

## **Announcement Text for the Demerger of ARCELİK ANONİM SİRKETİ via Facilitated Procedure through the Associate Model**

This announcement text was approved by the Capital Markets Board (the Board) on \_\_\_/\_\_\_/2016.

This is the announcement text about the demerger of **Arçelik A.Ş.** via facilitated procedure through the associate model.

Approval of the announcement text shall not necessarily mean that the Board warrants that the information in the announcement text, the demerger plan and demerger report are strictly true and correct.

This announcement text has been published at our Company's web site at the address of [www.arcelikas.com](http://www.arcelikas.com) as well as at the web site of Public Disclosure Platform (PDP) ([kap.gov.tr](http://kap.gov.tr)) and the web site of the Capital Markets Board at the address of [www.spk.gov.tr](http://www.spk.gov.tr).

Pursuant to Article 32 of the Capital Markets Board (CMB), the undersigned parties to the announcement text to be drafted for the demerger or such legal persons on behalf of whom these documents are signed shall be severally liable for any losses attributable to wrong, misleading or incomplete information.

### **1. INFORMATION ABOUT THE APPLICATION TO THE STOCK EXCHANGE, IF ANY**

There is no need to file an application to the stock exchange on account of the demerger via facilitated procedure through the associate model .

### **2. OPINIONS AND APPROVALS RECEIVED FROM OTHER AGENCIES**

#### **A- Statement that there is no need to obtain an opinion from the Competition Authority:**

Demerger via facilitated procedure through the associate model is executed and carried out under the subparagraph "b" of the first paragraph of Article 159 of Turkish Code of Commerce and the subparagraph "b" of the paragraph 3 of Article 19 and Article 20 of the Corporate Tax Code and the provisions of the Communiqué on Merger and Demerger as published in the Official Gazette issued on 28.12.2013 under no 28865.

Domestic operations for "dealer management", "advertisement and sponsorship operations", "inventory and stock management", "logistics management", "warranty services management", "installation and after-sales services" currently carried out by **Arçelik A.Ş.** will be transferred as a whole to **Arçelik Pazarlama A.Ş.**, a new company to be incorporated by means of partial demerger in a manner not to upset or spoil the business and operational integrity .

Domestic "dealer management", "advertisement and sponsorship operations", "inventory and stock management", "logistics management", "warranty services management", "installation and after-sales services" which are the subject matter of the partial demerger through the

associate model shall be transferred to **Arçelik Pazarlama A.Ş.**, the new company to be incorporated. The entire shareholding of **Arçelik Pazarlama A.Ş.** shall be owned and subscribed by **Arçelik A.Ş.** Therefore, the demerger via facilitated procedure through the associate model shall take place within the same economic integrity and structure. There shall be no change-over in the control of the companies. For this reason, there is no need to apply to and seek permission from the Competition Board for the said demerger as it shall not lead or cause a change-over in the control under Article 6 of the “Communiqué on Mergers and Acquisitions subject to Permission from the Competition Board” (Communiqué no 2010/04).

Attached is the statement by Arçelik A.Ş., declaring that there is no need to apply to the Competition Authority (Annex 6).

### **B- Opinion of other Public Agencies and Institutions:**

#### **• Law on the Regulation of Retail Trading**

The Law no 6585 on the Regulation of Retail Trading came in force upon its publication in the Official Gazette issued on 29.01.2015 under no 29251 . This Law is intended to facilitate the opening and launch of operations by retail businesses; to ensure that retail trading is done and executed under effective and sustainable competitive conditions in a deregulated market environment; that consumers are protected and retail businesses will grow and develop in a balanced way; that the operations of retail businesses as well as their relations with each other, manufacturers and suppliers are governed and regulated. There is not any special provision in the said law that addresses the demerger.

#### **• Law on the Regulation of Electronic Commerce**

The Law no 6563 on the Regulation of the Electronic Commerce came in force upon its publication in the Official Gazette issued on 05.11.2014 under no 29166. This Law is intended to define and govern terms and conditions applicable to the electronic commerce. The law covers commercial communication, respective responsibilities of the service provider and intermediate service providers, agreements done via electronic communication means, and obligations to provide information about electronic commerce and applicable sanctions. There is not any special provision in the said law that addresses the demerger.

#### **• Opinions from other Agencies and Institutions**

There is not any agency or institution other than the Capital Markets Board whose permission should be sought under the partial demerger of the demerged Company via facilitated procedure through the associate model.

