

TABOGLU, ATES & DEMIRHAN

Newsletter

PRIVATIZATION HEADLINES

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- The revenue of TRY 11,8 billion is being expected from the sale of state-owned companies in 2008. The privatizations will start upon the sale of Tekel's tobacco division. The privatization of highways and bridges and the public offering of 15% of Turk Telekom, and privatization process for electricity distribution rights are contemplated to follow Tekel's privatization. In addition Halkbank, sugar refineries and the Turkish State Railways' ports are other projects that are to be within the privatization agenda in 2008.

- As per the dailies, Financiere Lafarge shall transfer some of its shares in Lafarge Aslan Cimento to Agretas Agrefa, an affiliate of Financiere Lafarge. As per the declaration made by Lafarge Aslan Cimento to the Istanbul Stock Exchange, Financiere Lafarge has transferred 42.307% of its shares in Lafarge Aslan Cimento to Agretas Agrefa for a value of TRY 2,718,556.

BANKING SECTOR NEWS

- The Capital Markets Board has approved the application of Morgan Stanley Menkul Degerler for the capital increase up to TRY 13,500,000 whose shareholding structure will remain the same, and the application for the establishment of a portfolio management company by Gedik Yatirim with a paid capital of TRY 1,000,000.
- As per the announcement made to the Istanbul Stock Exchange by Ulker, the Company is considering to subscribe in Godiva-owned companies with the shareholding range of 20 to 33%. Ulker has specifically stressed in its announcement that the evaluation phase by the Company related thereto is continuing.

- As per the dailies, Yapi Kredi has reached to 676 branches by the end of 2007. The Bank has announced that 82 branches have been opened, 65 of which are for retail banking business, 13 are for private and 4 are for commercial banking activities. Yapi Kredi is targeting 160 new branches in 2008.
- Ziraat Bankasi has announced that the Bank will advance agricultural loans amounting to maximum TRY 1,5 million for the year 2008. The loans will help bolster the agricultural production and quality.

ENERGY SECTOR UPDATES

- As per the announcement made to the Istanbul Stock Exchange, TUPRAS has decided to merge the management units of Korfez and Izmit refineries for business necessities due to suspension of certain activities of Korfez refinery.
- Aygaz has purchased Entek Elektrik, previously held by Ford Otomotiv. As per the declaration made by Aygaz to the Istanbul Stock Exchange, Aygaz has paid TRY 14,398,725 in cash for Entek Elektrik's total shareholding based on the financial accounts of Ford Otosan dated 30 September 2007.

- The Energy Market Regulatory Authority has announced that a license application by Cevahir Petrol for a US\$ 6 billion oil refinery project to be built in Yumurtalik has been rejected. The Board had decided that the land is not suitable, as there is a pending application for a thermal power plant in the same region. The Board will reconsider Cevahir Petrol's application after a legal review. The Authority officials have mentioned that this rejection should not be seen as a negative development and the legal assessment does not mean that the Cevahir Petrol will not be granted a license.

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Highlights

a. Privatization Headlines

b. Capital Markets News

c. Banking Sector News

d. Energy Sector Updates

e. Telecommunication Sector News

f. Other News

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➤ As per the dailies, gradually increasing liberalization of the energy market, the formation of established standards, the need for 4,000 megawatts of additional electricity every year, the need for US\$ 130 billion of investment in energy by 2020, the expected privatization of public electricity facilities and the incentives for energy investments are all attractive factors that make major companies invest in the energy sector. It is also expected that the energy market will attract considerable interest due to the sector's status.

➤ As per the dailies, throughout 2007, many major Turkish companies have announced their interest in the energy market. Accordingly, Sabanci Holding has announced its intention to control 11% of the total domestic energy market and to invest around US\$ 5-5,5 billion by 2015. Koc Holding, owning OPET in the gas distribution market, Aygaz and Mogaz in LPG and Entek in electricity generation is planning to be a major player in the energy business with further investment. Gama Holding has announced that it is planning to make an investment of US\$ 3 billion within three years via Gama Enerji which was established with the collaboration of General Electric's subsidiary, GE Financial Services. Finally, Dedeman Holding has displayed its interest in the energy sector with a hydroelectric power plant project of 40 MW in Van.

TELECOMMUNICATION SECTOR NEWS

➤ According to the dailies, negotiations driven by Dhanus, the leading telecommunication company in India, to purchase Borusan Telekom, telecommunication unit of Borusan Holding, are continuing. It is reported that Dhanus has made the highest offer amounting to approximately US\$ 76 million.

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➤ According to the dailies, Gantek Teknoloji, the winning bidder in the number portability infrastructure tender, completes the system by 2 January 2008. Under the relevant regulation, GSM and landline operators are granted respectively 6 and 12 months so as to integrate their system with number portability. It has been announced that the cost of the system is US\$ 4 million.

OTHER NEWS

➤ According to the statement made to the Istanbul Stock Exchange, within the framework of the investment incentive certificate granted to Cimsa Cimento on 14 June 2006, modernization and new production line investments have been completed and the second oven have been set on at the Company's factory in Eskisehir. The Company plans to increase its annual clinker output to 1.4 million tones.

➤ The Ministry of Finance has increased the VAT for financial leasing operations from 1% to 18%. The financial leasing companies have criticized this enactment and remarked that such an increase will undermine the sector's growth. The Chairman of the Banking Regulation and Supervision Board has also declared that such increase in VAT rate has not been discussed with the Board.

➤ As reported in the dailies, TAV Havalimanlari Holding has been granted the right to operate Habib Bourguiba airport in Tunisia for a term of 40 years.

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

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