

MERGER AGREEMENT

The Merger Agreement, having 10 articles, has been executed between the two parties, one of which is the ARÇELİK A.Ş. (ARÇELİK), which has headquarters at the address: Karaağaç Caddesi No:2-6 34445 Sötlüce Beyođlu-Istanbul and registered to the Istanbul Trade Register with registration number 54957/4388 and the other being the GRUNDIG ELEKTRONİK A.Ş. (GRUNDIG) which has headquarters at the address: Beylikdüzü Mevkii 34520 Büyükçekmece-Istanbul and registered to the Istanbul Trade Register with registration number 93237/38441.

INITIATORY INFORMATION ON THE MERGING PARTIES

a) Transferee Firm

1. Trade Name :

Arçelik A.Ş.

2. Address of the Headquarters and Agencies :

Karaağaç Caddesi, No:2-6, 34445, Sötlüce Beyođlu-Istanbul

3. Registry Date, Registry No and Office of Registration :

21.01.1955, 54957/4388, Istanbul

4. Validity :

Indefinite

5. Activity Field :

Arçelik A.Ş., its subsidiaries and investments evaluated with the equity method, are engaged in the commercial and industrial activities of the production, distribution, sales and after sales services as well as the export and import operations of the consumer durables and electronics sectors.

b) Transferred Firm

1. Trade Name :
Grundig Elektronik A.Ş.
2. Address of the Headquarters and Agencies :
Beylikdüzü Mevkii 34520 Büyükçekmece-İstanbul
3. Registry Date, Registry No and Office of Registration :
16.09.1966, 93237/38441, Istanbul
4. Validity :
Indefinite
5. Activity Field :
Grundig Elektronik A.Ş. and its subsidiaries are engaged in the commercial and industrial activities related to the production and sales as well as the export and import operations of the computers, cash registers and miscellaneous electronics products.

INFORMATION ON THE EXISTING CAPITAL AND SHARES

a) Transferee Firm

1. Paid Up Capital

The paid up capital of TL 399.960.000 has been decided to be increased to TL 659.934.000 by a capital increase of TL 249.975.000 in cash with the Board of Directors decision dated 03.04.2009 and by adding TL 9.999.000 to the paid up capital in terms of bonus shares with the decision taken on the Ordinary Shareholders Meeting dated 25.03.2009. The distribution of the capital following the capital increase will be as below:

2. Distribution of the Capital among Shareholders

Shareholder's

| Trade Name/Name Surname | Share in Capital (TL 000') | Share (%) |
|---|----------------------------|---------------|
| Rahmi M. Koç | 16.473.981,41 | 2,50 |
| Semahat S. Arsel | 18.397.198,89 | 2,79 |
| Suna Kıraç | 17.542.403,22 | 2,66 |
| Mustafa V. Koç | 6.177.178,49 | 0,94 |
| Ali Y. Koç | 6.175.838,51 | 0,94 |
| Koç Holding A.Ş. | 273.742.027,02 | 41,48 |
| Koç Hol. Emekli ve Yardım San. Vakfı | 29.671.068,26 | 4,50 |
| Temel Ticaret ve Yatırım A.Ş. | 18.576.870,00 | 2,81 |
| Vehbi Koç Vakfı | 689.734,73 | 0,10 |
| Teknosan Büro Mak. Ve Lev. Tic. San. AŞ | 81.428.336,35 | 12,34 |
| Burla Ticaret ve Yatırım A.Ş. | 50.571.663,05 | 7,66 |
| Other | 140.487.699,47 | 21,29 |
| TOTAL | 659.934.000,00 | 100,00 |

3. Indirect shareholder's Shares

| Shareholder's Trade Name/Name Surname | Share in Capital (TL 000') | Share (%) |
|--|----------------------------|---------------|
| Rahmi M. Koç | 63.855.449,11 | 9,68 |
| Semahat S. Arsel | 69.075.938,60 | 10,47 |
| Suna Kıraç | 60.092.849,19 | 9,11 |
| Mustafa V. Koç | 26.158.927,97 | 3,96 |
| Ali Y. Koç | 26.199.259,99 | 3,97 |
| M. Ömer Koç | 18.900.389,26 | 2,86 |
| İpek Kıraç | 10.373.209,47 | 1,57 |
| Koç Hol. Emekli ve Yardım San. Vakfı | 35.117.150,41 | 5,32 |
| Vehbi Koç Vakfı | 20.689.944,16 | 3,14 |
| Rmk Mahdumları | 287.007,72 | 0,04 |
| Robert Sonman | 19.646.308,28 | 2,98 |
| Nadya Sonman | 64.639,35 | 0,01 |
| Terry Sonman | 1.441.372,00 | 0,22 |
| Linda Yona Sonman | 21.087.680,29 | 3,20 |
| Sara Bornsten | 64.639,35 | 0,01 |
| Leon Hananel | 5.929.885,80 | 0,90 |
| Toni Hananel | 15.157.794,49 | 2,30 |
| Davit Bornsten | 21.087.680,29 | 3,20 |
| Lori Burla | 1.319.999,60 | 0,20 |
| Dainel Burla | 21.120.00,87 | 3,20 |
| Flora Burla | 1.319.999,60 | 0,20 |
| Ivet Burla | 72.609,99 | 0,01 |
| Monika Benardete | 23.687.390,08 | 3,59 |
| Other | 197.183.874,12 | 29,88 |
| TOTAL | 659.934.000,00 | 100,00 |

4. Continuity of the privileges on shares representing the capital:

There are no privileges on ARÇELİK shares.

