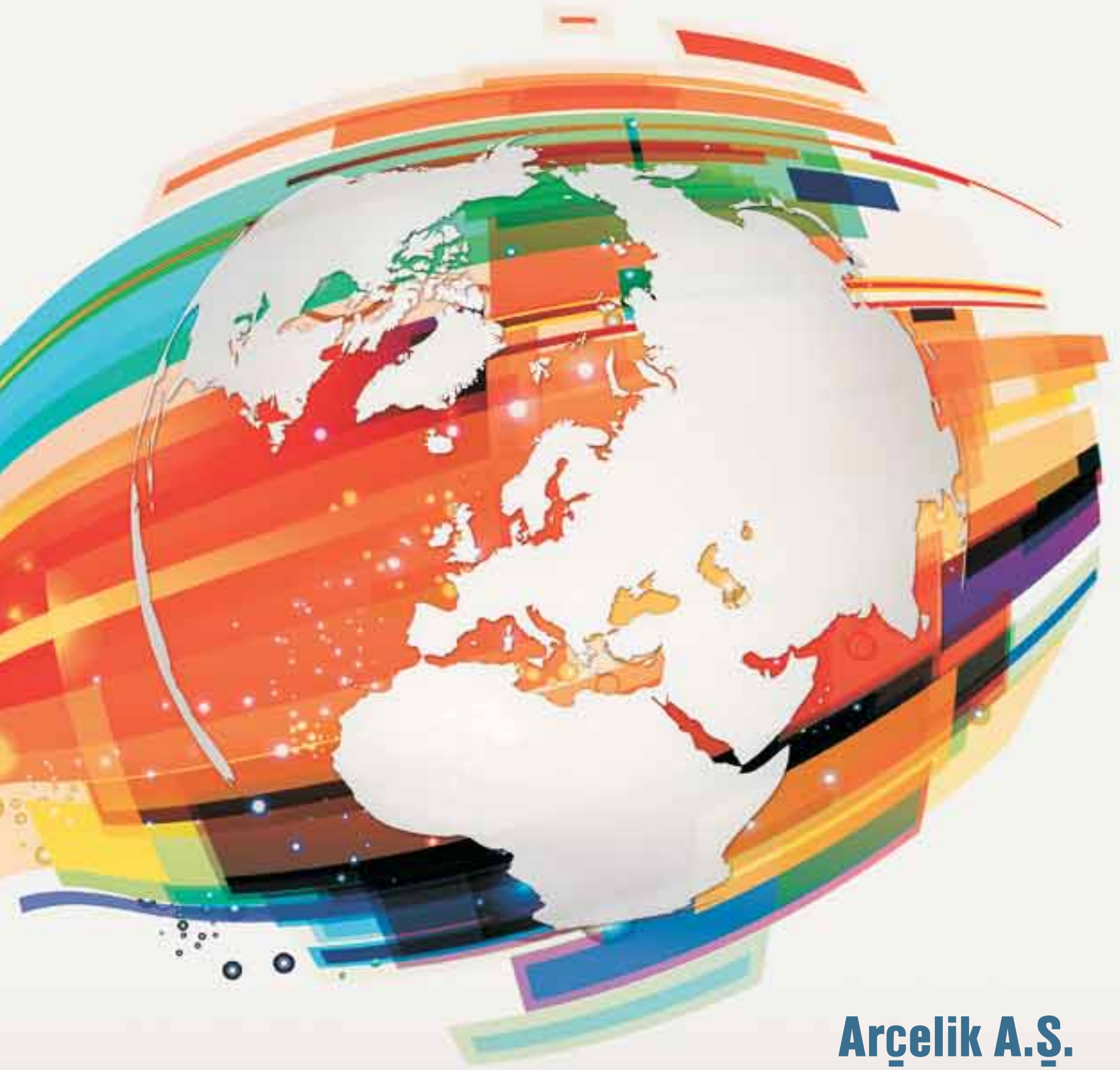



Respects
THE GLOBE
Respected
GLOBALLY



Arçelik A.Ş.
2010
ANNUAL REPORT



 Our most important asset is our people.

The quality of our products and services is based on the quality of our people. For the continuity of the Koç Group, we follow a policy of recruiting the best people and providing opportunities for development and advancement. To fully utilize the talents, strength, and creativity of our people, we create a work environment which nourishes increased productivity, cooperation, and solidarity.

Vehbi Koç

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Respects
THE GLOBE
Respected
GLOBALLY

RESPECTS THE GLOBE, RESPECTED GLOBALLY

Arcelik Group,
with its vision, aims



to achieve profitable, and

SUSTAINABLE GROWTH,



to increase market share in its,

TARGET MARKET; the GLOBE,



to reach more consumers in a fast-changing world with

INNOVATIVE

products and services,



to safeguard the future with the concept of

CORPORATE RESPONSIBILITY,



and to integrate and optimize the components of the

GLOBAL ORGANIZATION

while becoming a Global Group.



1955 / 1991

- 1955 Arçelik A.Ş. is established in Söğütözü.
- 1959 Arçelik A.Ş. produces the first washing machine in Turkey.
- 1960 Arçelik A.Ş. produces the first refrigerator in Turkey.
- 1975 Eskişehir Refrigerator Plant begins production.
- 1977 Ardem Cooking & Heating Appliances is founded.
Eskişehir Compressor Plant begins production.
- 1991 R&D Center is founded.

1993 / 2006

- 1993 Ankara Dishwasher Production Plant begins production.
- 1999 Arçelik A.Ş. acquires Ardem Cooking & Heating Appliances.
Arçelik A.Ş., Türk Elektrik Endüstrisi A.Ş., Atılım A.Ş. and Gelişim A.Ş. merge to become a single entity.
- 2006 Refrigerator and Washing Machine Production Plant begins production in Russia.
Washing Machine Production Plant begins operations in China.
Arçelik A.Ş. becomes the largest shareholder in Beko Elektronik A.Ş.



2008/2009

- 2008 First Tumble Dryer Production Plant begins operations in Çerkezköy.
- "A first in the world," "Divide & Cool (DAC): Dividable Cooling Technology" is launched.
- Legal title of Beko Elektronik A.Ş. is changed to Grundig Elektronik A.Ş.
- 2009 The merger of Arçelik A.Ş. and Grundig Elektronik A.Ş. is completed.
- The first 4-door refrigerator is manufactured in Turkey.
- The World's Quickest Washing Machine is manufactured. With a consumption rate 30% more economical than the A class, it offers the "Least Energy Consumption in the World" with its "Mini 14 washing program".



2009

- 2009 Arçelik launches "Super Invertech" with 60 percent more energy-efficient performance in heating and cooling than any other A class air conditioners.
- Arçelik's Green Eco-Panel LCD TV with 45% less energy consumption is introduced to consumers.
- The world champion in three categories: the "most silent, least water consuming and fastest," dishwasher is introduced to consumers.
- Beko becomes the main sponsor of the European Basketball Championship EuroBasket 2009, the FIBA Asian Basketball Championship and the German Basketball League "Basketball Bundesliga."
- Beko becomes the main sponsor of the 2010 FIBA World Basketball Championship held in Turkey.

January - March

Title sponsor of German Basketball League, Beko also sponsors Beko Basketball Bundesliga All Star event held in Bonn.

Arçelik participates in the Community of European Management Schools and International Companies (CEMS) with the cooperation of the Koç University School of Business.

Arçelik Authorized Dealers Meeting is held in Istanbul.

Elektra Bregenz AG introduces its new logo and concept "In Harmony with Your Life" to consumers.



April - June

Arçelik exhibited its new generation acclimatization products in SODEX 2010, the most significant acclimatization exhibition in Europe.

Arçelik launches its new washing machine, 8124 HST Economist, which consumes 50% less power than A energy class.

Arctic celebrates its 40th anniversary.

12th Invention Day awards successful engineers developing innovative products.

Prominent in acclimatization and energy solutions, Arçelik opens its new Air Conditioner Store.





July - September

The 84-cm Combi No-Frost Refrigerator which has a 600-liter large inner capacity and consumes 15% less energy than A energy class refrigerators is launched.

The first 3D LED television is produced in Turkey.

World's first laundry-recognizing washing machine, 8128 H Autologic is released into the market.

"World's most economical dishwasher" A-30% 62107 HIT Economist is introduced to consumers.

In its 65th anniversary, Grundig introduces its latest products with the slogan "MegaHertz Enthusiasm" in IFA.

Arçelik 92152 TACM two-drawer Built-in Dishwasher is released to consumers.



October - December

Arçelik produces its one millionth washing machine in Russia.

The 9681 ESLTI Built-in Oven equipped with steam power cooking technology is released for the first time in Turkey.

The sponsorship agreement between Beko and the Turkish Basketball Federation is extended.

Arçelik produces a new dishwasher called 63107 HIT - New Ecologist after its combined features. It is the "World's Least Water Consuming" dishwasher with 6-liter water consumption in the Economy 6L program and "One of World's Least Energy Consuming Products" with 30% less energy consumption than A energy class products in its Economy 50°C program.

Arçelik opens its first "Concept" store in Turkey.

2008-2009 the Arçelik A.Ş. Sustainability Report is published in accordance with the Global Reporting Initiative (GRI) G3 Principles.

The 7-kg A-20% 2200 ACM Built-in Washing Machine, increasing the standard built-in washing machine capacity by 40%, is produced.

World's first A+++ No Frost refrigerator consuming the least electrical energy in its own class is produced.





“

Arçelik reached in 2010 a consolidated turnover of 6.9 billion TL. While the international sales were 3.5 billion TL, our net profit rose up to 549 million TL showing an increase of 9%.

”



Esteemed Shareholders and Business Partners, Dear Arçelik Family,

Welcome to our Company's 2010 Ordinary General Shareholders Meeting. I salute you on behalf of the Board of Directors.

Before detailed analyses about our Company's results in 2010, I would like to evaluate significant domestic and global developments that have influenced our operations and strategies last year; and then express my opinions about the future.

The impact of the 2008 crisis, which deeply affected global markets, has now substantially diminished except for European countries. Following 0.6% decline in 2009, the 5% growth rate in the world economy in 2010 indicates that we are now out of the woods though stability is still a way away from us.

Financial stimulus packages implemented in many countries made a significant contribution to this growth. However, to maintain this growth trend, I believe that a more effective way of regulation is compulsory for the financial markets that led the 2008 crisis. Although many initiatives have been commenced for an effective risk management by the US, EU and G20, unfortunately the desired result has not yet been achieved.

It is another acknowledged view that emerging countries will ensure growth in terms of the global economy.

The figures of the last two years justified the estimations and showed that developed countries, especially and primarily in Western Europe, are now facing a long-term recession and the difference will further grow in 2011 to the benefit of the emerging countries. As I have always stated, these forecasts clearly indicate that the rules and players of the game have changed.

Finally, related to global events, I would like to emphasize that rapid increase of internet usage and the spreading of social media networks such as Facebook and Twitter have now reached such a power to change political systems. We have recently witnessed the extent of this power through the turn of events in Middle East countries and how deeply they have impacted the world economy.

Our country's economy was a rising star in 2010 in this rapidly changing global environment. Notwithstanding 4-5% anticipation in early 2010, the growth rate has reached around 8%. Inflation retreated back to 6%. Although employment has not yet moved up to the coveted level, it is now in a climbing trend.

Our exports increased by 11.5% with the contribution of recovery in the target markets and the policy of heading towards alternative international markets. Thanks to the contribution of privatizations, the number of company mergers and acquisitions - a significant indicator for the emerging countries - doubled the figures of 2009 and turned out to be 5 times greater in terms of total economic value.

Although great portion of indicators are positive, we have serious problems such as high current account deficit, balance of debts, and double-figure unemployment rate, which require us to be cautious, manage our risks well and increase our exports.

In the aftermath of the 2011 elections I hope for quick and immediate positive steps to be taken to solve these important problems so that our country's credit rating can be elevated to an investable category.

Following macro developments in the world and in our country, I would like to share my views related to Arçelik's year of 2010 and future.

Despite the economic stagnation in Western Europe, the largest market of Arçelik even though its impacts are decreasing, our Company successfully achieved an average of 10.6% EBITDA margin in the last 7 years.

The savings in operational processes and the following efficiency increase, brand-oriented market applications and market diversification as well as increasing export

rate to the overseas countries - other than Europe - significantly contributed to the results of 2010.

Thanks to these new strategies, Arçelik reached in 2010 a consolidated turnover of 6.9 billion TL. While the international sales were 3.5 billion TL, our net profit rose up to 549 million TL showing an increase of 9%.

I would like to express my gratitude to our employees, dealers and suppliers and our faithful customers. They have maintained our position in the market and operational profitability through their diligence, creativity and visionary management. They have made it possible to achieve the highest standard in all work carried out in 2010, as well as in the past.

I wholeheartedly believe that Arçelik will reflect our company's principles of environmental awareness, energy efficiency, productivity and respect to humanity in its business processes and products; and make its mark on the next decade, as well.

Wishing another peaceful and prosperous year for our country in 2011, I extend my kindest regards to all of you.



RAHMI M. KOÇ
Chairman
Arçelik A. Ş.



Esteemed Shareholders, Business Partners and Colleagues,

Following 2008 and 2009, which witnessed the most severe crisis in the world's economic history, 2010 has been a year with some recovery in global economy, however, the vulnerability still continues.

The positive impact of expansive monetary and fiscal policies especially adopted in developed countries to fight the recession has begun to be felt in terms of consumer confidence and total demand throughout the year 2010.

It is estimated that the global economy grew nearly 5% in 2010 as a result of this recovery period in developed countries with these measures and the growth period led by emerging countries.

We are still facing prominent risks despite the improvement in aggregate demand. These risks include: unemployment, public debts and high budget deficits in some European countries, as well as, a rising inflation attributable to the increase in the price of food, raw material, and oil.

This gradual recovery process in the global economy has positively influenced the white goods sector and the companies doing business in the industry. The white goods sector has grown by 2.8% in Western Europe, one of Arçelik's important markets, and in the Eastern Europe it has grown by 8.6%.

Similarly, the international LCD television market has maintained its growth and reached a size of 100 billion USD. While in Western Europe, which is our main market in this product group, LCD television sales have reached 39 million pieces with an 18% increase compared to 2009, the market size has reached 21 billion USD.

As for Turkey, we encounter one of the most striking growth figures in the world thanks to the dynamic structure of the domestic market and the strong banking system that supports the market.

Thus, with an estimated growth rate of 8% in 2010, the Turkish economy has managed to overcompensate the 4.7% decline experienced in 2009. Similarly, the Turkish home appliance market had a growth rate of 8.2% following the decline experienced the year before. The export figures in home appliances increased by 9% as well. Likewise, although the CRT television market was in decline, the LCD television market grew due to the shifting trend from CRT televisions to LCD televisions in 2010.

Considering related market dynamics at home and abroad, Arçelik has not only become one of the best performing companies in the international consumer durables sector, but has also increased its market share the most. While increasing our market share in the regions we had focused on, we have at the same time managed to raise our price index.

Having reinforced our leadership in one of the most competitive markets in the world, namely, the UK, in the refrigerator, freezer and cooker segments, we also remained in second position in the overall home appliance market. While being among the companies that show the highest rise in market share in France, we have doubled our market share in Spain, and maintained our strong market leadership in Romania.

We have achieved striking growth in Africa, the Middle East and CIS countries, markets that we had especially focused on as having potential for growth.

Meanwhile, in our main export markets, particularly in Western Europe, thanks to access to new distribution channels, we now have considerably more shelf visibility. Also, we have taken action to further improve service quality in all our markets.

On the other hand, we have reinforced our leadership in the home appliance, LCD television and air conditioner markets in Turkey, where built-in products are rapidly developing. Thus, we have continued to consistently grow achieving a turnover of 6.9 billion TL. We remain an ambitious global player with international sales constituting 51% of this turnover. Despite all economic fluctuations, we managed to keep our profit margins above the industry averages. Having compensated the negative effects of increasing raw material prices to a great extent thanks to the implemented precautions, our Company has reached an operational profit margin of 8.6%. As a result of effective working capital management, the ratio of our working capital to net sales has dropped from 36% to 33%. By ensuring a positive operational cash flow above 800 million TL this term, we have lowered our net financial debt to 740 million TL from the 1.2 billion TL that was recorded in late 2009. With regard to introducing innovative products and services to our consumers, 2010 has been a very productive year for us. One example of this is the introduction of new and modern concept stores in Turkey to our customers.

We have carried on our investments in new technologies and R&D, these fields being crucial to sustaining competitive power. Thanks to our R&D oriented work, we were able to manufacture products featuring the "best" and "first" innovations when the new energy label directive was put into effect in Europe, at the end of 2010. We released our A+++ energy-level refrigerators, A-50% energy-level washing machines, and A-30% energy-level dishwashers and ovens into the market, and our success with these innovations in 2010 has been certified by awards. We have maximized our efforts in efficiency and environmental friendliness, both for our products and production facilities.

Our eight plants in Turkey were granted "gold certificate" for the most energy efficient production in the home appliance sector throughout the world. Our plants have added new ones to their TPM awards. Eskişehir Refrigerator Plant succeeded in being the first plant in the world to be granted the "TPM Special Award" in the home appliance sector.

Our products have been granted international awards from respected institutions thanks to their environmental approach and superior technological features. Likewise our Company has also achieved significant successes in the corporate field.

