

TABOGLU & DEMIRHAN Newsletter

PRIVATIZATION HIGHLIGHTS

cont'd.

- As the final step in the privatization of Tekel's cigarette division, certain assets have been transferred to British American Tobacco through an agreement signed on 24 June 2008. British American Tobacco submitted the highest bid amounting to US\$ 1 billion 720 million for the assets of the division on 22 February 2008. The Chairman of the Privatization Administration noted that after sale of Turk Telekom, the sale of tobacco business has been the second largest foreign capital injection performed at once.
- In the privatization process of Dogusan Boru, the Competition Board has resolved that no pre-condition or limitation is required for the privatization of 56% shares of the Company, which will be sold through block sale or bargaining method. The Competition Board has also declared that any setback, which may arise after clarification of potential buyers for Dogusan Boru shares, in respect of the Competition Law, may further lead to enforcement of certain restrictions or conditions related to such privatization.

ENERGY SECTOR UPDATES

- The Treasury has granted incentive certificate for the hydroelectric power plant investment of TRY 450 million to be performed by Limak Hidroelektrik. This investment is reported to be the largest investment that has been awarded with incentive certificate in May 2008. Among others, the transportation investment of Izmir Metropolitan Municipality with an amount of TRY 138.7 million and production plant investment by Murat Elektrik with an amount of TRY 68 million have also been granted investment incentive certificates. The Undersecretariat of Treasury has also granted incentive certificates in a total amount of TRY 813.5 million to 23 foreign capital companies in May.

- It is reported that the Ministry of Petroleum of Iraq has allowed Turkish Petroleum Corporation to attend tenders for expropriation of petroleum and natural gas reserves of Iraq. Accordingly, 6 companies from Turkey, Vietnam, Pakistan, Thailand, Angola and Algeria have been allowed to attend in such tenders besides 35 international companies that were already allowed to participate.

CAPITAL MARKETS HIGHLIGHTS

- Yildiz Holding of Ulker Group has acquired 51% stakes of Kerevitas Gida, Turkey's first retail company in frozen food sector. Yildiz Holding has paid TRY 20 million 317 thousand in consideration of 25% stakes held by German Scholler, and 24.94% stakes held by Merzeci Holding in the Company. The acquisition will be finalized upon the approval of the Competition Board.
- Is Girisim has sold its 15.68% stakes in its subsidiary Beyaz Filo to Flap Kongre Toplantı Hizmetleri in return for US\$ 8 million 750 thousand. As per the announcement of Is Girisim, the purchase price has been paid in full and cash.
- Coca-Cola Icecek has purchased 50% stakes of Coca-Cola Beverages Pakistan. As per the declaration made by Coca-Cola to the Istanbul Stock Exchange, the Company has resolved at its board meeting held on 23 June 2008 to purchase up to 50% shares of Coca-Cola Beverages Pakistan in return for up to US\$ 80 million including the additional costs. It is emphasized that a letter of intent has been signed for this purpose and the actual purchase is aimed to be finalized within the shortest possible time following the completion of registration of share transfer in accordance with the local legislation. As a result of the purchase, Coca Cola Icecek and Coca Cola Company will have equal shares in Coca Cola Beverages Pakistan.

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Highlights

a. Privatization Highlights

b. Energy Sector Updates

c. Capital Markets Highlights

d. Banking Sector News

e. Other News

BANKING SECTOR NEWS*cont'd.*

- Garanti Bankasi has purchased 365 out of 370 founders' shares in return for TRY 1.4 billion. According to the declaration made by the Bank, TRY 19.4 million has been blocked in the account of "other debts" allocated for the 5 founders' shares with a total amount of TRY 19.4 million which is to be paid upon the request of founders' shares holders.
- According to the dailies, Sekerbank has signed a tier-2 capital agreement amounting to Euro 15 million with KfW Entwicklungsbank to be used in supporting small scale enterprises. 1/3 of the loan allocated for development of banking services offered to the small enterprise owners, is paid by the German Government and the remaining part is funded by KfW.
- Is Bankasi is about to utilize the profit that has been generated from the sale of share certificates of Anadolu Turizm, for capital increase. It has been declared by the Bank that the General Management has been authorized to use the amount of TRY 687 thousand 296 for capital increase, that is to be kept in a separate liability account, out of the total profit of TRY 13,144,740.
- It is announced by ING Group, which had purchased Oyakbank last year in return for US\$ 2 billion 673 million, that the new logo will be used as of 7 July and a promotion campaign will be launched accordingly. The General Manager of ING Bank of Turkey has stated that they have allocated a budget of approximately Euro 14 million for the conversion process.
- Pursuant to the dailies, Koc Holding is planning to resign from the tire production sector in which it has engaged under Oltas since 1963 in accordance with its policy to focus on four main sectors; namely automotive industry, durable consumer goods, energy and finance. The negotiations between Koc Holding and Continental AG, the tire production giant of Germany willing to buy Oltas, are going to be settled soon. Two companies had signed a distributorship agreement back in 2002 and Oltas had been selling the products of the German firm since 2003.
- During the extra ordinary general assembly held on 24 June 2008, Taris-Tat has increased its capital from TRY 7,000,000 to TRY 19,000,000. The capital increase amount has been fully subscribed by Duzey Tuketim Mallari A.S. According to the new shareholding structure, the companies Duzey and Tat, which are active within Koc Group, have increased their share percentages to 85.26% in Taris-Tat. The Chairman to the Board has stated that the other shareholders have not executed their preemptive rights and therefore the capital has been fully subscribed by Duzey Tuketim. Conclusively, Duzey Tuketim holds 66.84%, Tat Konserve holds 18.42% and Taris Group holds 14.74% shares in the Company.
- A loan agreement regarding the 2nd phase of Marmaray Project has been signed with the Council of Europe Development Bank. Accordingly, financing of Euro 217 million has been disbursed for healing suburban railways through Gebze-Hardarpasa as well as Sirkeci-Halkali, following the Bosphorus Tunnel Project.

OTHER NEWS

- Koc Holding acquired Ford Otomotiv shares held by Koc Allianz Sigorta. Accordingly share percentage of Koc Holding in Ford Otomotiv has raised to 38.46%. *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 & 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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