

TABOGLU, ATEŞ & DEMIRHAN

Newsletter

ENERGY SECTOR UPDATES

- The Energy Market Regulatory Authority has determined the method of the tender for the wind energy applications. Firstly, the authorization to call for tenders for the establishment of a wind power plant will be given to the Authority by law. Then, the company to pay the highest price for the line to TEIAS (state-owned energy transmission company) will win the tender. TEIAS will use such funds for investment in new transmission lines.
- As per the dailies, Agaoglu Group has decided to develop wind energy as its new investment area. The Group has determined its energy budget as US \$ 500 million and is planning to allocate such fund to build a 130 MW power plant and hydroelectric plants.
- The General Manager of TEUAS (state-owned energy generation company) has stated that they are continuing the rehabilitation process of the old plants which will cost an amount of almost TRY 2.5 billion. The rehabilitation process will be completed in 2010 for the thermal power plants and in 2012 for the hydraulic power plants. After rehabilitation process, the old plants will be privatized.
- According to the dailies, the Energy Market Regulatory Authority has accepted the application of Calik Group to obtain a refinery license to build an oil refinery in Adana Yumurtalik. The Authority has also reviewed the application of Petrol Ofisi requesting a refinery and production license and decided to render its final decision after obtaining a legal opinion, as there is another application to build a power plant on the same land.
- Pursuant to the dailies, GE Energy Financial Services, a subsidiary of General Electric, will acquire 50% of Gama Enerji, the energy company of Gama Holding, one of the leading companies in the Turkish construction sector. The statement regarding such partnership was made on 9 December 2007.

PRIVATIZATION HIGHLIGHTS

- Pursuant to the dailies, the data room process for Tekel's cigarette business which is to be put out to tender for the third time has commenced. The deadline to submit the offers is 25 January 2008. Japan Tobacco International, the winner of the first tender that was cancelled, Dogan Group, which has announced its cooperation with Citi Venture Capital International, British American Tobacco, Korean Tobacco and Ginseng are reported as interested bidders. Also, Kursat Kocdag, Cahit Duzel and Murat Bakir, who have worked in Japan Tobacco International and Philip Morris as professional executives, have decided to collaborate with Cinven, a private equity firm. The bid bond amount is determined as US \$ 30 million. Within the scope of the privatization Istanbul, Adana, Ballica, Bitlis, Malatya and Tokat cigarette factories will be sold.
- As per the statement made to the Istanbul Stock Exchange, Dogan Holding and Citi Venture Capital International have agreed to cooperate and jointly bid for Tekel's cigarette business. Dogan Holding has stated that they have agreed to team up with Citi Venture Capital International to execute the preparation and evaluation process and to follow up all procedures regarding the tender together.

BANKING SECTOR NEWS

- As per the dailies, Halkbank has decided to cooperate with HSBC Bank for the implementation of Halkbank Advantage Credit Card, within the scope of their growth policy in the areas of retail banking and credit cards. Pursuant to the agreement executed between the parties, all Halkbank credit cards will bear the name "Halkbank Advantage" within the first quarter of 2008.

Highlights

a. Energy Sector Updates

b. Privatization Highlights

c. Banking Sector News

d. Capital Markets News

e. Telecommunication News

f. Other News

CAPITAL MARKETS NEWS

- The Savings Deposit Insurance Fund has approved the sale of Atv-Sabah to Calik Holding. Pursuant to the statement made by the Fund, the Board has sent the result of the tender to the Competition Board and the Supreme Board of Radio and Television for approval in accordance with the tender specification. The Fund will render its final decision after necessary approvals have been granted.
- As per the statement made to the Istanbul Stock Exchange, Is Girisim Sermayesi has decided to participate in Ortopro Tibbi Aletler, a company conducting business in the orthopedics surgery area. Accordingly, Is Girisim Sermayesi will inject US \$ 6 million and acquire 29.5% of the shares of the company. It has been stated that a Shareholders Agreement has been executed on 4 December 2007.
- As per the dailies, Baykal Makine has acquired Weinbrenner GmbH, which is a 53 years old German company conducting business in the sector of metal sheet processing machines. The Vice Chairman of Baykal Makine has stated that they also acquired the trademark and patent rights of the company.
- In accordance with the statement made to the Istanbul Stock Exchange, Marti Real Estate Investment Trust, a subsidiary of Marmaris Marti Otel, has decided to carry out the project for building a residence and a social facility on its land in Cerkezkoy with Atac Sbg Insaat and Unal Yapi Insaat Joint Venture. It is stated that the joint venture conducting the construction work shall complete the project within 18 months and shall give a letter of guarantee amounting to 10% of the construction costs.

TELECOMMUNICATIONS NEWS

- As per the statement made to the Istanbul Stock Exchange, Russian Altimo, one of the shareholders of Turkcell, has announced its sale of 50% shares in Alfa Telecom Limited, which owns 49% shares in Cukurova Telecom Holdings Limited, the owner of the majority of the shares of Turkcell, to Visor Group.
- As per the statement made by the Telecommunications Authority, the Council of State has rejected Turkcell's motion to stay of execution for annulment of the Regulation on Mobile Number Portability on the grounds of vested Turkcell rights. The lawsuit was initiated in April 2007. Mobile number portability, which was introduced to the Turkish market in February 2007, allows customers to change GSM service providers while they keep their numbers. Turkcell has stated that after the Council of State's decision of rejection they may consider to withdraw their case for the annulment of the Regulation.

OTHER NEWS

- Pursuant to a report prepared by Merrill Lynch, global economy is withstanding against the decline in the growth of US economy and the global growth outside the US, which is 6% this year and will be 5.6% next year.
- The Competition Board has given its permission to the acquisition of the shares of Ulusoy Nakliyat Ro-Ro Isletmeleri by Kohlberg Kravis Roberts & Co and rejected the complaints and claims of Uluslararası Nakliyeciler Derneği and Cagdas Uluslararası Nakliyat regarding the same.

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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