

DECLARATION AND TAXATION OF THE INCOME DERIVED FROM MARKETABLE SECURITIES IN 2006

	RESIDENT CORPORATIONS	RESIDENT REAL PERSONS	NON-RESIDENT CORPORATIONS (1)	NON-RESIDENT REAL PERSONS
<p>CAPITAL GAINS DERIVED FROM SHARES</p> <p>Share certificates acquired BEFORE 01.01.2006</p>	<ul style="list-style-type: none"> - Not subject to withholding. - Subject to corporate tax (20%). - 75% of the gains are exempted from corporate tax in case the conditions in paragraph 5/1-e of the Corporate Tax Code are met. 	<ul style="list-style-type: none"> - Not subject to withholding. - Those that are acquired gratuitously and those that are held for more than 3 months and those that are not quoted in Istanbul Stock Exchange but owned by full liable corporations and held for more than 1 year are not subject to tax. - The acquisition cost may be indexed to Wholesale Price Index rate of increase except for the month of discharge during the calculation of the net amount of the income. - Inflation discount not applicable. - Capital losses may be deducted from capital gains. (2) - The outstanding portion is declared if the total gain exceeds TRY 14.000 (3) together with the other capital gains. 	<ul style="list-style-type: none"> - Not subject to withholding. - Subject to corporate tax (20%). - The amount remaining after the corporate tax is subject to 15% income tax withholding. - Gains derived from exchange rate difference are not subject to tax. 	<ul style="list-style-type: none"> - Not subject to withholding. - Those that are acquired gratuitously and those that are held for more than 3 months and those that are not quoted in Istanbul Stock Exchange but owned by full liable corporations and held for more than 1 year are not subject to tax. - Gains derived from exchange rate difference are not subject to tax. - The outstanding portion is declared if the total gain exceeds TRY 14.000 (3) together with the other capital gains.
<p>CAPITAL GAINS DERIVED FROM SHARES</p> <p>Share certificates acquired AFTER 01.01.2006</p>	<p>1) The gains derived from the disposal of the share certificates quoted in Istanbul Stock Exchange and held for more than 1 year are;</p> <ul style="list-style-type: none"> - not subject to withholding, - subject to corporate tax (20%). - 75% of them are exempted from corporate tax in case the conditions in paragraph 5/1-e of the Corporate Tax Code are met. <p>2) Those quoted in Istanbul Stock Exchange and disposed in one year or less;</p> <ul style="list-style-type: none"> - are subject to 10% withholding. (4) - are subject to corporate tax (20%). - The withholding paid is deducted 	<p>1) Of the share certificates quoted in Istanbul Stock Exchange;</p> <ul style="list-style-type: none"> - those held for more than one year are not subject to withholding, and not declared. - they are subject to 10% withholding if held 1 year or less. (4) Withholding is the final tax. Not declared. <p>2) Capital gains not derived through the intermediacy of banks or intermediary institutions (for example unquoted share certificates), will be declared pursuant to the general provisions of the Income Tax Code. The gains derived from share certificates of full liable corporations held for more than 2 years are exempted.</p>	<p>1) Those derived from the disposal of the share certificates quoted in ISE and held for more than 1 year;</p> <ul style="list-style-type: none"> - are not subject to withholding, - are not declared. <p>2) The rate of withholding is 0% for those quoted in ISE and disposed in 1 year or less. (5)</p> <ul style="list-style-type: none"> - Not declared. <p>3) Capital gains derived without the intermediacy of banks or intermediary institutions;</p> <ul style="list-style-type: none"> - are not subject to withholding. - are subject to corporate tax (20%). - The amount remaining after the corporate tax is subject to 15% income tax withholding. 	<p>1) Of the share certificates quoted in Istanbul Stock Exchange;</p> <ul style="list-style-type: none"> - those held for more than one year are not subject to withholding, and not declared. - the withholding rate is 0% if they are held for 1 year or less. (5) <p>2) Capital gains not derived through the intermediacy of banks or intermediary institutions (for example unquoted share certificates), will be declared pursuant to the general provisions of the Income Tax Code.</p> <p>The gains derived from share certificates of full liable corporations held for more than 2</p>

