

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION NEWS

- As per the statement made by the Privatization Administration, Bozkir, Goksu, Durucasu, Ladik and Kisik hydroelectric power plants owned by Elektrik Uretim, a state owned entity, will be privatized through granting operation rights. The tender will be realized by closed envelope and bargaining method and may be finalized by way of auction with the participation of bidders. The tender specifications will be purchased from the Administration and the bidders must submit their bids for each plant separately until 29 July 2011. It has been further stated that a bid bond amounting to US\$ 5 million will be requested from the bidders.
- According to the dailies, in order to meet the demand of related sectors and present the natural resources of the Republic of Turkey to investors, raw materials used in various sectors such as marble, cement, ceramic, brick, construction and infrastructure, salt mine sites will be put out to tender. The tender announcement of 10 mine sites classified under group three of the Mining Law was published in the Official Gazette last week. The tender will take place upon the expiration of 2 month objection period.

CAPITAL MARKETS UPDATES

- As per the statement released by Otokar Otomotiv ve Savunma Sanayi in the Public Disclosure Platform, the Company has finalized the negotiations relating to the exportation of its new 6x6 tactical armoured vehicle named ARMA with a total contract price of US\$ 63.2 million. Further, within the framework of the agreement, deliveries are scheduled to be realized in 2012 and the Company will also provide spare parts of the vehicles and related training services.

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- As per the announcement made by Migros to the Public Disclosure Platform, the Company has signed a share purchase agreement to sell its 99.6% stake in Sok, a supermarket chain owned by Migros, to Gozde Finansal Hizmetler and Bizim Toptan Satis Magazalari owned by Yildiz Holding. The purchase price of the transaction has been determined as TL 600 million, TL 40 million of which has been paid at the signing whilst the rest will be paid at the closing. It has been further stated that both JP Morgan Limited and Merrill Lynch International had provided their fairness option to the Company for the transaction. Such share transfer will be completed upon obtaining the Competition Board's clearance and fulfillment of other conditions precedent. It has been remarked that Sok has currently 1,230 stores with a total area of 236,000 m².
- The Istanbul Stock Exchange has announced that shares of two companies, Atas Insaat and Ericom Enerji Teknolojileri, will start trading at the Istanbul Stock Exchange. Atas Insaat and Ericom Enerji Teknolojileri shares will be traded at the Second National Market with base prices of TL 12.5 and TL 3.55, respectively.

BANKING SECTOR NEWS

- As per the dailies, Sanliurfa/Suruc branch of Halkbank, which had been closed down due to the economic crisis in 2000, has been re-opened. Accordingly, the total number of Halkbank branches has reached to 746. The General Manager of the Bank has stated that they aim to open new branches in Sanliurfa's certain other districts namely Akcakale, Birecik and Ceylanpinar until 2012 and increase their service quality.

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Highlights

a. Privatization News

b. Capital Markets Updates

c. Banking Sector News

d. Energy Sector Highlights

e. Competition News

f. Other News

ENERGY SECTOR HIGHLIGHTS

- Support Agreements of Nabucco Project regarding the transportation of natural gas to Europe over Turkey have been executed in Kayseri on 8 June 2011 by and between the Nabucco companies and the Ministers of Energy of the transit countries. Nabucco Project which comprises of building a natural gas pipeline with a length of 3 thousand 3 hundred km has been defined as an alternative way for energy import from Asia to Europe, instead of providing from Russia.
- Pursuant to the announcement of the Minister of Energy, the nuclear plants to be constructed in Akkuyu and Sinop are decided to be closed down in 2071. The Minister has further stated that the negotiations with Japan with respect to the tender of Sinop nuclear plant are ongoing.

COMPETITION NEWS

- The Competition Board has given its decision on Turkcell's violation of the Competition Law with respect to the relations and transactions with its distributors and dealers. According to the announcement, the Board has decided to impose an administrative fine of around TL 91 million 942 thousand on Turkcell due to Turkcell's abuse of its dominant position by compelling its sub-dealers to act exclusively through various ways such as undertaking letters and certain obligations concerning decoration and signboards being in dealers shops. Turkcell has stated that they will object to this decision.

OTHER NEWS

- Pursuant to the announcement of the Turkish Airlines in the Public Disclosure Platform, the Company has decided to incorporate a company for the maintenance, modification and repair of equipments relating to aircrafts and air transportation under the tradename of HABOM Havaçilik Bakim Onarim ve Modifikasyon Merkezi. It has been further stated that the new company will have an initial capital of TL 500 thousand.
- According to the statement made by Turkish Airlines, Miles&Smiles and Memorial Health Group have made cooperation for providing certain advantages to their customers. Under such cooperation, more than 2 million Miles&Smiles members will gain miles for their expenditures made in the Memorial Hospitals.
- Turkish Airlines has opened its new office at the Franz Liszt Airport in Budapest. As per the Manager of Turkish Airlines Hungary, the Company has a high reputation in Hungary and will continue to provide service in their new office.
- Tekfen Holding has started to conduct business with respect to construction of the sea drilling platforms. The Holding will commence its activities in the plant located near the Hazar shore for the construction of a platform with a weight of 18 thousand tons.

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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