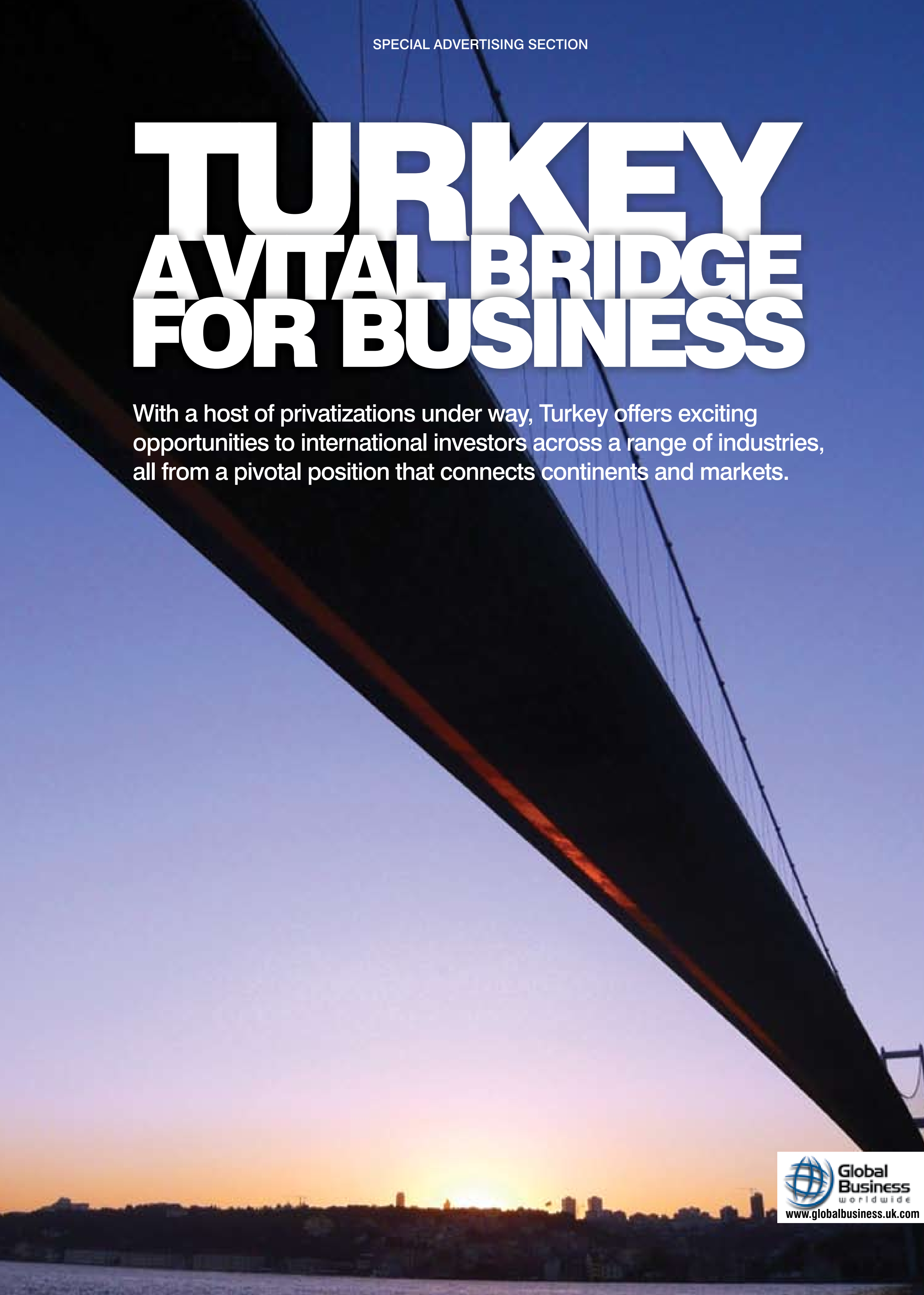


TURKEY
A VITAL BRIDGE FOR BUSINESS

With a host of privatizations under way, Turkey offers exciting opportunities to international investors across a range of industries, all from a pivotal position that connects continents and markets.

Antalya Airport: Turkey's gateway to the world. www.dhmi.gov.tr

Ahu Kerimoğlu Aysal, owner and manager of Hôtel Les Ottomans

A land of promising potential

Turkey is still delighting investors as it presses ahead with structural reforms.

