

**ARTICLES OF ASSOCIATION  
OF  
TOFAS TÜRK OTOMOBİL FABRİKASI A.S.**

**FORMATION :**

**Article 1** - A Joint Stock Company has been established by the founders whose names and addresses are mentioned below under the provisions of the Turkish Commercial Code regarding the accelerated establishment of joint-stock companies.

- **Koç Holding A.S. :**  
Istanbul, Meclisi Mebusan Caddesi, 33, T.C.
- **Makina Kimya Endüstrisi Kurumu :**  
Ankara, Tandoğan Meydanı, T.C.
- **Türkiye İis Bankası A.S. :**  
Ankara, Ulus Meydanı, T.C.
- **Ege Petrol T.A.S. :**  
Istanbul, Cumhuriyet Cad. 31, T.C. ile
- **Internazionale Holding FIAT S.A. :**  
Piazza Ciocarro 2/V, Lugano-İsviçre.

**NAME OF THE COMPANY :**

**Article 2** - The name of the Company is TOFAS Türk Otomobil Fabrikası A.S. This name will hereinafter be referred to as "The Company".

**PURPOSE AND SCOPE :**

**Article 3** - The Company has been formed with the primary objectives;

- a) to manufacture and assemble, under the licence of Fiat Auto S.p.A, motor vehicles and their assemblies, sub-assemblies, groups, parts, spare parts and accessories;
- b) to import, distribute, trade, sell and service, throughout the Country, motor vehicles manufactured by the Company under the licence of Fiat Auto S.p.A. or manufactured by or for Fiat Auto S.p.A., as well as spare parts and accessories thereof.

For the above purposes, the Company may;

- i) set up and operate plants, factories and workshops;
- ii) enter contracts with Fiat Auto S.p.A. for obtaining manufacturing licenses, as well as production and technical assistance required for manufacturing;
- iii) enter contracts with Fiat Auto S.p.A. to act as authorized importer and distributor of Fiat Auto S.p.A. motor vehicles, assemblies, spare parts manufactured or imported by the Company and for the same purpose establish independent retail sale and service dealers, distributors or agents, as well as direct branches including sales offices and retail sale and service branches or take shareholdings in the same;
- iv) import assemblies, sub-assemblies, groups, parts, spare parts, accessories and equipment required for manufacturing and for servicing;
- v) purchase, sell, arrange the construction of real estate property, lease such property, obtain or procure real estate mortgages and impose other rights in-kind ;
- vi) lease properties to third parties;
- vii) become engaged in contracts with governmental and privately owned establishments, organizations and entities;
- viii) establish and operate fuel and service stations for maintenance and repair and procurement of kits fittings in connection with vehicles that the company has engaged itself in sales;
- ix) generate electrical energy, participate in corporations and undertakings producing, distributing, marketing electrical energy. Acquire their shares, dispose them if desired without acting as mediate or performing portfolio management;

- x) become engaged in any type of export or import transactions as may be required to implement any existing agreements with Fiat Auto;
- xi) become engaged in activities to meet the financing and insurance requirements of its credit sales and in other activities relating to services connected with the main activity of distribution, sale and servicing referred to above;
- xii) establish partnership with individuals and legal entities for the accomplishments of the aforementioned activities and participate in companies which are already established or to be established, and if necessary, terminate such participations.
- xiii) It may participate to commercial banks and companies performing financing activities, including consumer financing without acting as mediate or performing portfolio management; it may acquire shares and it may dispose of them by transferring, if desired.
- xiv) Pursuant to the rules established by the Capital Market Board, the Company may distribute dividend to the foundations established for various purposes and similar individuals and/or organizations and/or may donate to foundations set up for various purposes and similar individuals and/or organizations.

