

TABOGLU & DEMIRHAN

Newsletter

BANKING SECTOR HIGHLIGHTS

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- The Banking Regulation and Supervision Agency has announced the draft amendment on the Banking Law No. 5411. In accordance with this draft, the sub-limit of the minimum paid-in capital will be increased from TRY 30 million to TRY 60 million and the banks will have 6-months period to adjust their share capital to such amount. Through further regulations the Agency will amend the Banking Law by putting a reciprocity clause for the foreign real persons and legal entities willing to establish banks in Turkey.
- As per the statement of Yapi Kredi Bankasi to the Istanbul Stock Exchange, the Bank has received an early loan repayment of approximately US\$ 228 million from Cukurova Holding upon which the loan arising from the Cukurova Financial Restructuring Agreement has been settled.
- As per the dailies, Deutsche Bank, Germany's biggest bank, is planning to adopt a resolution at its Ordinary General Assembly to be held on 29 May 2008 to increase its share capital by Euro 17 billion in order to be prepared for the possible acquisitions. A member to the Board of Directors of the Bank has stated that the Bank may be interested in the operations of Citigroup in Germany if it would be on sale. Furthermore, the financial analysts are expecting Deutsche Bank to announce its first quarterly loss since the year 2003.

- As per the report of Ernst & Young, the number of the companies to perform a public offering in the first quarter of 2008 has decreased by 60% when compared to the last quarter of 2007. Accordingly, a number of 83 companies have cancelled their offerings and 24 companies have put on hold to further process, i.e. to be traded on the stock markets.

TELECOMMUNICATIONS SECTOR NEWS

- The process of the initial public offering of Turk Telekom has started. The government aims to raise approximately US\$ 1.9 billion from the offering for 15% stake sale in Turk Telekom. The amount of shares put on offer may be increased to 17.25% with the additional sale option. Initial offers have been collected between 28 and 30 April 2008, while final offers will be collected between 7 and 9 May 2008. There is strong demand from the local and foreign investors for the collection of initial offers. The results of the offering will be announced on 12 May 2008 and Turk Telekom will then begin trading on the Istanbul Stock Exchange on 15 May 2008. The shares will be offered for between TRY 3.9 and TRY 4.7 each, valuing the company at between TRY 13.65 billion and TRY 16.45 billion. 65% of the total shares are contemplated to be sold to foreign investors and 35% to domestic investors.

ENERGY SECTOR NEWS

- Garanti Bank has announced that its net income rose by 15% and increased to TRY 494 million 147 thousand in the first quarter of the year 2008.
- Ataseven Enerji has signed a joint venture agreement with Germany's Epuron GmbH to construct 10 wind power plants in Turkey. The wind power plants, which are planned to be constructed in Bandirma, Balikesir, Izmir and Manisa, will have 3,000 megawatts of production capacity. The construction for the plants will start upon the approval of the Energy Market Regulatory Authority, which is expected to be received by 2009.

NEWS RE CAPITAL MARKETS

- As per the dailies, within the last 4 years Tupras has distributed the highest amount of profit among the companies traded on the Istanbul Stock Exchange. Tupras is followed by Akbank, Turkcell, Is Bankasi, Ford Otosan, Eregli Demir Celik, Arcelik, Sabanci Holding, Akcansa and Cimsa.

Highlights

a. Banking Sector Highlights

b. News re Capital Markets

c. Telecommunication Sector News

d. Energy Sector News

e. News re Competition

f. Other News

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- According to the dailies, the Chairman to the Board of the Directors of Turcas Petrol has stated that they have obtained a loan amounting to US\$ 650 million from the banks for financing Petkim. He has further stated that they will pay an amount of US\$ 340 million within 3 years as indicated in the tender specifications and they will complete the acquisition of Petkim by the end of May.
- As per the dailies, Shell and BP, have announced that they made a total profit amounting to US\$ 16.7 billion in the first quarter of 2008 due to the oil prices. The first quarter profit of Shell extended by 25% and reached to US\$ 9.08 billion whereas BP's profit rose by 63% and reached to US\$ 7.6 billion.

NEWS RE COMPETITION

- The President to the Competition Authority has stated that the Authority will perform systematic studies regarding some sectors and product markets resistant to inflation, *i.e.* where the costs are high and the prices increase above the expectations. The Authority will perform these studies in cooperation with the public authorities such as the State Planning Organization, the Central Bank, the Turkish Statistical Institute, the Public Procurement Authority and the Energy Market Regulatory Authority.

OTHER NEWS

- As per the dailies, TAIB Yatirim Menkul Degerler has purchased the entire shares of PDF Kurumsal Finansman Danismanlik Hizmetleri. Subsequent to the realization of the acquisition, the Company will change its trade name to TAIB-PDF Yatirim Menkul Degerler.

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- As per the dailies, the draft law prepared by the government in relation to the ruling of the Constitution Court canceling the right of the foreigners to purchase immovable property is adopted by the Justice Commission of the Grand National Assembly of Turkey. In accordance with this draft law amending the Title Deeds Law, the foreign real persons will have the right to acquire immovable properties up to 10% of the total areas within the limits of the zoning plan.
- The Minister of Finance approved the decision regarding the hand over of the land, on which housing estates to be sold to foreigners will be constructed, to the Mass Housing Administration. The sales revenue from these projects will be distributed between the Ministry of Finance and the Administration. The Minister of Finance has stated that the projects will start following the completion of the legal regulations regarding the decision of the Constitutional Court banning the sale of immovable property to foreigners.
- In accordance with the written statement of Eczacibasi Holding, Eczacibasi Yapi Gerecleri has signed an agreement to purchase the majority shares of Burgbad AG, a German luxury bath fixtures producer. The agreement has been signed for the amount of Euro 70.8 million company value and the sale is expected to be finalized at the second half of this year upon the approval of the regulatory authorities.

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 & 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 & Demirhan, a full-service law firm based in Istanbul.

TABOGLU & DEMIRHAN

Attorneys at Law

Levent Cad. No. 9

1. Levent, 34330, Istanbul, Turkey

E-MAIL: enquiries@taboglu.av.tr

www.taboglu.av.tr

PHONE: (212) 339 8800

FAX: (212) 339 8899