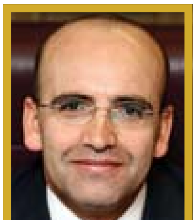
With E.U. negotiations now on course, Turkey is continuing to upgrade to meet international standards, and is being increasingly seen as a reliable global and European partner. The current positive trends in terms of political stability and economical growth are reassuring to international investors, and Turkey is now the biggest recipient of foreign investment among Europe's emerging markets, having received around U.S.$22 billion last year. Boasting a vast market of more than 70 million people, the country is a promising prospect.

During the last six years, the Turkish economy has grown at an average rate of 6.5-7% annually. Real GDP has almost doubled during that time, a strong performance that is private-sector driven and supported by continuous productivity gains. Minister of Economy, Mehmet Şimşek notes how the ruling AK (Justice and Development) party in power since 2002 and headed by President Abdullah Gül, has put in place "structural reforms on the macro level, plus competition-enhancing micro reforms in goods and services sectors, which will help reduce inflation further."

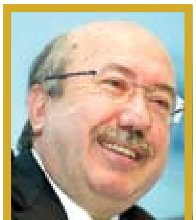
The reform process has been very visible. As Minister of Finance, Kemal Unakıtan notes, "Interest rates have plunged from 60% to 18% and inflation rates fell from 70% to single digit numbers. Privatization, a major part of the AK party strategy, has amounted to some U.S.$45 billion already."

The assets of the Turkish banking sector have increased three-fold in the last six years, reaching U.S.$500 billion in 2007. Durmuş Yılmaz, governor of the Central Bank, points out the huge potential in the sector, taking into account the size of Turkey's young population and low rate of credit uitlization.

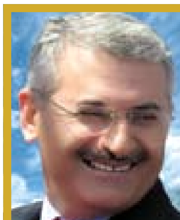
Ersin Özince, CEO of Işbank, notes how the wave of mergers taking place is a testament to a healthy economy. "Our banking and regulatory system is connected to the European model, which is why we have the largest banking investment from western banks in the region. We have a clearly defined roadmap for Basel II, and while there may be some hiccups, the line is drawn and we are following it.



Mehmet Şimşek
Minister of Economy



Kemal Unakıtan
Minister of Finance



Binali Yıldırım
Minister of Transport

"At Işbank, we do not differentiate ourselves, the customers do. For many decades, we have been the largest private bank in Turkey. The public banks have even more responsibilities and overall the sector has strengthened over the years. We see it as better competition. Işbank is the company with the largest shareholder's equity in this region. With that very important parameter in a volatile environment, we have not seen any threat so far from foreign players."

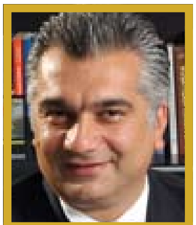
Transparency is a key factor for Işbank's CEO, who believes that more mature and well-regulated exchanges will help create a culture that celebrates ownership and shareholders, thus expediting free enterprise. Işbank's asset size reached U.S.$61.4 billion at the end of 2007, and its net profit for the year was U.S.$1.3 billion, representing a 53% increase year-on-year. "Işbank's example shows that it is possible to do proper business with a publicly held company," says Özince.

Halkbank Head Office, Ankara

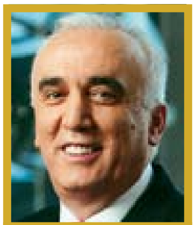
Suzan Sabancı Dinçer, chairman of Akbank, believes corporate governance is what drives a company, and the economy as a whole, to success. "When you run an institution like Akbank, which is worth U.S.$12.5 billion and has the largest capitalization on the Istanbul Stock Exchange, you had better employ the most qualified managerial team," she says. Akbank, which is 34% owned by Sabanci Holding, is now the most profitable institution in the country. It proved a tempting prospect for Citibank, which acquired 20% of the company last year, bringing in more than U.S.$6 billion in capital. Product innovation, particularly in consumer loans and mortgages, is a key focus for Akbank as it seizes the opportunities Turkey's lower interest rates have had on consumer borrowing. Home loans have surged ten-fold in the past three years, and overall bank lending rose 25% last year to U.S.$176 billion.