5. Explanation on the redeemed shares and debenture bonds and alike government bonds, if there is any, between the shares representing the capital:

There are no redeemed shares within the shares that represent the capital.

There are no debenture and bonds .

b) Transferred Firm

1. Paid Up Capital

T.L. - 478.000.000

2. Distribution of the Capital among Shareholders

Shareholder's

| Trade Name/Name Surname | Share in Capital (TL 000') | Share (%) |
|--|-----------------------------------|------------------|
| Arçelik A.Ş. | 396.895.775,03 | 83,03 |
| Koç Holding Emekli ve Yardım Sandığı Vakfı | 25.936.440,00 | 5,43 |
| Vehbi Koç Vakfı | 1.044.001,36 | 0,22 |
| Other (Free floating) | 54.123.783,61 | 11,32 |
| TOTAL | 478.000.000,00 | 100,00 |

3. Indirect shareholder's Shares

Shareholder's

| Trade Name/Name Surname | Share in Capital (TL 000') | Share (%) |
|--|-----------------------------------|------------------|
| Rahmi M. Koç | 38.419.511,02 | 8,04 |
| Semahat S. Arsel | 41.554.987,65 | 8,69 |
| Suna Kıraç | 36.157.205,11 | 7,56 |
| Mustafa V. Koç | 15.717.072,69 | 3,29 |
| Ali Y. Koç | 15.756.762,27 | 3,30 |
| M. Ömer Koç | 11.351.219,17 | 2,37 |
| İpek Kıraç | 6.231.263,67 | 1,30 |
| Koç Hol. Emekli ve Yardım San. Vakfı | 47.051.295,22 | 9,84 |
| Vehbi Koç Vakfı | 13.506.528,70 | 2,83 |
| Rmk Mahdumları | 158.758,31 | 0,03 |
| Teknosan Büro Makina ve Lev. Tic. ve San. AŞ | 48.976.938,64 | 10,25 |
| Burla Ticaret ve Yatırım A.Ş. | 30.402.216,37 | 6,36 |
| Other | 172.716.241,18 | 36,14 |
| TOTAL | 478.000.000,00 | 100,00 |

4. Continuity of the privileges on shares representing the capital:

There are no privileges on GRUNDIG shares.

5. Explanation on the redeemed shares and debenture bonds and alike government bonds, if there is any, between the shares representing the capital:

There are no redeemed shares within the shares that represent the capital.

There are no debenture and bonds.

Article 1

ARÇELİK and GRUNDİG have agreed that, based on their Board of Directors' decision dated 20.04.2009, within the framework of the Article 451 and other related articles of the Turkish Commercial Code and Articles 18-20 of the Corporate Tax Law, they should suggest the merger of Grundig with Arcelik as a whole on their Shareholders' Meeting.

Article 2

The merger of the parties will take place in the form where GRUNDİG will be transferred to ARÇELİK, the dissolution without liquidation of the GRUNDİG will be realized on 01.01.2009 by the transfer of all of its assets and liabilities on its balance sheet as of 31.12.2008. The dissolved company's assets will be managed by the transferee until its debts will be payed or secured. The provisions of the Article 451 of the Turkish Commercial Law are reserved.

Article 3

ARÇELİK will transfer into its balance sheet all of the assets and liabilities of GRUNDİG, which was transferred as a whole.

Article 4

The parties will submit the declaration of transfer, signed mutually and transferred balance sheets and income statements attached, to the Tax Administration Office where GRUNDİG to be dissolved without liquidation is registered, within the 30 days of the register date of the merger.

Article 5

ARÇELİK undertakes that it will pay the accrued tax liabilities of GRUNDİG and carry out all of the other requirements and submit a certificate related to this undertakings to the Tax Administration Office GRUNDİG is registered at, and will be able to provide additional collaterals on demand.

Similarly, the liabilities of GRUNDİG to the third parties will be paid by ARÇELİK in whole, in accordance with the related agreements and principles of the Turkish Commercial Law.

Article 6

Based on the 31.12.2008 dated financial statements of the merging companies, within the context of the expert report acquired on 15.04.2009 according to the decision of the Kadikoy 4. Commercial Court dated 10.03.2009 with the file number 2009/677 D.Is., as well as on the 14.04.2009 dated report of the KPMG Akis Independent Audit and Chartered Accountancy, which has qualifications determined by the CMB, it was understood that in case the capital of ARÇELİK is increased to TL 675.728.205, the equity reverted from GRUNDİG would be nominally offset, and the CMB's permission dated 27.05.2009 numbered 15/377 related to this matter was acquired.