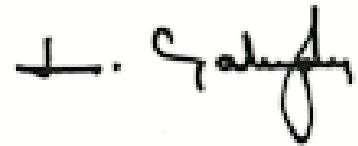
We have maintained our patent leader position in Turkey. As the single Turkish company in the list of World Intellectual Property Organization, we have ranked 95th among the first 500 PCT (Patent Cooperation Treaty) filing companies. Furthermore, thanks to the sustainability approach integrated in all our processes, last year our Company was awarded in the "Management" category of the "EU Environment Awards", one of the most prestigious environment platforms of European Union. Thus, for the first time a company of a non-EU country successfully became a finalist.

We have performed many voluntary projects in social issues together with our employees, authorized dealers and services, as well as provided economic benefits by creating employment, growth and added value in the countries where we have operations. Regarding sports, we were proud of our country and the Beko brand's "Presenting" sponsorship of World Basketball Championship. In addition to the basketball leagues in Turkey and Germany, we also gave our name to the Russian Basketball League and have continued our investments in basketball on an international platform.

I am fully confident that our strong and competitive structure will take us to higher places in the global league and that we will leave our mark on greater successes with the same determination and decisiveness. In the light of our vision "Respects the Globe, Respected Globally" that paves the way of Arçelik's future; our main business targets will be to increase our market share through sustainable and profitable growth, offering our customers innovative and creative solutions, and being a global organization in the real sense.

I thank our employees, authorized dealers, authorized services, suppliers and business partners for their committed contributions to our Company's success; and to our customers for the confidence they show in our products and brands, and to our shareholders for their support.

Sincerely,



LEVENT ÇARIKÖÇÜ
General Manager
Arçelik A. Ş.

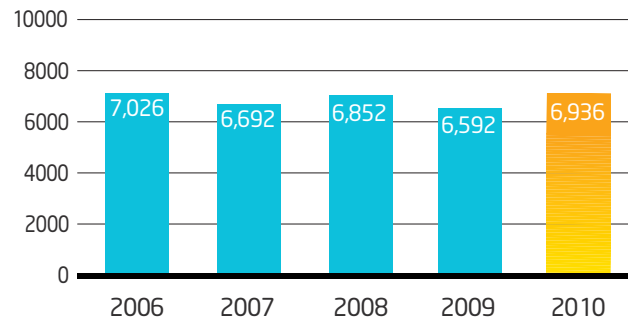
- The consolidated net sales turnover was **Turkish lira 6,936 million** in 2010; compared to 2009, in East European and CIS regions the consolidated sales increased **18%**, and **9%** in Africa and Middle East regions.
- The consolidated operational profit in 2010 was **Turkish lira 638 million**, and the net profit was **Turkish lira 549 million**.
- Net financial debts decreased by **39%** compared to the previous year and was **Turkish lira 740 million**.



Net Sales
2010
TRY **6,936**
million

Net Sales

(TRY Million)



Operating Profit

TRY **638**
million

Net Profit

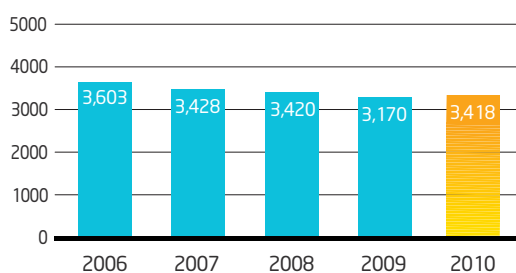
TRY **549**
million



International sales made up **51%** of consolidated sales in 2010.

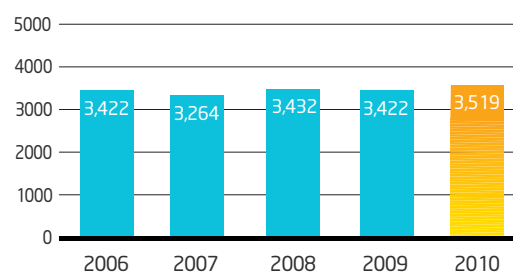
Net sales - Turkey

(TRY Million)



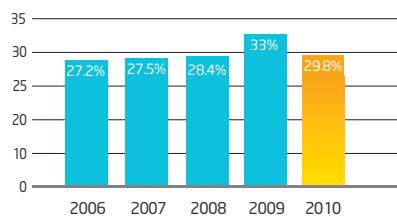
Net sales - International

(TRY Million)



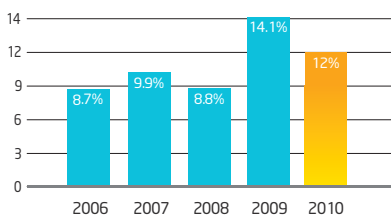
Gross Profit Margin

(%)



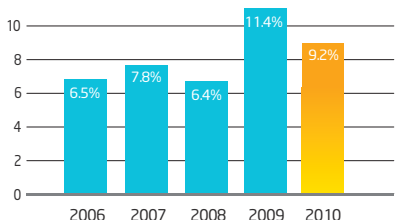
Earnings before Interest, Taxes, Depreciation and Amortization

(%)



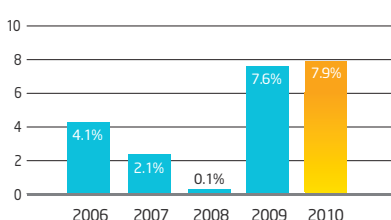
Operating Profit Margin

(%)



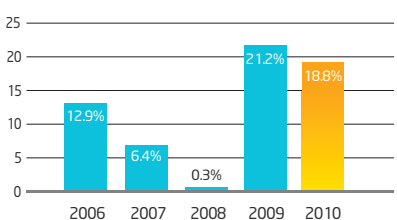
Net Profit Margin

(%)



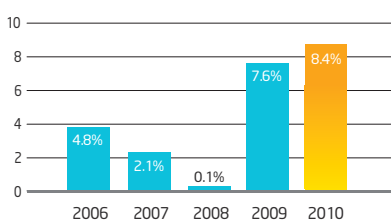
Return on Equity

(%)



Return on Assets

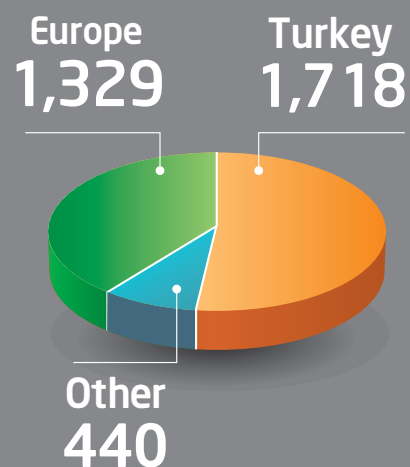
(%)



Regional Distribution of Net Sales

Million Euro

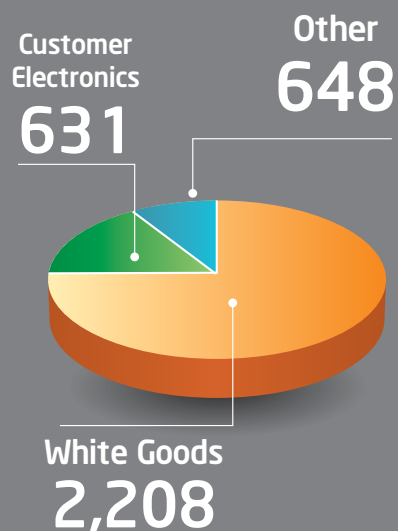
2010

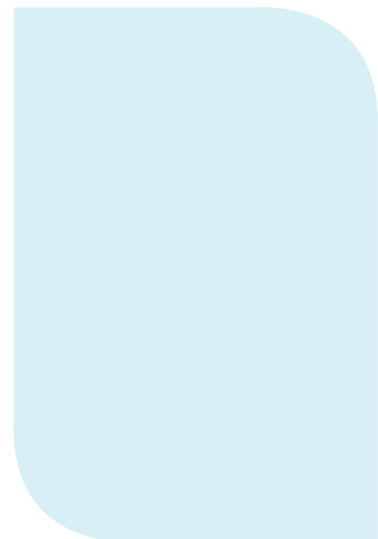
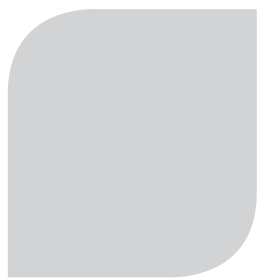
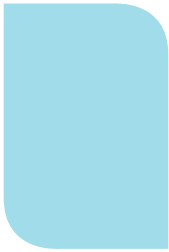


Net Sales by Product Group

Million Euro

2010







Million EURO	2010	2009	2008	2007	2006
INCOME STATEMENT					
Net Sales	3,487	3,065	3,615	3,764	3,910
Gross Profit	1,040	1,011	1,027	1,036	1,063
Operating Profit	321	348	232	292	255
Income Before Tax	330	268	15	112	202
Net Income	276	234	3	77	162
Depreciation and Amortization	97	84	88	79	87
BALANCE SHEET					
Year-End Cash and Cash Equivalents	643	419	194	235	156
Inventories	482	420	609	758	689
Total Current Assets	2,317	1,925	2,067	2,479	2,272
Property, Plant and Equipment	611	576	594	705	602
Total Assets	3,573	2,975	3,204	3,816	3,445
Total Current Liabilities	1,143	1,472	1,397	1,846	1,555
Total Liabilities	1,910	1,705	2,269	2,562	2,291
Minority Interests	32	20	30	17	18
Total Equity	1,663	1,270	935	1,255	1,154
CASH FLOW					
Cash Flow from Operating Activities	425	836	237	68	-85
Cash Flow from Investment Activities	-104	33	-171	-176	-260
Cash Flow before Financial Activities	321	868	66	-108	-345
Dividends Paid	55	1	54	114	113
Capital Expenditures	127	96	187	191	181
SHARE-BASED FIGURES					
Dividends (Euro)	0.186	0.069	0.013	0.141	0.278
Year-end Share Price (Euro)	3.81	2.71	0.96	4.77	4.51
Price-Earnings Ratio	10.19	6.89	20.70	20.66	10.30
Dividends/Net Income (%)	48.3	17.4	25.1	63.4	61.7
Year-end Market Value	2,572	1,830	385	1,906	1,804
EMPLOYEE INFORMATION					
Number of Employees	18,388	16,931	17,472	17,053	16,201

Shareholders

In accordance with the General Assembly decision dated on March 17, 2010 distribution of dividends began as of on March 24, 2010 over issued capital of 675,728,205 TL in 2010.

The 100,000,000 TL cash dividend distribution was funded from the following:

TRY 1,256,707.58 from exceptional earnings retained in extraordinary reserves allocated before 1999;
TRY 38,402,643.93 from exceptional earnings retained in extraordinary reserves allocated between 1999 and 2003;
TRY 1,386,973.94 from extraordinary reserves allocated from previous years;

TRY 58,953,674.55 from current year other income;
The Company's issued capital in 2010, 675,728,205 TL, was paid in full and the issued capital was divided into 67,572,820,500 registered shares, each having 0.01 TL par value.

The registered capital of the Company is 1,500,000,000 TL.

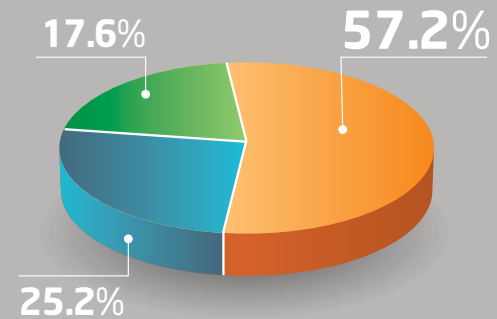
There are no preferred shares. Each share with a nominal value of 0.01 TL equals one voting right at the General Shareholders Meeting.

Shareholders	Paid-in Capital (TRY thousand)	Share (%)
Koç Holding A.Ş.	273,742	40.5
Koç Group Other	112,783	16.7
Koç Group Total	386,525	57.2
Teknosan Büro Makina ve Levazımı Tic. ve San. A.Ş.	81,428	12.0
Burla Ticaret ve Yatırım A.Ş.	37,572	5.6
Other Shareholders	170,203	25.2
TOTAL	675,728	100.0

Koç Group Burla Group Other

Explanations from respective shareholders to the ISE in 2010 pertaining to transactions of privately held shares are as follows:

- Burla Ticaret ve Yatırım A.Ş. sold a part of its shares worth a nominal value of 13,000,000 TL to a prearranged buyer in ISE on October 20, 2010.



Distributed dividends on earnings of 2005 through 2009 and their respective distributable earnings and equity ratios are as follows:

Dividend Term	Issued Capital (TRY Thousands)	Dividends (TRY Thousands)	Gross Share Dividends of 1 TRY in Nominal Value (TRY)	Dividend Ratio (%)	Earnings (TRY) Per share of TRY 1 in Nominal Value
2005	399,960	199,980	0.50	50.0	0.780
2006	399,960	199,980	0.50	50.0	0.81045
2007	399,960	99,990	0.25	25.0	0.39445
2008	399,960	9,999	0.025	2.5	0.0995
2009	675,728	100,000	0.14799	14.8	0.8493

The Ratio of Dividend to Equity Per Year

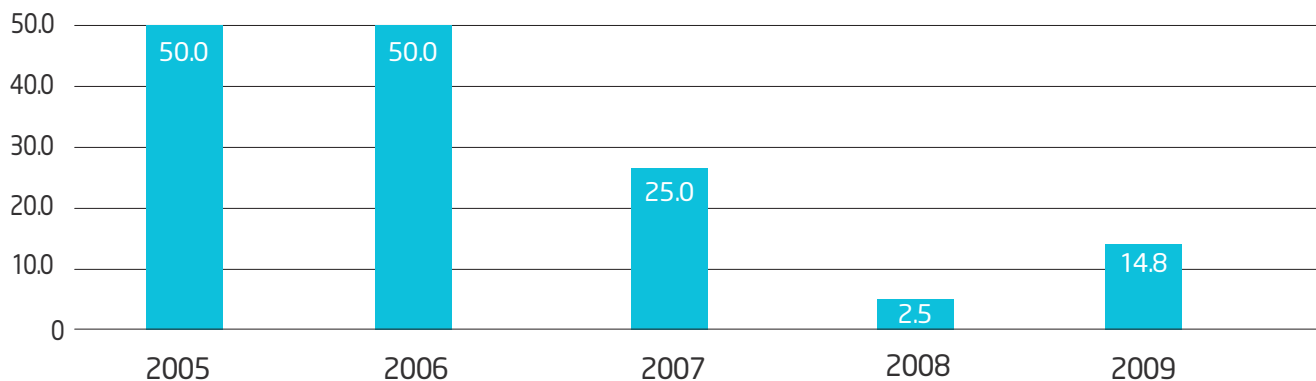
According to corporate governance principles, Arçelik A.Ş. adopts a dividend policy that seeks a balance between the interests of both the shareholders and the company.

Profit distribution is based on the company's policy that "the average distributed dividend proposed by the board of directors for approval at the General Shareholders Meeting will not be less than 50 percent of the company's distributable profits in the long term, to the extent that applicable regulations and requisite investments allow."



The Ratio of Dividend to Equity Per Year

(%)



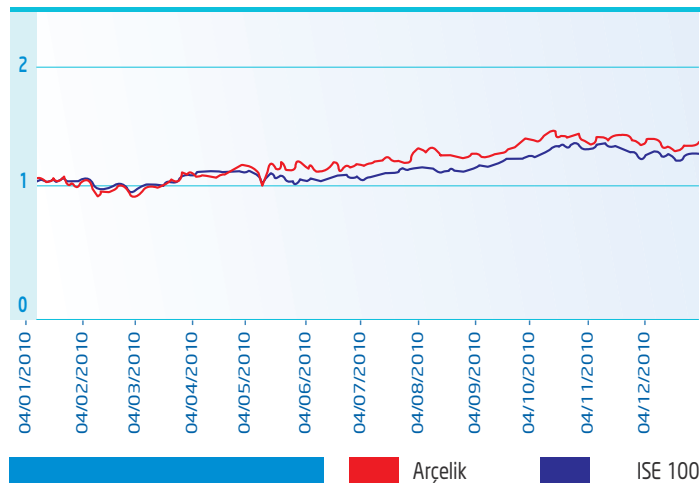
Company shares have been traded on the ISE since January 1986. The chart below summarises the performance of company shares on the ISE for the last five years.

