

TABOGLU, ATES & DEMIRHAN

Newsletter

NEWS RE BANKING SECTOR

cont'd.

- The Law on Amendment to the Law on the State-owned Banks of Turkish Republic Ziraat Bankasi, Turkiye Halk Bankasi and Turkiye Emlak Bankasi has been published in the Official Gazette on 26 April 2007. This Law provides that the general assemblies of the banks shall set out number, title, remuneration and other financial rights of new personnel to be hired to such banks. General assemblies are entitled to transfer such rights to their board of directors. This Law enables the state banks to hire personnel by not being bound with the restrictions previously imposed thereon.
- Isbank has been granted with the syndicated loan from international markets in the amount of US\$ 900 million through a Club Deal. This loan has been recorded as the least costly syndicated loan in the Turkish markets. The loan will have two years maturity and will be used for commercial financing.
- The Savings Deposit Insurance Fund has withdrawn its participation to the lawsuit initiated against 35 persons, one of which is Mr. Mustafa Sozer, the President of the Board of Directors of Kentbank due to causing damage to the Bank. The Fund has declared that it has signed a protocol of settlement and debt set off.
- As published in the Weekly Bulletin of the Capital Markets Board, initial public offering of Is Yatirim has been approved by the Capital Markets Board. Offer price range is TRY 2.40 to TRY 3.00 per share.
- The Capital Markets Board has approved the exemption from the call tender application of Bank Austria regarding Yapi Kredi Bankasi, Yapi Kredi Sigorta, Yapi Kredi Finansal Kiralama and Tumteks Tekstil Sanayi ve Ticaret. Bank Austria has also announced that the Bank is not required to make a tender call to shareholders of Boyasan Tekstil, Yapi Kredi Yatirim Ortakligi and Yapi Kredi Koray Gayrimenkul Yatirim Ortakligi as per the decision of the CMB. Local lead managers include TSKB, Ak Yatirim, Garanti Yatirim and Yapi Kredi Yatirim.
- Public offering process of Oyak Yatirim Ortakligi has been initiated on 25 April 2007. The public offering shall continue until 27 April 2007. Value of one share of the company has been determined as TRY 1.00-1.10 for each share with a nominal value of TRY 1. The consortium leader for the public offering is Oyak Yatirim, while the other members are intermediary institution companies of Ata Yatirim, Ataonline, Eczacibasi, Gedik, Turkish Yatirim and Yatirim Finansman.

CAPITAL MARKETS HIGHLIGHTS

- As per the dailies, public offering process of Halkbank has been initiated. Offer price range is TRY 6.40 to TRY 8.00 per share. This would give an indicative total offer size of TRY2bn - 2.5bn, and an indicative market capitalization of TRY 8.0 – TRY 10.0bn. The international investor road-show was launched on 23 April 2007. The retail offering will be launched on 2 May 2007 and will close on 4 May 2007. Retail investors qualify for either a 3% discount or the ability to pay the price in installments over a five-month period.
- As per the announcement of TAV Airports Holding to the Istanbul Stock Exchange, it has submitted a proposal to the tender of Jordan Queen Alia International Airport along with the consortium members of CCC and Kawar of Jordan.
- A representative of Templeton is elected as one of the members of the Board of Directors of Turkish Airlines. Templeton currently holds 9.73% of Turkish Airlines.

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Highlights

a. News re Banking Sector

b. Capital Markets Highlights

c. Privatization Update

d. Other News

PRIVATIZATION UPDATE*cont'd.*

- The Privatization Administration has been instructed for taking back the shares of Manisa Mensucat previously owned by Sumerbank and sold to Manisalilar Group companies in consideration of US\$ 2.7 million on the year of 2005. This act of the Administration is based on the allegations of misconduct giving rise to material damage to the State.
- The Chairman of the Board of Directors of Pegasus Airlines, which is owned by Esas Holding, has declared that 20% shares of Izmir Airlines has been transferred to Esas Holding in consideration of TRY 8.2 million.
- The Samsun-Ceyhan Petroleum Pipe Line project has been started through a ground-opening ceremony. The pipe line will be the starting point of Hazar and Kazakh petroleum in the Mediterranean area. The pipe line will be carrying 1.5 million barrels petroleum per day and will be 550 kilometers long. This project will be carried out by TAPCO formed by the equal partnership of Calik and Italian ENI and estimated to be completed in the year 2010.

OTHER NEWS

- As per the announcement made by Orascom Construction Industries, it has executed an agreement with Turkan Baltali, one of the biggest shareholders of Baticim Bati Anadolu Cimento Sanayii. The referred agreement provides for the purchase of B group share constituting 33.7% of the Company and 6.469 A group shares corresponding to 13.5% of A group shares. Following this partnership agreement, a new joint venture company shall be established, which will hold 33% of the shares in Baticim.
- As per the dailies, Alfa Telecom Turkey Limited has stated that they have initiated legal proceedings for the protection of their pledge right created as a security of the loan which has been extended under the loan agreement executed between Alfa Telecom and Cukurova Group. As per the announcement made to the Istanbul Stock Exchange, although there is no change in the management control in Alfa Telecom, Turkcell and Turkcell Holding, the terms and conditions of the loan extended to Cukurova Group have been breached by Cukurova Group and the repayment of the loan amount is therefore requested. It has been further stated that if any request resulting in the change of control is made, required applications to the governmental authorities will be timely filed.
- In the tender opened by the Istanbul Metropolitan Municipality for the lease of three helicopters, only Pan Air has given a proposal in the amount of Euro 13 million 285 thousand.
- A draft law on the amendment to the Implementation of State Projects through Build-Operate-Transfer Model is being prepared in order to include "state roads" within the scope. By the drafting of this amendment, roads open to public usage such as double way roads used within the scope of emergency acts and city roads will be privatized through BOT model.
- As per the dailies, 25% of shares of Yurtici Kargo has been transferred to GeoPost, a French express cargo company, in consideration of an amount higher than Euro 70 million.

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The aim of this weekly newsletter is to highlight mainly the regulatory changes made by the Turkish Government during the relevant week. The content of this bulletin is limited to those areas Taboglu, Ates & Demirhan advises its clients. It contains a general summary of the changes and the areas it covers are broader. Thus, one should not rely on it for specific advice. For further information or advice please contact Taboglu, Ates & Demirhan, a full-service law firm based in Istanbul.

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