In case of intention to be involved in operations other than those shown above, which are to be deemed useful and necessary for the Company, in the future upon the proposal of the Board, the Company cannot carry on business it desires unless the case has been presented for the approval of the General Assembly and a resolution has been adopted modifying accordingly this present Article 3 by the latter. However, in order to apply such resolutions involving the amendment of the Articles of Association of the Company, the necessary permission will be obtained from the Capital Market Board first of all and then the Ministry of Industry and Trade and also by means of provisions of Act for the Encouragement of Foreign Capital such formalities require to be performed in accordance with the permissions obtained.

In the application of this Article, the provisions of Decree No. 6/9910 and future amendments thereto or those of the new Decree to be issued in this matter are to be respected.

#### **HEAD OFFICE AND BRANCH OFFICES OF THE COMPANY:**

**Article 4** - The legal center of the Company is located in Istanbul and the business center is located in Bursa. The Company may establish branch offices within the country and abroad when required, through prior notification to the Ministry of Commerce.

#### **DURATION:**

**Article 5** - The Company has been established for an indeterminate period of time.

The Company may be terminated by decision of the majority of 3/4 of the votes of the Extraordinary General Assembly which has convened with the participation of the shareholders representing at least 75 % of the aggregate share capital of the Company. The attendance of the same majority during the subsequent meetings of the General Assembly to convene for the same purposes, is required.

#### **SHARE CAPITAL:**

**Article 6** - The Company has adopted the Registered Capital System under the provisions of Act No. 2499 and begun to use this system by the permission from the Capital Market Board No. 532 of 1.8.1991.

The registered capital of the Company is YTL 1.000.000.000.- and it is divided into 100.000.000.000 shares each with a nominal value of YKR 1.-.

The issued capital of the Company is YTL 450.000.000.- fully paid. The number and the total values of Group A, D and E shares, all of which are registered shares, representing the Company's capital YTL 450.000.000.- are shown in the following table in groups

## **Allocation of the Capital amounting 450.000.000-YTL in terms of Group A, D, and E Shares**

<b>Group</b>	<b>Number of Share</b>	<b>Amount of Shares</b>	<b>(%)</b>
Group A - Registered	17.035.187.100	170.351.871	37,8560
Group D - Registered	17.035.187.100	170.351.871	37,8560
Group E - Registered	10.929.625.800	109.296.258	24,2880
<b>TOTAL</b>	<b>45.000.000.000</b>	<b>450.000.000</b>	<b>100</b>

The capital of the Company may be increased or decreased under the provisions of the Turkish Commercial Code and the Capital Market Act. Shareholders participate in the capital increases by acquiring shares to be issued from their groups. Pre-emptive rights are exercised according to the provisions of the Turkish Commercial Code and the provisions of these Articles of Association. For pre-emptive rights exercised or not exercised, the provisions of the Capital Market Act and of the Communiqué are respected.

In capital increases, shareholders pay in cash and in advance the values of the shares. Notice and Communiqué relating to these matters are made pursuant to the provisions of the Communiqué on the Capital Market and Article 25 of the Articles of Association.

Pursuant the provisions of the Capital Market regulations, the Board of Directors has the power to increase the issued capital by issuing shares when it is deemed necessary and to unify the shares in denominations representing more than one shares or to issue shares in smaller denomination instead of shares in big denominations provided that they are returned and cancelled. New shares can not be issued unless the issued shares are fully sold and their amount are paid. In addition, the Board of Directors can resolve to issue shares above the nominal value. Provisions of Capital Market regulations on the dematerialization of shares and on the dematerialized capital market instruments will be observed.

The Group D shares of the Company which benefits from the Act for the Encouragement of Foreign Capital No.6224, are held by the foreign partner FIAT Auto S.p.A..

### **TEMPORARY ARTICLE :**

#### **Article 6.Bis -**

Nominal share value was 5000,- TL, and it has been changed to 1 YKR pursuant to the law on amendments to Turkish Trade Code 5274. The number of total shares was decreased due to such change, and each 2 shares with a nominal value of 5000,- TL will be replaced with 1 share with a nominal value of 1 YKR. For shares that can not be rounded to 1 YKR, a certificate of fraction will be issued.