Halkbank, now 70 years old, was privatized last year in a transaction that raised U.S.$1.9 billion and was the largest IPO in Turkish history. Some 25% of the company is publicly owned and it has major partners in the Gulf, Europe

> **"When you run an institution like Akbank, you had better employ the most qualified team."**
> Suzan Sabancı Dinçer, Chairman, Akbank



Oğuz Satıcı
Chairman
TIM



Hüseyin Aydın
General Manager
Halkbank

and the U.S. "The founding principle of the bank was to provide loans to small and medium enterprises (SMEs), and this remains strong to this day," says Hüseyin Aydın, general manager.

Aydin welcomes competition, which he believes adds to increased quality services and easy access to funding. "We are very competitive when it comes to loan packages. Under a new law, banks now have access to more efficient financing instruments," he says.

The Department of Transport and Communications, headed up by Minister Binali Yıldırım, has a number of projects under way, including the Marmaray Tunnel, which will function as a transport corridor between east and west, while facilitating mass transport in Istanbul.

Shipping and aviation are also growing, the latter by some 30%. Orhan Birdal, general director and chairman of the State Airports Authority (DHMI), says "Passenger numbers have increased significantly in the last five years, and we have had to modernize and remodel our airports to cope with capacity. We plan to increase our airport number by 38 to 45 in the next 15 years."

Tourism providers are also upgrading, with spa resorts and boutique hotels a growing trend. Ahu Kerimoğlu Aysal, owner and general manager of Hotel Les Ottomans, for example, is setting a new luxury standard. "We never give no for an answer," she says.

In telecommunications, Tayfun Acarer, CEO and chairman of the independent Telecommunications Authority, plans to award new tenders this year and believes the more diverse players offer the best opportunities. As a relatively new arrival, AirTies has already made an impact on the market, offering tailormade ICT solutions that are reinforced with 24/7 technical support. "Our revenue for 2007 was U.S.$45 million," says Bülent Çelebi, chairman and CEO.

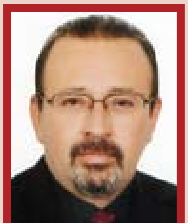
Real estate is also proving lucrative, with 600,000 new homes needed every year to keep up with demand. Ihlas Holding, which became a public company in 1993, specializes in property, construction and media. It has built two of the new spa complexes that are experiencing heavy demand. Having survived the economic crisis in 2001, the company is expanding its portfolio once again. "We have just begun reinvesting in energy, which has real global potential," says Ahmet Mücahid Ören, CEO.

The Investment Support and Promotion Agency of Turkey and the Turkish Exporters Assembly (TIM) are playing important roles in Turkey's development. Headed by Oğuz Satıcı, TIM represents 59 regional and sectorial exporters' associations. Its long-term target is to help the Turkish government complete the process of democratization and development. ▪

Family-run business now a powerful force in energy exploration projects.

Merty Energy is an integrated consulting, services, and operating company working in Turkey, the Greater Middle East and the CIS countries. Co-founders Ongun and Berrin Yoldemir turned the small family business into an industry reference in only five years through regionally-experienced technical staff and remain at the helm to this day.

The company already has contacts in countries where it aims to begin operations, that include Pakistan, Iran, Iraq, Libya, Syria, Georgia, Azerbaijan and Yemen. “Some of these countries are not easy to operate in, but we are able to take risks when we believe there is potential,” says Ongun Yoldemir. In fact, after the war began in Iraq, Merty Energy undersigned several geological and geophysical projects for its clients and partners and possesses a great understanding of the petroleum potential and opportunities both there and in neighboring countries. In Pakistan, the company acts as a seismic acquisition and drilling contractor, and is contracted out by both state and private companies.



Ongun Yoldemir
CEO
Merty Energy

Today Merty Energy owns two drilling crews, a seismic processing center and four seismic crews dedicated to 2D and 3D onshore seismic data acquisition, using the latest equipment and high-resolution capability. It is the only company providing the full gamut of petroleum exploration and production services in the entire region and held up as an example of leadership and innovation within the industry.

Merty Energy - leading the way in oil exploration.

“Our goal is to remain independent and increase the number of licences held both in Turkey and abroad,” says Yoldemir. To this end, Merty Energy has several exploration and production opportunities available for interested parties to participate which follow successful existing international partnerships now moving to the production phase.

Turkey offers excellent incentives for those wishing to invest in the exploration and production of hydrocarbons as well as other energy-related fields, and Merty Energy encourages any company interested in consultancy, exploration or production services, either as a package or separately.

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MERTY ENERGY

TURKEY

VALE

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