

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

- As per the dailies, the Privatization Administration has extended the period for the privatization of Dogusan Boru until 31 December 2009. The former period expired on 13 August 2009, and no offers were submitted for the block sale of 56.09% shares of Dogusan Boru.
- As per the announcement made by the Housing Development Administration, in order to accelerate the completion, the construction of stadium in Seyrantepe will be put out to tender by way of progress payment. The tender will take place on 9 September 2009 and 7 companies will be invited.
- Pursuant to the announcement made by the Privatization Administration, the Administration has not yet resolved on the secondary public offerings of Halk Bankasi, Petkim and Turk Telekom's publicly held shares. The privatization strategy of the said enterprises shall be determined based on the development of the economic conditions.

CAPITAL MARKETS UPDATE

- Due to the dailies, 31.15% shares of Vakif Girisim owned by Vakifbank and its subsidiaries, namely Vakif Deniz Finansal Kiralama, Vakif Finansal Kiralama and Gunes Sigorta will be acquired by Rhea Gayrimenkul Yatirim in return for TRY 2 million 150 thousand. This amount is determined 30% less than its market value in the Istanbul Stock Exchange. Pursuant to the announcement made by Vakifbank, the share purchase agreement has already been executed regarding the partial buyout of Vakif Girisim.

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- The Capital Markets Board has determined the principles allowing the intermediary institutions and investment trusts traded in the Istanbul Stock Exchange to purchase their own shares. As per the announcement made by the Board in its weekly bulletin numbered 2009/39, the board of directors of the company shall be authorized to perform the repurchase and the period of such authorization shall not exceed 18 months. Furthermore, the board of directors shall comply with the stock repurchase program to be approved by the general assembly. Such shares shall be traded in and repurchased from the Istanbul Stock Exchange. Furthermore, the nominal value of the shares shall not exceed 20% of the paid in and issued capital of the company including the formerly acquired shares. In the event the nominal value of those shares exceeds the given ratio, the exceeding amount shall be disposed of within 6 months from the repurchase date. As a final note, the repurchase of shares shall be performed without causing any loss in the net active capital value of the company in its recent financial statements announced to public.

- Pursuant to the dailies, TBIH Financial Services has purchased approximately 970.2 million shares from Dogan Group which corresponds to 10% capital of Ray Sigorta. As per the announcement made by Ray Sigorta to the Public Disclosure Platform, the sale of 970 million 199 thousand 999 shares of Dogan Group to TBIH with a purchase price of US\$ 19 million 835 thousand 740 was completed on 1 September 2009. As a result of the transfer, TBIH currently holds 8 billion 175 million 54 thousand 476 shares in Ray Sigorta whereas Dogan Group holds 970 million 200 thousand 1 shares.

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Highlights

a. Privatization Highlights

b. Capital Markets Update

c. Telecommunications Market Update

d. Energy Market News

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- Pursuant to the dailies, the Communiqué regarding the collection of stocks of publicly held joint stock companies by takeover has been published in the Official Gazette on 2 September 2009 by the Capital Markets Board. As per the Communiqué, (i) the limit for the tender offer obligation threshold is increased from 25% of the voting rights to 50%; (ii) the approval of the general assembly is excluded from the exemption for tender offer obligation; and (iii) the periods for mandatory tender offer are renewed. Accordingly, within 45 days from the date tender offer obligation is born, the performance of such obligation shall commence and in the event of any failure, an interest rate shall be applied for each day and for acquisition of a group or a part of shares, voluntary tender offer may then be performed.

TELECOMMUNICATIONS MARKET UPDATE

- Pursuant to the dailies, Turk Telekom and Aselsan will cooperate for 112 emergency services and the Public Security Radio Communications projects. By way of such cooperation, the said projects will be realized without the need for external financing resources. The said projects aim to unite the various emergency numbers under 112 Emergency and the public security institutions using numerical radio telecommunication services will act in coordination in the event of emergency to provide more effective service to the public.

ENERGY MARKET NEWS

- The French oil company Total announced that Turkey would become the Company's production base of construction chemicals in East Europe, Middle East and North Africa under the trademark Bostik. Accordingly, Bostik, a global trademark of Total Group in construction, isolated glass, marine, automotive, transport, packing and the chemicals regarding hygiene industries, mixtures, adhesives, and caulking materials has been involved in important investments in Turkey. It has been further stated that once the construction of new production facilities are completed, Turkey will become the production base and the organizations which are currently conducted through France and Germany will then be carried out through Turkey. The General Manager of Bostik Turkey has stated that the Company aims to build up one of the first three factories in Turkey with the production capacity of 250 thousand tones. The facility will become active with full capacity in 2011.
- The Energy Market Regulatory Authority has approved the application of Tetas regarding 21.08% increase in sale price of electricity per kw, which will be effective as of 1 October 2009. The Authority notified the distribution companies of the sale price increase from TRY 0.1262 to TRY 0.1528 per kw.
- Due to the announcement made by the Ministry of Energy and Natural Resources, the cost of Project Nabucco is estimated as Euro 7.9 billion and such cost will be borne by RWE Germany, OMW Austria, MOL Hungary, Trangaz Romania, Bulgargaz Bulgaria and Botas Turkey pro rata their shareholding ratios.

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

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