Share Data	2010	2009	2008	2007	2006
Lowest price (TRY) (*)	5.07	1.17	1.01	5.26	5.20
Highest price (TRY) (*)	8.40	5.81	5.54	8.30	8.35
Year end price (TRY) (*)	7.80	5.71	1.50	5.68	5.57
Year end price (TRY)	7.80	5.85	2.06	8.15	8.35
Issued Capital (TRY Thousands)	675,728	675,728	399,960	399,960	399,960
Market value (TRY Thousands)	5,270,680	3,953,010	823,918	3,259,674	3,339,666
Market value (USD Thousands)	3,409,237	2,625,364	544,811	2,798,724	2,375,972

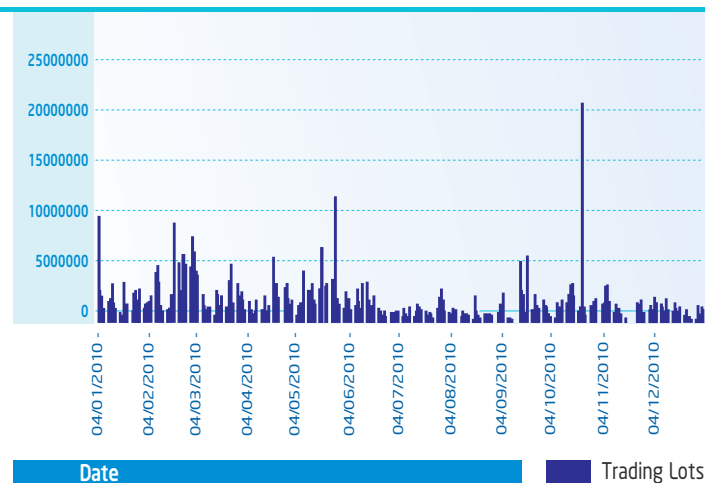
(*) Adjusted for Capital.

The graph below displays share performance for the period January 1, 2010 through December 31, 2010. According to the graph, while the ISE100 index increased 24%, the share price of the Company increased 34%.

Relative performance (Initial value =1)



Daily Trading Volume for 2010



The average daily trading volume of company shares was approximately 2.18 million lots in 2010. Foreign investors hold approximately 80.55% of the Company shares traded in ISE at the end of 2010.

The paragraph below lists the ISE indexes that incorporated the company's stock as of year-end 2010. The ratio of shares held in custody used in index calculations and the weight of the company's stock on the ISE100 index was 25% and 1.2297%, respectively.

The national indexes which incorporate Arçelik A.Ş. in their calculations are the ISE 30, ISE 50, ISE 100, ISE ALL, ISE Corporate Governance, ISE Industrial, ISE Metal Goods, Machinery, and ISE Istanbul.

In addition, the GT-30 Turkish Greek Index also incorporates Arçelik A.Ş.

On July 30, 2010, Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. revised the company's corporate governance rating to 8.55 (85.53%) over 10 points from 8.21 (82.09%), initially disclosed to the public in our special case announcement dated July 30, 2009.

Our Company was incorporated in ISE Corporate Governance Index as of July 31, 2009.

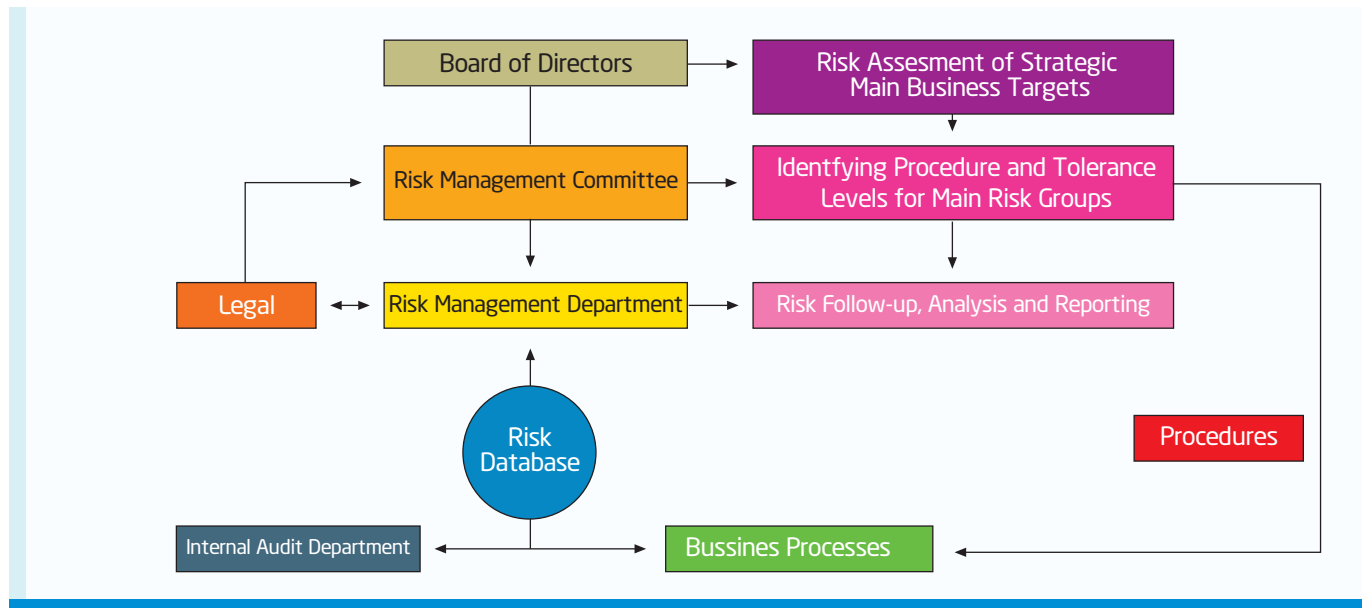
Arçelik A.Ş. employs a holistic approach to risk management. All strategic, operational, and financial risks to include any area of risk in achieving the company's short and long-term targets are assessed from the board level to all levels of the organization. Within this scope, a Risk Management Committee has been formed to advise and recommend to the Board of Directors in subjects including determination, evaluation and estimation of the impact and possibilities of all kinds of strategic, financial, operational, etc., risks that may influence the Company, managing and reporting such risks in accordance with the Company's corporate risk taking profile, considering the same in decision making mechanisms, and establishment and integration of effective internal control systems in this respect. The responsibilities of risk management within Arçelik are summarized in this chart.

Process managers implement these procedures by integrating them into their routine workflows. Moreover, the company's Risk Management Department provides process owners with technical support in managing their risks. The department monitors risks emerging within each group, performs risk analyses using standard methods, and provides reports.

Operational risks, one of the main risk groups, are comprehensively assessed, beginning from raw material procurement to production, sales and after sales.

Receivables risk, another important risk group, is managed by "local credit risk management committees" within the Group companies together with the "central credit risk management committee", which is comprised of the company's top management.

Risk Management Organization and Responsibilities



Risk management is an integral part of all business processes. In other words, managing risks is tantamount to managing business processes. Therefore, practices related to risk management are executed within the company to the extent possible rather than being outsourced to other companies or consultants. Therefore, one of the key tasks of process owners is to manage their related risks. According to the board of directors' assessments and decisions on strategic risks, the Risk Management Committee determines the procedures to be implemented and integrated with the business processes of the main risk groups.

The Group has coverage under consolidated insurance policies for any losses caused by risks related to receivables and to various operational risk branches managed by process owners.

In addition to international policies, different benefit schemes are also available to minimize receivables risk. In addition, financial assets, i.e., letters of guarantee and letter of credits, along with real estate mortgages are also used in this regard.

The principles implemented for financial risks, another main risk group, are as follows:

Liquidity Risk

Sound management of the balance sheet and cash flows eliminates any risk of insolvency. Therefore, the company closely aligns receivables due dates with payables in order to maintain the parent company's balance sheet ratios, i.e., the acid-test ratio, at certain levels to preserve short-term liquidity.

Interest Rate Risk

Due to the impact on rate-sensitive assets and liabilities, interest rate fluctuations create a significant risk pertaining to financial results. The company manages this risk by using various balance sheet methods that match the amounts and tenors of rate-sensitive items or by engaging in derivative instruments whenever necessary.

Consequently, the company emphatically matches the renewal periods of rate gaps in addition to the aging periods of receivables and payables. In order to reduce the impact of interest rate fluctuations, the company carefully matches the rate renewal periods of financial assets and liabilities while observing the intrinsic balance of the fixed/variable rates and short/long terms.

Exchange Rate Risk

Because Arçelik A.Ş. operates a widespread marketplace geographically, the company's business activities involve various currencies. Accordingly, the exchange rate risk constitutes one of the most significant financial exposures. The basic principle in managing this risk is to operate in such a way that currency exchange fluctuations affect the least amount of risk or to maintain an almost zero foreign exchange position.

The company monitors the exchange rate risk in the operating currency of each subsidiary. Targeted limits apply to those positions falling within a given range of the total equity.

In addition to the ratio of exchange position to equity, further risk limits apply to the parent company's financials based on Value at Risk (VAR) calculations. As is the case for other risk categories, the company preferably employs various balance sheet methods to the extent possible in managing the exchange rate risk.

However, the company also engages in financial derivatives if warranted in order to maintain the exchange risk at targeted levels.

Global Purchasing

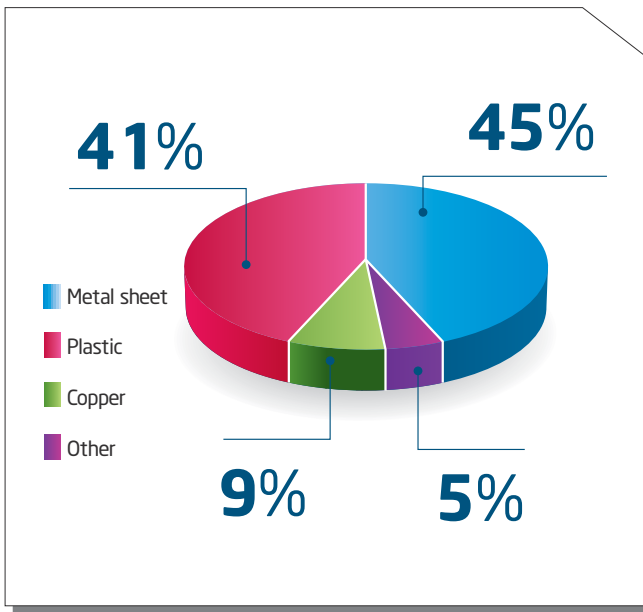
Within Arçelik A.Ş., the central purchasing unit manages the material cost which is also a significant part of product cost. In addition to the direct materials purchasing, indirect material purchasing activities are also carried out within the scope of central purchasing.

This management approach results in greater advantages to the company in various areas, particularly in pricing and cost management on consolidated supply items and on the creation of a global supply pool.

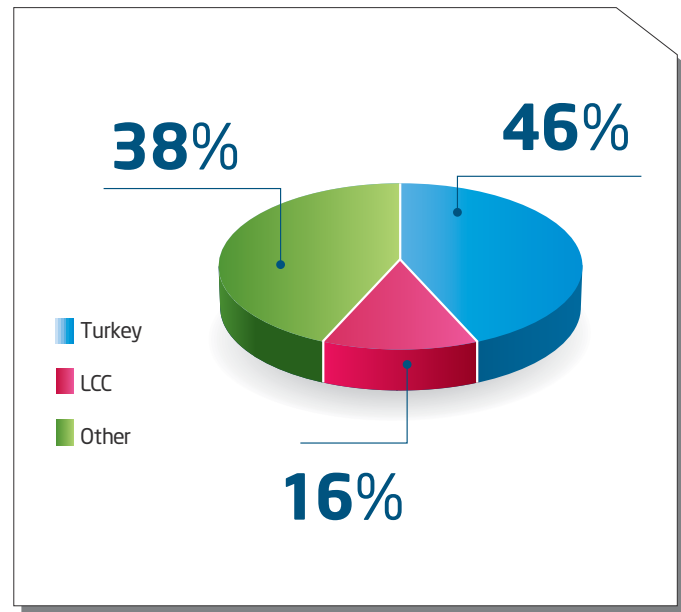
Electronic bidding is widely used in purchasing activities at Arçelik A.Ş. as well as at the Koç Group. This method produces significant gains by creating a competitive supplier pool.

Raw material and components' cost that constitutes the basis of the product cost in the industry directly affects the profitability of the Company as well. Our Group bought direct materials and raw materials worth 1.6 billion Euro in 2010. Raw materials constitute 28% of these purchases. Great portion of raw material purchases is Sheet Iron.

Distribution of Purchasing of Raw Material (2010)



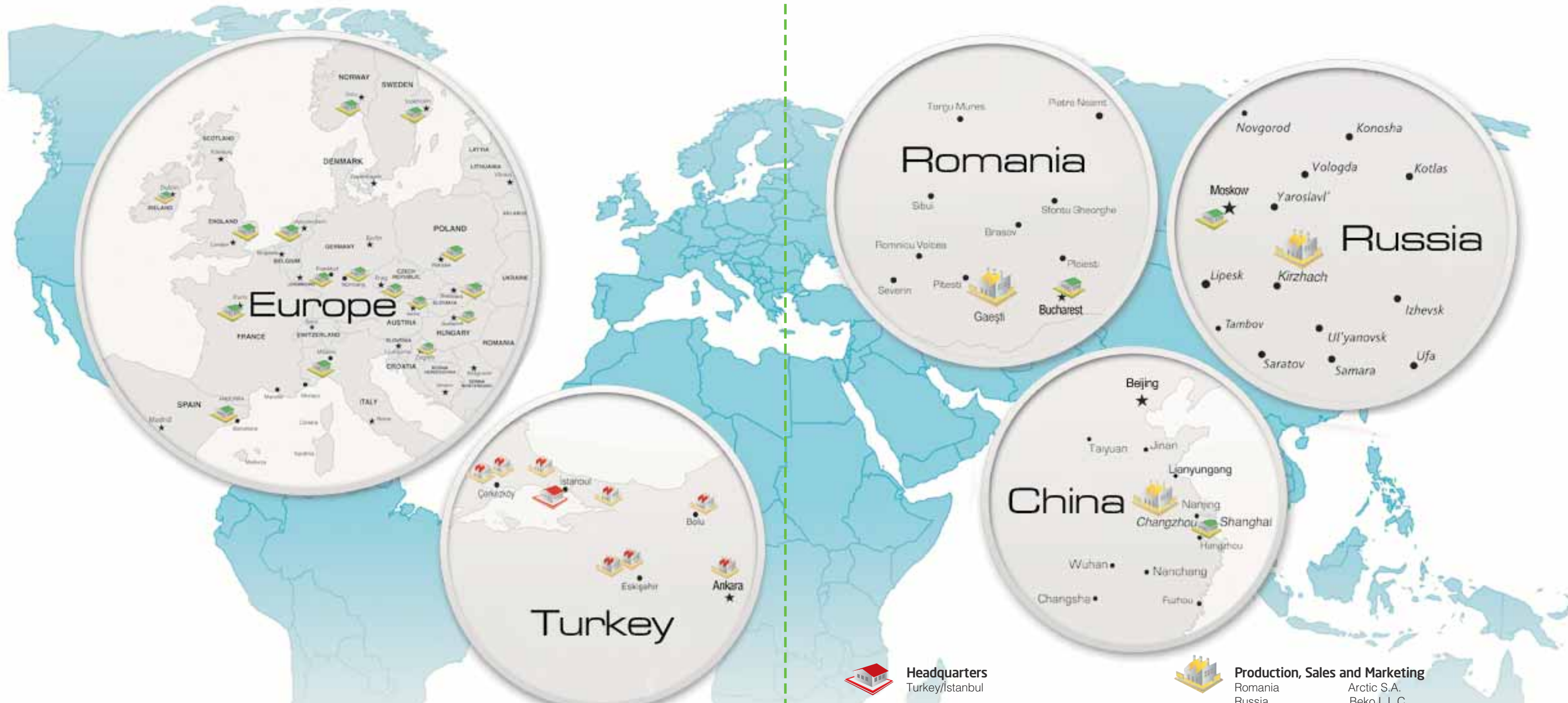
Distribution of Purchasing of Material of the Company (2010)



Raw materials and material costs are managed and stock costs are optimized through purchasing applications such as hedging (periodic fixing of raw material price) and consignment buying. More attention is paid to maintaining alternative suppliers for critical components against the risk of discontinuation of activities due to impacts of global crisis on suppliers. Cost improvement projects managed by production plants and purchasing department; provide a competitive edge for the company.

The organization of the Far East Purchasing Office established to manage the supplier pool on the spot was reshaped in 2010. Considering the opportunities likely to be obtained from low-cost regions, the purchasing offices in Russia and China will be expanded in different regions in the years ahead. The purchasing rate from low-cost countries (LCC) has reached to 15.7% in 2010.

Sophisticated electronic communications and data management systems are being used to manage the global supplier network. The supplier portal, which is used for reciprocal communications over the Internet, is constantly upgraded according to evolving needs. A project is started in 2010 to execute supplier activation process via supplier portal. Beginning in the first quarter of 2011, the supplier activation process will be conducted through the Arçelik A.Ş. supplier portal.



11 PRODUCTION FACILITIES IN 4 COUNTRIES

SALES AND MARKETING ORGANIZATION OPERATING IN 19 COUNTRIES

PRODUCTS AND SERVICES IN OVER 100 COUNTRIES



Headquarters
Turkey/Istanbul



International Sales and Marketing
 Germany: Beko Deutschland GmbH
 Austria: Elektra Bregenz AG
 Czech Republic: Beko S.A. Cesko
 China (Shanghai): Beko Shanghai Trading Co.
 France: Beko France S.A.
 U.K.: Beko Plc.
 Spain: Beko Electronics Espana S.L.
 Italy: Beko Italy S.r.l
 Slovakia: Beko Slovakia S.R.O.
 Poland: Beko S.A.
 The Netherlands: Grundig Multimedia B.V.*

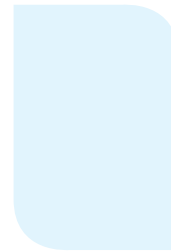


Production, Sales and Marketing
 Romania: Arctic S.A.
 Russia: Beko L.L.C.
 China: Beko Electrical Appliances Co. Ltd.



