

TABOGLU, ATEŞ & DEMIRHAN

Newsletter

PRIVATIZATION UPDATES

- As per the dailies, necessary works for the privatization of Halk Bank through public offering of 25% of its shares has been initiated on 15 February 2006. Accordingly the Privatization Administration and consortium of Goldman Sachs and Is Yatirim as the financial advisors of the Privatization has gathered to discuss the work plan and its alignment with the privatization scheme, local legal consultancy, international legal consultancy for public offering, articles of association and relations with the Capital Markets Board (Board). As a result of negotiations with the Board, the Bank is making necessary arrangements for the amendments of its articles of association in line with provisions incorporated in public companies. Such amendments are planned to be completed by March and to be incorporated in the extraordinary or ordinary general assembly of the Bank to be held on March. On the other hand, audited balance sheets will be prepared in order for the Bank to be listed in the stock exchange prior to the public offering. The permission of the Banking Regulatory and Supervision Authority is also required. Finally, different voting methods in the Bank will be adopted in line with the capital markets regulations by the draft law on adjustment to TRY, which is being discussed in the Parliament. Lead managers in the public offering of Halk Bank will be Goldman Sachs abroad and Is Yatirim in Turkey.

CAPITAL MARKETS HIGHLIGHTS

- As per the weekly bulletin of the Board, the transfer of the shares in Koc Finansal Hizmetler of UniCredito Itailiano S.P.A., as the 50% owner of Koc Finansal Hizmetler, one of the partners of Yapi Kredi Yatirim, to Bank Austria Creditanstalt AG has been approved.

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- Anadolu Isuzu Otomotiv has applied to the Capital Markets Board for issuance of new bonus shares in the amount of TRY 8 million 473 thousand. Further, Garanti Emeklilik and Hayat Income Motivated Public Borrowing Instruments has applied to the Board for issuance of pension investment funds in the amount of TRY 150 million while Raymond James Yatirim has applied for issuance of A Type risk controlled funds in the amount of TRY 3 million. The Board has listed pension investment fund issuance by Aviva Hayat ve Emeklilik in the amount of TRY 300 million.
- An amount of US\$ 270-300 million of income is being estimated from the public offering of TAV Havalimanları Holding. Public offering price range per share is determined as TRY 8.55-10.30 and bids shall be collected from the top range of TRY 10.30. 25% of the public offering shall be realized through capital increase and 75% thereof shall be realized through joint sale. Dates for bid collection have been scheduled as 15-16 February 2007.
- As per the announcement made by Boyner Holding, the Company has executed a letter of intent on 12 February 2007 with Citigroup Venture Capital International (CVCI) for the sale of its stake of 30% in Boyner Buyuk Magazacilik and 50% in Beymen. The parties have initiated exclusive negotiations and shall determine the exact value of shares thereafter to be followed by a final agreement. The value of 30% shares in Boyner Buyuk Magazacilik is estimated as US 48 million, whilst the value of 50% in Beymen is estimated as US 145 million. CVCI has expertise in information services, retail sale, pharmaceuticals, telecom, energy and financial services with 40 professional investors all around the world.

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Highlights

a. Privatization Updates

b. Capital Markets Highlights

c. Other News

OTHER NEWS

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- The High Court of Appeals has overruled the first instance court decision regarding approval of confiscation of Cukurova Elektrik (CEAS) by the state. Adana 4th Civil Court had previously accepted the removal of usufruct right of CEAS and such decision had been appealed by CEAS. The High Court of Appeals had overruled the decision of the first instance court and has indicated that such decision is not legally acceptable as the concession agreement is still in force or the termination has not yet been finalized. Adana 4th Civil Court did not accept the latter and has insisted on its previous decision. Such decision had been reviewed on 31 January and had been resolved in favor of CEAS.
- As per the dailies, the Savings Deposits Insurance Fund is targeting the completion of the cleansing operation for the dissolution of banks which had been transferred to the Fund, by 31 July 2007. The operation is based on evaluation of financial, administrative, legal and auditing of such banks. The Fund has also increased its collection target up US\$ 21.5 billion. After completion of protocol sale and existing assets sales, it shall focus on its primary duty of deposit insurance as of the year 2008. On the other hand, the Fund has put out to sale of commercial and financial integrity of Samandira Printing Premises with an estimated value of US\$ 41 million 600 thousand, which has been taken over from Bilgin Group in return for its debts. The highest bid had been proposed by Merkez Yayin Holding with a value of US\$ 42 million. The second bidder was Halk Bank with a bid amount of US\$ 30 million 686 thousand. Bidders did not increase their bid proposals during the auction.
- The Competition Board has approved the sale of 49% shares of the real estate intermediary company established by Dogan Holding, namely Gayrimenkul Gelistirme ve Pazarlama, to Deutsche Bank. The Company with the incorporation scope of intermediation and rendering services for mortgage backed real estate financing had been incorporated with a share capital of TRY 1 million 600 thousand. The Company shall transform into a real estate financing company and its main scope of business shall become providing mortgage credits to consumers, following the adoption of the House Finance Law. The respective draft law known as Mortgage Law has been discussed in the Parliament on 15 February 2007.
- Amendments to the Petroleum Law have been accepted after being vetoed by the President of Turkey, Mr. Ahmet Necdet Sezer. Accordingly one article, which provides that half of the state right collected from petroleum shall be transferred to the local private administration where the petroleum has been extracted, has been removed. The Amendment Law provides that liquid fuel produced from solvent, naphtha and other petroleum products and liquid fuel which does not contain national marker in the amount set out by the Energy Markets Regulatory Authority shall be considered smuggled petroleum. Liquid fuel distribution companies shall be obliged to apply and establish a system to prevent petroleum smuggling.

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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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