The 21st and 22nd issue of shares that represent 450.000.000 YTL portion of the existing capital of the company have been combined under issue of share 23. Shareholders reserve their rights arising from their shares with regards to the said change and share combination.

Replacement of shares will be commenced by the Board of Directors in accordance with the relevant regulations following the implementation of dematerialization of capital market instruments.

## **BENEFITING FROM THE FOREIGN INVESTMENT INCENTIVE LAW:**

**Article 7** - FIAT Auto S.p.A. who has committed the "D" Group shares of the Company is allowed to benefit from the Foreign Investment Incentive Law 6224 as per the Council of Ministers Decree dated May 2, 1968 and numbered 6/9910.

Shareholders who own the other groups, are liable to pay their commitments commensurate with the share capital allocated to the Company by the foreign shareholder.

## **THE SALE OF SHARES REGISTERED TO THE NAME:**

**Article 8**- 8.1. The sale of Group "A" and Group "D" type of registered shares and/or their pre-emptive rights and/or rights of first refusal among the shareholders holding the said type of shares (hereinafter "Registered Shareholder(s)") are unconditionally registered by the Company.

8.2. The Group A and the Group D type of registered shares and/or the pre-emptive rights and/or rights of first refusal pertaining thereto (such shares and rights are hereinafter individually or collectively "Registered Shares") may not, in any case, be sold or transferred, in whole or in part, on any basis (such as sale, donation, conveyance, assignment, etc.) to any third party who is a car manufacturer or any company or person directly or indirectly controlled by or controlling a car manufacturer other than the holders of the Group D type of Registered Shares. The Registered Shares may not be, in whole or in part, be pledged, charged, mortgaged or encumbered in favour of any third party whatsoever.

8.3. The sale or transfer on any basis (such as sale, donation, conveyance, assignment etc.) of Registered Shares to persons other than the other Registered Shareholder(s), and other than a car manufacturer or any company directly or indirectly controlled by or controlling a car manufacturer shall have to be submitted through the Board of Directors in the form of a proposal to the other Registered Shareholder(s) by the Registered Shareholder proposing to sell or transfer. The relevant proposal shall be submitted through registered mail return receipt requested and shall identify the terms and conditions of the proposed sale or transfer including but not limited to price and identity of Buyer. Should no response be received from the other Registered Shareholder(s) confirming its intention to purchase the Registered Shares in question within 60 days from the date he receives the proposal, it shall be deemed that the nonreplying Registered Shareholder(s) is not interested in purchasing the Registered Shares in question and thus shall be deemed to have rejected the proposal. In this case, the Registered Shareholder proposing to sell or to transfer shall be authorized to sell or transfer the said shares to the proposed third party buyer, provided however that it shall not be entitled to sell or transfer any or all of the Registered Shares on terms more favorable than what has been offered to the other Registered Shareholder(s).

In the case that the other Registered Shareholder(s) wish to buy the shares and the purchase price offered to or by the proposed third party buyer is deemed unacceptable by the other Registered Shareholder, then the Registered Shareholder proposing to sell and the other Registered Shareholder shall use their best efforts to agree on a purchase price mutually acceptable and to this effect each of them shall be assisted by an auditor of its own choice (the "Party's Auditor"). Failing an agreement within 60 days, the purchase price shall be established within a further period of 30 days thereafter by a panel composed of the two Parties' Auditors and by a partner of an international merchant bank of primary reputation to be jointly selected by the two Parties' Auditors ("Independent Appraiser"). In the event that the two Parties' Auditors fail to reach an agreement on such joint selection within 30 days from their appointment, then the Independent Appraiser shall be selected as follows:

(i) the two Parties' Auditors shall draw at random one from the following list of international merchant banks;

- a) Credit Suisse First Boston
- b) Deutsche Morgan Grenfell
- c) Goldman Sachs

(ii) the President of the head office of the merchant bank drawn as per (i) above shall be required to designate as Independent Appraiser one of the partners of his firm provided that the latter shall be neither from Italy nor from Turkey.

