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TABOGLU & DEMIRHAN Newsletter

PRIVATIZATION HIGHLIGHTS

- The Competition Board has announced its decision regarding the privatizations of the electricity distribution companies, namely Istanbul Anadolu Yakasi Elektrik Dagitim, Akdeniz Elektrik Dagitim and Toroslar Elektrik Dagitim. The Board has assessed the bidders and the possible consequences of the acquisition of the distribution companies by each bidder together with its assessments made in its decision dated 16 December 2010 regarding the privatization of the electricity distribution companies namely Bogazici, Gediz and Trakya. As per the decision, MMEKA, a joint venture between Cukurova and Aksa Enerji, is not allowed to acquire all of the distribution companies due to the fact that this acquisition will strengthen the dominant position of Aksa Enerji in the market. Likewise, the Board has decided that Park Holding, Yildizlar SSS Holding and Enerjisa are also not allowed to acquire the distribution companies to be privatized as a whole due to the fact that these acquisitions may create dominant positions in the market. The Board has decided that each bidder is only allowed to acquire the distribution companies acquisition of which do not create or strengthen any dominant position.

BANKING SECTOR NEWS

- Pursuant to the statement made by the Assistant General Manager of HSBC, a foreign banking institution has mandated HSBC in respect of the acquisition of a Turkish bank.

- As per the announcement made by Sekerbank, the Bank is planning to issue bonds amounting to TL 350 million with two different maturity dates and the bonds to be issued with 18 months maturity will be the bonds issued by commercial Turkish banks with the longest maturity date ever in Turkey. The other bonds to be issued by the Bank will have a maturity of 367 days. It has been further stated that the bonds may be traded by the investors on the Bonds and Bills Market of the Istanbul Stock Exchange.

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- The Banking Regulation and Supervision Agency has made a statement regarding the Draft Regulation on Appraisal and Assessment of Capital Adequacy Ratio. As per the statement, the draft regulation has been prepared in accordance with the European Union legislation in order to secure the application of the Basel II standards in Turkey. A transition period from 1 July 2011 to 30 June 2012 has been planned by the Agency in order to ensure the adaptation by the banks and loan customers to the amendments relating to the calculation of loan risks for appraisal of capital adequacy. It is also planned that within this transition period the provisions of the draft regulation will only be applied to the banks in terms of reporting purposes.

- As per the announcement made by the Banking Regulation and Supervision Agency, the net income of Turkish banks as of the end of January 2011 has been decreased by 24.2% to TL 1 billion 559 million. Accordingly, the asset size of the Turkish banking sector is TL 1,020,529,000,000 as of the end of January 2011. Furthermore, it is stated that the capital adequacy standard ratio of the sector is 18.4%, which was 20.4% as of the end of January 2010.

- The Competition Board has concluded its investigation initiated on 19 August 2009 on 8 banks' activities regarding the promotions provided for salary payments. The Board has decided that 7 of these banks have violated the Competition Law through the gentlemen's agreement entered into by the banks in respect of the promotions provided for salary payments. As per the Board's decision, fine amounting to 0.4% of their gross income for the year 2010 is imposed on Akbank, Garanti Bankasi, Is Bankasi, Vakifbank and Yapi Kredi. Also Denizbank and Finansbank are obliged to pay a fine amounting to 0.3% of their gross income for the year 2010. The total amount of the fine is approximately TL 72.3 million.

ENERGY SECTOR NEWS

- Pursuant to the dailies, Turkiye Petrolleri is planning to make an investment of TL 3 billion in Iraq natural gas sector. Also, the Company is expecting an opportunity to create a partnership with Venezuela for an oil refinery to be built in Venezuela.

- As per the dailies, the restriction of the term of usufruct rights to be granted by dealers to oil distribution companies with 5 years by the Competition Board has created disadvantageous results for the oil distribution companies. Since the term of the usufruct rights is shortened, the dealers may have the opportunity to negotiate the provisions of current dealership agreements and to enter into agreements with different oil distribution companies. Pursuant to the statistics published by the Energy Market Regulatory Authority, as a result of such restriction, 460 dealers have decided to enter into agreements with different oil distribution companies.

CAPITAL MARKETS UPDATES

- As per the dailies, Global Liman is planning to offer its shares to public for financing its investments in harbor operating services. It is stated that the Company is planning to increase its share capital from TL 85 million to TL 125 million and offer the new shares together with existing shares held by its current shareholders to public. Total offering size shall be 40% of the share capital of the Company.

- As per the dailies, the Capital Markets Board has shown positive sign for the indirect transfer of Garanti Portfoy Yonetimi's 24.89% stake by Dogus Holding to BBVA.

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- Pursuant to the weekly bulletin of the Capital Markets Board, the application of Bisas Tekstil regarding the public offering of its shares amounting to TL 5 million 700 thousand has been registered with the Board. Additionally, Pamuk Faktoring has applied to the Board for issuance of bonds amounting to TL 50 million. Furthermore, Atac Insaat has made an application for public offering of its shares amounting to TL 6 million 353 thousand, and Kron Telekom has made an application for public offering of its shares amounting to TL 3 million 200 thousand. Hitit Holding, Euro Yatirim Menkul Degerler and Bumerang Yatirim Ortakligi have made applications to the Board for initiating registered capital system or increase the registered capital ceiling.

- Limak Yatirim has made an application to the Capital Markets Board and the Istanbul Stock Exchange for public offering of shares representing 30% of its share capital. It has been stated by the Company that it is planning to increase its share capital from TL 457,920,250 to TL 572,400,313 through the public offering.

- As per the statement made by Coca-Cola Icecek to the Public Disclosure Platform, the sale of 100% of SSG Investment Limited and 50% The Coca-Cola Bottling of Iraq by The Coca-Cola Export Corporation to CCI International Holland B.V. in return for US$ 36.9 million is approved by Coca-Cola Icecek's board and the transactions have been completed. As a result of this share transfer the indirect shareholding ratio of Coca-Cola Icecek in CC Beverage Limited has increased from 30% to 100%. It has been further stated that these share transfers have been made within the scope of long term expansion plans of the Company.

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