

TABOGLU, ATEŞ & DEMIRHAN

Newsletter

TELECOMMUNICATIONS NEWS

- As per the dailies, Saudi Telecom, the largest Middle-Eastern phone company, agreed to buy 35% of Oger Telecom for US\$ 2.6 billion. Oger Telecom, owned by Saudi Oger Ltd. a Saudi Arabian construction company provides fixed and mobile telecommunications and internet services in Turkey, South Africa and Lebanon.
- According to the statement given by the Vice President of Alfa's telecommunications company, Altimo, Alfa may buy back Turkcell stake. Alfa has agreed to sell half of its 13% stake in Turkcell to Kazakhstan's Visor Group. The Vice President also stated that Visor Group paid only US\$ 20 million in the transaction and will not receive any dividend from Turkcell shares, though it will be entitled to one of Alfa's two seats on Turkcell's board of directors. The market value of the stake is about US\$ 1.4 billion. Alfa previously purchased Turkcell shares from Cukurova Group in 2005 and had filed lawsuits against Cukurova seeking to gain a larger stake on the grounds that Cukurova had failed to repay the loan.

BANKING SECTOR NEWS

- A draft law has been prepared in order to facilitate Eximbank to grant loans to foreign banks. Accordingly, the draft law, which amends the Law on Public Finance and Debt Management, provides certain caps for cash and non-cash political loans for the first time. In this framework, Eximbank has also been granted the authority to extend export loans to foreign corporations and institutions which gives the Bank more room in trading.
- It is announced by the Banking Regulation and Supervision Agency that the foreign currency deficit of banks has reached to US\$ 12.1 billion as of 11 January 2008, with an increase of US\$ 1.3 billion in comparison with the preceding week.

ENERGY SECTOR HIGHLIGHTS

- The Minister of Energy and Natural Resources has remarked in the Nuclear Energy Summit organized by the STEAM initiative that the investors interested in nuclear energy business in Turkey are strongly encouraged. The Minister has added that the adoption of the complete legal infrastructure is about to be finalized and accordingly, Turkey is ready to launch nuclear energy projects. The Minister has also highlighted that Turkey's nuclear energy vision is not envisaged as a short term energy plan. Turkey's interest in a domestic nuclear energy system has been revived in recent years, particularly due to the heavy dependence on foreign energy sources, rising natural gas and oil prices and serious energy shortfalls within its borders.
- According to the dailies, a new project is underway to use the steam produced by Yatagan thermal power plant, for the heating of Yatagan and Mugla regions. This project is to be completed in two-and-half years and aiming to help heating 16,500 houses and will become a model for similar plans in Turkey.
- Turkey's state-owned pipeline company BOTAS has applied to arbitration proceedings against Iran for natural gas cuts since late December. It is expected that the arbitral tribunal will provide a temporary injunction against Iran. Iran previously cut the flow of natural gas to Turkey due to cold weather conditions arguing that its main supplier Turkmenistan had done the same. According to the natural gas agreement between Turkey and Iran, Turkey has the right to terminate the agreement if Iran fails to supply gas for more than 70 days. In the meantime, BOTAS is on the move to provide LNG (liquefied natural gas) from the market.

Highlights

a. Telecommunication News

b. Banking Sector News

c. Energy Sector Highlights

d. Capital Markets News

e. Other News

CAPITAL MARKETS NEWS*cont'd.*

- The new Communiqué on the Principles concerning Registered Capital System has been adopted by the Capital Markets Board and published in the Official Gazette on 23 January 2008. According to the new Communiqué, the requirements for the entry in the registered capital system and increase of the registered capital ceiling have been amended. In addition to these extended requirements, the permit issued for the registered capital ceiling is limited with five-year term. This term shall be applicable for the permits issued subsequent to the effective date of the Communiqué, *i.e.* 23 January 2008.
- Pursuant to the dailies, shareholders of D Smart are contemplating to sell their 15% stake in the Company to foreign investors due to the Company's recent success in the market. Chairman of Dogan Yayin Holding has expressed that D Smart has adopted a system with an emphasis on advertisement revenues and made it be a model in relevant markets.
- As per the statement made by Guven Sigorta, the Company is aiming to have the tender that has been called out for its sale concluded in April and stressed that they have executed confidentiality agreements with three different investors.
- Pursuant to the dailies, production at the raki factory owned by Taris Tat Alcoholic Beverages in Alasehir has been suspended almost a month ago, due to problems with the "partnership structure" linked to debts. Taris Tat Alcoholic Beverages, a joint venture of Taris and Koc Group, has entered the raki market three years ago with an investment of US \$18 million. The company had introduced Mercan Raki and Fasil Raki brands to the Turkish market. Disputes are expected to be solved with the intervention of the Ministry of Industry and Trade.
- Zurich Financial Services has agreed to buy Turkish general insurance company, TEB Sigorta, from TEB Mali Yatirimlar for an undisclosed consideration. TEB Sigorta had premiums of about US\$ 130 million last year. The acquisition is the Swiss insurance company's first investment in Turkey.

OTHER NEWS

- The Communiqué on the Group Exemptions for Technology Transfer Agreements has been promulgated by the Competition Authority and published in the Official Gazette on 23 January 2008. The Communiqué determines the principles for the issuance of group exemptions concerning the technology transfer agreements which are defined as the contracts related to the licensing of intellectual property and know-how.
- According to the dailies, Koc Group has acquired the stake of Alba in Grundig and holding now the entire shareholding of this German electronics company. Koc Group has controlled Grundig since 2004 through Beko Group.
- MV Holding has purchased 12.4% stake in Nanoident Technologies, an Austrian Company, engaging in nanotechnology business and known mainly for the system called "lab on chip". MV Holding will be represented with one seat on the board of directors of Nanoident Technologies upon the general assembly to be called upon on 12 February 2008. MV Holding has previously made investments in a housing project in New York and in hakia.com, the internet search engine.

cont'd.

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