

RatingsDirect Headline:

Turkish Companies Become More Transparent As Focus On Governance Increases, Says Report

CreditWire Headline:

S&P Releases Turkish Transparency And Disclosure Survey 2006

LONDON (Standard & Poor's) June 5, 2006—The transparency and disclosure practices of Turkish companies have significantly improved over the past year, reflecting mandatory compliance with accounting and reporting standards, increased investor interest, and increased growth potential, according to a report published today by Standard & Poor's Governance Services.

The report, titled "Turkish Transparency And Disclosure Survey 2006: Significant Developments At Turkey's Largest Companies," summarizes the second phase of a two-year survey and provides an insight into the impact of regulatory changes on disclosure levels. Standard & Poor's and the Corporate Governance Forum of Turkey at Sabanci University have been monitoring and assessing corporate response to regulation and market circumstances, with the objective of providing a comparative insight into the disclosure practices of Turkish companies over two successive years. The survey leverages Standard & Poor's expertise in corporate governance, index construction, and analysis of accounting information. It is designed to help international investors better understand the differences in the level of reporting between Turkish companies.

"Findings from the 2006 survey reveal that disclosure levels remain highest with respect to financial transparency, reflecting the continued focus in Turkish mandatory regulatory disclosure requirements on the disclosure of financial information," said Standard & Poor's governance analyst Amra Balic.

The greatest improvements in disclosure were seen in the ownership structure category. However, Companies continue to be weak in the disclosure of information pertaining to the board of directors and, more specifically, executive and director compensation.

One of the most important conclusions is that many business groups are still inconsistent in terms of their group-wide disclosure policy.

"Disclosure practices between holding companies and their subsidiaries continue to diverge, and we remain concerned about the implications for group transparency," Ms. Balic explained.

Other trends outlined in the report include a sometimes radical improvement in listed companies with state participation and control, which may be related to the ongoing

preparations for the privatization of state shares. New banking regulation has had a similarly significant impact on the survey results, with the banking sector showing the greatest improvement in disclosure levels of the sectors covered.

The majority of companies (44) included in the survey were constituents of the S&P/IFC Global Index as of October 2004. The remainder comprises seven companies from the top 60 listed on the Istanbul Stock Exchange, selected according to market capitalization and liquidity.

The report is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit research and analysis system, at www.ratingsdirect.com. If you are not a RatingsDirect subscriber, you may purchase a copy of the report by calling (1) 212-438-9823 or sending an e-mail to research_request@standardandpoors.com. Ratings information can also be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search. All Standard & Poor's research information is accessible for 24 hours after publication on the public Web site. Alternatively, call one of the following Standard & Poor's numbers: London Ratings Desk (44) 20-7176-7400; London Press Office Hotline (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5916; or Moscow (7) 095-783-4017. Members of the media may also contact the European Press Office by sending an e-mail to media_europe@standardandpoors.com.

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