

TABOGLU, ATES & DEMIRHAN

Newsletter

NEWS RE BANKING SECTOR

- The consortium which is formed by Garanti Bankasi, HVB and West LB AG, the German banks, has granted a loan amounting to Euro 600 million and having a 13 years date of maturity, to Fraport-IC joint venture, which is the winning bidder of the tender of Antalya Airport. The loan will be used for financing the payment of the operational rights of first and second stage of International Terminal, CIP and Domestic Terminals of Antalya Airport.
- According to the weekly bulletin of the Capital Markets Board, the Board has granted a permission for the transfer of shares owned by Koc Finansal Hizmetler in Yapi Kredi Faktoring, Yapi Kredi Finansal Kiralama and Yapi Kredi Bank Azerbaycan Closed Joint Stock Company to Yapi ve Kredi Bankasi through share exchange procedure in accordance with the relevant legislation relating to the share exchange procedure.
- As per the dailies, the chairman of the MasterCard Worldwide Commercial Cards has declared that the commercial cards will double its number of users until 2010 and they expect a parallel growth in Turkey as well. It was also stated that the most significant target is Small and Medium Size Enterprises and at present, globally, over 100 million SMEs realize US\$ 2 trillion of their total expenditures of US\$ 9 trillion by using commercial cards worldwide. Furthermore, only 3% of the total expenditures are realized through commercial cards in Turkey.
- Gureli Yeminli Mali Musavirlik has been added to the list of independent auditing firms that are authorized to audit information systems of banks by the Banking Regulation and Supervision Agency. According to the written statement made by Agency, the number of independent auditing firms increased to 6 upon addition of Gureli Yeminli Mali Musavirlik in the list.

PRIVATIZATION HIGHLIGHTS

- In the tender for the privatization of Derince Port, owned by State Railways General Directorate, the highest bid for the transfer of operational rights for 36 years for Derince Port was submitted by Turkerler Insaat, with a bid of US \$195.2 million. Vice President of Turkerler Insaat has stated that they need to make an initial investment between US \$50 million and US \$70 million.
- TEKEL's Cigarette business will be put out to tender by the Privatization Administration in October 2007. It is stated that British American Tobacco, KT&G, Imperial Tobacco, some international funds and a few domestic investors are among the potential investors.

ENERGY SECTOR NEWS

- TUPRAS announced its profit for the first half of the year 2007 as TRY 609 million, representing an 89.2% increase in comparison to the same period last year. According to the written statement made by TUPRAS, the Company has increased its operation profit to TRY 572 million with a 60 % increase when compared to the figures from last year.
- According to the dailies, ArcelorMittal, the world's largest steel company, has agreed to buy 51 % of Turkish steel company Rozak, which is mainly active in trading of steel. The transaction is subject to approval of regulators and is expected to be completed by the end of 2007. ArcelorMittal has stated that Turkey is one of the fastest growing steel markets in the world with a growth rate above 10% and the acquisition of Rozak will allow the ArcelorMittal steel distribution business in Turkey to reach its capacity target in 2010.

Highlights

a. News re Banking Sector

b. Privatization Highlights

c. Energy Sector News

d. Capital Markets Updates

e. Other News

CAPITAL MARKETS UPDATES

- As per the dailies, Citibank acquired Opus Menkul Degerler to start securities trading in Turkey. Citibank declared in written statement that the purchase was approved by the Capital Markets Board and clearance by the Competition Board is awaited.
- Koc Holding has sold all its shares in Ramenka, which is a Russian subsidiary of Migros, to its partner Enka Holding Investment S.A. The reason of the sale has been explained as to leave the food retail business and to focus on durable consumer goods, financial services and automotive sectors. In accordance with the declaration made to the Capital Markets Board by Migros Holding, total price of Ramenka has been determined as US\$ 1 billion 365 million and Koc Holding will transfer its 50% stake in return for US\$ 542 million 500 thousand after deducting Ramenka's net debt of US\$ 280 million. However, such price will be subject to adjustment as per the changes in financial net indebtedness and net circulating capital of Ramenka in the closing date. The transaction will be finalized subsequent to the approval of the Russian Competition Board and completion of other pre-conditions.
- As per the dailies, Ray Sigorta, which has TRY 100 million of registered capital, has decided to increase its issued capital from TRY 40 million to TRY 65 million. In accordance with the declaration made by the company, it has been decided to apply to the Capital Markets Board in connection with such increase, which will be realized through cash payment.
- As per the dailies, Turkiye Finans will be increasing its share capital to TRY 292 million, with TRY 6.6 million increase in cash.

OTHER NEWS

- In accordance with a recent decision of the Competition Board, the agreements, which were executed by Coca-Cola Distribution Company and Mey Icki Sanayi, will not be subject to block or individual exemptions within the scope of the Law Regarding Protection of Competition. The Vice Chairman of the Board has stated that, according to the Communiqué No. 2007/2 regarding Block Exemptions On Vertical Agreements, any of such two companies was not subject to block exemption before; however, the Board was entitled to grant an individual exemption before the aforesaid decision. The reasoning of the decision has been indicated as constituting a more competitive market and simplifying other brands' way to penetrating the soft drink or raki markets.
- Pursuant to the dailies, Istanbul, Turkey branch of Atradius Credit Insurance N.V. which is incorporated in Netherlands and having operations in loan insurance and managing the loan risks, has started its operations in Istanbul upon receiving its licence approval on 24 August 2007. Atradius has Euro 1.3 million revenue and 24% of market share.
- According to the dailies, Turkcell, the winning bidder of the tender of the third generation mobile communications systems, will pay the tender price amounting to US\$ 511 million in advance. The Vice General Manager of Turkcell has stated that Turkcell is planning to make an investment over US\$ 1 billion in three years for the third generation mobile communications systems.

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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