### **C- Opinions of International Bond Investors**

It was resolved to receive opinions from the investors of Arçelik A.Ş. bonds with a nominal value of EUR350,000,000 with maturity falling on 16 September 2021 and with a nominal value of US\$500,000,000 with maturity falling on 3 April 2023, both sets of bonds having been issued by Arçelik A.Ş. internationally. Notwithstanding the fact that it is evaluated that there is nothing in the said demerger transaction that is in breach of the bond specification, it was decided to handle that process in order to avoid such costs and work burden that may arise as a result of any potential legal dispute with the investors. Pursuant to the process, an investor meeting shall be organized as described in the bond issue documents and agreements in order to inform and obtain the opinions of the bondholders in connection with the said demerger. A favourable opinion to be received for each series of bonds shall be binding for all bondholders in that series. In case a favourable opinion cannot be obtained, Arçelik A.Ş. reserves its right to proceed with the demerger, and bondholders who are in the opinion that demerger prejudices their rights shall be entitled to apply to courts

against the demerger and they may also file indemnity lawsuits against Arçelik A.Ş. and they can demand that principals of their bonds and the interest that is accumulated by then should be prepaid, that is, earlier than the due date of bonds.

### **3. PERSONS UNDERTAKING THE RESPONSIBILITY FOR THE ANNOUNCEMENT TEXT**

We hereby represent and declare that information and data given in such parts that we are responsible for as set out in this announcement text and annexes hereto within our legal powers and tasks as well as our task are true and correct; that any reasonable diligence and care has been already shown to procure that there shall be no missing or incomplete information in this announcement text likely to change the sense or meaning of such information.

<b>Authorized Arçelik A.Ş. officers</b>	<b>Department for which they are responsible</b>
HAKAN HAMDİ BULGURLU Member of the Board of Directors and General Manager  11 October 2016	THE ENTIRE ANNOUNCEMENT TEXT
FATİH KEMAL EBİÇLİOĞLU Member of the Board of Directors  11 October 2016	THE ENTIRE ANNOUNCEMENT TEXT

### **4. DETAILS ABOUT THE COMPANIES THAT ARE PARTIES TO THE DEMERGER**

#### **4.1. Trade names of the companies that are parties to the demerger:**

**DEMERGED COMPANY:**  
ARÇELİK ANONİM ŞİRKETİ

**COMPANY TO BE INCORPORATED BY WAY OF PARTIAL DEMERGER THROUGH THE ASSOCIATE MODEL:**  
ARÇELİK PAZARLAMA ANONİM ŞİRKETİ

#### **4.2. Respective trade registry offices and registration numbers of the companies that are parties to the demerger:**

**DEMERGED COMPANY:**  
Trade Registry Office : Istanbul Trade Registry

**Registration Number** : 54957  
**Mersis No** : 0073001800067798

**COMPANY TO BE INCORPORATED BY WAY OF PARTIAL DEMERGER THROUGH THE ASSOCIATE MODEL:**

**Trade Registry Office** : Istanbul Trade Registry  
**Registration Number** : (The Company is yet to be incorporated)  
**Mersis No** : (The Company is yet to be incorporated)

**4.3. Incorporation dates of the companies that are parties to the demerger, and their projected terms unless they are organized for an indefinite term:**

**DEMERGED COMPANY:**

**Incorporation Date** : 21.01.1955 – Incorporated for an indefinite term

**COMPANY TO BE INCORPORATED BY WAY OF PARTIAL DEMERGER THROUGH THE ASSOCIATE MODEL:**

**Incorporation Date** : The Company is yet to be incorporated – for an indefinite term

**4.4. Legal status, applicable legislation, jurisdiction of incorporation, addresses of their head offices and principal place of business, web site addresses and telephone and facsimile numbers of the companies that are parties to the demerger:**

**DEMERGED COMPANY:**

**ARÇELİK ANONİM ŞİRKETİ**

**Legal Status** : Joint-stock company  
**Applicable Legislation** : Turkish Code of Commerce and Capital Markets Law and other applicable laws and legislations of the Republic of Turkey.  
**Jurisdiction of incorporation** : Republic of Turkey  
**Addresses of Registered Head Office and Principal Place of Business** : Karaağaç Caddesi, 2-6 Sötlüce-Beyođlu/İSTANBUL  
**Web site address** : [www.arcelikas.com](http://www.arcelikas.com)  
**Telephone/Facsimile** : 90 212 314 31 85  
90 212 314 34 90

**COMPANY TO BE INCORPORATED BY WAY OF PARTIAL DEMERGER THROUGH THE ASSOCIATE MODEL:**

**ARÇELİK PAZARLAMA ANONİM ŞİRKETİ**

**Legal Status** : Joint-stock company  
**Applicable Legislation** : Turkish Code of Commerce and other applicable laws and legislations of the Republic of Turkey.  
**Jurisdiction of Incorporation** : Republic of Turkey  
**Addresses of Registered Head Office and Principal Place of Business** : Sötlüce Mahallesi, Kanlı Sokak, No: 3/2-3  
Beyođlu / İSTANBUL  
**Web Site Address** :  
**Telephone/Facsimile** : 90 212 314 31 60  
90 212 314 34 90

#### 4.5. Information about the capitals of the companies that are parties to the demerger:

##### **DEMERGED COMPANY:**

##### **ARÇELİK ANONİM ŞİRKETİ**

##### **Capital and Its Distribution among the Shareholders**

Arçelik A.Ş., the demerged company, is subject to the registered capital system.

