

TABOGLU, ATES & DEMIRHAN

Newsletter

NEWS RE BANKING SECTOR

- Dundas Unlu Securities has sold 67% of its shares to Standard Bank. As a result of the agreement, the Company will change its trade name to Standard Bank. The Company will render new services such as euro-bonds, structured financing services and derived resources. The head of Bank in charge of the Former Soviet Union, Middle East, Central Asia, and Europe regions has stated that Standard Bank wants to take a leading part in the Turkish market.
- The Savings Deposit Insurance Fund has announced the dissolution of the reconciliation protocol with Korkmaz Yigit Group signed in 2006 to restructure the Group's debts as the Group had not fulfilled their obligations. To this end, the Fund has confiscated the Group's subsidiaries Anka Insaat, Yapi Endustrisi Property Investments, Yeni Istanbul Insaat and Feniks Insaat. The Fund will evaluate the worth of these companies' assets and operating rights and will use them to pay off the Group's debts. The protocol between the Fund and the Group was signed due to debts stemming from BankExpress' bankruptcy.
- One of the directors of Unicredit, one of the major shareholders of Yapi ve Kredi Bank, has stated that they have expected a raise in credit rating of Turkey and added that the net inflow of foreign direct investment to Turkey is estimated to be in total US\$ 20 billion in 2007.
- Turkish food producer Ulker and DenizBank have launched the Family Card, a new business card that can be used only for payments between Ulker and its customers. Family Card offers a new way of forward transaction by eliminating conventional methods such as cheque and vouchers. The head of DenizBank Financial Services Group has stated that DenizBank aims to introduce new financial instruments to the small and medium scale enterprises in Turkey in order to facilitate their investments and added that for year 2008, their target is to reach a turnover of TRY 550,000 and 75,000 customers.

PRIVATIZATION HIGHLIGHTS

- As per the dailies, foreign companies are highly interested in privatizations of three electricity distribution companies, namely, Baskent Elektrik Dagitim, Sakarya Elektrik Dagitim and Istanbul Anadolu Yakasi Elektrik Dagitim. An estimated amount of US\$ 10 billion is expected to be gained. Enel, E.ON, Enbw, AES, Suez-Tractebel, Edison Spa and Iberdrola are some of the interested investors.

TELECOMMUNICATIONS NEWS

- Turkcell has submitted its bid for the third generation mobile communications systems license, which will allow Turkcell to offer new services to their customers and acquired the A type license, which has the broadest band and highest frequency, for €321 million. The Company first offered €311 million in tender, held by the Telecommunications Board; then increased its bid upon request of the Tender Commission. B, C and D type licenses were cancelled as no other firms participated in the tender.
- Turk Telekom has announced the renovation of its internet infrastructure, an investment amounting to €110 million, with 2 million additional IP DSLAM port. It was also stated that Alcatel-Lucent, Huawei, Meteksan Sistem and ZTE Corporation will cooperate on the project.
- Ericsson has announced that the Company has decided to increase its investments in Turkey upon the third generation mobile communications systems license tender. The General Director of the Company for Turkey and Israel has stated that they will open world's third IP Multimedia Subsystem center in Turkey, to serve to the regional countries. Ericsson owns 20,000 patent rights including third generation mobile communications systems.

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Highlights

a. News re Banking Sector

b. Privatization Highlights

c. Telecommunication News

d. Energy Market Updates

e. Other News

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- The Savings Deposit Insurance Fund has announced to put seized media assets of ATV and Sabah on auction on 7 November 2007 with an estimated value of US\$ 1.1 billion. It has been reported in the dailies that several international companies are interested in the tender. Bidders must register by 15 October 2007 and present their final bids in sealed envelopes by 6 November 2007. As per the dailies, Canada-based Canwest, one of the world's largest media groups, might not participate in the tender for Sabah and ATV. Canwest has long held an interest in the Turkish market and participated in the auction for Star TV in 2005, though they pulled out before the bid.

ENERGY MARKET UPDATES

- As per the dailies, the state-controlled BOTAS' receivables from various institutions reached the amount of TRY 10.46 billion as of 13 July 2007. The 90.9% of total receivables comes from the two other state-owned enterprises, the Electricity Generation Corp. and Hamitabat Power Plant. The Turkish Treasury has reported that the Electricity Generation Corp's total debt to BOTAS has hit TRY 8.75 billion, of which TRY 3.2 billion is principal and TRY 5.54 billion is the interest. The second highest debtor, Hamitabat Power Plant, owes BOTAS TRY 788 million, consisting of TRY 299 million the principal payment and TRY 489 million of interest payment.

As reported, also Izmir's natural gas delivery company owes to BOTAS TRY 60 million, while Istanbul natural gas delivery company's debt totals TRY 2 million. Finally, EGO owes to BOTAS TRY 677 million.

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- Sanko Holding has announced that it has increased its energy investment goal to \$2 billion. The Chairman of the Holding has mentioned that the core field they will invest is energy and hydroelectric power plants in particular; adding that, they will start constructing a wind power plant in December.
- As per the dailies, Turcas will install a 800 megawatt natural gas power plant and 800 megawatt coal power plant, worth US\$ 1.6 billion investment, with E.ON; a wind power plant, worth €200 million with Innovative Energy Group.

OTHER NEWS

- The Competition Board has announced its decision on the probable contenders in the ATV Sabah Media Group's sale. Dogan Group will not be able to participate in the tenders for the sale of ATV Sabah Group's television broadcast, television advertising and production companies; or its newspaper and magazine publication and delivery operations; Cukurova Media Group cannot participate in the sale of the ATV Sabah Group's television broadcasting, television advertising or production companies. The restrictions are applicable to all companies in which Dogan and Cukurova Groups have direct or indirect control or shares and also to the consortium in which they will participate.
- The Capital Markets Board has issued certificates for intermediation in derivatives to Garanti Yatirim and Alan Yatirim and an investment advisory services certificate to Merrill Lynch Turkey. In addition the repo-reverse repo certificate of BAB Menkul was cancelled upon its request.

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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