

TABOGLU, ATES & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

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- According to the statement made by Baskent Dogalgaz Dagitim, the natural gas distribution company owned by Ankara Metropolitan Municipality, leading energy companies are racing to participate in the privatization of Baskent Dogalgaz Dagitim. The general manager of Baskent Dogalgaz Dagitim also noted that the demand was higher than they had expected; thirty-five firms acquired tender specifications for the distribution rights whereas seventeen firms had applied for access to the data room. The companies that applied for data room access were RWE, Bosphorus Gaz, Zorlu Petrogas, Gaz de France, Suez-Tractebel, Energaz, Nurol Holding, Calik Elektrik, Gaz Natural, Palgaz, Akfenhes, Guris, Eni, ENBW, Limak, Elktromed and Unicredit. The tender for privatization will be held on 14 March 2008.
- The Tobacco Beverage Food Workers Union (TEKGIDA-IS) and the Tobacco Experts Association filed a lawsuit with the Council of State to appeal the recent sale of Tekel's tobacco business, claiming that there was no article in the tender specification that specifies the continued purchase of domestic tobacco. In the appeal, it was stated that the winning bidder may prefer to import tobacco from abroad rather than purchasing from domestic market after the privatization. The privatization tender for the sale of Tekel's tobacco business was held on 22 February 2008 and British American Tobacco submitted the winning offer of US\$ 1.72 billion. The approval of the Competition Board is awaited.
- The Council of State rejected the lawsuit filed by the Union of Petroleum Workers (Petrol-Is) appealing the decision of the Privatization High Council dated 8 February 2008 to approve the sale of Petkim via block sale method. The Council of State stated that the privatization of 51% shares of Petkim through block sale was compliant with the Privatization Law and the principles thereunder.

- Zorlu Enerji has won the privatization tender for nine power plants, with a total capacity of 141 megawatts, belonging to Ankara Dogal Elektrik Uretim, with a bid amounting to US\$ 510 million. The Chairman of the Board of Directors of Zorlu has declared that they will make the payment in cash. The tender of the Privatization Administration was held on 5 March 2008 in Ankara. Through the privatization, operational rights of Tercan, Kuzgun, Mercan, Ikizdere, Cildir, Beykoy and Atakoy hydroelectric power plants and Denizli geothermal power plant and ownership of the Engil gaz turbine power plant will be transferred for 30 years. The Privatization Administration has announced that this tender is the first step for the privatization process for electricity production and distribution companies.

BANKING SECTOR NEWS

- As per the decisions of the Banking Regulation and Supervision Agency, published in the Official Gazette, the Agency granted permission to Akbank regarding the executive and operational support-consulting services to funds and to HSBC for providing consulting and support services to its parent group and its affiliates regarding the information systems.
- As per the dailies, the Savings Deposit Insurance Fund has taken control of local Bursa newspaper Olay and Bursa television station Olay TV, both of which belonged to the owner of the bankrupt Interbank, Mr. Cavit Caglar. It was agreed between the Fund and Mr. Caglar that the Fund would take ownership of Mr. Caglar's companies. According to the statement of the Fund, the Fund continues to investigate the companies over which Mr. Caglar had direct or indirect control, in order to collect the amounts owed to the State.

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Highlights

a. Privatization Highlights

b. Banking Sector News

c. Capital Markets News

d. Other News

CAPITAL MARKETS NEWS*cont'd.*

- As per the dailies, Ulker's parent company Yildiz Holding aims to exceed US\$ 10 billion revenue in 2008. The president of overseas investments, business development and research group said that the annual revenue of the Holding was TRY 10.9 billion in 2007, excluding Godiva's sales. The president stated that the exports were TRY 664 million, investments were amounting to TRY 427 million and profit was amounting to TRY 635 million with the tax deduction; and he added that their goal for the year 2008 is to exceed US\$ 10 billion in revenue, which is a remarkable value. The president further stated that preparations for the public offering of Ulker Cikolata was still continuing; and the gradual public offerings of the group companies together with the Holding are on their agenda.
- As per the statement made by TAV Havalimanlari to the Istanbul Stock Exchange, TAV has decided to offer the shares of HAVAS, in which they are the sole shareholder, to public.
- A tender will be held on 12 March 2008 for procurement of 440 railway vehicles for the last phase of Marmaray Project. The Ministry of Transportation had invited the companies to the tender on 16 January 2007; however, the companies asked for an additional period. The Ministry postponed the tender to 12 February 2008 and then to 12 March 2008. The investment cost of 440 railway vehicles which will be operated on Gebze-Halkali route, was determined as Euro 750 million.
- The spokesman of the Government stated that they are working on a draft law to amend the Electricity Market Law and several other laws, to apply different rules to energy investments other than the Public Procurement Law, in order to attract investor's interest in the sector.
- According to a report by PricewaterhouseCoopers, the global consulting and accounting firm, Turkey's economic volume will be equal to that of Italy in 2050 with 5.1% average annual growth.

OTHER NEWS

- The tolls for the use of the bridges on the Bosphorus have been reduced upon the ruling of the Council of State which indicated that the Ministry of Transportation's increase of tolls had no legal grounds. The increase in tolls was first brought before the Court in 1999.
- The Draft Law on the Application of the Turkish Commercial Code was adopted by the Justice Commission of the Turkish Parliament. The Draft sets forth the rules and procedures for the implementation of the new Turkish Commercial Code, which is expected to pass this year, and the compatible application of the revoked and newly adopted provisions.
- As per the dailies, the Acar Enerji-2007 has signed a memorandum with the Ministry of Energy in Georgia to build seven hydroelectric power plants on Coruh and Tikristi rivers, in the Acara region of Georgia. The General Manager of Acar Enerji has stated that they are planning to complete the survey works within one year and the construction within four years. The General Manager added that the cost of the project is amounting to US\$ 213 million and that they were granted the operating rights of the power plants for an indefinite period of time.

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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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