The Parties' Auditors and the Independent Appraiser shall not be bound by the methodology set out by the Protocol No.1 of July, 23, 1968 (annexed Tofas Articles of Association).

This price shall be final and binding and the transfer shall be realized over this amount. The fees and disbursements of such auditors and merchant bank ("Fees") shall be shared equally by the shareholders provided however that;

(i) If the price so determined is lower than the price offered by or to the third party buyer, the Registered Shareholder proposing to sell or transfer shall have the right to withdraw from his proposal to sell or transfer to the other Registered Shareholder and to the third party buyer and shall continue to hold his Registered Shares, provided however that, in this case, he shall bear the cost of the entire Fees; or

(ii) If the price so determined is higher than the price offered by or to the third party buyer, the Registered Shareholder proposing to buy shall have the right to withdraw from his proposal to buy, in this case, he shall bear the cost of the entire Fees, and the Party proposing to sell or to transfer shall be authorized to sell or transfer the said shares to the proposed third party buyer, provided however that it shall not be entitled to sell or transfer any or all of the Registered Shares on terms more favorable than what has been offered to the other Registered Shareholder(s).

8.4. Any sale, transfer, pledge, mortgage, charge or encumbering of Registered Shares made in conflict with any provision of this Art.8 shall be null and void.

#### **BOARD OF DIRECTORS:**

**Article 9-** Pursuant to the provisions of the Turkish Commercial Code, the operations and the administration of the Company are conducted by a Board of Directors consisting of eight members to be elected among the shareholders by the General Assembly.

Four of the members to be elected to the Board of Directors shall be elected among the nominees of the holders of the Group A Shares and the other four among the nominees of the holders of the Group D Shares.

The Board of Directors shall elect among its members a Managing Director. Pursuant to Art.319 of the Turkish Commercial Code the Board of Directors- except for the matters identified in Art. 11 hereof and for those specified in Article 336 of the Turkish Commercial Code - shall delegate to the Managing Director the authority required to conduct the business of the Company in the ordinary course and/or as required to implement the actions involved by the Budget of Company at the time in effect.

The Board of Directors may delegate the management and representation duties among its members and also fully or partially to managing directors, who are the members of board of directors or managers, who are not necessarily be shareholders.

The Board of Directors is authorized for the said delegation of the management and representation duties.

The Board of Directors assigns powers and responsibilities of managing directors and managers and delegate all kinds of powers and responsibilities of the Board of Directors to the

concerning people within the scope of terms, conditions and limitations to be determined thereby and modifies or withdraws the whole or a part of these powers if and when necessary.

The Board of Directors may establish advisory, coordination and similar committees or sub-committees in the fields to be determined thereby among its members and/or people, who are not a member of the board of directors.

The Board of Directors appoints, regulates and changes the meeting organization, operation and reporting principles for the Chairmen and members of committees.

In addition to remunerations, the members of the Board of Directors and the members of the abovementioned committees may be paid wages, bonuses, premiums or revenue shares in exchange of the services they provide to the Company within the scope of their membership in the Board of Directors and the committees. Format and amount of payments are determined in accordance with the relevant regulations.

#### **TERM OF THE BOARD OF DIRECTORS:**

**Article 10** - Members of the Board of Directors are elected for a maximum period of three years. The General Assembly may change the members of the Board of Directors at any time if it deems it necessary.

A board member whose period of service has expired may be re-elected.

The membership status of a person who has been elected to the Board of Directors as a representative of a legal entity shall terminate automatically, upon a written notification to be presented to the Board of Directors disclosing that the relation with the person acting as representative of such legal entity, has been discontinued.

During the elections to be executed by the Board of Directors for memberships which have been vacated during the year, the board member has to be elected among candidates designated by the holders of the type of series relevant to the membership which is then vacant.