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	<p>from the corporate tax calculated in the tax return.</p> <p>3) capital gains derived from shares without the intermediacy of banks or intermediary institutions;</p> <ul style="list-style-type: none"> - are not subject to withholding. - are subject to corporate tax (20%). - 75% of the gains are exempted from corporate tax in case the conditions in paragraph 5/1-e of the Corporate Tax Code are met. 			years are exempted.
DIVIDEND INCOME DERIVED FROM SHARES	<ul style="list-style-type: none"> - Not subject to withholding. - Those acquired from full liable corporations are exempted from corporate tax. (Corporate Tax Code 5/1-a) - Those acquired from limited liable corporations are exempted from corporate tax in case the conditions in paragraph 5/1-b of the Corporate Tax Code are met. 	<ul style="list-style-type: none"> - 15% withholding is applied by the corporation distributing the dividend. (6) - ½ of the gains acquired from full liable corporations (before withholding) is declared with an annual return in case its total amount together with other capital gains from marketable securities and from immovable property exceeds the declaration limit (TRY 18.000 for 2006). (excluding the gains mentioned in the Temporary Article 62 of the Income Tax Code) - In this case, the whole withholding amount is deducted from the income tax calculated on the tax return. 	<ul style="list-style-type: none"> - 15% withholding is applied by the corporation distributing the dividend. (6) - Not declared. 	<ul style="list-style-type: none"> - 15% withholding is applied by the corporation distributing the dividend. (6) - Not declared.
INTEREST INCOME DERIVED FROM GOVERNMENT BONDS AND TREASURY BILLS Those issued BEFORE 01.01.2006	<ul style="list-style-type: none"> - Subject to withholding (0%) - Subject to corporate tax (20%). 	<ul style="list-style-type: none"> - Subject to withholding (0%) - Inflation discount applicable. (Not applicable for those in foreign currency or indexed to foreign currency). - If the amount subjected to withholding exceeds the declaration limit of TRY 18.000 (for the year 2006) together with other capital gains from marketable securities and immovable property, the whole amount remaining after the inflation discount is 	<ul style="list-style-type: none"> - Subject to withholding (0%) - Withholding is the final tax. - Not declared. 	<ul style="list-style-type: none"> - Subject to withholding (0%) - Withholding is the final tax. - Not declared.

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		<p>declared.</p> <p>- A portion corresponding to TRY 191.089,20 of the portion of the aggregate of the interest gains derived from the Government Bonds and Treasury Bills issued between the dates 26.07.2001 – 31.12.2005 after the application of the rate of discount and the aggregate of the capital gains calculated after indexation application, is exempted from income tax for the year 2006.</p>		
<p>INTEREST INCOME DERIVED FROM GOVERNMENT BONDS AND TREASURY BILLS</p> <p>Those issued AFTER 01.01.2006</p>	<ul style="list-style-type: none"> - Subject to 10% withholding. (4) - Subject to corporate tax (20%). - The withholding paid may be deducted from the corporate tax calculated on the tax return. 	<ul style="list-style-type: none"> - Subject to 10% withholding. (4) - Withholding is the final tax. - Not declared. 	<ul style="list-style-type: none"> - Subject to 0% withholding. (5) - Withholding is the final tax. - Not declared. 	<ul style="list-style-type: none"> - Subject to 0% withholding. (5) - Withholding is the final tax. - Not declared.
<p>CAPITAL GAINS DERIVED FROM GOVERNMENT BONDS AND TREASURY BILLS</p> <p>Those issued BEFORE 01.01.2006</p>	<ul style="list-style-type: none"> - Not subject to withholding. - Subject to corporate tax (20%). 	<ul style="list-style-type: none"> - Not subject to withholding. - The acquisition cost may be increased at Wholesale Price Index rate of increase except for the month of disposal. - Inflation discount not applicable. - Capital losses are deducted from capital profits. (2) - If they exceed the exemption amount of TRY 14.000 (3) (for 2006) together with other capital gains, the exceeding portion is declared. - A portion corresponding to TRY 191.089,20 of the portion of the aggregate of the interest gains derived from the Government Bonds and Treasury Bills issued between the dates 26.07.2001 – 31.12.2005 after the application of the rate of discount and the aggregate of the capital gains calculated after indexation application, is exempted from income tax for the year 2006. 	<ul style="list-style-type: none"> - Not subject to withholding. - Subject to corporate tax (20%). - The amount remaining after corporate tax is subject to 15% income tax withholding. - Gains emerging from exchange rate differences are not subject to tax. 	<ul style="list-style-type: none"> - Not subject to withholding. - Gains emerging from exchange rate differences are not subject to tax. - If they exceed the exemption amount of TRY 14.000 (3) (for 2006) together with other capital gains, the exceeding portion is declared. - A portion corresponding to TRY 191.089,20 of the portion of the aggregate of the interest gains derived from the Government Bonds and Treasury Bills issued between the dates 26.07.2001 – 31.12.2005 after the application of the rate of discount and the aggregate of the capital gains calculated after indexation application, is exempted from