Production Facilities
 Eskişehir: Refrigerator Plant
 İstanbul, Tuzla: Washing Machine Plant
 İstanbul, Beylikdüzü: Electronics Plant
 Bolu: Cooking Appliances Plant
 Ankara: Dishwasher Plant
 Tekirdağ, Çerkezköy: Electric Motors Plant
 Eskişehir: Compressor Plant
 Tekirdağ, Çerkezköy: Tumble Dryer Plant

* Operates in 5 European countries.





The leading, innovative, and technologically superior brand in Turkey's white goods market. The first brand that comes to mind in Turkey. An extensive product range including large home appliances, built-in appliances, consumer electronic products, air-conditioners, kitchen furniture, and small home appliances. The strongest sales and after-sales services network in Turkey.



A world brand that provides smart solutions to the needs of diverse consumers in more than 100 countries worldwide and in Turkey. A brand that offers free-standing and built-in home appliances, small home appliances, air conditioners, and consumer electronic products - enhancing the quality of daily life.



The 128-year-old German brand that combines technology with practical and environmental features. A brand that offers an aesthetic design, giving customers selections of various free-standing and built-in home appliances - with its slogan, "In Harmony with Your Life".



Romania's most renowned, long-established local brand; leader in Romania's home appliances market.



65-year-old, strong brand with German origin, large product range consisting of consumer electronics and personal care products.



ALTUS

Value brand in durable goods for consumers to meet their needs in the most economic way.

FLAVEL

A home appliances brand in U.K. and Ireland markets.
A free-standing and built-in product range, creating economic solutions for consumers.

elektrobregenz

The 118-year-old, long-established Austrian brand.
One of the best known brands in Austrian home appliances industry.

LEISURE

A traditional brand in the U.K.'s free-standing cooker market. Range cookers with gas and/or electric and built-in appliances presenting both traditional and contemporary designs.



Arçelik A.Ş. is the leader of the home appliances sector in **Turkey and Romania** and the second biggest player of the UK market.

Beko brand:

- Among the first five players in **Western and Eastern Europe,**
- One of the world's top ten home appliances brands in eight main product segments,
- Leader in total free-standing home appliances market and in refrigerator, freezer and oven product groups in **UK,**
- Second brand in the refrigerator market in **Belgium,**
- In **Poland,** it is the second brand in washing machine and third brand in freezer markets,
- In **Lithuania,** first brand in total home appliances market and in oven and refrigerator product groups.



International Markets

Home Appliances

In 2010, the sales of home appliances increased in Europe, which is one of the main markets of Arçelik A.Ş.. This increase was approximately 2.8% in Western Europe and 8.6% in Eastern Europe, according to retail panel data.

Arçelik A.Ş. is among companies that have increased their market share most as it has entered into new distribution channels across its main export markets, especially in Western Europe.

Beko

Beko, Arçelik's international brand, also continued a steady growth in markets around the globe in 2010, in parallel to the general recovery in the world markets.

Beko brand has increased its market share both in Western and Eastern European markets in all product categories in the market: refrigerators, freezers, washing machines, tumble dryers, dishwashers and ovens.

Beko is the leader
in the U.K. with, 18 %
share in refrigerators, 13 %
in freezers and, 14 % in ovens



In 2010, Beko continued the communication of “Smart Solutions Series” that has been reshaped to better meet the needs of the export markets and to address the consumer preferences.

In the UK, one of the leading home appliance markets in Europe, Beko holds the leadership position in several categories. Beko has an 18% market share in refrigerators, 13% in freezers, and 14% in the oven product groups. It is also closing in on the lead in the washing machine market as it increased its market share to 20%.

Thanks to high volume sales, Beko reinforced its 2nd position in the UK market and closed the distance with the leader by 2 points, all product groups considered. Reshaped to better meet the needs of the export markets and to address the consumer preferences, Beko's “Smart Solutions Series” continued communication in 2010.

Beko promotes its state-of-art technology products in distinguished fairs worldwide. Beko has been awarded by various prominent international organizations in 2010 owing to innovative design, reliability and environment-friendly technology. The brand is also selected among the best home appliance brands by many respected European consumer magazines.

Having commenced its basketball sponsorships in 2006 by giving its name to Turkish Basketball League, Beko continued to grow and sponsored international events.

Beko became the sponsor of Basketball Bundesliga, one of the leading basketball leagues in Europe continuing its international investments on the basketball platform, which best fits with its dynamic and innovative characteristics. When Beko became title sponsor, the name of German Basketball League “Bundesliga Basketball” was changed to “Beko Basketball Bundesliga” at the start of the season of 2009-2010. According to 6-year sponsorship agreement, the BBL All-Star Day, the BBL Top Four, and the BBL Championship Cup will also be sponsored by Beko.

Beko has maximized its basketball investments as the 'Presenting Sponsor' (the greatest sponsor that presents the championship to the whole world) of 2010 FIBA World Basketball Championship, which is organized in every four years and which brings together the strongest teams in the world.

With this giant sponsorship, Beko, as a “World Brand”, became the largest sponsor in one of the most significant sports organizations in the world. It was the first time a Turkish brand undertook the sponsorship of one such a large-scale international sports event. Investing in basketball since 2006, with matching brand values and goals, Beko will remain the “Sponsor of Basketball” in Turkey and in the world.

Arctic

Arctic, Arçelik A.Ş.'s local brand in Romania, is the long-established and most renowned home appliance brand in Romania and supplies the most fitting solutions to consumer demands and needs.

Arctic reaches out to consumers in Romania with a comfortable, cheerful, family-like and value-added service approach. The brand not only possesses the most widespread distribution points in Romania but has also built the most predominant after sales services network.

Having celebrated its 40th anniversary in 2010, Arctic is now the most reliable brand in the country with the services it offers to consumers.

Arctic is the market leader in Romania with a share of over 30%

arctic

25% washing machine market



39% market share in the refrigerator segment

Arctic brand presents a program called "Arctic For you" which aims to maintain on-going communication with consumers. This program includes the pre-sale and post-sale support platform called "Arctic Expert Line". It also includes a series of training materials prepared to assist consumers in purchasing and using products, and a special page on Arctic web site aimed at business partners. This program established Arctic as the first home appliance brand in the local market to offer pre and post sales services to customers through a direct line: the "Arctic Expert Line." With the integrated website and telephone line, Arctic is the first brand in Romania offering support to its customers both before and after the sale. In 2010, thanks to the solutions it offered to its customers, Arctic brand maintained its leadership in market by far with a 30% share. It also outscored its competitors with a 39% and 25% market share in refrigerator and washing machine, respectively.

Elektrabregenz

Elektrabregenz joined Arçelik A.Ş.'s local brands in 2002, and is a 118-year old, long established Austrian brand that has high brand recognition. Elektrabregenz introduced its renewed concept and logo to consumers in 2010.

Elektrabregenz renewed its product range in 2009 and introduced A++ energy class products to the market in the refrigerator segment. The brand has also added new products to its built-in range to match consumer expectations in the Austrian market. Having introduced the SURF technology to the Austrian market, Elektrabregenz is among the preferred brands in the market thanks to its innovative products especially in the cooker group. With the steampower oven released in 2010, the interactive Anka oven and a dishwasher consuming only 6 liters of water, the company has always been prominent in the fairs.

Elektra Bregenz is widely perceived by consumers as aesthetically creative, technologically superior and long-established award-winning green brand. It is available to customers in every sales channel in Austria.



Blomberg

In 2010, Blomberg celebrated its 127th anniversary. Blomberg introduced its new product range with the slogan "In Harmony With Your Life", aspiring to be in tune with all aspects of life. Blomberg offers products "In Harmony with Nature" with energy and water- efficient green features, "In Harmony with Your Home" with aesthetic designs, "In Harmony with You" with innovative and practical features to make life easier.

Blomberg, when has currently reached 50 markets around the world, has continued new launches and fairs in various countries in 2010. At the launch events held in the United Kingdom, Belgium, Italy, Lebanon, Croatia and Greece, the products immediately catching the eye were the washing machine that consumes 50% less energy than A energy

class, the built-in oven that works with innovative SURF cooking technology, the 4-door refrigerator with superior features and the glass-door refrigerator which was granted a design award in the US.

Blomberg has proved its environment-friendly approach once more with the launch its dishwasher that consumes only 7 liters of water.

The "roadshow" activities were carried on throughout 2010. The Blomberg Truck travelled to 14 countries throughout the year and displayed free-standing and built-in products. Consumers showed tremendous interest in the truck in those countries.



IN HARMONY WITH YOUR LIFE



Blomberg
seit 1883

Consumer Electronics

Grundig

Grundig was founded in 1945 in Germany and has vigorously represented Germany's overall brand image throughout the years with its product quality and customer approach and it has achieved 94 percent brand awareness in Germany. Grundig reached a market share of 4% in the LCD TV segment in Germany in 2010.

Owing to its long years of experience, Grundig has proved to be a specialist in high performance, quality and durability. The consumer is the focal point for the brand.

The Grundig brand is sold in 63 countries under the umbrella of Arçelik A.Ş. and is among the foremost brands of Germany. Apart from Germany, the brand is also widely recognized in Balkan, Scandinavian and Baltic countries.

Grundig offers, 40" and 46" screen LCD TVs, which are EcoLabel certified for energy efficiency, as well as, a minimum 2 year warranty, refunds and recycles and containing no hazardous materials. Grundig's environmental sensibility is evidenced by the inclusion of environmentally-friendly products such as 40% less energy consumption, lead-free and mercury-free material usage.

Grundig also continued its superiority and user-oriented approach in terms of technology offering TVs with USB Recording, comfortable small remote control and DVB-S2 technologies.

Having received international awards in 2010, Grundig has once again proved that it sets high design goals.



Data obtained from the Association of Turkish White Goods Manufacturers (BESD) show that white goods sector grew 8 percent in a total of 6 main products in 2010. Retail air conditioner sales grew 20% in particularly due to the drastic demand increase experienced in August. According to the Association of Turkish Electronic Appliances Manufacturers (ECID) data, the LCD TV market grew approximately 30% compared to 2009. Growth in the built-in market is ongoing. BESD data show that the built-in market grew approximately 15% compared to 2009.

Arçelik retained its leading position in the white goods, air conditioner and TV markets in 2010, hosting the largest services network in Turkey with strong dealers and after-sales service points.

Home Appliances

Retail sales growth in white goods experienced between March 15 and September 30, 2009 due to the discount in Special Consumption Tax, was not realized during same period in 2010. Nevertheless, with the impact of invigorating sales campaigns, the growth in the Turkish white goods market continued year-round.

Despite the growth in the refrigerator, washing machine, dryer and dishwasher segments, the full scale oven segment experienced a drop against the rise of the built-in oven market.

Especially with the impact of hot weather in the summer period, the air conditioner market grew in 2010 following declines in 2008 and 2009. The Inverter air conditioner market experienced a nearly 20 percent growth in retail sales owing to superior features such as: A energy rating and silent operation compared to standard models, as well as, the capability of heating even at -15 degrees. With more visible kitchens remodeling of old kitchens with built-in appliances, the transition from free-standing to built-in products accelerated to a great extent.

The built-in product market maintained its consistent growth. The built-in oven and dishwasher segments constitute the fastest growing product groups. Moreover, new residence projects providing built-in kitchens appliances, has played a great role in market growth.

Consumer Electronics

In the TV category, the transition to LCD TVs picked up speed and continued to show market growth. While the CRT TV market declined, LCD market grew. Yet, this growth could not compensate for the general downsizing of the TV market. Rapidly declining LCD panel prices and fierce competition did not allow value growth in LCD TV market despite the growth in size.

Arçelik A.Ş. quickly met consumer expectations in the LCD product group, which is prone to rapid technological advancement, by including the following new products into its product range: the 3D LED Full HD TV, the Eco Panel LCD TV, the high contrast LCD TV, the LED LCD TV, and the 200 Hz Full HD LCD TV. In addition to products receiving digital platform broadcasts, Arçelik A.Ş. also launched new digital satellite receivers for both SD (Standard Definition) and HD (High Definition) broadcasting formats.

In 2010, sales of Grundig brand LCD TVs continued at Arçelik and Beko dealers as well as other sales points. Grundig incorporated the computer and non-TV electronic products range, under the same brand, which were released into the market at Arçelik and Beko dealers.

Under the Grundig brand, the new LCD TV range was also released into the market. This product series won four awards with the FineArts LED TV and the Vision 8 LED TV including both the Red Dot "Honorable Mention" and the Plus X "Ease of Use" for its chic-designed, state-of-the-art products.

Both LED TVs by Grundig won awards for designs in "2010 Honorable Mention" category of Red Dot awards.

The Digital Signage broadcasting system was developed to provide high-quality HD image in dealer stores and to create new advertisement and promotion areas in the stores.

However, it has become a unique product used particularly in football stadiums at home and abroad as well as universities and other institutions.

Arçelik

Arçelik has long been the first brand that comes to the minds of Turkish consumers. With "innovation" as the mainstay of its outreach, the company has continually marketed consumer products that are distinguished as the "One and only in the world". Arçelik led in the energy saving segment with products that respect the environment, supporting global performance with energy efficient products.

Arçelik opened its first concept store that broke new ground once again. Established on a 1,715 square-meter area, the new concept store aims to offer a premium experience to users and consumers through advanced retailing techniques and applications. This model represents Arçelik's innovative approach and sets the standard for future stores.

The 8-kg capacity "the world's least energy consuming washing machine" that consumes 50% less energy compared to a similar A class product, the A+++ Refrigerator which is the world's least energy consuming in its class that consumes 60% less energy compared to a similar A class product, and "the world's most silent built-in oven" that consumes 30% less energy compared to A class were launched.

Also, Arçelik built-in ovens featured with "Surf® - Innovative Oven Technology" launched a new era in cooking technology.

With the release of "Eco-panel LCD TV" and "energy saving Inverter Air-Conditioner", consumer communications have been incessantly maintained. The company continued to expand the high energy-efficient inverter segment in air-conditioner product range.

In 2010 Arçelik became an innovative pioneer launching the world's most silent and least water-consuming 6-lt dishwasher. The New Ecologist named it "World's Least Water Consuming Dishwasher" because it washes a 13-place normally soiled dinner set consuming only 6 liters of water. With its Economy 6L program, it also boasts an A energy rating and washing performance.

Arçelik A.Ş. manufactured the first 3D television in Turkey and continues to raise consumers' life standards through innovative products. Arçelik 3D LED TV transforms the experience of watching television into an exceptional one, by offering an immersive 3D technology experience in the living rooms,



Beko

New products were launched for the Beko brand following an “Intelligent Solutions” approach.

Beko LED TV combines the state-of-the-art with aesthetic appeal so that games can be enjoyed in another dimension with the thinnest section of 16 mm. The eye-catching Beko LED TV's energy efficiency also stands out. Beko LED TV's green feature is remarkable as it saves up to 40% energy compared to standard LCD TVs. And Beko LED TV's paramount properties of sound and picture distinguishes itself from the competitors. Beko LED TV offers consumers the best picture with its sharpness, vivid colours and perfect imaging as well as the 100 Hz scanning rate per second achieved by Full Motion Plus technology.

Beko 9500 Super Invertech, the world's most silent air conditioner works on R 410A environment-friendly gas and has class A energy level in both cooling and heating. It is 60% more efficient compared to other A class air conditioners. In cooling mode, Beko 9500 Super Invertech air conditioner senses the humidity level in the environment and keeps the humidity at a comfortable level rather than cooling the environment too suddenly. This method also preserves a healthy level of humidity by avoiding potential physical discomforts due to extreme drops.

Beko 9500 Super Invertech air conditioner's built-in anti-allergic filter, which is certified by the world-famous The British Allergy Foundation, changes the protein structure of the allergic particles the air using special enzymes.

In 2010, Beko achieved an increase in built-in sales and moved ahead with product diversity by guiding consumers to preferably higher quality innovative products.

The “dynamic, entertaining and young” character of the Beko brand first met with the technological and animated image of basketball in 2006.

Beko, the international brand of Arçelik A.Ş., became the sponsor of Turkish Basketball League as a “World Brand” in 2006. The annual “All-Star” games of the league are now called “Beko All-Star”. Beko's investments in basketball continue to increase. Also in 2010, as a “World Brand,” Beko became the largest sponsor of 2010 FIBA World Basketball Championship, the most significant international event in basketball.

BEKO





Arçelik A.Ş. offers products to consumers in over 100 countries through eleven manufacturing plants in Turkey, Romania, Russia, and China.

With a “sustainable development” approach parallel to its vision, Arçelik A.Ş. focuses on protecting and sustaining the environment and natural resources in all operations.

Arçelik A.Ş. aims to develop and market products that are resource and energy efficient, technologically innovative in design, and easy to use. Arçelik A.Ş. considers control of environmental impact to be a process throughout “the product’s life cycle” starting at the design stage; and conducts R&D design studies accordingly.

Arçelik A.Ş. integrates and performs the company’s operations together with Quality Management, Environmental Management System, Occupational Health and Safety Management Systems, basing all processes on the Total Quality principle.