#### **POWERS OF THE BOARD OF DIRECTORS:**

**Article 11** - The Board of Directors is empowered to take all the decisions pertaining to the Company, except those transactions which, pursuant to the Law and these Articles of Association, would require a General Meeting resolution. The Board of Directors shall delegate to the Managing Director the authority to conduct the business of the Company in the ordinary course and/or as required to implement the actions involved by the budget of the Company at the time in effect.

The following transactions are conducted in accordance with the decisions of the Board of Directors:

- 1) Subject to the qualification of Art. 13 bis hereof, the election of the Managing Director and the determination of his remuneration.
- 2) The appointment, discharge and the determination of the working conditions and level of authorizations to be provided to the Managers reporting to the Managing Director and identified in Art. 13.2 bis hereof and when necessary, to draw up contracts with such managers which exceed the term of the Board of Directors.
- 3) Opening, closing down or termination of branches and industrial facilities.
- 4) To furnish mortgages and liens on movable and immovable assets of the Company against borrowings received on behalf of the Company.

- 5) To establish participations and private partnerships commensurate with the Company's purposes and to terminate such participations.
- 6) Arranging for the construction of real estate property on behalf of the Company and the purchase and sale or lease of real estate property.
- 7) Approval of the Company's Business Plans and Annual Budgets.
- 8) Preparation of balance sheets, profit and loss statements and performance reports, provide them to the auditors and present them to the General Assembly.

All the decisions of the Board of Directors are required to have received the approval of at least five members of the Board of Directors among whom at least two have been elected among the candidates designated by the holders of "A" Group Shares, and two, by the holders of "D" Group Shares.

The votes of the members who have submitted their votes in the form of written ballots, shall be taken into consideration in the decision quorum.

#### **BOARD OF DIRECTORS MEETINGS AND EXECUTIVE COMMITTEE:**

**Article 12** - The Board of Directors shall convene whenever the course of their work would require. The meetings are held at the Company headquarters. However the arrangement of meeting elsewhere upon the Board of Directors decision is also possible. The relevant provisions of Article 330 of the Turkish Commercial Code remains reserved.

When deemed necessary, the Board of Directors may establish an Executive Committee, consisting of four members, between two sessions of meetings, for the purpose of accelerating the proceedings and to execute the works to be determined by the Board of Directors. Two members of this Committee shall be elected among the candidates to be designated by the holders "A" group shares, and two, among the holders of "D" group shares, by the Board of Directors. The decisions of the Executive Committee taken by majority shall be presented to the Board of Directors during the first subsequent meeting.

#### **PROVISIONS RELATING TO THE BOARD OF DIRECTORS:**

**Article 13** - Members of the Board of Directors will be paid a remuneration which will be determined by the General Assembly. The rights, authorizations, obligations and responsibilities relating to the Board of Directors and its members other than those explicitly put forth within this Articles of Association, the establishment of the Board of Directors and other issues relevant to the said organ are executed pursuant to the relevant provisions of the Turkish Commercial Code.

#### **DELEGATION OF POWERS :**

##### **Article 13 Bis -**

13.1 Bis. The Board of Directors and the Managing Director are authorized in the representation of the Company. In order to gain effectiveness, all the documents to be given and all the contracts to be signed by the Company, have to be drawn up under the official title of the Company and have to disclose the signatures of the authorized people. Authorizations for signature are determined upon the resolution of the Board of Directors.

13.2 Bis. The managers identified below shall be elected by the Board of Directors, as appropriate, from amongst the nominee or, as appropriate, nominees designated by the members of the Board of Directors representing the holders of the D Group shares and

respectively, from amongst the nominees designated by the members of the Board of Directors representing the holders of the A Group shares, as set out below.