Its issued capital is 675,728,205.00 TL.

##### **Capital and Its Distribution among the Shareholders**

<b>SHAREHOLDER NAME</b>	<b>SHAREHOLDING RATIO %</b>	<b>AMOUNT OF SHARES</b>	<b>CAPITAL (TL)</b>
KOÇ HOLDİNG A.Ş.	40.51	27,374,202,702	273,742,027
TEKNOSAN BÜRO MAKİNA VE LEVAZIMI TİC.VE SAN. A.Ş.	12.05	8,142,833,695	81,428,337
KOÇ FAMILY	8.67	5,859,076,203	58,590,762
BURLA TİCARET VE YATIRIM A.Ş.	5.56	3,757,166,305	37,571,663
KOÇ HOLDING EMEKLİ VE YARDIM SANDIĞI VAKFI	5.14	3,472,192,021	34,721,920
TEMEL TİCARET VE YATIRIM A.Ş.	2.75	1,857,687,000	18,576,870
VEHBİ KOÇ VAKFI	0.17	113,657,489	1,136,575
PUBLICLY TRADED PORTION	25.15	16,996,005,086	169,960,051
<b>PAID-UP CAPITAL</b>	<b>100.00</b>	<b>67,572,820,500</b>	<b>675,728,205</b>

##### **COMPANY TO BE INCORPORATED BY WAY OF PARTIAL DEMERGER THROUGH THE ASSOCIATE MODEL:**

##### **ARÇELİK PAZARLAMA ANONİM ŞİRKETİ**

Arçelik Pazarlama A.Ş., the new company to be incorporated, shall be subject to the share capital system.

Its paid-up capital is 626,059,040.00 TL.

##### **Capital and Its Distribution among the Shareholders**

<b>Shareholder Name</b>	<b>Shareholding Ratio %</b>	<b>Amount of Shares</b>	<b>Capital(TL)</b>
Arçelik A.Ş.	100	62.605.904.000	626.059.040,00
<b>TOTAL</b>	<b>100</b>	<b>62.605.904.000</b>	<b>626.059.040,00</b>

#### **4.6. Upper Limit of Registered Capitals of Companies that are parties to the Demerger:**

The demerged company titled ARÇELİK ANONİM ŞİRKETİ is subject to the registered capital system and its registered capital cap is 1,500,000,000.00 TL.

The company which shall be newly incorporated by way of partial demerger through the associate model is ARÇELİK PAZARLAMA ANONİM ŞİRKETİ and its not subject to the registered capital system but share capital system.

#### **4.7. In case the shares of the companies to the demerger are traded at the stock exchange as of now, information as to which shares are traded in the stock exchange or about whether there is any application in this respect:**

**DEMERGED COMPANY:** The company titled ARÇELİK ANONİM ŞİRKETİ is quoted and listed at the stock exchange under ISIN TRAARCLK91H5 and Stock Exchange code ARCLK, and 16,996,005,086 shares registered to the name, each one with a nominal value of 1 kr and corresponding to 25.15% of its capital amounting to 675,728,205.00 TL are traded at Borsa Istanbul Star Market.

**COMPANY TO BE INCORPORATED BY WAY OF PARTIAL DEMERGER THROUGH THE ASSOCIATE MODEL:** The shares of the company titled ARÇELİK PAZARLAMA ANONİM ŞİRKETİ whose entire capital shall be subscribed and owned by ARÇELİK A.Ş. shall not be traded at the stock exchange.

#### **4.8. Main scope of business of the companies that are parties to the demerger:**

##### **DEMERGED COMPANY:**

The company titled ARÇELİK ANONİM ŞİRKETİ is engaged in the manufacture, marketing, sales and after-sales services of durable consumer goods, consumer electronics, small household appliances and kitchen accessories, and other business set out in its articles of association.

##### **COMPANY TO BE INCORPORATED BY WAY OF PARTIAL DEMERGER THROUGH THE ASSOCIATE MODEL:**

The company titled ARÇELİK PAZARLAMA ANONİM ŞİRKETİ is engaged in the marketing operations of durable consumer goods, consumer electronics, small household appliances and kitchen accessories, as well as to set up and form a dealer organization and network, to manage advertisement and sponsorship operations in order to promote the products and trade marks, to manage inventories and stocks, to undertake logistic operations, to provide after-sales services for goods sold now or in future, to manage after-sales installation and setup operations.

