

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION UPDATES

- A share purchase agreement for the transfer of 51% shares of Petkim to Socar – Turcas – Injaz Consortium has been executed on 30 May 2008 and accordingly sale process was formally completed. It has been announced that Socar-Turcas Petrokimya A.S., founded by Socar – Turcas – Injaz Consortium, has paid US\$ 1.6 billion and will pay the remaining US\$ 380 million in three equal installments within three years.
- As per the dailies, a tender for the privatization of Turkish National Lottery Administration is expected to be initiated in June 2008. OPAP, the Greek National Lottery Administration has officially declared that they will participate in the tender. Other possible bidders will be HSBC, Camelot, Lottomatica together with Morgan Stanley, Introlat together with Cukurova Group, Dogan Group which may co-act with American GTECT, Austrian National Lottery Agency Osterreichische, Trust Fields Worldwide Lottery Management and Ocean Trade.
- Relevant Commission of the Turkish Parliament has approved the bill regarding privatization of bridges, highways and the service facilities on highways on 28 May 2008. Accordingly, the Turkish Privatization Administration has been authorized to implement the privatization process of bridges, highways and the service facilities on highways. The privatization package includes handing over the operating rights of two bridges, namely Bogazici and the Fatih Sultan Mehmet, as well as six highways to private companies for 20 to 25 years.
- The second tender called for Tekel Liquor factory plants in Mecidiyekoy was cancelled upon Kiler's, the sole bidder, announcement of withdrawal from the tender on 30 May 2008. The Housing Development Administration had not approved the previous tender held on 25 April 2008 where Kiler Group had been the sole bidder.

CAPITAL MARKETS NEWS

- Koc Holding has announced that according to the share purchase agreement executed on 13 February 2008, the acquisition process of 50.38% Koc Holding's shares in Migros by Moonlight Capital S.A., a consortium led by BC Partners and Turkven, has been successfully completed as of 30 May 2008. The acquisition financing was provided by a consortium composed of Is Bank, Garanti Bank and Vakif Bank.
- Gubretas has announced that the consortium of which 50% stake is held by the Company has executed a share purchase agreement with the Privatization Administration of Iran in order to acquire the shares of Razi Petrochemicals. As disclosed to the Istanbul Stock Exchange, delivery process of facilities is continuing.
- As per the statement made by Coca-Cola Icecek to the Istanbul Stock Exchange, the Company agrees to acquire 12.5% of Day Investment's stake in Turkmenistan Coca-Cola in return for US\$ 2 million. Day Investment recently held 25% stake in Turkmenistan Coca Cola. Coca-Cola Icecek will increase its controlling stake in Turkmenistan Coca-Cola Bottlers to 59.5% when the deal is completed.

ENERGY SECTOR NEWS

- According to the dailies, Zorlu Holding, which currently holds 27 natural gas and oil exploration licenses in the name of Zorlu Petrogas and Amity Oil, has announced that they are aiming to open 12 search and development oil wells in the year 2008.
- As per the statement made to the Istanbul Stock Exchange, Tekfen Holding has agreed to sell a certain portion of its shares in Tekfen Insaat to Socar, a state oil company of Azerbaijan, provided that the projects of Socar in Turkey or other countries are constructed by Tekfen Insaat.

Highlights

a. Privatization Updates

b. Capital Markets News

c. Energy Sector News

d. Banking Sector Highlights

e. Other News

BANKING SECTOR HIGHLIGHTS

- As per the announcement made by the Banking Regulation and Supervision Agency ("Agency"), the draft law relating to leasing, factoring, finance companies prepared by the Agency has been submitted to the Ministry of State and Deputy Prime Ministry. As per the draft law, leasing and factoring companies will be obliged to obtain establishment and activity permissions from the Agency. Also, the Agency will be authorized to supervise and regulate factoring and leasing companies. Additionally, Leasing Companies Association, Financing Companies Association, Factoring Companies Association will be established as professional institutions and leasing, finance and factoring companies will be obliged to be members of the said associations.
- The legislative proposal that regulates the interest rates of credit card debts has been presented to the Turkish Parliament. According to the proposal, interest rate of credit cards shall not exceed twice of monthly average deposit interest rate announced by the Central Bank. Furthermore, legal interest shall apply to the remaining account balance provided that the minimum amount of credit card debts is paid. In case of payment less than minimum amount, the default interest shall be calculated on only unpaid balance of minimum amount. Additionally, compound interest cannot be applied to any credit card debts.
- As per the dailies, Is Bank has founded the first Turkish environmental fund with an initial capital of US\$ 20 million. The Chief Executive Officer of Is Bank has announced that the certain percentage of management fee to be received from the fund will be used for the projects of TEMA, an environmental foundation. A number of Turkish companies including Arcelik, Eczacibasi and Zorlu will participate in the fund.

OTHER NEWS

- An Amending Law, known as Recruitment Package, has been published in the Official Gazette on 26 May 2008. According to the Amending Law, employers that recruit disabled, female and young workers shall obtain social security premiums incentive subject to certain requirements as of July 2008. Also the employers will be able to outsource the services in relation to requirements for nursery, health and safety at work, provided that all outsourcing agreements shall be made in writing. The new law has maintained the necessity of recruitment of certain numbers of disabled employees at work places having more than 50 employees, whereas it has rescinded the necessity of recruitment of ex-con.
- General Electric has announced that Arcelik, a manufacturer of household appliances, has interested in acquiring General Electric's century-old appliances division. According to the statement, other potential buyers are LG Electronics, Haier Group and Controladora Mabe.
- As a part of Marmaray project, the technical assessments of the financial offers have been completed. Accordingly, the financial offers of South Korean Hyundai ROTEM and a consortium composed of Canadian Bombardier, German Siemens, Turkish Nurol have been accepted to the tender for purchase of 440 railways vehicles whereas French ALSTOM and Spanish CAF were eliminated in the said round on the grounds that their offers have not satisfied the requirements of the tender specifications.
- Turkish Airlines has announced that its net income increased with a ratio of 207% when compared with the previous year and reached to TRY 125 million in the first quarter of the year 2008.

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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