

TABOGLU & DEMIRHAN

Newsletter

BANKING SECTOR UPDATES

- 13th Chamber of the Council of State has rendered a decision regarding the cancellation of the Banking Regulation and Supervision Agency's action, leading to cancellation of Kentbank's banking operation and deposit acceptance licenses. Although the Council of State has cancelled the Agency's decision to annul Kentbank's banking operation and deposit acceptance licenses in 2001, such decision of the Court was not implemented by the Agency and the matter was therefore taken before the Court. The Agency has the right to raise an objection against the Court's decision within 30 days.
- The draft law amending the Banking Law has been submitted to the Parliament for approval. The draft law removes the provision preventing general managers and assistant managers of the banks to engage in other business activities and changes the procedures for granting loans by banks. Accordingly, major shareholders, directors and general manager of banks would be entitled to participate in decision-making process to extend loans to their spouses, children and other affiliated real and legal persons.

CAPITAL MARKETS NEWS

- Arcelik, Turkey's largest appliance-maker, will merge with Grundig Elektronik, one of its subsidiaries. Arcelik will also sell its stake in Koc Finansal Hizmetler in return for TRY 250 million to Koc Holding and Temel Ticaret to strengthen its equity. It has also been stated that Arcelik will increase its issued share capital to TRY 649.5 million.
- Smile Holding, owned by Dogan Media Group, has decided to increase its share capital from TRY 40 million to TRY 50 million and Dogan Media Group has decided to enjoy its pre-emptive rights regarding Smile Holding shares in full.

PRIVATIZATION UPDATES

- As per the announcement made by the Privatization Administration, the bidding deadline in the tender regarding privatization of 56.09% stake owned by the Administration in Dogusan Boru has been postponed from 26 February 2009 to 13 August 2009.

TELECOMMUNICATIONS SECTOR NEWS

- Tellcom, a Turkcell group company, has completed construction of 1060 km fiber-optic infrastructure between Ankara – Izmir as part of their co-operation with Ericsson. The Company stated that fiber-optic infrastructure will enable high speed and quality package delivery and sound, data and video services shall be offered to customers with better quality.
- Pursuant to the dailies, Turkcell has decided to start necessary transactions to acquire Cosmofon, the second largest GSM operator in Macedonia, and Germanos. As per the decision of the Board of Directors, Turkcell has decided to submit its binding offer to OTE, the Greek operator which is the main shareholder of Cosmofon and Germanos, in order to acquire 100% shares of both companies.

ENERGY SECTOR NEWS

- Rotor Elektrik Uretim, a company which is engaged in establishing electric production facilities based on renewable energy resources as a part of Zorlu Enerji Group, has completed the first turbine of the wind plant in Osmaniye region on 18 February 2009. As per the written statement made by Zorlu Enerji Group, Osmaniye Plant will be the largest wind backed power plant in Turkey with its capacity of 135 MW.

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Highlights

- a. Banking Sector Updates*
- b. Capital Markets News*
- c. Privatization Updates*
- d. Telecommunication Sector News*
- e. Energy Sector News*
- f. Others*

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- Zorlu Enerji plans to invest up to US\$ 8 billion on new power projects until the year 2015. Zorlu Enerji has been involved in four projects that have a combined capacity of 1,050 MW in Israel and aims to obtain respective financing in the second half of the year 2009. The Company will either start construction or bring capacity on line in projects in Turkey, Russia and Pakistan in the year 2009.

OTHER NEWS

- As per the dailies, the Insurance Information Center, which will gather the data on insurance policies and damages and share this information with the public, has been established under the Association of the Insurance and Reinsurance Companies of Turkey. The Information Centers for Traffic, Health and Life Insurances and Damage Tracking Center are associated with the Insurance Information Center.
- Pursuant to the dailies, Akturk Yapi has won the tender to build Zorlu Center shopping mall. The mall will be constructed on the land, which was acquired by Zorlu Group from the General Directorate of Highways in consideration for US\$ 800 million in March 2007. Upon completion of requirements for the technical specifications prepared by Zorlu, Akturk Yapi and Zorlu Yapi plan to sign the respective agreement in March. Zorlu Yapi aims to complete the project by 2010 and to open Zorlu Center during the "2010 Istanbul European Capital of Culture" campaign.

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- As per the dailies, Foxconn, one of the production partners of Hewlett-Packard, plans to establish a factory in Turkey with an investment amounting to US\$ 60 million. Foxconn has chosen Turkey as a location to establish a factory, which will manufacture 200,000 desktop computers per month. The factory in Corlu, which will be completed within a 18-month construction period, will provide employment opportunities for approximately 2,000 people.
- According to the Foreign Trade Report released by the Turkish Statistical Institute, Turkish exports have been decreased by 25.7% to \$7.8 billion in January 2009 when compared to the same month of last year. It is also stated that imports have been decreased by 43.3% and dropped to \$9.2 billion in the same period.
- Pursuant to the dailies, the Law No. 5838 regarding certain measures to avoid implications of global financial crisis has been approved by the President of the Republic of Turkey. The said law, among others, stipulates that special communications tax regarding the wired, wireless and mobile internet service supply has been decreased from 15% to 5% and the law grants the authority to the Council of Ministers to lower the taxation ratios of 25% and 15% respectively to 5%, or increase them to a certain extent. On the other hand, according to the amendment on the Law Regulating Payments via Cheques and Protection of Chequeholders, submitting cheques to the addressee banks for payment before the drawing date shall be deemed as null and void, until 31 December 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.

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