#### **5. MEMBERS OF THE BOARD OF DIRECTORS**

##### **DEMERGED COMPANY:**

ARÇELİK ANONİM ŞİRKETİ

The latest members of the Board of Directors of Arçelik A.Ş. are as follows. The Board members were appointed at the ordinary general assembly meeting for the year 2015 as held on

25.03.2016 to take up and remain in office until the ordinary general assembly meeting in which 2016 year accounts would be discussed. These were published in such copy of Turkish Trade Registry Gazette issued on 05.04.2016 under no 9047.

Name SURNAME	Duty	Duties and positions assumed by the member at the Company in the last five years	Office Term	Capital Share	
				(TL)	(%)
Mustafa Rahmi KOÇ	President	Chairman of the Board, Chairman of the Risk Management Committee, Chairman of the Executive Committee	1 Year	16,473,981.41	2.44
Mehmet Ömer KOÇ	Vice President	Vice-chairman of the Board, Member of Investment and Business Development Committee, Member of the Executive Committee	1 Year	0.00	0.00
Semahat Sevim ARSEL	Member	Member of the Board, Member of the Risk Management Committee, Member of the Executive Committee	1 Year	18,397,198.89	2.72
Yıldırım Ali KOÇ	Member	Member of the Board, Member of the Investment and Business Development Committee, Member of the Executive Committee,	1 Year	0.00	0.00
Levent ÇAKIROĞLU	Member	Member of the Board, Member of Investment and Business Development Committee, General Manager,	1 Year	0.00	0.00
Robert SONMAN	Member	Member of the Board, Member of the Audit Committee	1 Year	0.00	0.00
Fatih Kemal EBİÇLİOĞLU	Member	Member of the Board, Member of the Corporate Governanace Committee Member of the Risk Management Committee Assistant General Manager for Finance and Accounting	1 Year	0.00	0.00
Hakan Hamdi BULGURLU	Member- General Manager	Member of the Board, General Manager Assistant General Manager for International Sales	1 Year	0.00	0.00
Kutsan ÇELEBİCAN	Independent Member	Independent Board Member, Chairman of the Audit Committee	1 Year	0.00	0.00
Tunç ULUĞ	Independent Member	Independent Board Member, Chairman of the Corporate Governanace Committee , Member of the Audit Committee	1 Year	0.00	0.00
Mehmet BARMANBEK	Independent Member	Independent Board Member, Member of the Corporate Governanace Committee Member of the Audit Committee, Chairman of the Risk Management Committee	1 Year	0.00	0.00
Kadri KÜÇÜKPINAR Kaynak	Independent Member	Independent Board Member, Member of the Audit Committee, Chairman of the Risk Management Committee	1 Year	0.00	0.00

**COMPANY TO BE INCORPORATED BY WAY OF PARTIAL DEMERGER THROUGH THE ASSOCIATE MODEL:  
ARÇELİK PAZARLAMA ANONİM ŞİRKETİ**

Members of the Board of Directors of Arçelik Pazarlama Anonim Şirketi are given in the table below.

Name SURNAME	Duty	Duties and positions assumed by the member at the Company in the last five years	Office Term / Remaining Office Term	Capital Share	
				(TL)	(%)
Mustafa Rahmi KOÇ	Chairman		1/1	0.00	0.00
Mehmet Ömer KOÇ	Vice Chairman		1/1	0.00	0.00
Semahat Sevim ARSEL	Member		1/1	0.00	0.00
Yıldırım Ali KOÇ	Member		1/1	0.00	0.00
Levent ÇAKIROĞLU	Member		1/1	0.00	0.00
Fatih Kemal EBIÇLİOĞLU	Member		1/1	0.00	0.00
Hakan Hamdi BULGURLU	Member		1/1	0.00	0.00
Cemal Can DİNÇER	Member-		1/1	0.00	0.00

## 6. MAIN SHAREHOLDERS

**6.1. The shareholding structures of the companies that are parties to the demerger as of their latest general assembly meeting dates and last statuses, provided that each individual or entity directly or indirectly holding a 5% shareholding or more in the capital or in the total voting rights:**

### DEMERGED COMPANY:

The table showing the direct shareholding in ARÇELİK ANONİM ŞİRKETİ is as follows.