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		- The amount remaining after the exemption is declared with an annual return.		income tax for the year 2006.
CAPITAL GAINS DERIVED FROM GOVERNMENT BONDS AND TREASURY BILLS Those issued AFTER 01.01.2006	-Subject to 10% withholding. (4) -Subject to corporate tax (20%). - The withholding paid is deducted from the corporate tax calculated on the tax return.	- Subject to 10% withholding. (4) - Withholding is the final tax. - Not declared.	- Subject to 0% withholding. (5) - Withholding is the final tax. - Not declared.	- Subject to 0% withholding. (5) - Withholding is the final tax. - Not declared.
INTEREST INCOME DERIVED FROM THE EUROBONDS ISSUED BY THE UNDERSECRETARIAT OF TREASURY	- Not in the scope of withholding. - Subject to corporate tax (20%).	- Not in the scope of withholding. - The difference over the principal that is formed during redemption is not considered as gain. - Inflation discount not applicable. - The entire gain is declared if the interest income derived exceeds TRY 18.000 (for 2006) together with other capital gains from marketable securities and immovable property. - A portion corresponding to TRY 191.089,20 of the portion of the aggregate of the interest gains derived from the Government Bonds, Treasury Bills and Eurobonds issued between the dates 26.07.2001 – 31.12.2005 after the application of the rate of discount and the aggregate of the capital gains calculated after indexation application, is exempted from income tax for the year 2006. (7)	- Not in the scope of withholding. - Not declared.	- Not in the scope of withholding. - Not declared.
CAPITAL GAINS DERIVED FROM THE EUROBONDS ISSUED BY THE UNDERSECRETARIAT OF TREASURY Those issued BEFORE	- Not subject to withholding. - Subject to corporate tax (20%).	- Not subject to withholding. - The capital gains are calculated on New Turkish Lira basis. - The acquisition cost may be indexed to Wholesale Price Index rate of increase except for the month of discharge during the calculation of the net amount of the income. - Capital losses are deducted from capital	- Not subject to withholding. - Not declared.	- Not subject to withholding. - Not declared.

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01.01.2006		<p>gains. (2)</p> <ul style="list-style-type: none"> - A portion corresponding to TRY 191.089,20 of the portion of the aggregate of the interest gains derived from the Government Bonds, Treasury Bills and Eurobonds issued between the dates 26.07.2001 – 31.12.2005 after the application of the rate of discount and the aggregate of the capital gains calculated after indexation application, is exempted from income tax for the year 2006. (7) - The outstanding portion is declared if the total capital gains from Eurobonds issued before 26.07.2001 and acquired before 01.01.2006, exceed TRY 14.000 (3) (for 2006) together with the other capital gains. The exemption of TRY 14.000 is not applied for those acquired after 01.01.2006. 		
<p>CAPITAL GAINS DERIVED FROM THE EUROBONDS ISSUED BY THE UNDERSECRETARIAT OF TREASURY</p> <p>Those issued AFTER 01.01.2006</p>	<ul style="list-style-type: none"> - Not subject to withholding. - Subject to corporate tax (20%) 	<ul style="list-style-type: none"> - Not subject to withholding. - Capital gains are calculated on New Turkish Lira basis. - The acquisition cost may be indexed to Wholesale Price Index rate of increase except for the month of discharge provided that Wholesale Price Index rate of increase is or exceeds 10%. - Capital losses are deducted from capital gains. - Whatever is the capital gains amount, it is declared. 	<ul style="list-style-type: none"> - Not subject to withholding. - Not declared. 	<ul style="list-style-type: none"> - Not subject to withholding. - Not declared.
REPO GAINS	<ul style="list-style-type: none"> - Subject to 15% withholding. - Subject to corporate tax (20%). - The withholding paid may be deducted from the corporate tax calculated on the return. 	<ul style="list-style-type: none"> - Subject to 15% withholding. - Withholding is the final tax. - Not declared. 	<ul style="list-style-type: none"> - Subject to 15% withholding. - Withholding is the final tax. - Not declared. 	<ul style="list-style-type: none"> - Subject to 15% withholding. - Withholding is the final tax. - Not declared.
DEPOSIT INTERESTS (NTL and FCDA)	<ul style="list-style-type: none"> - Subject to 15% withholding regardless of maturity. - Subject to corporate tax (20%). 	<ul style="list-style-type: none"> - Subject to 15% withholding regardless of maturity. - Withholding is the final tax. 	<ul style="list-style-type: none"> - Subject to 15% withholding regardless of maturity. - Withholding is the final tax. 	<ul style="list-style-type: none"> - Subject to 15% withholding regardless of maturity. - Withholding is the final tax.