Utilizing product design, high production technology and international quality standards, Arçelik carries out projects in cost reduction, quality, and process improvement by implementing Total Productive Management (TPM) and Six Sigma methodologies at the company’s plants. A flexible production structure widens the company’s competitive advantage each day.

The “Green Production” approach has paved the way for many projects in 2010 aiming to reduce water and energy consumption as well as waste throughout Arçelik A.Ş. Plants.

Arçelik A.Ş. Plants are “Energy Efficient” fields. Within the scope of efficiency works, Arçelik A.Ş.’s 8 production plants in Turkey have earned a “Gold Certificate” for energy efficiency (Energy Efficiency in Green Factories) which is a first for home appliances industry in the world.

Arçelik has the highest capacity single campus facilities in the world and in Europe. The company’s technology capacity produces the market’s “firsts” and “mosts.” The facilities maintain a production quality recognized by esteemed organizations and manufacture the world’s most energy and water efficient, most silent, and fastest products in diverse categories, from refrigerators to washing machines, from tumble dryers to LCD TVs.

Refrigerator Plant - Eskişehir, Turkey

Tumble Dryer Plant- Çerkezköy/Tekirdağ, Turkey

Cooking Appliances Plant - Bolu, Turkey

Compressor Plant - Eskişehir, Turkey

Electric Motors Plant - Çerkezköy/Tekirdağ, Turkey

Electronics Plant - Beylikdüzü/İstanbul, Turkey

Dishwasher Plant - Ankara, Turkey

Washing Machine Plant - Tuzla/İstanbul, Turkey

Arctic Cooling Appliances Plant - Gaesti, Romania

Washing Machine Plant - Changzou, China

Refrigerator and Washing Machine Plant - Kirzhach, Russia

Arçelik A.Ş., standing apart with innovative products and offering added value to the consumers, orients R&D and technology development efforts accordingly. Adopting the company's own product technology in line with recent developments, the R&D Group has introduced numerous innovations to the consumers so far.

As the global changes and environmentalist trends are shaping the industry's approach, products tend to be designed with green features and customer convenience. In this respect, figures of 2010 show that Arçelik A.Ş. released record holding products and obtained successful results with regard to intellectual property rights.

Project outcomes are registered with patent applications and internal reports help to protect the permanence of information within the Company. As is known, Arçelik A.Ş. holds the leading position in Turkey for intellectual property and patent applications. 142 patent applications were actualized in 2010 in parallel to the previous years. In 2010, the Company was awarded;

- Patent League Champion - Highest Number of Patent Applications,
- Patent League Champion - Highest Number of Patent Registrations,
- Golden Patent Award - Highest Number of International Patent Applications; all given by TPI (Turkish Patent Institute) for the applications in the year 2009.

R&D centers closely follow advances in standards and technology that influence the entire industry as well as competitor operations. As an integral part of R&D studies, such research shapes the turn of new and existing projects.

In recent years, fundamental trend in the white goods industry has taken a turn towards energy efficient products. Companies have been successively launching energy efficient products. Arçelik A.Ş., taking note of this inclination of the industry, has prioritised energy efficiency in mid and short-term product development as well.



In parallel, the World's Least Energy Consuming Washing Machine with A-50% energy rating was promoted as "first and unique". Resting on the know-how and experience attained with this pioneering product, energy efficiency of the entire product range has been raised one step further.

Another groundbreaking product, AutoLogic (SmartWash) washing machine was launched in 2010. SmartWash programme determines laundry type and quantity and selects the wash cycle according to soiling degree with no effort on the side of the consumer.



Also, more silent dishwashers with less energy and water consumption become widespread in the market. Already introduced in 2009, Arçelik's dishwasher that consumes only 7 liters of water created an impression in the market.

With the following efforts in 2010, the company developed the World's Least Water Consuming Dishwasher.

"Surf® - Innovative Oven Technology" was also promoted in environment friendly and innovative product category. This project constitutes Surf® (Surround Flow) homogenous cooking, the world's least energy consuming and the most silent oven in this class, "Oleophobic Coating" and "Anti-fingerprint" nano technological coating applications, Steampower Oven Technology, User-friendly Interface and Control Algorithms, and Smart Home Technology.

Arçelik A.Ş. was granted "Technology" award thanks to "Surf® - Innovative Oven Technology" in the category of "Large-Scale Products" within "Technology Awards" held by TÜBİTAK, TTTGV and TÜSİAD for 9th time this year. Arçelik A.Ş., a company adopting an approach to integrate and ripen technology, deserves this significant award owing to cutting-edge products and practices as well as ingenious accomplishments in research and development.

Among the outcomes of the efforts to reduce energy consumption level is the first A+++ No-Frost refrigerator in it's category that consumes the least energy with A-60% energy rating. Two years ago, Arçelik A.Ş. had already developed A++ energy class "Black Orbital" with the least energy consumption. The company has now carried its technology a step forward and developed the refrigerator with A+++ energy efficiency, which even consumes 26% less energy than A++ energy class.



Manufactured at Eskişehir Refrigerator Plant by Arçelik A.Ş.'s ingenious R&D team, "A+++ Black Orbital" has been designed with the implementation of 6 patents owned by Arçelik and the refrigerator's performance had reached above A++ level, which is the highest point in energy saving. Consuming 60% less energy than other A-energy class No-Frost refrigerators with the same volume, "A+++ Black Orbital" can work for 2.5 years using the same amount of energy consumed by A-energy class refrigerators in 1 year. This green perspective is not limited with the products but derived from a management approach as the first prize won by the company in "European Business Awards for the Environment Turkey Programmes - Management Category" clearly proves. As another significant indicator, Arçelik A.Ş. has been awarded in "Management" category of "European Business Awards for the Environment 2010 - European Programme." Arçelik A.Ş. has reached the finals thanks to a management understanding long-established on ecologist principles and social responsibility applied throughout the entire business process. It is a first with Arçelik that a non-European Union company succeeds to become finalist in European Business Awards for the Environment since 1987.



Consumer Electronics

3 main trends in consumer electronics in 2010 were LED TV, internet-connected TV, and three-dimensional TV. Arçelik A.Ş. has been carrying on its research and new product development activities in parallel to newly developed technologies. In keeping with Arçelik's vision, "Respects the Globe, Respected Globally," innovative products are being designed with new generation imaging, sound, broadcasting, and communications technologies pertaining to energy, the environment, and ergonomics.

With the contributions of its staff experienced in research and development activities, Arçelik A.Ş. also makes television designs for leader producers in the worldwide television market along with its own brands.

In connection with the new imaging technologies, LED TVs in all screen sizes that are less energy consuming and thinner products with richer color, contrast and sharpness controls have been released into the market.

Aluminum series products that contain environment-friendly materials and address the higher level product segment have been released into the market in various screen sizes.

In line with the 3D television technology development, Turkey's first 55" 200 Hz Full HD 3D television was released into the market. New generation technologies are being closely followed for 3 dimensional televisions.

Along with the rapid expansion of digital broadcasting, an integrated television has been created that does not require any additional device to receive satellite broadcasting in addition to both cable and terrestrial broadcasting. These quality televisions allow viewing HD quality broadcasts with high-resolution and recording digital broadcasts via USB. The products have been approved by operators in the European market active in various countries.

In order to use current bandwidths of Europe more efficiently, infrastructure works are being carried on for DVB-T2, the new generation terrestrial broadcasting format to which the company plans to switch.

Televisions that support CI + technology which provide protection of content rights and include advanced encoding systems have been put in use. A pioneer role was taken in the market by cooperating with the broadcasters. DivX HD Plus televisions featured with capacity to play high compression HD quality images without needing any additional hardware have been released into the market. Arçelik A.Ş. is one of the firsts in the world granted DivX HD Plus approval.

Televisions with internet TV and internet radio properties that provide receiving of video and music broadcasts via the internet have been developed. These televisions can access optional image and music contents by means of a certain service provider. Access to popular websites such as YouTube and Flickr is possible with these televisions. As for network-connected and internet-connected televisions, the new generation HbbTV infrastructure works are underway. Negotiations with service and content providers in Europe and Turkey are ongoing.

For increasing audio quality, an infrastructure for processing real-time audio signals was formed and the previously developed psycho-acoustic based algorithms have been tested on this infrastructure. These studies will be converted into cost-effective solutions and applied on our products with the cooperation of specialized firms and universities conducting research projects.

We have devised flexible, simple and visual interfaces to provide the viewers with a different kind of television experience. Special professional interfaces were designed for our brands being marketed in Turkey and worldwide.

Innovation and Cooperation in R&D

Successfully achieving university and industry cooperation as Turkey's first example of corporate association, Arçelik A.Ş. has presently contributed to more than 200 (214) B.A., M.A., and doctorate theses by esteemed university lecturers, thus affording opportunities for scientific approaches and academic knowledge to R&D projects, further benefiting both the company and universities.

The Company has undersigned long-term projects with college students beginning as of the internship period. Having completed their theses at Arçelik A.Ş., aided by the knowledge and guidance of their university supervisors, 87 engineers were employed in different departments within the company.

Arçelik's R&D has collaborative experience with universities, institutions, and scientific organizations throughout Turkey and abroad. Arçelik A.Ş. has been one of the leading companies whose R&D departments have attended the EU's research programmes. Arçelik has 5 European Union 7th Frame Programme Projects and 4 EUREKA projects underway in addition to the completed EUREKA and European Union Frame Programme projects. Cooperatively following up advances in technologies in a fast and reliable fashion to apply them on products, R&D centers have been gradually more in demand for the network structures and projects thanks to their laboratory infrastructure, valuable research background and skills.

Actively involved in large-scale consortiums under 7th Framework Programme, Arçelik aims to enhance technology relations with European and other countries in the world, and sustain the company's pioneering position in technology with state-of-the-art product range. Arçelik R&D department, who gained experienced by completing 1 project in each of the 5th and 6th Framework Programmes, now participates in 5 projects underway within the scope of 7th Framework Programme. In the meantime, 12 new project applications are currently in the stage of commission assessment.

Among the projects funded by European Research Council under the 7th Framework Programme, Arçelik takes part in a project of information technology focusing on the compression of 3D videos as well as the projects striving to develop nano-composite coating, to produce and apply new materials and innovative food preserving techniques.

With Vicon project, Turkey participates in a project addressing the users with special needs for the first time.

The project targets to develop more effective consumer interfaces with video and audio controls, which are more user-friendly particularly for disabled users. Especially the project proposals concentrating on environmentalist production technologies, new material development and information technologies are currently in assessment stage.

In 2010, the company was actively involved in "Destination Turkey" organized by TÜBİTAK in the US as a part of the 7th Framework Programme. The company's R&D activities and relevant issues were discussed at the meetings held in Boston and Ann Arbor within the scope of the programme and expatriate specialist researches were invited to the country with new opportunities.

Arçelik A.Ş. executes long-term research projects with the partnership of national universities and research institutes as well as foreign universities and supports university-industry cooperation through diverse mechanisms. TÜBİTAK programmes have been supporting certain studies and some are contributed by SANTEZ Programme of Ministry of Industry and Commerce. The company has been actively carrying out various projects with the collaboration of more than 20 universities across Turkey.



Furthermore, R&D centers collaborate with major suppliers to foster material and component designs and to benefit from their knowledge and experience with the purpose of offering value-added products. We are striving to spread advanced technology practices into the products for less energy consumption and lower noise especially in motors and compressors and these advances are turned into benefits on Arçelik products by following the supplier-product road maps.

A Strong R&D Team Innovative and Advanced Technology Patent Champion Green Approach



4-door No-Frost Inox Combi Refrigerator with 2 Freezer Drawers

- A+ class superior energy performance,
- Fingerprint-free inox doors and sleek door handles.

New No-Frost system (Active Dual Cooling)

- As the air circulating in the compartments are no longer the same, there is no more mixing of unpleasant odours between fridge and freezer compartments.

Hygiene applications:

- Active blue light preserves the freshness of vegetables and fruits in crisper for longer periods.
- Anti-bacterial filter and ionizer eliminates bacteria formation and prevents odours.

PRODUCTS
INNOVATIVE



55" 3D LED TV

- Edge LED, FHD + 200Hz latest panel technology offers vivid colors and crystal clear picture,
- 3D experience with Active Shutter glasses,
- USB PVR to pause and start recording of digital broadcasts according to consumer needs,
- DVB-T+C to view both terrestrial and cable digital broadcasting,
- "The Chicago Athenaeum Good Design" Award,
- Aluminum design completed by glass stand.

PRODUCTS
INNOVATIVE



Dishwasher

“First A-30% Energy Class Dishwasher in the World”

- Wash 13-place dinner set with 30% less energy than A energy class and use only 10 liters of water.

“Least Water Consuming Dishwasher Programme in the World”

- “World’s Least Water Consuming Programme”, 6L spends only 6 liters of water in A energy class.

CafeBM Glass Dishwasher

- Commercial dishwasher with 3 baskets and a washing capacity of 90 water glasses or 100 tea glasses in 15 minutes.

Autologic: the world’s first laundry-recognizing washing machine with SmartWash programme

- 5 sensors detect laundry type and quantity by meticulous and precise measurement and decide the amount of water, temperature, speed, number of rinsing and programme duration on behalf of you. And deciding all these details takes only 15 minutes.
- Paying maximum care to your laundry, Autologic Programme automatically activates the most ideal programme for your laundry among 36 different washing options and reaches perfect performance.
- Respects the environment by using water and energy only as needed; it is stingy in energy and water consumption.
- Extremely easy-to-use notwithstanding detailed technology for the selection of best wash cycle. All you have to do is to select the soiling degree and enjoy the easiness, delight and reliability of this technological miracle.





Oven

Steampower Cooking Technology

- The first built-in steam assisted oven produced in Turkey,
- Perfect results especially when cooking pastries, bread, meat, chicken and fish thanks to steam-assisted cooking technology,
- Cooking Guide featuring 14 cooking options and 50 different menus,
- Minimum energy consumption with A energy class,
- Easy-to-clean, soil-free, special nano-coated, completely glass interior door.

Built-in Fashion Edition Series

- Electronic controlled, built-in multifunctional oven with 10 cooking functions,
- SURF, cooking system for homogeneous cooking with up to 3 trays,
- Animated LCD Display,
- Minimum energy consumption with A energy class,
- Built-in gas-on-glass hob with 70 cm width,
- Touch control hood with 90 cm width.

SURF (Surround Flow) Cooking Technology

- Hot air from the rear heater is distributed inside the oven through back and side walls for homogeneous cooking - perfect for baking,
- Specially designed back and side walls, with horizontal hot air circulation above and below oven trays, allow cooking three separate dishes simultaneously without mixing flavours and comes with detachable side walls for easy cleaning,
- Large-scale Product Award with Surf® - Innovative Oven Technology.



PRODUCTS
INNOVATIVE



Oleophobic Nano Coating

- An innovative and pioneering technology with no similar applications in the white goods industry; the interior glass of the front door with oleophobic nano coating is easier to clean and comes with a dirt-repellent feature.

Corporate Social Responsibility Approach

The companies as well as individuals, governments and non-governmental organizations (NGOs) must do their share in using the globe's limited resources more cautiously in order to cultivate and sustain these resources. Hence, the company takes on the responsibility in the company's operations of leaving a more habitable world to younger generations.

The company's concept of corporate social responsibility entails principles of accountability for "Sustainable Growth" with sensitivity towards the environment and society and with operations completely compatible with laws, moral values and human rights.

The Company draws strength from the belief of our founder, the late Vehbi Koç, who said that "I exist as long as our country exists." Therefore, the company strives to fulfill its responsibilities together with employees and business partners.

Arçelik A.Ş. publishes a yearly "Sustainability Report" as a part of the company's operations in economic, social and environmental areas. This report covers the company's development and manufacture of innovative and green products, the improvement of social standards, effectual corporate governance, human rights and ethical work principles as well as the company's sustainable profitability.



Corporate Governance Approach

Arçelik A.Ş. is guided by the company's corporate values and culture, moral principles, concepts of effective governance and the principles of ethics in business.

Accountability, responsibility, openness and transparency, and equality are the four principles comprising Arçelik's corporate governance. In parallel with international business standards, these principles safeguard the trust between stakeholders and institutions and undoubtedly amplify the company's productivity and success.

Arçelik A.Ş. realizes that "right" corporate governance is quintessential to keeping the promises made to the company's stakeholders, especially to investors in order to maintain trust and stability. Meetings with corporate investors are a clear demonstration of Arçelik's successful implementation of corporate governance principles. The company not only capitalizes on its financial results and sound financial structures to achieve profitability targets but also manages its "corporate reputation," an important asset cultivated over many years.

Corporate Governance Principles Compliance Report

1.1. Compliance with Corporate Governance Principles

Implementing and putting into practice the Corporate Governance Principles issued by the Capital Markets Board (CMB), effective July 4, 2003, by Resolution No. 35/835 and announced in July 2003, are vital particularly to the credit-worthiness and financial capability of publicly-traded companies. Arçelik A.Ş. has adopted these principles, exemplifying the quality of corporate governance. According to the CMB Resolution No. 48/1588, dated December 10, 2004, companies must disclose their compliance with corporate governance principles in annual reports and on their web sites, if any, starting with the 2004 annual reports for companies listed on the Istanbul Stock Exchange (ISE). Subsequently, Arçelik A.Ş. set up a task team to investigate compliance with these principles; as a result, new information has been disclosed in the company's annual reports and on its web site since 2004. The company's effort to establish full compliance on some of the issues is still in progress. When OECD revised its 1999 corporate governance principles in 2004, the CMB updated its principles accordingly to ensure consistency with the OECD. Therefore, Arçelik A.Ş. prepared its 2010 Corporate Governance Principles Compliance Report in line with these revised corporate governance principles. On July 30, 2010, Saha Corporate Governance and Credit Rating Services, Inc. (SAHA) revised the company's corporate governance rating to 8.55 (85.53%) out of 10 points. This rating was previously 8.21 (82.09%) as the first rating announced in material event disclosure dated July 30, 2009.

