

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

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- The President of the Privatization Administration has declared that the total privatization proceeds for the years 2003-2008 has reached US\$ 32 billion 500 million and the closings of privatizations with an amount of US\$ 28 billion 300 million out of such proceeds have been performed so far. It has also been stated that the outstanding amount of US\$ 4 billion 200 million, which is in relation to the privatization of Izmir Port, Baskent, Sakarya, Meram and Aras energy distribution companies, Samsun, Bandirma, and Derince Ports, is expected to be paid to the Administration by the end of 2008 upon transfer of respective entities. The President has further stated that the prospective privatization projects are expected to be in relation to the public infrastructure investments and some of the public services. As per the further statement of the President, the expected privatization process of the National Lottery will be commenced next week. In relation to the privatization of bridges and highways, the President has declared that even though it has not been finalized yet, the Bosphorus Bridge is to be evaluated solely and apart from Fatih Sultan Mehmet Bridge and certain highways.
- As per the dailies, the requests of partial cancellation and stay of execution regarding the Privatization High Council decision dated 22 April 2008 regarding privatization of Baskent and Sakarya energy distribution companies have been rejected by the Council of State. The cases filed by TES-IS Union concerning the decision of the Privatization High Council on the continuation of the privatization process of Baskent and Sakarya energy distribution companies, the determination of the dates of the privatization process to be made by the Privatization Administration and the stay of execution have been dismissed by the Council of State. TES-IS Union, as the plaintiff, is entitled to appeal such decision of the Council of State within 30 days.

- The Competition Board has granted permission to the privatization of the National Lottery by way of revenue sharing. As per the decision of the Competition Board, 17% of the revenue of the National Lottery will be transferred to the private sector for a period of 10 years. The Competition Board has reviewed the application of the Privatization Administration and decided that there would be no infringement on competition legislation and granted its affirmative opinion. Upon obtaining approval of the Competition Board, the obligatory process has been completed prior to the publishing of the tender announcement.

ENERGY SECTOR NEWS

- Enerjisa, the joint venture of Sabanci and Verbund, has started the construction of Bandirma Natural Gas Combined Cycle Natural Gas Power Plant, Adana Kavsak Bendi Hydropower Plant and Kahramanmaraş Hacıneloglu Hydro-backed Power Plant on 22 October 2008. The Minister of Energy and Natural Resources has stated in the groundbreaking ceremony that Sabanci has submitted an application in the wind energy sector amounting up to 155 MW and the Ministry of Energy and Natural Resources is currently planning to invest for 20,000 MW wind backed energy investment.
- As per the collective statement made by the Prime Ministry Investment Support and Publicity Agency with Oschatz Enerji, Oschatz Enerji is planning to make an investment amounting to US\$ 30 million in Kocaeli Free Zone. Oschatz Enerji is considered to be the leader in the markets of coal-iron, metal processes other than iron (copper, tin, zinc, lead), chemical, petrochemical and engaged in establishment, project development and infrastructure for fertilizer industry.

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Highlights

a. Privatization Highlights

b. Energy Sector News

c. Capital Markets Updates

d. Telecommunication News

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- Pursuant to the dailies, the Council of State has dismissed the case in relation to the stay of execution concerning the operations which enable the privatization of the cigarette production business of Tekel. Tesk Gıda-İs Union and the Association of Tobacco Experts, as the plaintiffs, are entitled to appeal such decision of the Council of State

CAPITAL MARKETS UPDATES

- As per the weekly bulletin of the Capital Markets Board, the capital market activities of Raymond James Yatırım Menkul Kıymetler, an intermediary institution, have been temporarily suspended on 24 October 2008 until the capital adequacy obligations are fulfilled. However, the intermediary institution will be allowed to conduct refund operations concerning the contribution units of the investment funds it had created.
- Pursuant to the dailies, the tender offer for the minority shareholders of Migros has been finalized. During the tender offer period between 6 October and 20 October 2008, Moonlight Capital, the major shareholder of Migros, has increased its shareholding ratio up to 97.9%, whilst the free float has decreased to 2.1%. The cost of such offer for Moonlight Capital has been approximately TRY 633 million and the total value paid for 97.8% of Migros has reached TRY 3 billion 7 million.
- Pursuant to the dailies, the Minister of Finance has declared that the local investors will no longer pay withholding tax while purchasing Treasury bills in Turkey. Upon promulgation of said regulation, the local investors will be subject to the same rules with the foreign investors.

TELECOMMUNICATIONS NEWS

- As per the dailies, the General Manager and Chief Executive Officer of Avea has declared that they expect 2.5 million subscribers to join Avea after the legislation on number portability has entered into force. The Chief Executive Officer has further stated that telecommunications sector will be one of the sectors to be least affected by the global economic crisis.
- Pursuant to the dailies, Turkcell will bid for four separate tenders of the Telecommunications Authority. As per the statement made by Turkcell to the Istanbul Stock Exchange, Turkcell has decided to bid separately for the tenders to be held on 28 November 2008 by the Telecommunications Authority in relation to four licenses to be granted concerning IMT-2000/UMTS service and infrastructure authorization. The statement further includes that during the extraordinary general assembly, Turkcell intends to amend its Articles of Association in order to harmonize the provisions thereof with the aforementioned implementation.
- As per the dailies, Kral TV and Kral FM have been transferred to Dogus Group. Kral TV and Kral FM were transferred to the Savings Deposits Insurance Fund by Teleon Reklamcılık ve Filmcilik Sanayi ve Ticaret A.Ş., an Uzan group company. As per the statement made by the President of the Fund, Dogus Holding has acquired Kral TV and Kral FM in return for US\$ 95 million. The President of the Board of Directors of Dogus Group has stated that through this transfer, Dogus Group has acquired an important trademark.

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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