Under the given circumstances;

GRUNDİG shareholders will be given 1 Kr nominal valued 0,1947396 shares registered ARÇELİK share for each 1 Kr nominal valued GRUNDİG share and the exchange of the shares will be carried out at the rate 1:0,1947396.

Due to the merger, 1.579.420.500 ARÇELİK shares with a value of 1 Kr per share issued for the merger will be distributed to the shareholders of dissolving GRUNDİG, except ARÇELİK, in exchange for the GRUNDİG shares they hold.

The exchange of shares will start within 15 days after the registration of the capital increase that will be made for the merger. The places where the shares will be exchanged will be announced, latest 2 days prior to the date of the distribution, on a Turkish newspaper and on one of the two mostly circulated Istanbul newspapers with the title "Announcement on Allotment of Shares" approved by the CMB. The exchange of shares will be made according to the dematerialization principles.

The capital increase of ARÇELİK for the merger will be valid from the date it was registered on Trade Register, and the shareholders will have the right to receive dividends as of the period in which the announcement of the distribution of shares was published.

The rights of the shareholders whose excess shares after the exchange are not sufficient to purchase an ARÇELİK share will be monitored within the frame of the dematerialization principles.

Article 7

The Article 7 of the Articles of Association of Arçelik will be amended as below, as a result of the capital increase of the company to TL 675.728.205.

REGISTERED CAPITAL

Article 7-

The company has adopted the registered capital system in accordance with the provisions of Law nr. 2499 and has passed into this system upon permit nr. 61 dated 28.10.1982 by the Capital Market Board (CMB).

The registered capital of the Company is TL. 1.500.000.000,00 (One thousand five hundred million), divided into 150.000.000.000 shares, each with a nominal value of Kr. 1 (one Kurus).

The permit provided by the CMB for the registered capital ceiling is valid for the years 2008-2012 (5 years). In the period ended 2012, even if the registered capital ceiling levels are not attained, in order to take capital increase decision, for a previously approved ceiling level or a new level, the Board of Directors must get authorization from General Shareholders Meeting that will be held after permission of CMB. In case the company doesn't get such an authorization, the company will be considered as signed out from the registered capital system.

The issued and paid up capital of the Company is TL 675.728.205,00 (Six hundred and seventy-five million seven hundred and twenty eight thousand and two hundred and five), which is divided into 67.572.820.500 registered shares, each with a nominal value of Kr. 1 (one Kurus).

The previously issued capital of TL 659. 934.000 was fully paid and completed.

The increased capital of TL 15.794.205, has been met by the equities that were determined by the 15.04.2009 dated report of the expert, who was assigned by the decision of the Turkish Republic Kadıköy 4th Commercial Court dated 10.03.2009 and with the file number 2009/677D.Is. as well as the report of the expert association of KPMG Akis Independent Audit and Public Accountancy A.Ş. and that were transferred as a result of the acquisition that was carried out by transferring all assets and liabilities of Grundig Elektronik A.Ş. as of 31.12.2008, within the framework of Article No. 451 of Turkish Commercial Code and other related articles and Article No. 18-20 of Corporate Tax Law.

The 1.579.420.500 shares of stock with 1 Kr nominal value and issued as a result of the acquisition will be distributed to the shareholders of Grundig Elektronik AŞ who will dissolve as a result of the acquisition in exchange for their Grundig Elektronik AŞ shares that they owned.

The Board of Directors may increase the registered capital specified above when necessary by issuing registered share certificates each with kr. 1 (one Kurus) nominal value to appraise and encourage small savings in the form of share certificate denominations of kr.1 (one Kurus) and its folds issued as registered and bearer share certificates provided that rate and amount suggested by the Capital Market are complied with. The price of the share certificates are collected promptly and in cash.

The shares that represent the capital are being tracked within the frame of dematerialization principles.

Article 8

For the overdue payables of GRUNDİG not demanded by the creditors, and the non over-due payables as well as the payables disagreed upon, the Article 445 of the Turkish Commercial Code will apply.

Article 9

Grundig will be dissolved on the date the capital increase Arçelik was obliged to carry out will be registered on the Trade Register, and when the conditions on the Article 447 of the Turkish Commercial Code are met, Grundig will be cancelled in the Trade Registry.

Article 10

The Merger Agreement will be approved at the General Assembly of the merging parties whose Board of Directors will be called latest on 30.06.2009 for the meeting, and it will also be approved by the Capital Markets Board, Competition Board and General Directorate of the TC Ministry of Industry and Commerce.

The Merger Agreement will be invalidated in case the General Assembly are not held by 30.06.2009 or the merging parties fail to fulfill contractual obligations. The party which fails to fulfill these obligations shall indemnify all losses or damages arising from its failure of the other party.

ARÇELİK A.Ş.

GRUNDİG ELEKTRONİK A.Ş.