**Rating Action: Vestel Elektronik Sanayi Ve Ticaret A.S.**

**CORRECTION TO TEXT, MAY 11, 2006 RELEASE: MOODY'S ASSIGNS Ba3 CORPORATE FAMILY RATING TO VESTEL ELEKTRONIK WITH A NEGATIVE OUTLOOK. OUTLOOK ON RATINGS OF USD225 MILLION GUARANTEED NOTES CHANGED TO NEGATIVE (CORRECT CURRENCY FOR GUARANTEED NOTES IS USD)**

**Approximately USD 225 Million of Rated Debt Securities Affected. Revised release follows.**

London, 12 May 2006 -- Moody's today changed the outlook on the Ba3 rating of the USD 225 million Guaranteed Notes due 2012 of Vestel Elektronik Sanayi Ve Ticaret A.S. ("Vestel" or "the company") to negative from stable. Moody's concurrently assigned a Ba3 Corporate Family Rating to the company with a negative outlook.

The following rating has been affected:

- The Ba3 rating on the USD 225.0 million 8.75% Guaranteed Notes due 2012.

The change in outlook reflects the combined impact of a combination of factors currently affecting the company's credit metrics. These include: i) the continued weakening in operating margins, which have shown a sustained decline in recent years and is the primary driver behind today's rating action, in addition to; ii) the increased capital spending in the past two years, aimed mainly at increasing production capacities in Russia, where long-term returns on the investment remain uncertain; and iii) the recently increased stake in Vestel White Goods, an entity that has been consolidated since 2003, which the company estimates will lead to a net cash outflow of USD 71 million.

Moody's recognises that some of the decline in margins in 2005 was attributable to the relative strength of the Turkish Lira versus the Euro, but believes that the decline also reflects continued downward price pressure within Vestel's main markets, and increased commoditisation of its products. This combined with increased investments caused free cash flows to turn negative in 2005, although the company expects capex to decline this year.

The company's Adj. Total Debt/EBITDA increased to 2.52x in 2005 from 1.75x in 2004, which can in part be attributed to the appreciation of the Turkish Lira. The impact on cash flow metrics was mitigated by a decline in financial charges, although Adj. Retained Cash Flow/Total Debt was nevertheless 26.3% versus 38.8% in 2004.

The senior guaranteed notes due 2012 are rated at the same level as the corporate family rating, as Moody's expects that going forward only a limited portion of total debt will be outside the guarantor group, notably at Vestel White Goods, and therefore structurally senior to the bonds.

Vestel's liquidity remains strong, with YTL 581 million in cash and equivalents at year-end, which remains in excess of short-term borrowings and annual financial charges. The company further benefits from extensive credit lines from domestic and international banks.

The ratings could be lowered if the company's operating environment continues to negatively impact on margins, and if free cash flows remain negative leading to a weakening in credit metrics. The outlook could be stabilised if the company manages to maintain or improve on current margins and generate free cash flow, thereby preventing further weakening in its credit metrics.

Headquartered in Istanbul, Turkey, Vestel is a leading manufacturer of consumer electronic products, including televisions, digital products and white goods. The company is one of the largest original equipment manufacturers (OEMs) in the world. In fiscal year 2005 the company generated YTL 4.46 billion (USD 3.3 billion) and YTL 284 million (USD 210 million) in revenues and EBITDA, respectively.

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