Information about the Direct Shareholding				
Shareholder's; Trade Name/ Full Name	Capital Share / Voting Rights			
	25.03.2016		11.10.2016	
	(TL)	(%)	(TL)	(%)
KOÇ HOLDİNG A.Ş.	273.742.027,02	40,5	273.742.027,02	40,5
TEKNOSAN BÜRO MAKİNA VE LEVAZIMI TİC.VE SAN. A.Ş.	81.428.336,95	12,1	81.428.336,95	12,1
KOÇ FAMILY	58.590.762,03	8,67	58.590.762,03	8,67
BURLA TİCARET VE YATIRIM A.Ş.	37.571.663,05	5,56	37.571.663,05	5,56
KOÇ HOLDİNG EMEKLİ VE YARDIM SANDIĞI VAKFI	34.721.920,21	5,14	34.721.920,21	5,14
TEMEL TİCARET VE YATIRIM A.Ş.	18.576.870,00	2,75	18.576.870,00	2,75
VEHBİ KOÇ VAKFI	1.136.574,89	0,17	1.136.574,89	0,17
PUBLICLY TRADED PORTION	169.960.050,86	25,2	169.960.050,86	25,2
TOTAL	675.728.205,00	100	675.728.205,00	100



The table showing the indirect shareholding in ARÇELİK ANONİM ŞİRKETİ is as follows.

<b>Information about the Indirect Shareholding</b>				
<b>Shareholder's;</b>	<b>Capital Share / Voting Rights</b>			
<b>Trade Name/ Full Name</b>	<b>25.03.2016</b>		<b>11/10/2016</b>	
	<b>(TL)</b>	<b>(%)</b>	<b>(TL)</b>	<b>(%)</b>
SEMAHAT S. ARSEL	69,208,714.62	10.24	69,208,714.62	10.24
RAHMİ M. KOÇ	62,511,669.80	9.25	62,511,669.80	9.25
SUNA KIRAÇ	60,858,536.37	9.01	60,858,536.37	9.01
KOÇ FAMILY	71,357,862.63	10.56	71,357,862.63	10.56
KOC HOLDING EMEKLİ VAKFI	40,168,002.36	5.94	40,168,002.36	5.94
VEHBİ KOÇ VAKFI	21,437,083.91	3.17	21,437,083.91	3.17
BURLA GROUP	119,000,000.00	17.61	119,000,000.00	17.61
PUBLICLY TRADED PORTION	231,186,335.31	34.22	231,186,335.31	34.22
<b>TOTAL</b>	<b>675,728,205.00</b>	<b>100</b>	<b>675,728,205.00</b>	<b>100</b>

**COMPANY TO BE INCORPORATED BY WAY OF PARTIAL DEMERGER THROUGH THE ASSOCIATE MODEL:**  
The table showing the direct shareholding in ARÇELİK PAZARLAMA ANONİM ŞİRKETİ is as follows.

<b>Information about the Direct Shareholding</b>				
<b>Shareholder's;</b>	<b>Capital Share / Voting Rights</b>			
<b>Trade Name/ Full Name</b>			<b>11/10/2016</b>	
			<b>(TL)</b>	<b>(%)</b>
ARÇELİK A.Ş.			626,059,040.00	100
<b>TOTAL</b>			<b>626,059,040.00</b>	<b>100</b>

The table showing the indirect shareholding in ARÇELİK PAZARLAMA ANONİM ŞİRKETİ is as follows.

<b>Information about the Indirect Shareholding</b>				
<b>Shareholder's;</b>	<b>Capital Share / Voting Rights</b>			
<b>Trade Name/ Full Name</b>			<b>11/10/2016</b>	
			<b>(TL)</b>	<b>(%)</b>
SEMAHAT S. ARSEL			64,121,552.30	10.24
RAHMİ M. KOÇ			57,916,771.41	9.25
SUNA KIRAÇ			56,385,150.97	9.01
KOÇ FAMILY			66,112,727.93	10.56
KOC HOLDING EMEKLİ VAKFI			37,215,467.42	5.94
VEHBİ KOÇ VAKFI			19,861,358.57	3.17
BURLA GROUP			110,252,946.69	17.61
PUBLICLY TRADED PORTION			214,193,064.71	34.22
<b>TOTAL</b>			<b>626,059,040.00</b>	<b>100</b>

**6.2. Next of kin relations between individual shareholders who hold 5% shareholding or more in the capitals or total voting rights of the companies that are parties to the demerger:**

Koç Family members indirectly hold a 39.06% shareholding in the capital. Teknosan Büro A.Ş. and Burla Ticaret A.Ş. are described as Burla Group shareholders. There is not a shareholder among the related persons at Burla Group that holds more than 5% shareholding.