**Management Position**

- (i) Managing Director
- (ii) Director of Commercial Area
- (iii) Director of Accounting, Finance and Control
- (iv) Assistant Director Purchasing
- (v) Assistant Director Marketing
- (vi) Assistant Director After Sales

**Designating Party**

Members of Board of Directors representing the holders of the D Group Shares

**Management Position**

- (i) Director of Industrial Area
- (ii) Director of External Relations
- (iii) Deputy to Director of Accounting, Finance and Control
- (iv) Assistant Director Accounting
- (v) Assistant Director Sales
- (vi) Assistant Director Production

**Designating Party**

Members of the Board of Directors representing the holders of the A Group Shares

13.3 Bis. As long as Mr. J. Nahum shall remain Managing Director of the Company the Director of Industrial Area shall be a person designated by the members of the Board of Directors representing the holders of the D Group Shares provided however that, starting from the date when Mr. J. Nahum ceases to be Managing Director of the Company for whatever reason, the Managing Director shall be elected by the Board of Directors representing the holders of the D Group Shares and the Director of Industrial Area shall be elected from amongst the nominees designated by the members of Board of Directors representing the holders of the A Group Shares. If at any time there will be a vacancy in the position of Managing Director then any board member representing the holders of the D Group Shares shall immediately assume the position of the Managing Director and shall serve until his replacement is appointed in accordance with the above.

**REPRESENTATION AND EXECUTION**

**Article 14** - The Board of Directors shall be authorized to perform the Company operations and to represent the Company towards the third parties. The Board of Directors may decide upon the transfer of part of its authority to others.

All the documents to be issued by the Company and all the contracts to be concluded to which the Company is a party, should be drawn up under the legal Company name and should carry the signatures of the competent officials authorized for signature on behalf of the Company.

**AUDITORS:**

**Article 15** - General Assembly elects three auditors at least, one of whom is selected among the candidates designated by the holders of "A" type shares, one by the holders of "D" type shares.

During the occurrence fo vacancies within the year, the said vacancy should be filled by a candidate to be designated by the group relevant to the audit position which has been vacated.

## **DUTIES AND OBLIGATIONS OF THE AUDITORS:**

**Article 16** - The duties, authorities, responsibilities and obligations and all other issues pertaining to the auditors shall be subject to the relevant provisions of the Turkish Commercial Code.

A monthly or annual remuneration to be determined by the General Assembly shall be appropriated to the auditors.

## **GENERAL ASSEMBLY:**

**Article 17** - The General Assembly of the Company convenes ordinarily or extraordinarily.

The Annual General Assembly is held at least once a year, within three months as of the termination of the fiscal year.

Extraordinary General Assembly Meetings are held if and when deemed necessary by virtue of the Company operations and in the emergence of events foreseen in the relevant provisions of the Turkish Commercial Code.

Announcement of the General Assembly Meeting is made 3 weeks prior to the date of meeting. General Assembly Meetings are held open to the public including stakeholders and media without granting them the right to speak.

At least one Member of the Board of Directors, one Auditor, at least one of the persons responsible for the issuance of financial statements and at least one responsible person with sufficient knowledge of the special items of the agenda will be present in the General Assembly Meetings. For such persons that fail to participate in the meeting, the reason of their absence will be presented to the information of General Assembly by the chairman of the meeting.

## **LOCATION OF THE MEETING:**

**Article 18** - General Assembly meetings are held in the administrative center of the Company, or upon the Board of Directors resolution, in locations where the branch offices or industrial facilities are found. The relevant information are conveyed to public through announcements and circulars.

## **QUORUM:**

**Article 19**- The Ordinary and Extraordinary General Assembly Meetings are held upon the participation of shareholders representing at least 75 % of the total share capital, during which, the adoption of the resolutions should be based upon achievement of the positive votes of the shareholders representing at least 3/4 of the total share capital.

The same requirements regarding the accomplishment of a quorum and the adoption of resolutions shall remain applicable during the subsequent meetings of the Assembly.

However, in the event that the D Group Shareholders or the A Group Shareholders propose a capital increase in the event of the below situations then the A Group Shareholders or, as appropriate, the D Group Shareholders shall be obliged to exercise their affirmative votes in such situations both in the relevant General Assembly and in the subsequent meetings of Groups A and D held according to Article 391 of the Turkish Commercial Code.

