidder was MMEKA Makine İthalat İhracat A.Ş who proposed USD 1.813 M.

viii)Toroslar Electricity Distribution Co. for the provinces of Adana, Gaziantep, Hatay, Mersin, Kilis and Osmaniye.

The final negotiations have been completed on December 7, 2010. Highest bidder was Yıldızlar SSS Holding who proposed USD 2.075 M.

The transfer of the shares of the above Companies to the new owners will realize subsequent to completion of the legal transactions.

Generation Market

The tender for the privatization of 9 generation plants (Başkent Doğal Elektrik Üretim ve Ticaret A.Ş) with a capacity of 140 mw has been finalized and transfer to Zorlu Enerji Elektrik Üretim. A.Ş, was realized as of September 01, 2008. USD 510 M. reveue was generated from this transaction.

52 small and medium size hydro power generation plants which are listed under 19 groups and operate on rivers will be privatized by using "Transfer of Operating Rights". Final negotiations for the 613 bids are completed as of May 29, 2010 and USD 440 M. revenue is generated from this transaction.

Selection of all consulting firms to determine the strategy of the privatization of power generation units, (legal, independent audit firm, environmental and investment bank) have been finalized. The technical studies and determination of privatization study is continuing.

BAŞKENT NATURAL GAS SUPPLY

Under recent enacted Privatization High Council Decission dated July 2, 2009 and numbered 2009/43, privatization of natural gas supply for Ankara which was previously operated by the Municipality of Ankara is transferred to Privatization Administration. The final tender between the investors was held on August 16, 2010. The highest bidder was MEKA and MMEKA who proposed USD 1,211 B. The transfer of the shares to the new owner will realize subsequent to completion of the legal trans actions.

TÜRKİYE HALK BANKASI (HALKBANK)

In accordance with the authorization provided to Privatization High Council by the Banking Law, initial public offering of the shares of the bank in the local and international financial markets was concluded on May 2-4, 2007. 1,8 Billion of USD revenue was generatd from this transaction. The privatization studies for the remainig shares are still continuing.

THY (TURKISH AIRLINES)

The Company was included within the scope of the privatization by the Council of Ministers Decree No.90/822 dated August 22,1990, published in the Official Gazette No.20646 on September 25, 1990. Under Article 35 of Law No. 4046 on Regulation of Privatization Procedures and the Amendment of Certain Statutory Decrees published in the Official Gazette No.22124 on November 27,1994,Turkish Airlines was redefined as a State Economic Enterprise and placed under the jurisdiction of the Privatization Administration.



The Privatization High Council decided to establish golden share in Articles of Association granting special management and approval rights to the State on 08.12.2000 No.2000/87. Articles of Association, which is still in force, has been amended in compliance with Article 20/a of the aforementioned law on 17.01.2003 including the new scope of golden share.

In December 2004, 23% of the shares were offered to public and the Administration's shareholding structure reduced to 75,18 %. In May 2006, 28,75% of the shares were offered to public. A Consulting firm to determine the method of sale for the remaining PA shares of 49,2% is recently selected.

SEA PORTS OPERATED BY TURKISH STATE RAILWAYS (TCDD)

In accordance with the relevant provisions of the Privatization Law, the six sea ports (Mersin, İskenderun, İzmir, Bandırma, Derince and Samsun) operated by TCDD have been taken into the privatization portfolio by using the "Transfer of Operational Rights" Of the total six sea ports;

-Mersin is totally completed, by transferring the operational rights(TOR) to Port of Singapore-Akfen Joint Group, for a period of 36 years with revenue of USD 755 M.

-The tender of İzmir port is cancelled as a result of the highest two bidders' not fulfilling their obligations prior to signing of the contract. Update studies prior to retendering will start soon.

-TOR of Samsun port is completed on March 31, 2010 to Ceynak Logistics for a period of 36 years amounting to 125,2 M.

-TOR agreement of Bandırma port between Turkish State Railways, Turkish Privatization Administration and Çelebi Joint Group for a period of 36 years, amounting to USD 175 M. was signed on May 18, 2010 and transfer of shares was realized on June 08, 2010.

-Derince port tender was cancelled. Subsequent to completion of some technical problems by Turkish Privatization Administration the re-tendering process will commence.

- Tender announcement for the transfer of operation rights for İskenderun Port has been made on May 17, 2010. Highest bid was given by Limak Yatırım Enerji Uretim İşletme Hizmetleri ve İnşaat A.Ş. as 372.000.000 USD.

TÜRKŞEKER (TURKISH SUGAR MANUFACTURING CO.)

In accordance with the decission of the Privatization High Council dated October 7, 2007, the privatization of 24 sugar manufacturing companies and their related assets will be completed within 24 months in the following manner.

The Companies are grouped as:

Portfolio A: Kars, Erciş, Ağrı,Muş and Erzurum

Portfolio B: Elazığ, Malatya, Erzincan, and Elbistan

Portfolio C: Kastamonu, Kırşehir, Turhal, Yozgat, Çorum and Çarşamba

Portfolio D: Bor, ereğli and Iğın

Portfolio E: Uşak, Alpullu, Burdur and Afyon

Portfolio F: Eskişehir and Ankara

The tender announcement of the Companies in Group A was made on September 24, 2008. Since no bids were obtained on the final tender date, November 27, 2008, the tender was cancelled.