Our Corporate Governance rating has been determined under four main titles (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) weighted basing on the Capital Market Board's Corporate Governance Principles; and the updated distribution under main titles are as below.

Main Titles	Weight	2009 Rating	2010 Rating
Shareholders	0.25	8.55	8.87
Public Disclosure and Transparency	0.35	8.71	9.22
Stakeholders	0.15	9.52	9.52
Board of Directors	0.25	6.37	6.73
Total	1.00	8.21	8.55

SAHA's report drafted about corporate governance rating can be accessed in our Company's website at www.arcelikas.com.tr. Above-mentioned increase in rating is based on the following main factors:

- Improvements to inform the shareholders and protect their rights throughout the preparation process and during General Assembly, and a briefing document presented for the information of shareholders concerning General Assembly.
- A more comprehensive and extensive annual report.
- A more comprehensive Information Disclosure Policy presented for the information of General Assembly,
- Basing upon the principles of information policy, disclosing the list of the managers who may have access to information with an impact on the value of Company's stock exchange instruments,
- Amendments in the Articles of Association in order to ensure better compliance to the Corporate Governance Principles,
- Announcement of important decisions of the Board of Directors to the public in the Company's website, and
- Corporate Governance Committee, established and started to operate with the first meeting.

Our Company has been incorporated in ISE Corporate Governance Index as of July 31, 2009.

1.2. Corporate Governance Principles Not Yet Implemented

Arçelik A.Ş. believes in the importance of full compliance to corporate governance principles. However, full compliance has not yet been achieved due to challenges in implementing some of the principles together with ongoing discussions in Turkey and in international platforms on compliance with certain principles and the failure of current markets and corporate structures to meet these principles in the proper manner.

A corporate governance action plan was prepared for the areas open to improvements in corporate governance applications determined in the SAHA's Corporate Governance Rating Report, and works for full compliance to the corporate governance principles were carried on. Actualized corporate governance principles and principles not yet complied with are given in the sections below.

1.3. Compliance Efforts within the Period

Arçelik A.Ş. continued its efforts and made the following major improvements towards compliance with Corporate Governance Principles throughout 2010.

The first major improvement was that Ordinary General Assembly of Shareholders approved to add the following resolution into the Articles of Association on March 17, 2010:

(Article 12) The persons who are nominated and elected to the Board of Directors shall have knowledge and experience in the company's areas of business; be able to analyze financial statements and reports; have basic knowledge of legal regulations under which the company is governed; and shall preferably possess university educations.

Other important developments realized for compliance to Corporate Governance Principles are establishing the Corporate Governance Committee, Risk Management Committee and Investment and Business Development Committee founded in 2010 after the current Committee Responsible for Auditing established to provide consulting and coordination to the Board of Directors.

On March 22, 2010, Board of Directors resolved that a Corporate Governance Committee should be established within the Company in accordance with the Corporate Governance Principles issued by Capital Markets Board with the purpose of observing Company's compliance, carrying out improvement efforts on this matter, and proposing solutions to the Board of Directors.

Corporate Governance Committee held 2 meetings in 2010.

With the Resolution of Board of Directors dated July 16, 2010, a Risk Management Committee has been formed to give advice and recommendations to the Board of Directors in subjects including determination, evaluation, effects and possibilities of all kinds of strategic, financial, operational, etc., risks that may influence the Company, managing and reporting such risks in accordance with the Company's corporate risk taking profile, considering the same in decision taking mechanisms, and creation and integration of effective internal control systems in this respect. The Risk Management Committee held 4 meetings in 2010.

With the Resolution of Board of Directors dated July 16, 2010, an Investment and Business Development Committee has been formed to generate ideas and strategies, to provide coordination between relevant departments, and accordingly advise and recommend to the Board of Directors with the purpose of devising and planning new projects and investments on the special areas of the industries of our Company, as well as to follow the governance of the agreed strategies and projects. Investment and Business Development Committee held 3 meetings in 2010.

Furthermore, to comply with Corporate Governance Principles in 2010;

- Important Board Resolutions were put on website,
- Our voting procedure in the General Assembly was announced to the shareholders verbally,
- Shareholders were given information about the new Board Member, who has been elected in General Assembly,
- Information disclosure policy has been revised to include data and documents to be discussed in the General Assembly,

- Annual report has been revised to include future activities, general information regarding the industry and the company's position in the industry, and foreseeable risks related to macro-level operations.
- List of possible "insiders" has been added in our annual report and disclosed to the public,
- A secretariat has been established to provide communication within the Board of Directors,
- Audit committee reported that new independent auditing institution does not have any issues that may infringe its independence.

The Board of Directors decided to apply for corporate membership to the Turkish Corporate Governance Association (TKYD) on April 30, 2010 with the affirmative opinion of the Corporate Governance Committee, and the company became a member of TKYD on June 28, 2010. Operating to improve corporate governance understanding in Turkey since 2003, TKYD is an association supported by 455 individual and 8 corporate members. TKYD aims to increase cooperation between companies listed in ISE Corporate Governance Index, to enhance activities for promotion and development of the index, and to strengthen communication with regulating institutions. The company participated in TKYD Capital Markets Work Group to prepare TKYD's view concerning the update of the Capital Markets Board's Corporate Governance Principles.

Taking part in TÜSİAD Corporate Governance Work Group and Capital Markets Work Group, the company contributed to the preparation of TÜSİAD's views to present to the CMB and public regarding the regulations drafts for corporate governance and capital market regulations. In 2010, we also attended in the training courses, seminars and presentations held by TÜSİAD and TKYD related to the capital markets and corporate governance.

2. Investor Relations

Compliance with legislation, the Articles of Association, and internal regulations are observed when shareholders exercise their rights, and measures are taken to protect these rights. Arçelik manages shareholder relations through the Assistant General Manager of Finance and Accounting. The primary objective of the company regarding this issue is to ensure that shareholders fairly and reliably exercise their right to obtain information. The company exercises shareholder rights stemming from the partnership as a whole and without delay. Primary Responsibilities of Investor Relations are:

- Ensuring that shareholder information is maintained and updated in a secure and reliable manner,
- Responding to shareholders' written or verbal inquiries of company information with the exception of confidential information and trade secrets not disclosed to the public,
- Ensuring that the General Shareholders Meeting is conducted according to law, the Articles of Association and internal regulations,
- Preparing all necessary documents for the General Shareholders Meeting,
- Recording voting results and sending the results to shareholders upon request,
- Observing and monitoring all issues regarding public disclosures including applicable legislation and the company's disclosure policy,
- Attending meetings held at the company headquarters as well as other domestic and international meetings arranged by various organizations and informing investors accordingly,
- Informing analysts evaluating the company,
- Responding to information inquiries from academics who are researching the company and the industry,
- Preparing Turkish and English versions of the investor relations page on the company's corporate website (www.arcelikas.com); updating the page whenever necessary; and ensuring simple and quick online access to company information for shareholders,
- Filing material event disclosures with the ISE through the Public Disclosure Platform (PDP), according to CMB Communiqué Serial VIII, No. 54,
- Following changes in the legislation related to the Capital Market Law and submit these to the attention of the related units in the Company,
- Represent the Company at the Capital Market Board, Istanbul Stock Exchange, and Central Registry Agency. (CRA)

Arçelik A.Ş. staff members in charge of investor relations:

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Summary of Actions to Provide In-depth Information to Investors on the Company's Operations in 2010:

• Number of investor meetings participated at home and in abroad	9
• Number of investors met with	245
• Number of teleconferences disclosing 2009 year-end and 2010 first-half results	4
• Number of press meetings organized at home and in abroad	6

3. Exercising Shareholder Rights to Obtain Information

There is no difference between shareholders in terms of accessing and examining company information.

To improve the shareholders' rights to access information and to ensure reliability in shareholders exercising their rights, financial statements and other related information and documents are continuously updated and provided on the company's web site (www.arcelikas.com) both in Turkish and in English.

During this accounting period, information requests by shareholders were answered orally or in writing according to the Capital Markets Law and without preferential treatment to any shareholder. In 2010, action was taken on behalf of 43 shareholders who were not able to receive their dividends and had not participated in capital increases in previous years.

According to the PDP, material event disclosures required by the ISE along with financial statements and other information regarding the company are sent via electronic environments with electronic signatures.

Arçelik A.Ş. dematerialized the company shares traded on the ISE after registering with the CRA, an agency established to observe dematerialization of securities. Moreover, the company entered into an agreement with Yapı Kredi Yatırım Menkul Değerler A.Ş. to complete shareholder functions with the CRA. The company's operations are periodically audited by an independent auditor, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, (a member of the Ernst & Young Global Limited) as well as by the auditors elected at the General Shareholders Meeting. The Articles of Association do not contain provisions for appointing a special auditor. During the reporting period, no request was made of the company to appoint a special auditor.

4. General Shareholders Meeting Information

All shares comprising the company's capital are nominative. A briefing document regarding the agenda is prepared and announced through the company's web site prior to the General Shareholders Meeting. General Shareholders Meetings are held as open to the public including the stakeholders and media without the right of active

participation in accordance with the Articles of Association. The Company organized only 1 General Shareholders Meeting in 2010. The company's 2009 operations were discussed at the Ordinary General Shareholders Meeting held on 17 March 2010 and of the 67,572,820,500 outstanding shares, 53,925,657,033 (79.80%) were represented at the meeting. The company's shareholders (either directly or by proxy), stakeholders, and the media attended the meeting. Several intermediaries and representatives of banks providing settlement and custody services also attended as observers. Questions from shareholders were answered during the meeting.

- According to the Articles of Association, the General Shareholders Meeting was announced three weeks in advance in two national newspapers, in the Turkish Commercial Registry Gazette, and on the company's web site in an effort to reach the highest possible number of shareholders.
- All announcements comply with corporate governance principles.
- Starting on the invitation date of the General Shareholders Meeting, financial statements and reports, including the annual report, the proposal for dividend distribution, information on the agenda of the General Shareholders Meeting, supplementary documents pertaining to the agenda, the current Articles of Association, the text and justification of amendments, if any, to the Articles of Association are all made available to shareholders at the company headquarters and on the web site for the convenience and open review of shareholders.
- The company prepares a clear agenda of the General Shareholders Meeting to avoid any misunderstandings.
- Sample power of attorney statements are announced and posted on the company's web site for shareholders represented by proxy.
- Voting procedures are announced to shareholders in the meeting and electronically before the date of the General Shareholders Meeting.
- In 2010, the company did not receive requests from shareholders for any additional items to be included on the agenda.

Arçelik has not planned any future significant changes in the company's management or operational organization. All changes are disclosed to the public according to law.

The company holds General Shareholders Meetings at a minimum cost to its shareholders. In this respect, the company is also committed to implementing the simplest procedures so as not to encourage inequality among shareholders. Measures are taken to enable the easy participation of shareholders residing both in the country and abroad.

Also, all documents which the foreign shareholders may need to be informed about the General Assembly and agenda texts are translated into English and they are sent via banks performing barter and holding transactions of such shareholders and also posted in the website. The company makes every effort to hold meetings close to the city center for greater participation and convenience. The number of participants over a period of years is tracked, and the meeting location is determined based on the number of participants.

The Ordinary General Shareholders Meeting on March 17, 2010 was held at "Divan City, Büyükdere Cad. No:84 Gayrettepe İstanbul". The venue is capable to allow participation of all shareholders. Invitations to the General Shareholders Meeting are given by the board of directors according to the provisions of the Turkish Commercial Code (TCC), Capital Markets Law and the Articles of Association. The decision by the board of directors to convene the General Shareholders Meeting is announced to the public via disclosures filed with the ISE.

CMB regulations require that financial statements are disclosed within 14 weeks of the fiscal period's closing. However, Arçelik A.Ş. discloses its financial statements shorter than this deadline. The 2010 year-end financial statements were disclosed within the 7th week. Following the disclosure of financial results, the company starts preparations for the General Shareholders Meeting and upon completion of the necessary legal procedures, the meeting is held. The General Shareholders Meeting convenes within three months following the end of the fiscal period. The company scheduled March 23, 2011 as the date of General Shareholders Meeting to discuss company operations for 2010.

At the General Shareholders Meeting, agenda items are communicated to shareholders in a manner that is detailed, objective, and comprehensible. These agenda items are discussed with shareholders, providing them equal opportunity to make any inquiries and share their views.

The shareholders are also given the opportunity to make comments and recommendations regarding the remuneration of the company's board directors and top officers.

Shareholders who place themselves on the blocked shares list may attend the General Shareholders Meeting to express their opinions, ask questions and have these questions answered. The shareholders' votes on the agenda items are recorded in the meeting minutes. Each agenda item is voted separately.

The General Shareholders Meeting is held under the supervision of a representative of the Ministry of Industry and Trade. The General Shareholders Meeting has authorized the board of directors to purchase, sell and lease material assets as well as to make donations and grants. The Articles of Association include relevant provisions permitting this authorization. Because of the impracticality of holding a meeting for every transaction, this authorization is more viable so that transactions may be expedited in competitive markets to avoid missed opportunities.

The minutes of the General Shareholders Meeting are posted on the company's web site and are also made available to shareholders at the company's headquarters. The shareholders are provided with a copy of the minutes upon request.

5. Voting and Minority Rights

Arçelik A.Ş. announces voting procedures to shareholders at the beginning of all General Shareholders Meetings. The company avoids procedures that would make voting difficult and provides each shareholder, including those living abroad, with the opportunity to exercise their voting rights in the simplest and most convenient way.

The company's Articles of Association do not provide any special privileges for voting. Each share equals a single vote. The shareholders do not include any legal entity that is a subsidiary of Arçelik A.Ş. The Articles of Association do not contain any provisions preventing a non-shareholder from voting by proxy. Minority shareholders attend the General Shareholders Meetings and comprise the company's management in the same manner as majority shareholders. The Articles of Association do not provide for cumulative voting.

6. Dividend Distribution Policy and Deadline

According to corporate governance principles, Arçelik A.Ş. adopts a dividend policy that seeks a balance between the interests of both the shareholders and the company.

Company has determined its dividend policy as follows: "To the extent permitted by applicable legislation and our investment requirements, long-term average dividends proposed at the General Shareholders Meeting by the board of directors should not be less than 50 percent of the company's annual distributable profit." The company's dividend policy is reported in the annual report and announced on the company's web site.

The company distributes its profit according to the TCC and the Capital Markets Law and within statutory time limits. A gross dividend rate of 14.799% (net 13.459%) according to 2009 year-end results was decided to be distributed at the General Shareholders Meeting dated 17 March 2010 and this distribution was actualized as of 24 March 2010. The Articles of Association do not grant any special privileges regarding dividend distribution.

According to the Articles of Association, the board of directors may distribute dividends in advance, provided that this action has been authorized by the General Shareholders Meeting and complies with the requirements of the Capital Markets Law and CMB regulations. The authority to distribute dividends in advance, granted to the board of directors by the General Shareholders Meeting, is limited to the year when the authorization was issued.

7. Transfer of Shares

The Articles of Association do not include any provisions complicating or restricting the transfer of shares.

8. Company Information Disclosure Policy

Arçelik A.Ş. disclosure policy for informing the public was brought to the shareholders at the Ordinary General Shareholders Meeting on March 25, 2009 and published on the company's web site. The disclosure policy is updated in light of new regulations.

Purpose

Being one of the most important actors of the domestic and global Consumer Durable Goods Sector, Arçelik pursues a policy of informing the shareholders and stakeholders about all the activities related to the company management in an equal, transparent, full, accurate and comprehensible manner in accordance with the provisions of the Capital Market Law and other laws. The purpose of the disclosure

policy is to define rules for sharing the past performance, future expectations, strategies, goals and the vision of the company with the public, the authorities, existing and potential investors and shareholders in an equal manner; for announcement of the financial information in an accurate, fair, timely and detailed manner within the framework of the generally accepted accounting principles and the Capital Market Law; and to share the same with continuous, efficient and open communication.

While pursuing an active and transparent disclosure policy, Arçelik complies with the Capital Market Legislation and the regulations of the Istanbul Stock Exchange (ISE) in all practices of informing the public and aims to implement the most efficient communication policy within the framework of the Capital Markets Board's Corporate Governance Principles.

Power and Responsibility

Company's disclosure policy is created upon the recommendation of the Board of Directors. At Arçelik, it is the responsibility of the Board of Directors to pursue, supervise and develop the disclosure policy. Finance Directorate and Corporate Communication Directorate are responsible of coordinating the disclosure function under the supervision of the Assistant General Management of Finance and Accounting. These parties fulfill their responsibilities in close coordination with the Board of Directors and the Audit Committee.