1) If the Company shall face bankruptcy, liquidation or konkordato proceedings in the absence of the requested capital increase.

2) If the debt equity ratio exceeds 1,5 (one comma five) in the absence of the requested capital increase.

In either of the events contemplated in (1) and (2) above, all Registered Shareholders shall vote affirmatively for a capital increase to restore the debt / equity ratio to 1,5 or less. In such a case either Group of Registered Shareholders will have the option of not participating in the said capital increase. In which case the other Group of Registered Shareholders will have the right to participate also for the other Group's Registered Shares, accompanied with appropriate changes in the Board of Directors and in the management structure of the Company.

#### **NUMBER OF VOTES:**

**Article 20** - Shareholders or their proxies attending the Ordinary and Extraordinary General Assemblies shall have a right for one vote for each share they held.

#### **PROXY AND REPRESENTATION:**

**Article 21** - The shareholders not attending the Meetings of the General Assembly can be represented by proxy to be appointed from among the shareholders or non shareholders. In such a case, the regulations of the Capital Market Board relating to voting by proxy are observed.

#### **MANNER OF VOTING:**

**Article 22** - During the General Assembly Meetings, votes are given through signs. However, upon request of the shareholders who own 1/10 of the share capital present to the meeting, secret voting may be applied.

#### **COMMISSAR:**

**Article 23** - The presence of a Commissar from the Ministry of Commerce during the General Assembly is a requirement. Resolutions adopted in General Assembly Meetings held in the absence of a Commissar shall not be considered as valid. Notification of the Ministry of Commerce or any competent authority duly authorized on the Ordinary and Extraordinary General Assembly Meetings at least 20 days prior to the date of the meeting and the forwarding of the documents relevant to the General Assembly, is a requirement.

#### **AMENDMENTS TO THE ARTICLES OF ASSOCIATION:**

**Article 24** - It is subject to the permission of the Capital Market Board first of all, and then the Ministry of Industry and Trade to perfect and implement the amendments to this Articles of Association which are to be made by the Resolution of the General Assembly. Such amendments come into force as of the date of their announcements after their duly approval and registration in the commercial register.

#### **NOTICES:**

**Article 25** - It suffices to publish on the Turkish Commercial Registry Journal those of the notices belonging to the Company whose publication on that journal is compulsory. Notwithstanding the provisions of Turkish Commercial Code 37, all other announcements will be made on the Company website in addition to the Turkish Commercial Registry Journal.

The provisions of the Capital Market Law and the relevant regulations are followed for the other announcements to be made with the meetings of the General Assembly.

## **DOCUMENT TO BE SUBMITTED TO THE MINISTRY:**

**Article 26** - The Ministry of Industry and Trade will be sent or the Commissioner attending the meeting will be provided three copies of each of the Directors and Auditors' Reports and annual balance-sheet, income statement, list of attendants and the Minutes of the General Assembly Meeting within one month at the latest from the last meeting of the General Meeting.

In addition, the financial statements and reports provided by the Capital Market Board to be prepared and the Independent Auditors' Report, in case of being subject to independent audit, are prepared in accordance with the procedures and guidelines prescribed by the Board and they are sent to the Board and announcement to the public.

## **ISSUANCE OF DEBENTURES AND OTHER SECURITIES:**

**Article 27** - The Company can issue all debentures, commercial papers, participation preferred shares, profit and loss sharing certificates or other securities or negotiable instruments to be recognized by the Capital Market Board to offer to real persons and legal entities in the country and abroad in accordance with provisions of Turkish Commercial Code and the Capital Market Act and other relevant regulations in effect. The Board of Directors has the power to determine the issuance and maximum totals and other conditions thereof. For issuance to be made, the points provided for by the Capital Market Act and the relevant regulations are respected.

