

TABOGLU & DEMIRHAN

Newsletter

ENERGY SECTOR UPDATES

- As per the dailies, South Korean energy company Kepeco will enter into a cooperation agreement with Enka for the competition regarding the construction and operation of nuclear power plant and sale of electrical energy to TETAS. The cooperation is estimated to amount to US\$ 10 billion. US\$ 7 billion of the cost is going to be financed by financial institutions under the consultancy of Societe General. The deadline for the tender is 24 September 2008.
- Calik Enerji is about to announce its new consortium partners for the Trans Anadolu Pipeline Project under which transportation of oil from Samsun on the Black Sea coast to Ceyhan on the Mediterranean coast of Turkey is contemplated. The project is currently undertaken by the cooperation of Italian ENI and Indian Oil. Kazakh Kazmunaigas and Shell are expected to be Calik's new partners.
- As per the statement made by Turkish Prime Ministry Investment Support and Promotion Agency and Areva, Areva TD Division, one of the three global players in the transmission and distribution of energy, has decided to invest US\$ 105 million in Turkey. It has been announced that the investment indicates the beginning of a new era for the Company, which has been active in Turkey for 40 years. The Vice President of Areva has stated that the new facility is expected to meet Turkey's electrical equipment demand.
- Izmit Gaz Dagitim, IZGAZ, gas distribution company of Kocaeli Municipality, is put out to tender with a bid bond amounting to TRY 25,000,000. The data room will remain accessible between 9 June and 17 July 2008. The privatization relates to the block sale of 100% of IZGAZ shares. As required by the Natural Gas Market Law, 10% of the shares will be granted to Kocaeli Municipality without any capital requirement. The tender specifications and the information memorandum can be procured from the Municipality as of 26 May 2008.

CAPITAL MARKETS NEWS

- Restructuring of subsidiaries in Migros that has recently been purchased by BC Partners is still continuing. As per the announcement made by Migros, the Company has purchased 13,500 shares in Sanal Merkez from Temel Ticaret, Koc Sistem and Koc Yapi in return for TRY 340,000 and increased its shares in Sanal Merkez to 89.99%. Migros had recently sold its shares in Tani Pazarlama to Aygaz, Opet and Koztas in return for TRY 1.73 million.
- As per the statement of the Chief Executive Officer of Koc Holding, German Allianz is among the companies interested in the acquisition of Yapi Kredi Sigorta and Yapi Kredi Emeklilik, which have been put out for sale by the Group. German Allianz had purchased the shares of Koc Holding in Koc Allianz Sigorta and Koc Allianz Emeklilik. The total value of Yapi Kredi Sigorta and Yapi Kredi Emeklilik is estimated to be US\$ 1.2 million.
- Executives of Turk Telekom have purchased 601,187 lot shares of Turk Telekom in return for TRY 2,774,903 on the Company's first trading day on the Istanbul Stock Exchange after the initial public offering of the Company in early May 2008.
- The Capital Markets Board has released a draft regulation on the establishment of infrastructure investment funds for the purpose of financing infrastructure projects in public sector. The draft is distributed to market participants for their review and comments.
- Turkven Private Equity has invested in Tekin Acar Cosmetics, the leading selective cosmetics retailer in Turkey with over 40 stores located in 15 cities and a market share of 35%. The Company sells perfumes, skin care, make-up, sun protection and other products and employs approximately 400 people.

Highlights

a. Energy Sector Updates

b. Capital Markets News

c. Competition Highlights

d. Other News

COMPETITION HIGHLIGHTS*cont'd.*

- The Competition Authority has approved the transfer of all shares and voting rights of Koc Holding and Temel Ticaret in Koc Allianz Sigorta and Koc Allianz Emeklilik to Allianz SE. Furthermore, the Competition Authority has approved the transfer of all assets of Sabanci Telekom to Tellcom.
- The Privatization Administration has disclosed that the Administration has received 30 offers for the sale of certain assets owned by TEKEL including pipe and water pipe trade marks and a number of properties in Ayvalik, Beykoz and Marmaris.

OTHER NEWS

- The Justice Commission of the Turkish Parliament has completed the draft Code of Obligations. As per the draft law, among others, either of spouses shall need the consent of the other in order to act as surety for a third party; creditors shall be able to take action directly against guarantor without first recouring against debtor; and all guarantees shall be barred by 10 years of statute of limitation.
- CarrefourSA celebrated its 15th anniversary in Turkey. The Chairman of Sabanci Holding has stressed that they had achieved great successes in the last 15 years and aimed to double them within the next three years. The Head of Sabanci Holding Retailing Group has noted that the Company is active in the retail sector with CarrefourSA, DiaSA and TeknoSA. He has added that CarrefourSA started with a single "hypermarket" in Istanbul 15 years ago and now has 20 hypermarkets and 102 supermarkets in 38 cities.
- As per the statement made by Alcatel Lucent to the Istanbul Stock Exchange, Alcatel Lucent Teletas and Turk Telekom have executed an agreement amounting to TRY 11.1 million for the first year. As per the statement, Turk Telekom has invited Alcatel to sign the agreement on maintenance, repair, technical assistance and support services for a term of one-year and may be extended by two years.
- Built-Operate-Transfer Law, known as BOT Law, has been amended by the Turkish Parliament and became effective as of 21 May 2008. As per the amendments, the purpose of the Law has been changed from "procurement of certain goods and services provided by certain state authorities requiring high technology and financing" to "procurement of certain goods and services provided by certain state authorities requiring high technology or high financing". Additionally, the scope of BOT Law has been extended to include projects involving ports, train stations, logistic centers, national parks, natural parks, reservation areas. Furthermore, the changes introduce a new definition of "contribution amount". As per the amendments, the relevant state authorities shall contribute certain percentage of fees charged by project companies for goods or services which cannot be afforded by end-users. Contribution amounts contracted within a year shall be budgeted and shall not be more than 50% of the budgeted capital expenditures of such state authority. Furthermore, actual contribution payments by a state authority within a year shall not be more than 20% of its budgeted capital expenditures. The Council of Ministers has the authority to double such amounts or decrease it to zero.

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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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