Methods and Tools

Within the framework of the Capital Market Legislation, Istanbul Stock Exchange (ISE) regulations and the Turkish Commercial Code, Arçelik A.Ş. decides that the following methods and tools shall be employed while determining the public disclosure policy:

1. Disclosures on special events to the ISE (English translations of the mentioned disclosures are also distributed to the foreign investors and they are announced on the website in Turkish and English)
2. Financial statements and footnotes, independent audit reports and statements are periodically delivered to the ISE (These reports are also available on the website. Annual reports and financial presentations are disclosed by electronic means and website.)
3. Annual reports (Made available in hard copy as well as soft copy through the website.)

4. Corporate website (www.arcelikas.com.tr)
5. Announcements and declarations made through Turkish Commercial Registry Gazette and daily newspapers
6. Press statements made periodically through the press and visual media in parallel with the important developments in the year
7. Statements to the data distribution organizations such as Reuters, Foreks, Bloomberg
8. One on one meetings or teleconferences with investors and analysts
9. Communication methods and tools such as phone, e-mail, telefax etc.
10. Prospectus, circular, announcements and other documents that are required by the Capital Markets Regulations.

Disclosures on Special Events

Arçelik A.Ş. disclosures on special events are prepared by the Finance Directorate and Legal Consulting Department; and in principle, they are signed by any of the two among the General Manager, Assistant General Manager of Finance and Accounting and Finance Director and notified to the ISE. In case the relevant parties' absence, the other Assistant General Managers and Accounting Directors are authorized to sign. Disclosures on special circumstances are delivered to ISE electronically as KAP notices.

Disclosure of the Financial Statements to the Public

The financial statements of Arçelik A.Ş. are prepared in accordance with the provisions set out by the Capital Markets Board and are audited according to the International Audit Standards and publicly announced. Before the financial statements and footnotes are publicly disclosed, they are submitted to the Board of Directors for approval upon the positive opinion of the Audit Committee within the framework of the Capital Market Legislation. The statements, footnotes and independent audit report are delivered to the ISE after the declaration of accuracy is signed by the General Manager, Assistant General Manager of Finance and Accounting or Accounting Director in parallel with the Capital Market Law and Istanbul Stock Exchange regulations. The financial statements and footnotes are accessible in Turkish and in English retrospectively on the official website in the Arçelik Investor Relations section. Moreover, Investor Relations Department periodically issues memorandums or presentations relating to financial data and ratios which are distributed electronically on the website in order to ensure better understanding of the financial information.

Annual Report

The Annual Report is prepared in accordance with the international standards, Capital Markets Board legislation and corporate governance principles of the Capital Markets Board. After the Annual Report is prepared, it is approved by the Board of Directors and announced publicly in Turkish and in English. Moreover, the hard copies and the soft copies in the CD format may be provided from Arçelik A.Ş. Investor Relations Department.

Corporate Website

Arçelik A.Ş. website has the nature of a user friendly platform where it is possible for all the stakeholders to monitor the most detailed and updated data with its contents in depth and as well as its tools (i.e. graphics, calculators). The regularly updated data such as analyses, evaluations, retrospective information and corporate history on the website are provided in both Turkish and English. The most important titles that can be monitored on the website are summarized below:

- Detailed information of corporate identity
- Vision and main strategies
- Information about the members of the Board of Directors and top management of the company
- Important decisions of the Board of Directors
- Organization and shareholder structure
- Articles of association
- Trade registration data
- Financial data, indicators and analysis
- Press statements
- Disclosures on special events as required by Capital Markets Board
- Data, graphics and calculators for share performance
- Investor presentations
- Information regarding the analysts assessing the company and analyst reports
- Date and agenda of the General Assembly and comments on the items on the agenda
- Minutes of the General Assembly and the list of attendants
- Sample power of attorney
- Corporate governance practices and compliance report
- Profit distribution policy, history and capital increments
- Disclosure policy
- Frequently asked questions
- Detailed information regarding corporate social responsibility
- Ethic rules disclosed publicly within the framework of the disclosure policy

Announcements and statements made through Turkish Trade Registry Gazette and daily newspapers

The announcements regarding General Assembly, capital increment and dividend payments are announced both in Turkish Trade Registry Gazette and in daily newspapers in accordance with Capital Market Law, Turkish Commercial Code and our Articles of Association. The announcements regarding General Assembly Meeting are done by newspapers and website at least three weeks before in order to inform more shareholders.

Annual report, financial statements, profit distribution suggestion, briefing document for the agenda of the General Assembly, changes on the Articles of Association are disclosed in the company headquarters and website for the shareholders. The agenda of the General Assembly is clear to understand. The agenda includes approval of the financial statements, the acquittal of the Members of the Board of Directors and Auditors for the operations of the Company, election and deciding the remuneration of the Board of Directors and Auditors, the approval of the Independent Auditor Institution selection, profit distribution and its policy, change of the Articles of Association, corporate governance compliance report and information disclosure policy. The sample power of attorney for the General Assembly is announced on the newspaper and website.

Press statements are made through the press and media both in parallel with the important developments in a year and periodically

Arçelik A.Ş. Corporate Communication informs the public in details by providing controlled information to the press and media in parallel with the important developments in a year. Arçelik A.Ş. organizes meetings to inform the press and the public in parallel with the nature of the developments in a year. During these meetings, the General Manager of Arçelik A.Ş. or the relevant representatives from the top management make a detailed and disclosing presentation to the members of the press and media about the performance of the companies and general developments related to Arçelik A.Ş. and answers their questions. In addition to the routine meetings, written press releases are sent to the press in cases of various developments that need disclosure of accurate and controlled information to

the public. Such disclosure may also take place through a press briefing as well depending on the nature of the development.

Any questions or demands for disclosure from the press in relation with the various developments and general flow are taken into consideration in writing and they are absolutely answered in negative or positive.

Statements given to the data distribution organizations such as Reuters, Foreks, Bloomberg

All statements shared with media and press by the Arçelik A.Ş. Corporate Communications Department are submitted to the above mentioned organizations which are also invited to all press briefings with appropriate content.

Meetings and Contacts with Investors and Analysts

Arçelik A.Ş. has an Investor Relations Department formed to regularly handle the relations with both existing and potential shareholders, to respond to the questions of the investors in the most efficient manner and to exercise the efforts for enhancing the company value under the Assistant General Manager of Finance and Accounting. The relationships with the shareholders are carried out by this department.

In order to ensure that Arçelik's operational and financial performance, vision, strategy and goals are communicated in the best manner to the shareholders, the top management of the company and Investor Relations Department frequently meet with the intermediary firms, analysts and investors and they prepare presentations, questions/answers schedules and summary information. Any meeting demands of the shareholders are responded positively and an opportunity is provided for a meeting with the highest possible management. It is also ensured that the shareholders and analysts can keep a close eye on the developments relating to the company through the periodically updated website and memorandums distributed online to the shareholders.

For this purpose domestic and international investor meetings are attended. In these meetings and in the headquarters of the company, meetings are done with the investors and their questions are answered.

Teleconferences and investor presentations are done after disclosure of financial statements and important special events. Details of these disclosures are presented to the public through website.

Explanations for Forward Looking Statements

Arçelik may at times make forward-looking statements in relation with disclosure policies. The forward-looking statements contained in the written documents of the company are provided based on certain assumptions; the actual results may be considerably different from the results expected in the declarations due to risks, ambiguities and other factors; the investor society is warned in this respect.

Folow up of the News and Rumors about the Company

The Company monitors press and media daily through the contracted domestic media monitoring agency. The relevant coverage is reported to the top management every morning and the contents of the coverage are checked. Moreover, the domestic and international news coverage is also monitored through data distribution companies such as Reuters, Bloomberg and IBS subscribed by the top management, employees of the investor relations department and corporate communication department.

If the company wishes to make an announcement about the coverage and rumors about the Company, which is covered in press and media but which does not imply a liability for an announcement, the matter may be brought to the agenda by the Assistant General Manager of Finance and Accounting.

If the news does not have significance in terms of insider information, in principle no announcement is issued. However, Corporate Communications Department evaluates whether there is value added in making an announcement on such a subject, which does not require the issuance of a material disclosure as per the Communiqué.

Unfounded News and Rumors

In principle, Arçelik A.Ş. does not comment on news that clearly appear not to be sourced from Arçelik A.Ş., or that clearly appear to be gossip, rumor and unfounded. However, if deemed necessary, Arçelik A.Ş. may decide to comment on such unfounded news in order to protect the interest of the shareholders.

News Pertaining to Information Whose Announcement is Postponed

In principle, if there is news appearing on the media on information, the announcement of which is postponed to protect the lawful interests of Arçelik A.Ş., despite all measures that have been taken to protect the confidentiality of the subject information, Arçelik A.Ş. remains silent. However, Arçelik A.Ş. may decide to make an announcement if deemed necessary to protect the interest of the company and the investors. In the postponement stage, no further comments are made and no statements are issued that contradict the information. It may be expressed that no information will be provided on the process and that the public will be informed when the developments are clarified.

Measures to Protect Insider Information until Public Announcement

Arçelik A.Ş. employees who are in a position to have insider information and the other relevant parties are informed about their liability to protect insider information between the time when the information subject to a material disclosure develops until it is announced to the ISE.

As a general principle, Arçelik A.Ş. and the persons who work in the name and on account of Arçelik A.Ş. cannot, by any means, share information that is not publicly available and that may qualify for a material disclosure, with third parties. If it is determined that insider information has unintentionally been shared by these people with third parties, if it is concluded that the confidentiality of the information cannot be protected, within the scope of Capital Market legislation, then a material disclosure is made. If the public disclosure of such information is postponed, a list is drawn up including the names of the persons who have access to the subject information at the time of postponement and "Arçelik A.Ş.'s List of Individuals Who Have Access to Insider Information" is updated accordingly. The necessary work is completed to inform these people and the other parties who have access to the subject information and reasonable precautions are implemented.

The Criteria Used in Determining the People with Administrative Responsibility

People with administrative responsibility in access to insider information are determined depending on the scope of the information accessible by them. Accordingly, a manager and other staff who have detailed information about only a portion of the company business and whose information on the whole is limited shall not be considered within the scope of people with access to insider information.

However, Members of the Board of Directors, General Manager and Assistant General Managers and some senior staff employed mostly at the headquarters, who have detailed information about the entire company and related to not only the present but also future plans, shall be considered within the scope of the people with access to insider information. The list prepared according to such criteria is shared with the public in accordance with the provisions of the relevant communiqués of the Capital Markets Board.

Ensuring Confidentiality for the Information that Should Be Disclosed to the Public

In order to balance transparency and company interests, the employees are pursued to observe and apply the rules

regarding the use of the insider information. All necessary precautions are taken in order to prevent the use of the insider information. The "Principles of Business Ethics", documented and published throughout the company, clearly set out the codes of conduct for the employees of Arçelik A.Ş.

The Company information acquired during employment, which the Company does not want to disclose to anybody except concerned parties and which are qualified as trade secrets, are considered as "Proprietary Information". All employees preserve Proprietary Information during and after their employment at Arçelik A.Ş. and they do not use such information directly or indirectly. No employee of the Arçelik A.Ş. may engage in an activity to create gains by means of purchasing and selling shares of Arçelik A.Ş. or any other company of the Koç Group based on the insider information received during employment.

Arçelik adopts a "Silence Period" practice, which means that the company representatives avoid sharing the information to be disclosed with the public before any official announcement regarding the periodical results. Silence Period starts three weeks before the announcement of the year-end results and two weeks before the announcement of the quarterly results.

Election and assignments of the Company's Board of Directors and Top Management in 2010 disclosed to the public by a material event announcement are as below.

Board of Directors	
Rahmi M. Koç	Chairman
Mustafa V. Koç	Vice Chairman
Dr. Bülent Bulgurlu	Member of Board of Directors
O. Turgay Durak	Member of Board of Directors
Robert Sonman	Member of Board of Directors
Semahat S. Arsel	Member of Board of Directors
Temel K. Atay	Member of Board of Directors
Ömer M. Koç	Member of Board of Directors
Ali Y. Koç	Member of Board of Directors
A. Gündüz Özdemir	Member of Board of Directors
Levent Çakıroğlu	Member of Board of Directors
Members of Auditing Board	
İnanç Kiraz	
Serkan Özyurt	

The Board of Directors and Board of Auditors were elected at the Ordinary General Shareholders Meeting by resolution on 17 March 2010.

Committee Members assigned by the Board of Directors are:

Committee Responsible for Auditing	
Temel K. Atay	Member
Robert Sonman	Member
Corporate Governance Committee	
Dr. Bülent Bulgurlu	Member
O. Turgay Durak	Member
Fatih K. Ebiçlioğlu	Member
Risk Management Committee	
Rahmi M. Koç	President
Semahat S. Arsel	Member
Dr. Bülent Bulgurlu	Member
Temel K. Atay	Member
Investment and Business Development Committee	
Mustafa V. Koç	President
Ömer M. Koç	Member
Ali Y. Koç	Member
O. Turgay Durak	Member
Levent Çakıroğlu	Member
Top Management	
Levent Çakıroğlu	General Manager
İsmail Hakkı Sağır	Assistant General Manager, Production and Technology
Dr. Fatih Kemal Ebiçlioğlu	Assistant General Manager, Finance and Accounting
Şirzat Subaşı	Assistant General Manager/Sales-Turkey, Middle East, Africa, Turkic Republics
Tülin Karabük	Assistant General Manager - Marketing
Hakan Hamdi Bulgurlu	Assistant General Manager/ Sales - Europe, America, Asia-Pacific
Cemal Şeref Oğuzhan Öztürk	Assistant General Manager - Purchasing and Supply Chain

Levent Çakıroğlu

General Manager

Mr. Çakıroğlu began his professional life at the Ministry of Finance as an assistant accounting specialist in 1988. In 1998 he joined Koç Group as Accounting Coordinator. He served as Koçtaş General Manager between 2002-2007, and Migros General Manager between 2007-2008. He has been serving as the General Manager of Arçelik A.Ş. since August 2008.

İsmail Hakkı Sağır

Assistant General Manager, Production and Technology
Mr. Sağır began his career as a project engineer at the Arçelik A.Ş. Refrigerator Plant in 1980 and has been working at Arçelik A.Ş. as the Assistant General Manager of Production and Technology since May 2009.

Dr. Fatih Kemal Ebiçlioğlu

Assistant General Manager, Finance and Accounting

Dr. Ebiçlioğlu began his career at the Ministry of Finance as an assistant accounting specialist. He has been working at Arçelik A.Ş. as the Assistant General Manager of Finance and Accounting since 2005.

Şirzat Subaşı

Assistant General Manager/Sales-Turkey, Middle East, Africa, Turkic Republics

Mr. Subaşı began his professional life at Beko Ticaret A.Ş. as sales representative in 1986. He has held his current position since May 2009.

Tülin Karabük

Assistant General Manager - Marketing

Ms. Karabük began her career as the regional manager of the Eastern Block Countries at Ekom Eczacıbaşı Dış Ticaret A.Ş. in 1987 and has been serving as Assistant General Manager - Marketing at Arçelik A.Ş. since 1 September 2010.

Hakan Hamdi Bulgurlu

Assistant General Manager/Sales-Europe, America, Asia-Pacific

Commencing his business career at Ram Dış Ticaret in 1995, Mr. Bulgurlu has been serving as Arçelik A.Ş.'s Assistant General Manager for Sales - Europe, America, Asia-Pacific since 1 September 2010.

Cemal Şeref Oğuzhan Öztürk

Assistant General Manager - Purchasing and Supply Chain

Commencing his business career at ITU Materials Science School in 1982, Mr. Öztürk has been serving as Assistant General Manager-Purchasing and Supply Chain at Arçelik A.Ş. since 1 September 2010.

Appointments

Assistant General Manager - Marketing - Tülin Karabük
(Appointed to this position as of 01 September 2010.)

Assistant General Manager, Sales (Europe, America, Asia-Pacific) - Hakan H. Bulgurlu
(Appointed to this position as of 01 September 2010.)

Assistant General Manager - Purchasing and Supply Chain - C.Ş. Oğuzhan Öztürk
(Appointed to this position as of 01 September 2010.)

All material event disclosures are published on the company's web site in Turkish and English simultaneously.

The company's top management or with their knowledge and sanctioning and authorized personnel in the Finance Directorate respond to inquiries from outside the company.

Presentations provided to analysts for easy assessment are released to the public via the company's web site following the disclosure of financial statements. According to Capital Markets legislation, securities traded within the last year are disclosed and published on the company's web site when these transactions are performed by the Board of Directors, Managers or shareholders who directly or indirectly hold a 5 percent share of the company. The company prepares consolidated financial statements and their footnotes according to the Capital Markets Board, Communiqué Serial. XI, No. 29, and discloses them to the public following an independent audit.

Annual Reports are prepared according to Capital Markets Legislation and Regulations and the CMB Corporate Governance Principles, Chapter II, Article 3.2.2.

9. Material Event Disclosures

The company made 17 material event disclosures in the fiscal period. There were no requests for additional explanations from the CMB and/or the ISE regarding 2010 disclosures. The company is not required to make any material event disclosure other than those made to the ISE since the company does not have any securities listed on foreign stock exchanges. The company made all material event disclosures on time and therefore was not subject to any sanctions by CMB.