**6.3. Information about the shares representing the respective capitals of the companies that are parties to the demerger:**

**DEMERGED COMPANY:  
ARÇELİK A.Ş.**

<b>GROUP</b>	<b>Registered to the name/ Shares registered to the Bearer</b>	<b>Type of Preferences (Holder)</b>	<b>Nominal value of a Share (TL)</b>	<b>TOTAL (TL)</b>	<b>Ratio to the Capital (%)</b>
None	<b>REGISTERED TO THE NAME</b>	None	0.01	675,728,205.00	100
		<b>TOTAL</b>		<b>675,728,205.00</b>	<b>100</b>

**COMPANY TO BE INCORPORATED BY WAY OF PARTIAL DEMERGER THROUGH THE ASSOCIATE MODEL:  
ARÇELİK PAZARLAMA ANONİM ŞİRKETİ**

<b>GROUP</b>	<b>Registered to the name/ Shares registered to the Bearer</b>	<b>Type of Preferences (Holder)</b>	<b>Nominal value of a Share (TL)</b>	<b>TOTAL (TL)</b>	<b>Ratio to the Capital (%)</b>
<b>None</b>	<b>REGISTERED TO THE NAME</b>	<b>None</b>	<b>0.01</b>	<b>626,059,040.00</b>	<b>100</b>
		<b>TOTAL</b>		<b>626,059,040.00</b>	<b>100</b>

## **7. INFORMATION ABOUT THE DEMERGER**

**7.1. Date of financial statements underlying the demerger:** 30.06.2016

### **7.2. Decisions by Management Bodies**

Attached hereto is the resolution adopted by the Board of Directors on 11 October 2016 under no 897 as Annex 1.

### **7.3. Type of the Transaction**

Partial demerger via facilitated procedure through the associate model.

### **7.4. Transaction Terms and Conditions**

Approvals by the Capital Markets Board and the General Assembly are required. As the transaction suits the definition for the “Material Transactions” under the CMB regulations, pursuant to Article 29 of the Capital Market Law no 6362, resolutions may be accepted at the general assembly only if two-third of the shares holding voting rights and present in the company’s general assembly shall cast affirmative votes without seeking for the meeting quorum unless more aggravated quorums are required under the articles of association provided that the ratio should be expressly specified. But in the event that at least half of the shares with voting rights representing the capital are present in the meeting, a resolution may be adopted with the majority of the shares with voting rights and present in the meeting unless more aggravated quorums are expressly required under the articles of association.

### **7.5. Projected Stages**

- ✓ Application to the Capital Markets Board
- ✓ Review Right Announcement
- ✓ Process to get the opinions from investors in bonds
- ✓ Approval from the Capital Markets Board
- ✓ Publication of the Announcement Text
- ✓ Call to the creditors
- ✓ Call for the convention of the General Assembly meeting

- ✓ General Assembly approval
- ✓ Incorporation of the Company by way of partial demerger pursuant to the General Assembly Resolution
- ✓ Registration and publication with Istanbul Trade Registry

## **7.6. Reasoning**

Having been incorporated in 1955, Arçelik A.Ş. markets its products and services in more than 100 countries under its ten trade marks and through its affiliates in 28 countries and 15 manufacturing sites in Turkey, Romania, Russia, China and South Africa. Maintaining its leadership position in Turkey in white goods, built-in white goods, air conditioners and LCD TV, Arçelik A.Ş. also continues its fast growth in global markets.

While the share of sales in Turkish market was above 80% in total consolidated sales by Arçelik A.Ş. in 2000, the share of international sales in the consolidated turnover of Arçelik A.Ş. reached 59.6% in 2015 as the Company has focused on global markets for further growth since then.

During the years when the Company continued to grow and make advances, its main mark had always been Turkey and all its manufacturing facilities had been located in the territory of Turkey. As the significant portion of operations and revenues were in Turkey, manufacturing sites, operations in Turkey and commercial operations in more than 100 countries have always been orchestrated under a single body to ensure operational efficiency.

Nevertheless as the years went by, the geography where Arçelik A.Ş. has started to do business and to grow expanded more and more and become more globalized; as a result the manufacturing, exportation and domestic operations which were organized according to the needs in the past have reached a point where administering them singlehandedly from a single point of management has started to lead to inefficient operations.

Because our market share in international markets displayed a fast growth, international sales organization of Arçelik A.Ş. has been re-organized in a manner to support regional growth strategy and in the form of regional directorates based in different geographical locations around the world.

On the other hand, the domestic market is administered under the parent company by exhausting the resources of the central units unlike the organization in other countries where a separate legal person has been established. Therefore it is currently at a different position compared to our operations in international markets. In a way similar to the organization undertaken for international markets, it is planned to carry out R&D operations and manufacturing operations at Arçelik A.Ş. under the roof of a separate legal personality in order to enhance the benefits provided to the stakeholders with a better focus on Turkish market. Operations for the domestic dealer management, advertisement and sponsorship operations, inventory and stock management, logistics management, warranty services management and installation and after-sales services shall be transferred to ARÇELİK PAZARLAMA A.Ş., a new company to be incorporated, by means of partial demerger as a whole and without any damage or disturbance to the integrity of business operations.