## **ANNUAL ACCOUNTS:**

**Article 28** - The fiscal year for the Company is the calendar year. However, for one occasion, the initial fiscal year will comprise the period between the date on which the Company has been properly established definitively and the last day of December of the same year.

## **PROFIT APPROPRIATION:**

**Article 29** - The net income of the Company remaining after deduction of such amounts as the general expenses and the allowances for depreciations required to be paid and earmarked and the taxes required to be paid by the legal entity of the Company from the total revenues determined at the end of the fiscal year which appears on the annual balance sheet will be distributed on the following basis after deduction of prior years' losses if any therefrom:

- The first legal reserve of 5% is earmarked under the provisions of Turkish Commercial Code
- The first dividend at the rate and amount fixed by the Capital Market Board is set aside from the remaining amount.

The General Assembly shall be authorized to decide on whether the remaining balance, subsequent to the deductions indicated shall be appropriated entirely or partially or transferred to the general reserves.

The second legal reserve being one tenth of the amount remaining after deduction of the dividend for 5% of the paid up capital from the total amount resolved to be distributed to the shareholders and other individuals participating in sharing of the profit is earmarked pursuant to subparagraph 3 of paragraph 2 of Section 466 of Turkish Commercial Code.

The date and method of profit appropriation, including the first dividends, shall be ascertained by the General Assembly, upon the proposal of the Board of Directors by taking into consideration the communiques issued by the Capital Market Board.

Unless the reserve required to be set aside pursuant to the relevant provisions of the law and the first dividends for the shareholders as determined in the Articles of Association are appropriated,

the General Assembly shall not be authorized to adopt resolutions concerning the setting aside of other general reserves, profit transfer to the oncoming year, and unless the first dividend is paid in cash and/or share certificate, shall not resolve on the profit distribution among the members of the Board of Directors, officials, workers and other personnel employed, shareholders, foundations established for various purposes and similar individuals and/or institutions.

Dividend is equally distributed to all the shares outstanding as of the fiscal year irrespective of the dates they have been issued and acquired. The Company may distribute an advance dividend among the shareholders upon resolution of the Board of Directors, if authorized by the General Assembly, in accordance with the arrangements under the Capital Market Law.

#### **RETAINED EARNINGS:**

**Article 30** - Legal reserve shall no longer be set aside once it reaches 1/5 of the share capital of the Company. However, should this amount fall below such rate for whatever reason, retaining of legal reserve recommence until the said rate is reached again.

#### **TERMINATION OF THE COMPANY:**

**Article 31** - The Company shall be terminated on account of the reasons specified within the Turkish Commercial Code or upon a court decree. In the event that the Company terminates or is made to terminate its existence, the liquidation process shall be executed in compliance with the provisions of the Turkish Commercial Code.

#### **ARBITRATION:**

**Article 32** - Any disputes arising out of the Company's affairs between the company and the shareholders or between the shareholders only at the time the company operates or is liquidated, are settled by arbitration.

In case of the dispute concerned with the Group D shareholders, each Party appoints an arbitrator. If these two arbitrators do not agree on the award or appointment of the third arbitrator, the President of the Swiss Federal Court appoints the third arbitrator.

#### **ARTICLES OF ASSOCIATION TO BE FORWARDED TO THE MINISTRY:**

**Article 33** - Two issues of the Turkish Trade Registry Gazette in which the Articles of Association of the Company has been issued shall be forwarded to the Ministry of Commerce. Moreover, if the Articles of Association is separately issued, the said publication shall be distributed among the shareholders and 10 copies shall be forwarded to the Ministry of Commerce.

#### **LEGAL PRIVISIONS:**

**Article 34** - For matters not covered by this Articles of Association, the provisions of the T.R. Commercial Code, the Capital Market Act and the relevant regulations apply. The articles of this Articles of Association which are not in compliance with the Regulations of the Turkish Commercial Code, Capital Market Act and the Capital Market Regulations do not apply.