

TABOGLU, ATES & DEMIRHAN

Newsletter

PRIVATIZATION HEADLINES

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- Pursuant to the dailies, Turkish Government is planning to bolster the privatizations in the year 2008. Tender for the privatization of the bridges and highways are planned to be opened in the first quarter of 2008 and to be completed until the end of 2008. Meanwhile, site visits to TEKEL's 6 factories subject to privatization are completed. Bidding process will be started following the completion of management presentations which had started last week. Last bidding date is specified as 25 January 2008 in the tender specification.
- As per the announcement made by the Independent Auditors and Financial Advisers' Chamber of Istanbul, privatizations in the amount of US\$ 30 billion have been realized, yet on the other hand 7,400 lawsuits, 4,000 of which are still continuing have been initiated there against.
- As per the dailies, the opinion of State Council is awaited for the concession agreement of Izmir Port while second tender of Galata Port is adjourned until the approval of the Natural Assets Protection Committee. Other port privatizations in the agenda are related to Derince, Samsun, Bandirma and Iskenderun.
- Dogus Group has become partner in the amount of 49.9% stake in GE Money's consumer financing activities in Romania. The consumer financing activities which will be managed in equal partnership principle consist of 3 different companies carrying out activities in leasing, sale financing and auto financing. As per the announcement, these 3 companies have approximately US\$ 70 million capital and US\$ 600 million activity size.
- Coca Cola Icecek is planning to increase its shareholdings in its 4 companies in the Caucasus via share purchases in the amount of US\$ 30,4 million. As per the announcement sent by Coca Cola Icecek to the Istanbul Stock Exchange, following the completion of the purchase, Coca Cola Icecek's shares in Coca Cola Almaty Bottlers will increase to 99.53%, Coca-Cola Bishkek to 100%, Azerbaijan Coca-Cola Bottlers Limited to %99.87 and Turkmenistan Coca-Cola Bottlers Limited to 47.05%.

BANKING SECTOR NEWS

- According to the dailies, Goldman Sachs International has sold 5 million 681 thousand 754 shares with a nominal value of TRY 5,68 million corresponding to 2.3% shares of TAV Havalimanlari to Old Mutual Life Assurance. Goldman Sachs had previously announced the sale of 10.1% shares of TAV Havalimanlari to Meinl Airports International on 19 December 2007.
- According to the dailies, Kuveyt Turk Participation Bank has filed an application to the Capital Markets Board in order to initiate a public offering. As per the decision of the Board, shares representing the capital of the company to be increased to TRY 57 million 200 thousand in cash, will be offered to public via restriction of shareholders' pre-emptive rights.
- Holland headquartered finance institution ING has stated that sale transaction in the amount of US\$ 2,6 billion which was announced on June 2007 for 100% shares of Oyakbank has been completed. With its 5,900 employees and 3% market share, Oyakbank has 1,3 million customers in whole banking areas.
- According to the dailies, Global Liman, the subsidiary of Global Holding, has executed a share purchase agreement to purchase 60% stake in Bodrum Yolcu Limani Isletmeleri in the amount of TRY 10 million.

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Highlights

a. Privatization Headlines

b. Capital Markets News

c. Banking Sector News

d. Energy Sector Updates

e. Other News

- Pursuant to the dailies, Dogus Holding has purchased 4.65% of Garanti Bankasi for the amount of US\$ 673 million 250 thousand from General Electric Capital. Following the sale, total shareholding of Garanti has increased to 30.15% whilst that of Garanti Electric Capital has decreased to 20.85%.

ENERGY SECTOR UPDATES

- According to the dailies, the Council of State has issued a stay of execution decision on the decision of the Privatization High Council regarding the block sale of Petkim and the Privatization Administration's approval and tender specification alleging that there is no public interest in the privatization of Petkim. The block sale of 51% public shares of Petkim to Socar-Turcas-Injaz Joint Venture Group was approved by the Privatization Administration on 21 November 2007.
- Following the enforcement of the Law on the Establishment and Operations of Nuclear Power Plants and Energy Sale, the General Directorate of Mineral Research and Exploration and Turkish Atomic Energy Board have started the projects to find out the radioactive raw material sources in Turkey. Thus, radioactive data of Turkey will be identified by detailed researches and therefore a map showing the results will be drawn.
- As per the dailies, spokesman of Iran Assembly National Security and Foreign Politics has announced that an international tender for the construction of 19 nuclear power plants will be opened in 2008.
- As per the dailies, Calik Enerji will establish a partnership with Indian Oil to carry out business on fuel distribution market via purchasing a distribution company.

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OTHER NEWS

- Justice Commission of the Turkish Parliament has approved the Draft Turkish Commercial Code. As noteworthy remarks, it is observed that (i) the Draft Code has introduced new incorporation standards for the companies and redefined merger and spin off transactions, (ii) Banks shall not charge compound rate to the creditors' debts and provisions of the loan agreements including compound rate shall be taken out of the agreement within 3 months following the enforcement date of the Code; (iii) shareholders of joint stock companies and limited liability companies shall not borrow money from the companies' funds. 3-month grace period is given for the borrowings prior to the enactment of the Code for back payments.
- Ray Sigorta that insured Turkish Airlines between 1968 and 2004, has announced that they have insured the fleet of Turkish Airlines worthy of US\$ 4,2 billion until November 2008. Thus, beside all physical damages that may occur in the fleet, financial responsibilities such as the passenger, baggage, third persons, cargo damages together with damages arising out of terrorist actions or losses for the inactivation of pilots' licenses have also been covered under insurance.
- Chairman of the Public Tender Board has announced that the electronic tender application procedure will start on 1 January 2008 with the tender for the purchase of medical devices and consumables.

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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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