Manufacturing sites and fields of manufacture of Arçelik A.Ş. deployed in Turkey are given below:

### Manufacturing Facilities

Manufacture	Manufacture	PLAC
Washing Machine Plant	Washing Machines	Tuzla/İstanbul
Refrigerator Plant	Refrigerators	Organized Industrial Site/ Eskişehir
Dryer Plant	Dryers	Organized Industrial Site/TEKİRDAĞ Sincan/ Ankara
Dishwasher Plant	Dishwashers	Bolu
Cooking Appliances Compressor Plant	Cooker and Oven Compressor (Oily and Dry Type)	Organized Industrial Site/ Eskişehir
Electric Motors Plant	White Goods/ General Purpose Motors, Turkish Coffee and Tea Machines	Organized Industrial Site/TEKİRDAĞ
Electronics Plant	TV Sets, Music Systems and Cash Registers	Beylikdüzü/İstanbul

Information about the R&D centres of Arcelik in Turkey is as follows;

### R&D Centres

Name of the R&D Centre	Manufacture Item	PLACE
R&D Centre	To develop pioneering technologies for global markets before other players	Tuzla/İstanbul
Washing Machine R&D Centre	Washing Machines	Tuzla/İstanbul
Refrigerators and Compressors R&D Centre	Refrigerators and Compressors	Organized Industrial Site/ Eskişehir
Motors and Driers R&D Centre	White Goods /General Purpose Motors, Turkish Coffee Machines, Tea Machines and Driers	Çerkezköy Organized Industrial Site/TEKİRDAĞ
Dishwasher R&D Centre	Dishwasher	Sincan Organized Industrial Site/ Ankara
Cooking Appliances R&D Centre	Cooker and Oven	Bolu
Electronics R&D Centre	TV Sets, Music Sytems and Cash Registers	Beylikdüzü/İstanbul

Partial demerger is expected to bring about the following benefits:

- The fact that Arçelik has been positioned as a premium brand in Turkey requires a very different marketing management concept and approach. Following the demerger, Turkey operations will gain a more compact, flexible and functional structure so that a more effective management will be secured.
- Operations are carried out in geographical regions in the country and the characteristics of each region is different from those of another region. In order to meet ever-changing customer habits in the fastest way, Turkey organization is managed via dealer channel contrary to the foreign affiliates. The dealer management and a risk management that is totally different from the one applicable in international markets simply require customer satisfaction and finance management. Dealer satisfaction will be more effectively managed by applying such changes to elevate the focus to its peak following the demerger because dealers are strategically very important.

- Consumer services directorate in Arçelik A.Ş. organization considers and takes into account data flowing from affiliates and Turkey under the present structure. There is a need to manage authorized service dealer organization by means of a very different organizational concept as this is uniquely specific to Turkey. It is targeted following the demerger that as is the case with the affiliates, authorized service dealers in Turkey should report to Arçelik A.Ş.; that quality and efficiency of authorized service dealers should gain a more quantifiable and manageable structure so that one of the strongest drivers behind the brand power should be reorganized.
- In Turkey, a sales model where payments are made in instalments have been applied in Turkey for long years in order to meet consumer finance needs. This requires a different concept and approach for the administration of the working capital needs. Following the demerger, the present organization in Turkey will get a more effective working capital.
- Arçelik Pazarlama A.Ş. which shall be positioned as the affiliate of Arçelik A.Ş. will surely facilitate the risk inventory management.
- Thanks to such management model on the basis of associates following the demerger, management organization will surely gain a structure that will be quite in parallel with the organizational models of global companies.
- Because the post-demerger decision-making mechanisms to meet customer needs and requests will quicken, this will surely bring along an increase at operational profitability and productivity level.

#### **7.7. Information Supply to Shareholders and Their Right of Review,**

The demerger plan, demerger report, the balance sheet and income statement as of 30.06.2016 underlying the partial demerger as well as financial reports and annual reports for the last three (3) years which are prepared by the company titled ARÇELİK ANONİM ŞİRKETİ for partial demerger under Article 171 of Turkish Code of Commerce will be made available at the head office of ARÇELİK ANONİM ŞİRKETİ, the Public Disclosure Platform and the web site of Arçelik A.Ş. for the inspection and review of the shareholders two months prior to the general assembly meeting in which the demerger will be approved.

Moreover, a set of documents including the demerger plan and demerger report issued by Arçelik A.Ş. for the partial demerger, and the articles of association of the company to be incorporated by way of demerger, and the balance sheet and income statement as of 30.06.2016 underlying the demerger and the financial reports of the last 3 (three) years as well as the announcement text approved by the CMB shall be made available at the Public Disclosure Platform and the web site of Arçelik A.Ş. for the inspection and review by the shareholders at least 30 (thirty) days in advance prior to the general assembly meeting in which the demerger will be approved.