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	- Withholding paid is deducted from the corporate tax calculated on the return.	- Not declared.	- Not declared.	- Not declared.
OFF-SHORE DEPOSIT INTEREST GAINS	- Not subject to withholding since the deposit account is opened abroad. - Subject to corporate tax (20%).	- Not subject to withholding since the deposit account is opened abroad. - If the aggregate of the interest gains exceeds the declaration limit of TRY 875 (for the year 2006), the entire gain shall be declared with income tax return.	- Not subject to withholding. - Not declared.	- Not subject to withholding. - Not declared.
DIVIDEND INCOME DERIVED FROM MUTUAL FUNDS PARTICIPATION CERTIFICATES	- Subject to 10% withholding as from 01.10.2006. (4) (8) - Subject to corporate tax (20%). - The withholding paid is deducted from the corporate tax calculated on the return. - Withholding is not applied over the gains acquired from the return of the participation certificates of mutual funds, at least 51% of whose portfolio consists of share certificates traded in Istanbul Stock Exchange, to the fund if they are held for more than one year.	- Subject to 10% withholding as from 01.10.2006. (4) (8) - Withholding is the final tax. - Not declared. - Withholding is not applied over the gains acquired from the return of the participation certificates of mutual funds, at least 51% of whose portfolio consists of share certificates traded in Istanbul Stock Exchange, to the fund if they are held for more than one year. This income is not declared.	- The withholding rate is 0% beginning from 01.10.2006. (5) (8) - Not declared.	- The withholding rate is 0% beginning from 01.10.2006. (5) (8) - Not declared.
CAPITAL GAINS DERIVED FROM STOCK EXCHANGE INVESTMENT FUNDS PARTICIPATION CERTIFICATES	- Subject to 10% withholding. (4) - Subject to corporate tax (20%). - The withholding paid may be deducted from the corporate tax calculated on the return.	- Subject to 10% withholding. (4) - Withholding is the final tax. - Not declared.	- Subject to 0% withholding. (5) - Withholding is the final tax. - Not declared.	- Subject to 0% withholding. (5) - Withholding is the final tax. - Not declared.
INTEREST INCOME DERIVED FROM PRIVATE SECTOR BONDS (BONDS, ASSET BACKED SECURITIES, COMMERCIAL PAPERS)	- Subject to 10% withholding. - Subject to corporate tax (20%). - The withholding paid may be deducted from the corporate tax calculated on the return.	- Subject to 10% withholding. - Inflation discount is applicable. - The amount after discount is subject to withholding; if it exceeds the declaration limit of TRY 18.000 (for 2006) together with other income from movable and immovable	- Subject to 10% withholding. - Withholding is the final tax. - Not declared.	- Subject to 10% withholding. - Withholding is the final tax. - Not declared.

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Those issued BEFORE 01.01.2006		properties, the entire amount remaining after inflation discount is declared. - The withholding (10%) paid is deducted from the income tax on the return.		
INTEREST INCOME DERIVED FROM PRIVATE SECTOR BONDS (BONDS, ASSET BACKED SECURITIES, COMMERCIAL PAPERS) Those issued AFTER 01.01.2006	- Subject to 10% withholding. (4) - Subject to corporate tax (20%). - The withholding paid may be deducted from the corporate tax calculated on the return.	- Subject to 10% withholding. (4) - Withholding is the final tax. - Not declared.	- Subject to 0% withholding. (5) - Withholding is the final tax. - Not declared.	- Subject to 0% withholding. (5) - Withholding is the final tax. - Not declared.
CAPITAL GAINS DERIVED FROM PRIVATE SECTOR BONDS (BONDS, ASSET BACKED SECURITIES, COMMERCIAL PAPERS) Those issued BEFORE 01.01.2006	- Not subject to withholding. - Subject to corporate tax (20%).	- Not subject to withholding. - The acquisition cost may be indexed to Wholesale Price Index rate of increase except for the month of discharge. - Inflation discount is not applicable. - Capital loss is deducted from capital gains. (2) - The portion exceeding the exemption limit of TRY 14.000 (3) (for 2006) is declared together with other capital gains.	- Not subject to withholding. - Subject to corporate tax (20%). - The amount remaining after corporate tax is subject to 15% income tax withholding. - Gains emerging from exchange rate differences are not subject to tax.	- Not subject to withholding. - Gains emerging from exchange rate differences are not subject to tax. - The portion exceeding the exemption limit of TRY 14.000 (3) (for 2006) is declared together with other capital gains.
CAPITAL GAINS DERIVED FROM PRIVATE SECTOR BONDS (BONDS, ASSET BACKED SECURITIES, COMMERCIAL PAPERS) Those issued AFTER 01.01.2006	- Subject to 10% withholding. (4) - Subject to corporate tax (20%). - The withholding paid may be deducted from the corporate tax calculated on the return.	- Subject to 10% withholding. (4) - Withholding is the final tax. - Not declared.	- Subject to 0% withholding. (5) - Withholding is the final tax. - Not declared.	- Subject to 0% withholding. (5) - Withholding is the final tax. - Not declared.
GAINS DERIVED FROM FUTURES AND OPTIONS TRANSACTIONS	- Not subject to withholding. - Subject to corporate tax (20%).	- Those derived from transactions performed in the futures and options exchanges are subject to 0% withholding in 2006.	- Gains of banks and similar financing institutions are not subject to withholding. General provisions are	- Those obtained from the transactions performed in futures and options exchanges are

