

TABOGLU, ATES & DEMIRHAN

Newsletter

ENERGY MARKET UPDATES

cont'd.

- As per the dailies, TEDAS is planning to invest TRY 100 million in distribution companies of Baskent, Sakarya and Istanbul Anatolian side to renew their networks following the cancellation of the privatization tenders concerning such companies.
- Pursuant to the dailies, BOTAS is considering different alternatives to prevent potential crises due to natural gas cut off realized by Iran. As such, BOTAS has started negotiations with spot markets such as France, Malaysia and Spain to maintain low-priced natural gas.
- As per the dailies, the Energy Market Regulatory Authority has put out a tender for Aydin natural gas distribution license covering the distribution regions of Aydin, Nazilli, Atca, Yenipazar, Umurlu, Soke and Kusadasi. The natural gas distribution license for Aydin region will be granted for 30 years.
- As per the dailies, the court has suspended the execution of the administrative pecuniary fine imposed by the Energy Market Regulatory Authority in the lawsuit filed by Turcas. The Authority had imposed fines in the amount of TRY 1 billion 667 million to 28 distribution companies including Petrol Ofisi, Shell, BP and Turcas.
- Petrol Ofisi has applied to the Istanbul Regional Administrative Court for the suspension of execution of pecuniary fine issued by the Energy Market Regulatory Authority. A lawsuit had been previously filed with the Istanbul 7th Administrative Court with the demand of cancellation and injunction of the payment order sent by Bogazici Tax Department for the payment of the administrative fines imposed by the Authority. Petrol Ofisi has disclosed to the Istanbul Stock Exchange that the court has rejected the injunction request and an objection was filed by the Company to the Istanbul Regional Administrative Court to overrule the decision.

- The Energy Market Regulatory Authority has rejected 27 license applications concerning the wind energy plants, total capacity of which are planned to be 526 megawatt, whilst granting new licenses to 4 companies and evaluating 7 applications.
- Pursuant to the dailies, Elektrik Uretim A.S. has postponed the tender concerning the coal production rights over Afsin-Elbistan coal fields (C) and (D) to establish and operate thermal power plant in return for royalty. The bidding deadline is 23 January 2007.

CAPITAL MARKETS NEWS

- As per the dailies, the Capital Markets Board has started working on municipal bonds, which are widely used to finance major infrastructure projects such as subways, dams, tunnels and bridges in most of the developed countries.
- As per the statement sent to the Istanbul Stock Exchange, Cukurova Telecom Holding has been notified of the cancellation decision of Ankara 4th Administrative Court for the Capital Markets Board's decision on exemption from mandatory tender requirement for the sale of Turkcell shares to Alfa Telecom.
- As per the dailies, a loan in the amount of US\$ 5 million has been granted to Yapi Kredi Koray by Bank Pozitif. The loan will be used to finance the ongoing projects of Yapi Kredi Koray.
- As per the dailies, Lone Pine Capital, a private equity fund, has increased its shares in Garanti Bank to 5.01% in the last 6 months as a result of purchases through its subsidiaries.

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Highlights

a. Energy Market Updates

b. Capital Markets News

c. News re Banking Sector

d. Telecommunication News

NEWS RE BANKING SECTOR

- Pursuant to the dailies, following merger of Yapi Kredi and Kocbank, and mergers of factoring, leasing and portfolio management companies, the investment companies have merged as well. As per the public disclosure, Yapi Kredi Investment and Koc Investment will continue operations under the name of Yapi Kredi Yatirim as of 15 January 2007.
- The Law No. 5572 regarding the Amendment to the Law on Ziraat Bank, Halkbank and Emlak Bank, which extends the period recognized for the privatization of the public banks from 5 years to 10 years, was published in the Official Gazette on 17 January 2007.
- As per the statement sent to the Istanbul Stock Exchange, Akbank is planning to increase its registered capital from TRY 2.5 billion to TRY 5 billion.
- As per the dailies, the Chairman of Citibank has declared that they are expecting a growth in Turkish banking system in the average of 10% per year. He has also declared that the macro economic performance of Turkey is praise-worthy and flexible in comparison with the recent years.
- According to the dailies, Yapi Kredi has obtained a loan in the amount of Euro 100 million from Italia. As per the statement, the loan has 5 years maturity and will be used to promote commercial activities between Turkey and Italia.
- As per the dailies, Albaraka Turk has declared that year 2007 will be an investment year and they are planning to increase branches in Anatolia. Meanwhile, they have accelerated the works for the transfer of the funds to Turkish companies abroad.

TELECOMMUNICATIONS NEWS

- As per the dailies, Council of State has cancelled the annotation proposed by Oger Telecom in the concession agreement which envisages transfer of all assets of Turk Telekom to the Telecommunications Authority free of charges following the expiration of the concession agreement. As a result of the court decision, Turk Telecom will transfer all of its assets to the Telecommunications Authority free of charge following the expiration of 21-year concession agreement. The lawsuit for the cancellation of the annotation was filed by Turk Haber-Sen and the Chamber of the Electrical Engineers.
- Pursuant to dailies, number of mobile phone subscribers in Turkey exceeds 53 million as of the end of year 2006 while total revenues obtained by GSM operators reached to TRY 9.2 billion. According to the information provided by the Mobile Telecommunication Systems and Devices Businessman Association, the number of mobile phone subscribers, which stood 23 million 323 thousand in 2002, 27 million 887 thousand in 2003, 34 million 707 thousand in 2004 and 43 million 608 thousand in 2005, has increased to 53 million 450 thousand people at the end of year 2006.
- The Communiqué concerning Principles and Procedures for the Approval of Certain Tariffs of Operators with Dominant Market Power in Markets of Fixed Telephone Networks or Call Services over Fixed Networks has been published in the Official Gazette on 16 January 2007. The Communiqué includes the information on the tariffs and the calculation methods thereof.

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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