

TABOGLU, ATES & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

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- As per the dailies, the Turkish Government is planning to receive TRY 11 billion 798 million from the privatization projects to be realized in 2008. Due to the information obtained from the 2008 budget statements of the Ministry of Finance, the Government will firstly realize the privatization of Tekel Cigarette Factories by way of asset sale until 25 January 2008. According to the dailies the privatizations shall also be realized for the electricity distribution companies such as Baskent Elektrik Dagitim, Sakarya Elektrik Dagitim and AYEDAS, and production companies, as well as the bridges and highways, national lottery, sugar factories and ports of Bandirma, Samsun and Iskenderun.
- According to the dailies, the Council of State has dismissed the claims for the stay of execution for Petkim's privatization in two separate lawsuits, which have been filed by the Petrol-Is Labor Union. The lawsuits were initiated for the stay of execution and cancellation of the respective decision of the Privatization High Council and the tender specifications. In the interim, the Privatization Administration has submitted its opinion awarding the tender to Socar-Turcas-Injaz Consortium, which is the second best bidder in the tender, to the Competition Board for final approval. The Competition Board will examine the file in light of the competition legislation.

- The Vice Chairman of the Board of Directors of Finansbank has stated that NBG, the major shareholder of Finansbank, has collected shares from the market resulting in a free float rate below 1% and wish to de-list the Bank from Istanbul Stock Exchange.

ENERGY SECTOR NEWS

- Within the scope of transfer of the importation agreement of BOTAS, 500 million m³ natural gas has been transferred to Avrasya Gaz with the execution of a protocol on 31 October 2007 in Ankara. According to the agreement that has been signed between Gazprom Export Ltd. and Avrasya Gaz, 500 million m³ Russian natural gas per year will be transferred to Turkey until 2021. BOTAS has signed similar natural gas transfer agreements with Shell Enerji, Bosphorus Gaz Corporation and Enerco Enerji Sanayi ve Ticaret with the purpose of liberalization of natural gas market in Turkey. Moreover, monopoly of BOTAS in natural gas importation has ended with the transfer of 4 billion m³ natural gas per year that BOTAS shall purchase from Gazprom.

- As per the dailies, the investors in energy sector are mainly interested in wind-backed energy facilities. The total capacity of applications to the Energy Market Regulatory Authority to establish wind-backed power generation facilities has reached to 40,000 MW that would increase Turkey's existing electricity generation capacity of 41,000 MW by two. Among the applicants, Sanko has applied for permission to establish generation facilities with a total capacity of 8,000 MW and, Polat Holding, Iberdrola has made the applications around 2,000-3,000 MW.

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Highlights

- a. Privatization Highlights
- b. News re Banking Sector
- c. Energy Sector News
- d. Capital Markets News
- e. Other News

CAPITAL MARKETS NEWS

- As per the dailies, sale of the Istanbul Sapphire residence and mall, owned by Kiler Holding, has been initiated. The Chairman of the Board of Directors of Kiler Holding has stated that they have planned US \$750 million investment to be realized by their construction company, Biskon Yapi and they also intend to purchase Migros, the leading supermarket chain.
- Pursuant to the dailies, QVT, shareholder of Galatasaray, has sent a complaint letter to the Turkish Football Federation and the Competition Authority regarding the change in market conditions and the abuse of dominant position by Digiturk. QVT has stated in its complaint letter that the rights provided to Digiturk in 2005 were in violation of transparency principle and are now damaging the football clubs, of which QVT is a shareholder.
- The Turkish steel producer, Borusan Mannesmann Boru has announced that Borusan won a tender from Elba Express to build a natural gas pipeline in the United States for US\$ 170 million. According to the statement, Borusan will build 312 km steel pipeline for Elba Express.
- According to the dailies, Multi Turkmall which was incorporated as a partnership between Turkish Turkmall and Multi Development headquartered in Holland, has opened its new mall, Forum, in Mersin. Moreover, the Chief Executive Officer of Multi Turkmall has declared that Forum has created an employment opportunity for approximately 2,500 persons and their investments in Turkey will continue.

OTHER NEWS

- As per the dailies, the last date of the pre-qualification application for the tender of ATV and Sabah has been adjourned to 19 November 2007. According to the statement made by the Savings Deposit Insurance Fund, the date of the application of the pre-qualification has been adjourned by reason of intensive demands of the participants. The sealed proposals have to be submitted until 4 December 2007. Following the tender which will be realized on 5 December 2007, the bargaining negotiations will be realized on 7 December 2007.
- According to the dailies, Ak Sigorta has transferred its 205,115,762 share certificates of Ak Emeklilik to Aviva which were existing in the portfolio of Ak Sigorta corresponding to 10.316% shares of the share capital in return for US \$100 million. According to the statement made by Ak Sigorta it has decided to allocate the 75% of the income obtained from the sale to the fund account in order to use it for the capital increase which will be realized later on.
- The Regulation Regarding Information in Insurance Contracts has been published in the Official Gazette on 28 November 2007 and will come into effect on 1 March 2008. As per the Regulation, insurance companies will have to open corporate web sites to efficiently distribute information within the framework of the general provisions and regulations. The Regulation covers all institutions that incur a risk within the scope of the Turkish Commercial Code and private insurance trade legislation.

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.

TABOGLU, ATES & 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