

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

- Pursuant to the dailies, Mey Icki is the sole bidder in the tender of Burgaz Raki which was put out to tender for US\$ 82 million 500 thousand. The Savings Deposit Insurance Fund had previously put out Burgaz Raki to tender in return for the debts of Garipoglu Group. The tender took place by closed envelope and auction methods on 5 August 2009. Since Mey Icki made a bid of US\$ 62.5 million which is below the tender price determined by the Fund, tender result shall be subject to the approval of the Fund's Board. The commercial and financial integrity of Burgaz Raki includes the facilities located in Evrensekiz Koyu, Koy Altı District, Luleburgaz and Kirklareli, which have been seized in line with the Law on Collection Procedure of Assets in addition to the movable assets, website names, trademarks and the agreements.

BANKING SECTOR NEWS

- In the first half of 2009, the net profit of Yapi Kredi has increased by 28.3% compared to the same period of the previous year and reached TRY 923.7 million. The Bank has achieved an increase of 37% in net interest revenues and an increase of 14% in fee and commission fee revenues in the same period. Furthermore, its total revenues are annually increased by 30% to TRY 3.2 million whereas its annual costs decreased by 3%. The Bank has the fourth largest branch network with its 844 branches and 9.5% market share.
- The Banking Regulation and Supervision Agency has granted an additional operation permit to Eurobank Tekfen that enables the Bank to provide consulting and supporting services in various fields such as data processing and human resources services. The relevant decision of the Agency was published in the Official Gazette on 4 August 2009.

CAPITAL MARKETS UPDATE

- Pursuant to the joint statement released by Dogan Holding and its Austrian partner OMW, central Europe's biggest oil company, negotiations for selling a part or entire stake of Dogan Holding in Petrol Ofisi, one of the leading petroleum product firms of Turkey, to OMW have been initiated. According to the current shareholding structure, Dogan Holding owns 54.17% and OMV has 41.58% stake in Petrol Ofisi after initially paying US\$ 1.05 billion for 34% in 2006. It has been underlined that there is no time pressure on the negotiations due to the stable partnership between the parties. Petrol Ofisi currently operates 3,140 gas stations, 10 fuel terminals, 2 LPG terminals, 35 airport supply facilities and one lubricant plant. Petrol Ofisi has gained a net profit of TRY 146.7 million in the first half of 2009 whereas its net profit has been TRY 127.4 million in the same period of the last year.
- Pursuant to the announcement made by Turk Telekom to the Public Disclosure Platform, the Civil Chambers Assembly of the Court of Appeals has ruled in favor of Turk Telekom concerning the lawsuit filed by one of its subscribers regarding the fixed fees applicable to the subscribers. Turk Telekom had previously appealed the decision of the court of first instance before the Court of Appeals. The Court of Appeals had ruled in favor of Turk Telekom. However, the court of first instance had insisted in its decision. Upon such decision, Turk Telekom had applied to the Civil Chambers Assembly of the Court of Appeals.

Highlights

- a. Privatization Highlights*
- b. Banking Sector News*
- c. Capital Markets Update*
- d. Telecommunications Market Updates*
- e. Energy Market News*
- f. Other News*

TELECOMMUNICATIONS MARKET UPDATES

- Pursuant to the dailies, Turkcell's profit before interest, tax and amortization has decreased by 10.9% to TRY 709 million while its net profit has dropped by 26.2% to TRY 389 million in the second quarter of 2009 in comparison with the same period of 2008. Meanwhile, the number of the Company's subscribers has risen to 36.3 million with its 43,000 new subscribers recorded in the same quarter despite the significant decrease in terms of subscriber number in the mobile market.
- According to the statement sent by Sonera Holding to the Istanbul Stock Exchange with respect to the lawsuit initiated by Sonera Holding against Cukurova Holding in 2005, an arbitral tribunal of the International Chamber of Commerce has issued a second award stating that Cukurova is required to deliver all its Group B Turkcell shares to Sonera in return for approximately US\$ 3.1 billion. It has been further stated that the tribunal has determined the value of the related shares as US\$ 1.8 billion as of June 2007 after deducting the share purchase price.

ENERGY MARKET NEWS

- The Chairman of Aksa, a natural gas company, has stated that the Company and Gazprom have executed a protocol which envisages joint participation of both companies in privatization tenders of natural gas distribution facilities located in Ankara and Istanbul. He has added that Aksa and Gazprom will establish a facility for the production of liquefied natural gas in Adana's Ceyhan district.

OTHER NEWS

- The government plans to amend the Notification Law No. 7201 in order to remedy the problems arising out of notification process and harmonize the address record system with the said Law. Under the amendment, capital companies shall be obliged to make their notifications electronically, whilst companies other than those shall not have such obligation. Additionally, the notification shall be deemed duly made at the end of the third day following the day when e-notice arrived to the e-mail address of the addressee.
- As per the dailies, the Treasury held four bond auctions during the week of 3-7 August. The Treasury held an auction to sell 12-month discounted bonds in TRY the issuing date and the maturity of which are 5 August 2009 and 28 July 2010, respectively. Moreover, three separate auctions have been conducted by the Treasury to sell 21-month discounted bonds in TRY, five-year bonds with variable coupon payments and five-year bonds with fixed coupon payments during the week.
- According to the report namely "Overview of the Retailer Sector" prepared by Jones Lang LaSalle, an international real estate company, the number of the shopping malls in Turkey has reached 218 with the addition of 8 new malls opened between January and July 2009. Accordingly, the total rentable area in Turkish shopping mall market has increased to 5.03 million square meters whilst the total rentable area of the projects being constructed has increased to 3.5 million square meters by the end of July 2009.

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.

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