

TABOGLU, ATES & DEMIRHAN

Newsletter

CAPITAL MARKETS NEWS

- Sisecam has announced that they have applied to the Capital Markets Board to obtain the approval of the Board for their merger with Cam Pazarlama. Upon the merger, following the approval of the Capital Markets Board and the resolution of the general assemblies of both companies, the share capital of the surviving entity (Sisecam) will be increased by TRY 56.8 million.
- As per Vestel Elektronik's statement made to the Istanbul Stock Exchange, Vestel Elektronik and Whirlpool Europe have signed a letter of intent on 23 October 2007 to start negotiations in relation to establishment of a new joint venture company. In the event there is an agreement between the companies, Vestel Elektronik will sell its shares in Vestel Beyaz Esya to the new company. Currently, Vestel Elektronik controls 72.63% of Vestel Beyaz Esya. As the new company will be a partnership on a 50%-50% basis, Whirlpool Europe will pay to Vestel Elektronik the value of 36.31% of the shares. Moreover, Whirlpool will pay approximately US \$228-247 million to Vestel Elektronik in order to be a 50% shareholder in the new company.
- Anel Elektrik has stated that according to the bulletin of the Capital Markets Board dated 19 October 2007, the Board has given permission to the public offering of 36.17% of its shares. The Company also stated that they have executed a cooperation agreement with the Radio Network Engineering Firm AlanDick on 22 October 2007.
- Pursuant to the dailies, one of the members of the Board of Directors of IC Yatirim Holding has stated that they are planning to carry out public offerings of Antalya Airport and the companies in the energy sector. He has also stated that their priority is the public offering of energy companies, which they will realize within two years and that they have not yet determined a schedule for the public offering of Antalya Airport.

BANKING SECTOR UPDATES

- Pursuant to the dailies, Fennella, controlled by Citigroup Venture Capital, has applied to the Capital Markets Board to realize the mandatory offer after it has acquired shares in Boyner Magazacilik.
- Fortis Bank has decided to transfer its shares in Fortis Factoring. It is stated that the Bank is selling its shares due to the fact that the financial companies conduct their businesses within the related holding companies, in the group's operational structure. According to the statement made by the Bank, the sale price has been determined as Euro 17.8 million.
- Isbank has stated that they are working on the sale of 97.53% of the shares the Bank owns in its subsidiary Asmas.

ENERGY SECTOR NEWS

- Turcas Elektrik has announced that they have decided to participate in the share capital of Turcas Ruzgar Enerji, which will be incorporated with a capital amount of TRY 500 thousand and Turcas Elektrik will hold 99.992% of such entity.
- Pursuant to the dailies, the Minister of Energy and Natural Resources has stated that they are planning to establish collaboration with Israel to realize energy projects concerning the construction of the multiple pipelines regarding oil, natural gas, electric, water and fiber optic lines among Turkey, Israel and their neighbors.
- The Chairman of Akfen Holding has declared that they have focused on the energy sector and established 10 companies in the last six months and 4 companies on 9 October 2007. He has also stated that they will participate in a tender regarding nuclear energy, if there will be held any.

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Highlights

a. Capital Markets News

b. Banking Sector Updates

c. Energy Sector News

d. Privatization Highlights

e. Other News

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OTHER NEWS

- As per the dailies, Macquarie, an Australian investment bank, is planning to make an investment in Southeastern Anatolia Project. The Head of Southeastern Anatolia Project has stated that Macquarie has allocated an investment portfolio of US \$8 billion for Eastern Europe and that they are planning to use a significant amount of it in Turkey.
- As per the dailies, Turkish Parliament Industry Committee has approved the Law regulating the Construction of the First Nuclear Plant in Turkey. The Minister of Energy and Natural Resources has stated that they will privatize the distribution and production of electricity companies and if in the meantime, a nuclear plant is constructed, such nuclear plant will also be privatized. The Chairman of the Turkish Atomic Energy Board has stated that as the nuclear plants with the old technology are less than 600 megawatt, the applications made for the nuclear plants less than 600 megawatt will not be accepted by the Board.
- As per the dailies, Vaillant has purchased 79% shares of Demirdokum. The President of Vaillant Group has stated that Turkey will be the production center of Vaillant Group and that they will establish a factory in Bozuyuk to produce air-conditioners. He has also stated that the turnover of Vaillant and Demirdokum, which exceeds Euro 500 million, will reach to an amount of Euro 1 billion in the year 2015.
- Borusan Holding and ArcelorMittal have announced a 50%-50% partnership consisting of an investment of US \$500 million for the construction of a new hot strip factory in Gemlik. The factory, which is expected to have an annual production capacity of 4.8 million tons and a turnover of US \$3 billion, will be fully operational by the year 2012. One of the members of the Executive Board of ArcelorMittal Group has stated that the Turkish steel market is expected to grow at an annual rate of at least 6% over the next ten years and that they want to be a part of such growth.
- According to the draft bill of the Turkish Commercial Code, which is before the Turkish Parliament, each company will be obligated to establish a website. The board of directors' meetings and general assemblies may be held in an electronic environment. Directors of companies will be required to establish a website within three months as of the effective date of the Code; otherwise they will face criminal penalty.

PRIVATIZATION HIGHLIGHTS

- As per the dailies, Tekel Cigarette is put out to tender on 26 October 2007 by the Privatization Administration. The tender will be realized through asset sale and within the scope of the privatization, Istanbul, Adana, Ballica, Bitlis, Malatya and Tokat cigarette factories will be sold. The deadline to submit an offer is determined as 25 January 2008 and the bid bond amount is determined as US \$30 million. In the meantime, Istanbul 4th High Criminal Court has decided each one of ten former executives of Tekel to pay an administrative penalty in the amount of TRY 43 million 830 thousand 64. The basis of the penalty is the claim with regard to hard box machines purchased from Spain in 2004.

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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