

TABOGLU, ATES & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

cont'd.

- As per the dailies, TAV Airports Holding and Esas Holding have decided to collectively participate in the tender for the construction, operation and transfer of new international terminal of Sabiha Gokcen Airport, to be held on 2 July 2007. A 10-million capacity terminal for international flights will be built at the airport located on Istanbul Asian side and operational rights for 20 years will be transferred to the winning bidder.
- The General Manager of Zorlu Enerji has stated that they are preparing for Petkim's privatization tender and they will purchase or build a refinery if required. It has also been announced that Zorlu Enerji will participate in tender solely.

- Fitch, the international credit rating agency, has revised the outlook of the Republic of Turkey to stable from positive, owing to heightened political risks. It has been reported that although Turkey's current prudent fiscal policy stance, impressive growth performance and strong foreign direct investment inflows were consistent with improving macroeconomic fundamentals negative political shocks have raised event risk and clouded the credit outlook.

CAPITAL MARKETS NEWS

- The public offering of Is Yatirim has begun on 10-11 May 2007. The price range for the shares of Is Yatirim has been determined as TRY 2.40 – 3.00. Total market value of Is Yatirim will be approximately between US\$ 212.2 -265.3 million. Is Yatirim will be the sole intermediary institution, shares of which are traded in the Istanbul Stock Exchange.
- Moody's, the international credit rating agency, has declared that Turkey's credit ratings are stable despite political instability. Moody's Vice-President said that despite tensions over the election of the new president, Turkey's credit rating of BA3 as well as foreign-currency credit rating of Ba1 were sufficiently capable of absorbing such volatility.
- Turkcell posted a 45% annual rise in the first quarter net profit. As per the statement made by Turkcell, Turkcell's net profit reached to US\$ 272.1 million from US\$ 187.2 million. In addition, Turkcell's subscriber portfolio grew 12% on an annual basis, to 32.2 million from 28.7 million.

ENERGY SECTOR NEWS

- According to the dailies, the Chairman of Turkish Atomic Energy Agency said that the first nuclear power plant of Turkey will be built by 2015 by noting that the Turkish parliament adopted a law setting the legal framework for the construction of nuclear power plants in the country. It is reported that the Turkish legislation authorizes the Ministry of Energy and Natural Resources to run and finalize the tender for the construction of the plants and also to decide on their capacity and location. The government plans to build three nuclear power plants with a total capacity of about 5,000 mega watts to become operational in year 2015 through a bid to prevent a possible energy shortage and reduce dependence on foreign energy supplies, the report added.
- TPAO, which has carried out extensive exploration and extraction work for oil in the Black Sea, has opened a service provision tender in the Mediterranean and optionally in the Black Sea. The winner of the tender would carry out two dimensional seismic studies in a 4,000 km area in the Mediterranean. The tender will be held on 23 May in the General Directorate of TPAO.

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Highlights

a. Privatization Highlights

b. Capital Markets News

c. Energy Sector News

d. News re Banking Sector

e. Other News

NEWS RE BANKING SECTOR*cont'd.*

- The Minister of Finance has declared the results of the initial public offering of Halkbank. As per his statement, the IPO has been the biggest privatization of a bank carried out in Europe since year 2004. The value of 24.98% of Halkbank shares to be privatized generated revenue of US\$ 1.846 billion. The Minister of Finance has also declared that Halkbank shares were priced at TRY 8, which is the maximum of the price range of TRY 6.4-TRY 8. Subscriptions by international investors for the IPO were especially strong and 10.3 times higher than allocated and domestic investors have submitted subscriptions of 2.9 times than allocated. In addition to the intense domestic demand, a total of 230 foreign investors from 20 countries participated to the public offering of Halkbank, including Kuwait Investment Authority, which has purchased 10% of Halkbank in the IPO.
- According to the dailies, National Bank of Kuwait (NBK) is close to reach an agreement to acquire a majority stake in Turkish Bank. In March, NBK had announced that NBK would like to acquire a mid-sized bank in Turkey and talks were already underway. After 6 months, NBK has shaken hands with the majority shareholder of Turkish Bank, the Ozyol family, in order to purchase major percentage of their shares in the bank.
- As per the dailies, Ziraat Bank has increased its net profit to 83% in the first three months of 2007, compared to the same period last year. The bank has earned TRY 610 million in profits for the first quarter of the year, setting a new record. Ziraat Bank's gross profit has reached TRY 781 million. Ziraat Bank has also provided a TRY 1.6 billion loan for Small and Medium Sized Enterprises during the same period.
- Garanti Bank has signed Euro 600 million syndicated loan with a maturity term of two years in London. Total cost of the operation is Eurolibor + 0.475% including interests and commissions. The General Manager of Garanti Bank has underlined that it was the first time Garanti Bank arranged and coordinated the loan process without involvement of an intermediary institution. 43 banks from 21 countries, including ABN Amro Bank, American Express Bank, Citibank and Fortis Bank, participated in the syndicated loan.
- Pursuant to dailies, TEKEL A.S., which is trying to increase its market share with new brands, is preparing to launch three new brands of cigarettes prior to its privatization. One of the brands is determined as "Cool Black" and other two brands will be decided upon the results of surveys to be held.

OTHER NEWS

- The Council of State has suspended the sale of Basak Sigorta and Basak Emeklilik shares to French insurance conglomerate, Groupama. The Privatization Administration held an auction for the block sale of 56.67% of the shares of Basak Sigorta and 41% of the shares of pension fund Basak Emeklilik. Shares of Basak Sigorta and Basak Emeklilik were sold through block sale method to Groupama, which had submitted the highest bid in the amount of US\$ 268 million. Groupama's bid was approved by the Privatization High Council on 19 April 2006 and the share transfer agreement was signed on 16 May 2006.

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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.