The tender process of the Companies in Group C was recently finalized (December 8, 2009) and USD 606 Million was the highest bidder. The tender announcement of Group B Companies was made on November 5, 2009 and has expired on January 21, 2010. However, Council of State has halted the tender recently, accordingly the tender will continue subject the outcome of the final decision of the Court.

TOLL MOTORWAYS AND BOSPHOROUS BRIDGES

The privatization studies of toll motorways, two Bosphorous bridges, the beltways(periferique) of Ankara and İzmir and the service units operated by Turkish Highways General Directorate is continuing together with the consulting firm. Subsequent to completion of the strategy report and some legal modifications, the tender announcement will be made thereon.

The names of the toll motorways and Bosphorous bridges subject to privatization are set forth below:

- Edirne-İstanbul-Ankara
- Pozanti-Tarsus-Mersin
- Tarsus-Adana-Gaziantep
- Toprakkale-İskenderun
- Gaziantep-Şanlıurfa
- İzmir-Çeşme
- İzmir-Aydın
- Ankara and İzmir beltways
- Fatih Sultan Mehmet and Bosphorous Bridges

TÜRK TELEKOM

The block sale of Türk Telekom shares is considered to be the highest revenue generated privatization in terms of one single transaction. 55 % of the Company shares have been sold to Oger Telecom in 2005 with a revenue of USD 6,550 M. Of the remaining total 15 % of shares have been sold as an initial public offering (IPO) in local and international financial markets in May 7-9, 2008. USD 1,9 B revenue was generated from this transaction.

This offering was ranked as the seventh in global offerings and the best privatization transaction in Central Europe by EMEA Finance Magazine for 2008. The strategy for the sale of the remaining shares of the Company held by Turkish Treasury, has not yet been determined.

NATIONAL LOTTERY

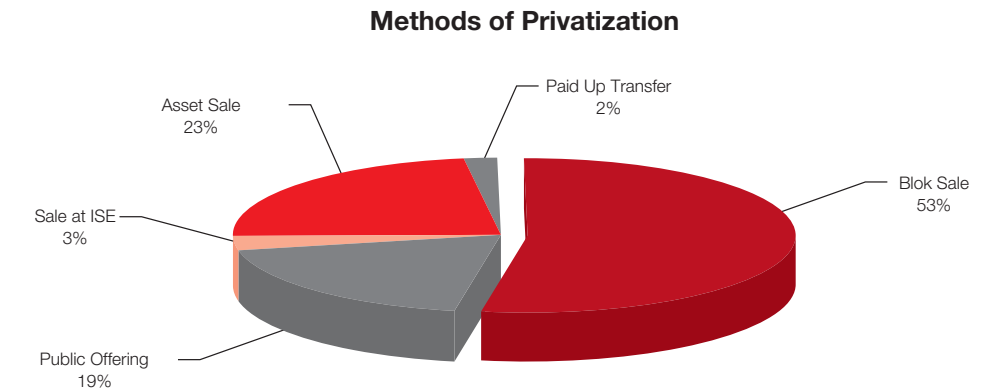
Tender announcement to privatize games of chance by granting licence which has been proclaimed internationally as of November 5, 2008 was expired on April 15, 2009. The final negotiations held on May 7, 2009 between PA and the two tenderers was cancelled as a result of insufficiency of the price. The technical studies for re-tendering process are continuing.

THE PORT OF SALIPAZARI OPERATED BY TURKISH MARITIME LINES

The port of Salıpazarı operated by Turkish Maritime Lines and its vicinity is planned to switch to a cruiser port. Within the project in addition to cruiser port there will be shopping centers, boutique hotels, entertainment units and cultural centers. The consulting firm is continuing its relevant studies re-privatization.

DOĞUSAN A.Ş

The Company is engaged primarily in the manufacturing of concrete perlit tiles and is located in Erzincan, one of the eastern provinces of Turkey. 43,91 % of the Company shares are traded in İstanbul Stock Exchange. The remaining 56,09 % shares are in the portfolio of Turkish Privatization Administration. The technical studies are continuing together with the consulting firm. The tender announcement which was made on December 28, 2009 was expired on May 13, 2010. Since no bids are obtained, the tender was cancelled.



As it can be observed from the above table, privatizing SOE's using "Block Sale" method has been predominant method. The main reasons are much practical, faster and logical method for low profit and loss making companies.

However for blue chip companies operating in telecommunications, petroleum refining, petrochemical, airlines, banking sectors, successful public offerings have been observed constituting of 22% (Public offering and sale through ISE)

PUBLIC PRIVATE PARTNERSHIPS (PPP)

A current issue and a new concept applied throughout the world as a cost effective solution for investments which had normally been made by the public sector is Public Private Partnership. This new financing model in the application of the infrastructural works enables possible to deliver high quality public services in a very effectively manner and bring a new approach to the public finance. Subsequent to enactment of the law in 2008, the Ministry of Health is planning to construct new hospitals in major cities in Turkey by applying PPP.

For the financing of other infrastructural works among which construction of new high and motorways, construction of high speed trains, construction of new main railway stations in the form of cultural and shopping center by applying PPP, legal studies are continuing.