#### **7.8. Information about the management body decisions for the capital decrease/increase and amendments to the Articles of Association,**

There is no capital increase/decrease and the company will be incorporated by means of partial demerger. Articles of Association of the company to be founded is hereby attached as Annex 2.

## **7.9. Obligations and liabilities undertaken by the parties as a result of the transaction, and consequences that the Parties may suffer in case said obligations are not fulfilled,**

All obligations and liabilities that may arise in connection with the incorporation of the company by means of partial demerger under Turkish Code of Commerce, the Corporate Tax Code, the Capital Markets Legislation and other applicable legislation will be fulfilled. The Party which fails to fulfill its obligations arising from the demerger plan shall indemnify the other Party against all losses that the latter may suffer due to such failure.

## **8. MISCELLANEOUS ISSUES ABOUT THE DEMERGER**

### **8.1. Status of the demerger in light of the legislation for Material Transactions and Quittance Right**

The said demerger falls within the scope of material transactions under the "Communiqué no II-23.1 on Common Principles Regarding Significant Transactions and the Retirement Right" which came in force upon its publication in the Official Gazette issued on 24.12.2013 under no 28861, there is no right of dissent pursuant to the paragraph "e" of Article 12 of the Communiqué. The fact that no Retirement Right has arisen in connection with the demerger shall be submitted for the information of the General Assembly along with the Board of Directors statement.

## **9. ANNEXES**

### **9.1. Financial statements of the companies to the demerger which were prepared on a comparative basis pursuant to the Board regulations:**

Balance sheet and income statement of ARÇELİK ANONİM ŞİRKETİ as of 30.06.2016 which were prepared in accordance with the Tax Procedure Code and its financial statements as of 30.06.2016 which were issued according to the Capital Market Board regulations are submitted here as Annex 3.

### **9.2. Opening balance sheet following the demerger:**

The estimated opening balance sheet of ARÇELİK PAZARLAMA ANONİM ŞİRKETİ to be incorporated by way of partial demerger as of 30.06.2016 is attached hereto as Annex 4.

### **9.3. Certified Public Accountant Report no YMM 1440-633/1140-78 issued on 11 October 2016 is attached hereto as ANNEX 5.**

## ARÇELİK ANONİM ŞİRKETİ

<b>Name</b>	: Hakan Hamdi Bulgurlu	<b>Name</b>	: Fatih Kemal Ebiçliođlu
<b>Title</b>	: Member of the Board of Directors and General Manager	<b>Title</b>	: Member of the Board of Directors
<b>Signature</b>	:	<b>Signature</b>	:



**ANNEX – 1**

THE BOARD OF DIRECTORS RESOLUTION ADOPTED ON 11 October 2016 UNDER NO 897 FOR THE PARTIAL DEMERGER is accessible at our Company's web site

[www.arcelikas.com](http://www.arcelikas.com).

**ANNEX – 2**

THE ARTICLES OF ASSOCIATION OF THE COMPANY TO BE FOUNDED BY WAY OF PARTIAL DEMERGER is accessible at our Company's web site at the

[www.arcelikas.com](http://www.arcelikas.com).

**ANNEX – 3**

BALANCE SHEET AND INCOME STATEMENT AS OF 30.06.2016 UNDERLYING THE PARTIAL DEMERGER is accessible at our Company's web site at the

[www.arcelikas.com](http://www.arcelikas.com).

#### **ANNEX 4**

THE OPENING BALANCE SHEET OF ARÇELİK PAZARLAMA A.Ş. TO BE INCORPORATED BY MEANS OF PARTIAL DEMERGER is accessible at our Company's web site

[www.arcelikas.com](http://www.arcelikas.com).

**ANNEX – 5**

THE CERTIFIED PUBLIC ACCOUNTANT REPORT ISSUED ON 11 October 2016 UNDER YMM 1440-633/1140-78 FOR THE PARTIAL DEMERGER is accessible at our Company's web site at the

[www.arcelikas.com](http://www.arcelikas.com).

**ANNEX – 6**

THE STATEMENT THAT THERE IS NO NEED TO FILE AN APPLICATION WITH THE  
COMPETITION AUTHORITY is accessible at web site at the

[www.arcelikas.com](http://www.arcelikas.com).

**ANNEX – 7**

THE STATEMENT THAT NO RETIREMENT RIGHT HAS ARISEN PURSUANT TO THE COMMUNIQUE ON COMMON PRINCIPLES REGARDING SIGNIFICANT TRANSACTIONS AND THE RETIREMENT RIGHT AS ADOPTED BY THE CAPITAL MARKETS BOARD UNDER NO II-23.1 is accessible at web site at the

[www.arcelikas.com](http://www.arcelikas.com).