

TABOGLU & DEMIRHAN

Newsletter

ENERGY SECTOR UPDATES

- Pursuant to the dailies, the tender regarding Afsin Elbistan C and D Thermal Power Plants to be put out to tender by Elektrik Uretim A.S. for the second time on 26 June 2008 has attracted a great interest by the investors. 22 domestic and foreign firms and corporations have obtained specifications in consideration of a royalty in order to be entitled to produce coal within the establishment and management of thermal power plant in Afsin Elbistan coal sites.
- The Energy Market Regulatory Authority has prepared a draft Communiqué on Procedures Applicable to Evaluation of Multiple License Applications for the same District and Source. The property right holders of a place on which the facility to be incorporated shall be entitled to preference in case there are multiple applications for the same place subject to different market legislations. In the absence of a property right, the size of investment, the performance and experience of the applicants in local and international markets, the type of service to be provided shall be taken into account during the evaluation process.

PRIVATIZATION HIGHLIGHTS

- It has been announced that transfer of Cesme Port to the consortium consisting of IC Yatirim and Camper & Nicholson, the winning bidder for the operating rights of the port for 25 years at the tender held on 2006 by Ministry of Transport, will be completed this month. The Consortium will make an investment to Cesme Port amounting to US\$ 7 million. It has been stated that the Consortium is planning to start the investment and complete it by the summer of year 2009.
- The General Manager of Türkiye Denizcilik İşletmeleri has declared that the new tender process for Galata Project, which was subject to an earlier cancellation, is handled by the Privatization Administration.

BANKING SECTOR NEWS

- According to the dailies, Cardif, the global leading insurance company, has started its operations in Turkey. The firm is a subsidiary of Banque Nationale de Paris (BNP) Paribas and aims to provide payment protection for credit card and personal loan debts of individuals when they become unemployed or are unable to work due to the reasons beyond their control such as critical diseases, dismissals, or temporary disabilities.
- As per the dailies, year 2007 has been considered a productive year in the finance sector. In 2007, 68 firms have applied to the Banking Regulation and Supervision Agency for authorization and incorporation of various banking services whereas such number was 37 in 2006.

CAPITAL MARKETS NEWS

- Turk Telecom has invited Alcatel Teletas to sign a service procurement agreement for one year, in relation to maintenance, repair, technical assistance and supporting services of large terminal stations, distant subscription units and MBU systems, for the amount of TRY 11.1 million. Pursuant to the statements made by Alcatel Teletas to the Istanbul Stock Exchange, Turk Telecom has the right to extend the term of the agreement for 2 additional years.
- Koc Holding has announced that its net profit has increased with a ratio of 309% and reached to TRY 2.3 billion in 2007. It has been stated by the Holding that their total turnover amounted to TRY 51.4 billion in 2007, while their net operating revenue rose by 20% and reached to TRY 3.58 billion. The Chief Executive Officer of the Holding noted that they ended 2007 as the leader of all the sectors in which they are involved, with increasing growth rates.

Highlights

a. Energy Sector Updates

b. Privatization Highlights

c. Banking Sector News

d. Capital Markets News

e. Other News

OTHER NEWS*cont'd.*

- Canon Europe, has announced the formation of Canon Eurasia in Turkey, upon transfer of business of Canon Solutions, which was owned by Hesmak. Accordingly, a new Canon group company will be active in Turkey. Canon Eurasia is a substantial investment by Canon in the region and is aligned with the company's strategy to further accelerate growth. Canon Eurasia will manage Canon's interests in Turkish and Israeli markets.
- As per the dailies, Deutsche Bahn is aiming to cooperate with Turkish Railways in Sivas for the purchase of 3500 wagon trains. The consultant of Deutsche Bahn had a meeting with the director of Turkish Railways and noted that they are having appointments with wagon train manufacturing companies and were impressed by the labour and counter capacity of Turkish Railways.
- According to the dailies, TPG Capital, a leading American private equity firm which has acquired majority shares of Mey Icki, the owner of Tekel's alcohol division, carries on with its investments concerning the developing countries. The firm has agreed to acquire 50% stake in Russian pharmaceutical distributor, SIA International Ltd. The equity deal is valued at approximately US\$ 800 million, which is believed to be the largest private equity deal ever transacted in Russia.
- According to the dailies, Citigroup is performing negotiations to sell US\$ 12 billion loans at a loss to private equity firms. The company had meetings with Apollo Management LP, the Blackstone Group and TPG Inc. in that respect.
- Pursuant to the dailies, Akfen Holding, one of the main shareholders of Turkish airport operator TAV Havalimanlari Holding, is planning to build 10 hotels in Russia with its French partner Accor. The chairman of Akfen has stated that Akfen and Accor are about to start construction of four hotels in regions including Samara and Tyumen. The companies are planning to build six more hotels in the country. Furthermore, the chairman added that they might carry on with their cooperation in relation to the hotels which will be built in Turkey in the future.
- Novartis AG, has agreed to acquire 77% shares of Nestle in Alcon Inc for an amount of US\$ 39 billion. Novartis has announced that it will acquire an initial 25% stake for US\$ 11 billion and acquire a further 52% stake for an amount of US\$ 28 billion within the time period between January 2010 and July 2011. It has been stated that Novartis will use cash reserves and US\$ 5.5 billion of loan to finance purchase of 25% stake of Alcon.
- Turkcell is to initiate a proposal directly or through a subsidiary, to purchase majority shares of Network, a telecommunications operator performing activities in Belarus.
- Pursuant to the dailies, the Competition Board has approved the sale of Oyak Holding's 50% shares to AXA Oyak stating that the transfer will not escalate a dominant position in the market. Oyak Holding had announced two months ago that the Company was planning to sell its shares in AXA Oyak Holding to AXA Group for the amount of US\$ 525 million.

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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 & 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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