

TABOGLU & DEMIRHAN Newsletter

BANKING SECTOR HIGHLIGHTS

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- The Savings Deposit and Insurance Fund and Cukurova Group have signed a protocol with an amount of US\$ 398 million on account of the debts based on Interbank. The Fund has released a written statement announcing that the Fund had initiated administrative and legal actions on the grounds that the debts owed by Cukurova Group towards Interbank had remained unpaid after 7 January 1999, the date of transfer of Interbank to the Fund. The parties have finally reached a settlement by agreeing on having the principal debt of US\$ 398 million to be paid within 8 years with an interest rate of LIBOR + 0.5%.

- It has been reported that the local banks have granted loans for renewable energy for about US\$ 7 billion up to date. Foreign capital of US\$ 1.2 billion has entered in Turkey during the first three months of 2009, and the private sector will invest TRY 1.8 billion in the renewable energy this year. In this respect, plants with a total power of 1,100 MW will be established; and a hydraulic power plant project of 700 MW will be launched until 2010.

ENERGY MARKET NEWS

- EMS, one of the largest petroleum and natural gas pipeline operators and energy service group of the USA, has selected Turkey as pilot region station in terms of East Europe, Middle East and West Asia with the assumption that Turkey is becoming strategically a center of energy resources for pipelines. The Company has announced that they have entered into a cooperation agreement with Vastas for the purposes of accelerating their energy investments, and stressed that the NewCo that will be jointly formed by Vastas and the Company will focus on investment projects licensed by the Energy Market Regulatory Authority and further on operation of BOTAS pipelines as well as on Nabucco, Mavi Akim and Iraq pipelines.
- Spil Insaat, engaging activities in Manisa will establish Turkey's first wind energy turbine and solar panel production facility for meeting the needs of the sector in Turkey due to the importance of renewable energy alternatives.

TELECOMMUNICATIONS SECTOR NEWS

- Turkcell has submitted an offer to the license tender called for mobile and telecommunication services in Tunisia. It has been reported that the bid has been made through a consortium composed by the local companies and Turkcell, where Turkcell acts as the leader. The Tunisian mobile market is currently led by Tunisiana Telecom with its market share of 51% and by Tunisie Telecom holding the remaining 49%.
- Vodafone, the leading GSM operator in terms of revenue generation, has announced that their annual net profit has declined by 54.5% and dropped to US\$ 4.7 billion due to their loss resulting from their activities in Spain, Turkey and Gana as of 31 March 2009.

CAPITAL MARKETS UPDATE

- The Capital Markets Board has approved the formation of "Protective Umbrella Fund" of Akbank. According to the written statement released by the Bank to the Istanbul Stock Exchange, the Fund will have an initial capital of TRY 1 billion 200 million. It has also been expressed that 120 billion participation shares are decided to be listed.

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Highlights

a. Banking Sector Highlights

b. Energy Market News

c. Telecommunications Sector News

d. Capital Markets Update

e. Other News

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- An amendment has been issued on the Communiqué on Procedures and Principles of Records on the Dematerialized Capital Markets Instruments and published in the Official Gazette on 21 May 2009. Accordingly, the current capital markets instruments subject to pledge will be deposited with the sub-account of the pledgee until 1 December 2009; the date on which the 4th paragraph of Article 19 of the Communiqué becomes effective. From the said effective date, the capital markets instruments subject to pledge shall start to be deposited with the sub-account of its owner and be monitored on the stock exchange records along with the identification information of the pledgee. The amendment further provides that in case of deposit of the pledged instrument with the sub-account of the beneficiary, the identification information of those who establish such rights will be followed in conjunction with this sub-account.
- The turnover of Aksa, a company engaging activities in fiber sector within the structure of Akkok Group, pertaining to the first quarter of 2009 has declined by 27.6% in comparison with the last year's first quarter, and the net profit of the Company has reduced by 20% and dropped to TRY 17.9 million due to the adverse effects of the global financial crisis on fiber demands. Aksa has started an investment of US\$ 47.6 million within the first three months of 2009 in line with their strategic plan of 5 years and their current major investment relating to carbon fiber generation with a total capacity of 1,500 ton/year is planned to kick off in short time and the first orders are contemplated to be sent in August.
- Foreign investors started to repurchase the banks' shares that they had sold off on the Istanbul Stock Exchange due to the financial crisis. It has been reported that during the last two months, the foreigners have collected back 72% of the banks' shares that they had disposed of during the term between October 2008 and March 2009, and the reasoning behind has been mainly the fear resulting from the bankruptcies of numerous European and US banks and thus the anticipated effects on the Turkish banking sector. Pursuant to the dailies, the foreigners have mostly disposed of the shares in Garantibank within the past 5 months as followed by Isbank and Asya Katilim Bank, and have taken place on the buyer side solely for Albaraka, Fortis and Denizbank shares during such term.
- According to the statement released by Goldman Sachs International to the Istanbul Stock Exchange, Goldman Sachs has transferred to Akfen Holding, Sera Yapi and Tepe Insaat a number of 17.4 million TAV shares that it has purchased through pre-emptive right coupons on account of these companies during TAV's capital increase. As a result of the transaction, Goldman Sachs now owns 24.07% shares of TAV.
- TAV Holding has announced that they will not submit an offer for the tender held by the St. Petersburg Government for the Pulkova Airport on the reason that the SJSC Riga International Airport Tender Rules do not allow any offers for the airport tenders that are nearer than 500 km to Riga Airport. TAV and Skonto Buve had constituted a joint venture for the tender of SJSC Riga Airport that had been selected as the winning bidder.

OTHER NEWS

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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