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Those gains derived from the transactions performed AFTER 01.01.2006		<ul style="list-style-type: none"> - Those performed via banks and intermediary institutions other than futures and options exchanges are subject to 10% withholding. - Withholding is the final tax. - Not declared. 	<p>applied.</p> <ul style="list-style-type: none"> - Those obtained from the transactions performed in futures and options exchanges are subject to 0% withholding in 2006. - Gains of those other than banks and similar financing institutions are subject to 0% withholding. - Withholding is the final tax. - Gains are not declared. 	<p>subject to 0% withholding in 2006.</p> <ul style="list-style-type: none"> - Those performed via banks and intermediary institutions other than futures and options exchanges are subject to 0% withholding. - Withholding is the final tax. - Not declared.
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(1) Our explanations concerning the limited liable corporations are applicable for the limited liable corporations who do not own a permanent establishment and a permanent representative in Turkey.

(2) Although no provision exists in the law concerning deduction of capital losses from capital gains, the Ministry of Finance has announced through a press release that such a deduction is possible.

(3) The Council of Ministers has not made a determination for the amount of this exemption to be applied in 2006. In such case, the exemption amount (TRY 13.000) applied in 2005 within the framework of the arrangement in Repeated Article 123 of Income Tax Code is required to be increased by the revaluation rate. Due to the provision that fractions not exceeding 5% of the amount will not be taken into consideration during the increase, we think that this exemption should be applied as TRY 14.000 in 2006.

(4) With the Council of Ministers Resolution No. 2006/10731, the withholding rate has been reduced to 10% to be effective as of 23.07.2006. The withholding rate applied over the income acquired before this date is 15%.

(5) With the Law No. 5527, the withholding rate has been reduced to zero to be effective as from 07.07.2006. The withholding rate applied over the income obtained before this date is 15%.

(6) With the Council of Ministers Resolution No. 2006/10731, dividend withholding rate has been increased to 15% to be effective as from 23.07.2006. The dividends distributed before this date is subject to 10% withholding.

(7) In the tax ruling No. 066321 dated 11.12.2001 issued by the Ministry of Finance, it has been stated that the gains derived from Eurobonds may benefit from the exemption in Temporary Article 59 of Income Tax Code. The Ministry of Finance confirms this opinion in Draft Income Tax Communiqué Serial No.258.

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(8) With the Law No. 5527, amendment has been made in the taxation system of marketable securities investment fund to take effect as from 01.10.2006. Accordingly, withholding is applied only over the portfolio management income of marketable securities investment fund until 30.09.2006, beginning from 01.10.2006 withholding will also be applied over the income derived from the return of the marketable securities investment fund participation certificates to the fund as well as over the portfolio management income. However, the Ministry of Finance has determined the withholding rate to be applied over the portfolio income as 0% to be effective as from 01.10.2006.

Pursuant to Temporary Article 67 of Income Tax Code and Council of Ministers Resolution No. 2006/10731, withholding will be applied over portfolio management income of marketable securities investment fund pertaining to the period 01.01.2006-22.07.2006 as 15%; over the portfolio management income pertaining to the period 23.07.2006-30.09.2006 as 10% and portfolio management income pertaining to the period 01.10.2006-31.12.2006 as 0% (zero). In the event that investors obtain income from the return of the marketable securities investment fund participation certificates to the fund in the period 01.01.2006-30.09.2006, withholding will not be applied over this income and if the transaction is realized after 01.10.2006, 10% withholding will be applied over the income by banks or intermediary institutions acting as intermediaries in the acquisition of income.

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