10. The Company's Web Site and Content

In an effort to maintain effective and fast communications with shareholders, the company actively uses its corporate web site at www.arcelikas.com, according to the requirements of the CMB. All the information stipulated in CMB Corporate Governance Principles, Chapter II, Article 1.11.5 is available on the web site.

Website was arranged with the content and form as set forth by CMB Principles in Turkish and English. Preparation of Investor Relations Section of the website, updating changed information and including additional information, are under the responsibility of the Finance Directorate.

Every effort is extended to ensure uninterrupted web site operations.

11. Disclosure of Sole Proprietorship and Ultimate Controlling Shareholder(s)

A disclosure of Sole Proprietorship and Ultimate Controlling Shareholder(s) would be of no consequence. Information of the Koç family members as ultimate controlling shareholders is common knowledge.

12. Disclosure of Insiders

Arçelik A.Ş. places great emphasis on the use of insider information in order to maintain a balance between transparency and protecting the company's interests. All precautionary measures are taken to prevent the use of insider information. "Principles of Business Ethics," documented and distributed to all employees, clearly articulates appropriate business ethics for all Arçelik A.Ş. employees.

Any information acquired during the course of employment or belonging to the company, or deemed undesirable to share with third parties or considered commercial secrets are regarded as "company information." All employees are required to protect company information during and after their employment with the company. Moreover, they may not use this information either directly or indirectly. Employees at Arçelik A.Ş. are prohibited from engaging in activities that would generate commercial gains from trading shares of Arçelik A.Ş. or other Koç Group companies based on insider information obtained during the course of employment.

Company managers are required to make disclosures to the public about trading shares if their positions in the company allow access to information that may affect the value of capital market instruments. These disclosures are also published on the company's web site.

List of Persons Who May Obtain Insider Information

Name & Surname	Position
Rahmi M. Koç	Chairman
Mustafa V. Koç	Vice Chairman
Dr. Bülent Bulgurlu	Member of Board of Directors
O. Turgay Durak	Member of Board of Directors
Robert Sonman	Member of Board of Directors
Semahat S. Arsel	Member of Board of Directors
Temel K. Atay	Member of Board of Directors
Ömer M. Koç	Member of Board of Directors
Ali Y. Koç	Member of Board of Directors
A. Gündüz Özdemir	Member of Board of Directors
Levent Çakıroğlu	Member of Board of Directors
İnanç Kiraz	Auditor
Serkan Özyurt	Auditor
İsmail Hakkı Sağır	Assistant General Manager, Production and Technology
Dr. Fatih Kemal Ebiçlioğlu	Assistant General Manager, Finance and Accounting
Şirzat Subaşı	Assistant General Manager/Sales-Turkey, Middle East, Africa, Turkic Republics
Tülin Karabük	Assistant General Manager - Marketing
Hakan Hamdi Bulgurlu	Assistant General Manager/Sales-Europe, America, Asia-Pacific
C. Ş. Oğuzhan Öztürk	Assistant General Manager - Purchasing and Supply Chain
Ali Tayyar	Accounting Director
İhsan Somay	Accounting Director
Sibel Kesler	Budget - Reporting and Analysis Director
Türkay Tatar	Finance Director
Ertuğrul Evren	Accounting Manager
Gökhan Otaç	Accounting Specialist
Kemal Ersalıcı	Accounting Specialist

Rest of the List of Persons Who May Obtain Insider Information is as below:

Name & Surname	Position
Alparslan Görgülü	Consolidation Manager
Özgür Ölmez	Consolidation Specialist
Erdem Topoyan	Consolidation Specialist
Nesrin Cengiz	Budget Manager
Hande Sarıdal	Treasury Manager
Levent Arasiler	Financial Markets Specialist
Hümevra Özener	Reporting Manager
Burcu Bekar	Reporting Staff
Bülent Alagöz	Capital Markets Regulation Compliance Manager
Turhan Sarı	Capital Markets Regulation Compliance Specialist
Beril Egemen	Assistant to the General Manager
Elif Kırlangıç	Consolidation Staff
Ertan Ayhan	Independent Auditor, Responsible Partner, Chief Auditor
Tuğhan Semih Özden	Independent Auditor's Staff
Mehmet Can Altıntaş	Independent Auditor's Staff
Tolga Koyuncu	Independent Auditor's Staff
Özgün İpeker	Independent Auditor's Staff
Mehmet Düzgün	Independent Auditor's Staff
Özcan Hınçal	Certified Public Accountant

13. Disclosure to Stakeholders

Third parties directly involved with Arçelik A.Ş. are the company's stakeholders. The company advises its stakeholders on matters of interest through meetings or via communication channels. Fully aware of the long-term benefits associated with stakeholders, the company respects and protects their rights established by legislation, mutual agreements, and charters. The company's corporate governance structure allows all stakeholders, including employees and representatives, to express their concerns regarding illegal or unethical practices. A network of nearly 3,600 dealers constitutes a major stakeholder group directly connected to the company. Arçelik holds regular Authorized Dealers Meetings throughout the year to keep dealers up to date on policies, targets and economic developments as well as to foster a more advantageous system by listening to their concerns. Besides, there are approximately 3500 suppliers in direct business relation with the Company. The company also shares financial results of the previous year and Arçelik strategies, policies, targets and expectations for the current year with its suppliers through meetings, visits, inspections, and the supply portal.

Employee relations under collective bargaining is managed through union representatives. Arçelik A.Ş. is a member of the Turkish Metal Industrialist Union (MESS) for employers.

The company's blue-collar workers are members of Union of Metal Workers of Turkey (TURKMETAL). A Collective Bargaining Agreement covering September 01, 2010-August 31, 2012 period was signed in November 2010 between MESS and Turkish Union of Metal Workers.

14. Stakeholders Participation in Management

Supportive mechanisms and models have been created to encourage stakeholder and especially employee participation in the Company's management without interfering company operations.

Participation of stakeholders in the management is supported by instruments such as "proposals" and "surveys". Arçelik A.Ş. involves the workers union in decision making processes and obtains their approval regarding operational changes in work conditions, the environment, and employee rights. Dealers in close contact with the company through the Authorized Dealers Meetings are also encouraged to participate in company management.

15. Human Resources Policy

Respects the globe, respected globally! This vision rallies the company towards becoming global. We embrace our employees as “our most vital asset” and value them as the driving force behind a long-lasting legacy.

Arçelik A.Ş. fashioned the company's human resources policy in 2006 in harmony with the company's shared values, work ethics, and strategies. This policy have been documented and distributed to subsidiaries in Turkey and abroad.

Our fundamental principles directing the Human Resources Policy are given below and these principles are taken as the basis of actions for Human Resources (HR) applications.

- There is a global / local balance between HR systems and practices. As a global company, Arçelik A.Ş. respects local laws, practices and requirements. If a conflict with HR policies arises, relevant local laws take precedence.
- All HR policies are aligned with Arçelik A.Ş. business strategies and include future needs in addition to daily organization requirements.
- All HR processes and practices are obliged to respect and support human rights in principle and these principles call for non- discrimination and creating equality within the company. Arçelik A.Ş. does not discriminate on account of ethnicity, race, nationality, disability, political affiliation, religion, age, gender or sexual orientation.
- Fairness, consistency and reliability are the main principles of HR practice.
- HR practices are systematically and regularly revised to continuously improve standards and the processes are restructured in accordance with feedbacks and latest developments.
- Employees' personal data is protected to ensure confidentiality under legislation.

Industrial Relationships

Within the framework of industrial relations policy, Arçelik A.Ş. respects employee rights in terms of getting organized in unions. On the basis of mutual trust between employees and unions, the company diligently preserves the peace at the workplace by acting in conformance to laws and collective bargaining agreements. Conditions, customs, and practices indigenous to regions and countries where the company operates are considered, even if not stated in the agreements. Industrial policies of the company regard unions as social stakeholders but not antagonists. Arçelik A.Ş. places great emphasis on maintaining good relations with unions and acting in concert with them. Providing better working conditions for its social stakeholders is an important goal of the company. Accordingly, areas of social assistance such as better working conditions, occupational health and safety, maternity, marriage and meals as well as adherence to laws are provided in the agreements and are implemented.

Employee Rights of Arçelik A.Ş. Employees in Turkey According to Collective Bargaining Agreements:

- Arçelik A.Ş. pays 4 months salary to its employees as a bonus every year.
- Payment for heating requirements,
- “Vacation allowance” before annual vacation,
- “Holiday allowance” before religious holidays,
- Monthly child allowance,
- Allowances for occurrences such as childbirth, marriage, death, military service and education.
- Non-cash assistance for transportations and meals at company locations.
- Employee annual holidays in the company according to collective bargaining agreements. Vacation entitlements longer than legal periods provided to all employees both union and non-union.
- Implementation of starting positions and wages for union employees based on the type of work performed according to collective bargaining agreements.

The Collective Bargaining Agreement valid for 1 September 2010-31 August 2012 and covering all trade union members in all Arçelik plants was signed in November 2010.

Occupational Health and Safety

Following the corporate vision “employee is valuable”, Arçelik A.Ş. integrates the company's Occupational Health and Safety Policy with relevant laws and business practices; and encourage the implementation of systematic standard applications.

Arçelik A.Ş. Occupational Health and Safety Policy

As Arçelik A.Ş. and its employees, we obey the national and international legal procedures and regulations and create a healthy and safe working environment within the scope of a Occupational Health and Safety Management System which is based on continuous improvement.

- *We perform our activities to analyze and decrease the occupational health and safety risks arising in the working environment,*
- *Conduct training activities in order to develop and increase the awareness in occupational health and safety issues,*
- *Take measures to achieve a zero work accident rate and a zero occupational disease rate and increase productivity,*

Accompanying the Quality and Environmental Management Systems, we strive to set a model in durable goods sector with regard to occupational health and safety efforts.

In accordance with this policy, occupational health and safety issue is included and followed in sectional and individual targets within the scope of Performance Management System. As a result of works carried out with this understanding, serious improvements were achieved in occupational health and safety indicators. In 2010, compared to the previous year;

- 20% improvement in work accident frequency, and
- 25% improvement in work accident weight rate have been achieved.

Also, thanks to the decrease in work accidents and workday losses, labor force efficiency could be increased. Arçelik A.Ş. consistently provides guidance to its employees regarding occupational health and safety and also supports communications among employees and managers.

In accordance with the procedure requirements pertaining Heavy and Dangerous Works, training of 4,061 workers was completed in 2010. Within the scope of professional trainings which was realized as 74,012 man-hours, 21,340 man-hour training was given on Occupational Health and Safety.

In addition, apart from the requirements pertaining Heavy and Dangerous Works, 45,183 man-hour training was given for Occupational Health and Safety. Thus, 66,523 man-hour training was given in total in 2010 for Occupational Health and Safety.

Targeting to achieve “zero work accident and zero occupational disease”, Arçelik A.Ş. goes on working with the participation of employees from every level and allocation of the required resources.

When fulfilling both present and future requirements for employees, the company offers equal opportunities to all candidates who possess the appropriate training, knowledge, skills, competencies and experience. Having employees from 81 different universities clearly indicates the importance the company places on equality.

Total number of employees in Turkey and abroad as of 2010 year end:

Number of employees as of 2010 year end	Total
Turkey	14,219
Abroad	4,210
Arçelik Group Total	18,429

The average seniority of employees in Turkey is 7.5 years and the average age is 33.2.

The company's approach to training and development aims for greater improvement in the company's and individual performances through continuous professional development. The company emphasizes the efficient and productive use of internal resources when planning both the current and future development needs of employees.

In 2010, 205,325 hours in total were allocated to training of employees with an average of 15 hours per person. 14% increase was achieved in actual training hours in total compared to the previous year. Arçelik believes that organizational success results from individual success. Various professional development systems are instrumental in improving employee performances compatible with the company's targets. The remuneration management approach is defined within an equitable and competitive employment policy.

The company works to heighten employee motivation, loyalty and productivity as the company aspires to implement the best processes and to encourage critical competencies. In this respect, the company recognizes achievements, inventions and suggestions and promotes them throughout the company.

A work life evaluation survey is conducted each year to build better working conditions for employees. The survey measures employee satisfaction, loyalty and dedication to the company. The results are shared with the employees, and after listening to their opinions an action plan is implemented.

16. Information on Relations with Customers and Suppliers

Customer and supplier satisfactions are high priority and essential targets for the company. Customer satisfaction is monitored and reported regularly. The confidentiality of information pertaining to customers and suppliers is invaluable and reserved as trade secrets.

Respecting the company's operations and investments, the primary aspiration of Arçelik's Call Center is to achieve customer satisfaction at the highest level possible. The call center operates with modern services seven days a week, twenty-four hours a day with seamless communication with consumers and fast response to suggestions and requests. An additional fundamental responsibility of the call center is to contribute to the development of new products that meet customer expectations by providing an unrestricted flow of suggestions and criticisms.

The Arçelik Call Center boasts of a technological infrastructure whose capacity outperforms competitors. This becomes especially evident by the varied communication channels with the company's consumers. Consumer requests coming through conventional channels such as fax and letter in addition to modern communication channels such as telephone and e-mail are evaluated and a significant part of incoming requests is instantly replied at the moment of the call (First Line Support). Raising the bar every passing day, the Arçelik Call Center also conducts surveys to better understand what actually happens in the field and uses feedback as a way to improve its operations.

Arçelik Call Center has maintained the highest level of dialogue and customer satisfaction with the company's domestic customers since 1991. From Turkey location, the center has now started presale and after sales services for

- Austria - Elektrabregenz, Beko and Altus in 2008,
- Germany - Grundig in 2009
- Germany - Beko in 2010

And the center expands service network abroad to become an international call center.

Furthermore, voices of foreign markets in addition to the domestic market were also listened by consumer satisfaction surveys in countries where our market shares are increasing gradually such as the United Kingdom, Serbia and Denmark and their suggestions and expectations were evaluated.

In 2010, Consumer Services working under the Consumer Services Directorate provided support at nearly 580 authorized services in 10 regional management operations countrywide with 5,250 vehicles and 11,000 employees whose 5,400 employees are technicians. Technicians are certified by Technical Services and Training Management working under Consumer Services.

Authorized services are capable of providing 9 million services annually for Arçelik A.Ş. brands. One of the distinctions of the company's services organization is the ability to handle both the delivery and installation of a product with a single service call.

17. Social Responsibility

Arçelik A.Ş. believes that corporate social responsibility is essential to the company's core business and works for "sustainable growth".

The company's social responsibility is illustrated by high quality and innovative products and services, a moral disposition respecting laws and human rights, and awareness of environmental and social needs in every industry where the company operates and with every responsibility undertaken for "Sustainable Growth."

Arçelik performs the company's operations with full compliance to laws, moral standards and human rights and was one of the first companies to sign the Code of Conduct prepared by the European Committee of Domestic Equipment Manufacturers (CECED).* The code of conduct guarantees sustainable performances regarding working conditions, environmental laws, and standards set forth by international agreements.

Arçelik operates with an approach focused on protecting the environment and natural resources with its partners in production and non-production processes while developing and manufacturing innovative products. During its operations, the company abides by all domestic and international legal liabilities intent on protecting the environment and human health. Arçelik regularly organizes training programs for employees to raise awareness of the environment and conducts projects with government organizations and with NGOs. The company's "sustainability" approach drives Arçelik to create and implement projects for the development of the younger generations in countries where the company operates. These projects continue with the support of both employees and partners. Exemplary of this approach to social responsibility is the "Standing United for Education with Arçelik A.Ş." programme, whose goal is to foster the individual growth of students in elementary boarding schools in Turkey.

In addition to projects in education, culture and the arts, the company also sponsors sports events, contributing greatly to the growth of the community. The annual report describes these policies and operations in the "Sustainable Life" and "Innovation" sections. In 2008, Arçelik A.Ş. prepared the 2007 Sustainability Report for employees, shareholders, authorized dealers, authorized services, suppliers and all social partners as a part of the company's

operations in economic, social and environmental areas. The Sustainability Report for 2008 and 2009 was drafted in accordance with Global Reporting Initiative, Sustainability Reporting Principles, which is the accepted reporting standard in the world. The Sustainability Report mentions operations of Arçelik A.Ş. that focus on innovative product development and production for the protection of natural resources, improvement of community living standards, effective corporate governance, human rights and ethical work principles.

Both the annual report and sustainability report are shared with the public on the company's web site at www.arcelikas.com

* CECED was founded in 1959 and represents European manufacturers of domestic electrical appliances. The CECED organizes all industry activities pertaining to legal regulations and practices in Europe and manages the cooperation between members. Arçelik A.Ş. has been a member of CECED since 2002.

18. Structure and Composition of the Board of Directors and Independent Members

Arçelik A.Ş. is managed by a Board of Directors comprising a minimum of three members elected among the shareholders according to the provisions of the TCC and by resolution of the General Shareholders Meeting. The General Manager of the company may be elected as a member of the Board of Directors. The Board of Directors is composed of eleven members for the year 2010. Mr. Levent Çakıroğlu is the executive member in the Board of Directors.

Members of the Board of Directors

Rahmi M. Koç	Chairman	Nonexecutive
Mustafa V. Koç	Vice Chairman	Nonexecutive
Dr. Bülent Bulgurlu	Member	Nonexecutive
O.Turgay Durak	Member	Nonexecutive
Robert Sonman	Member	Nonexecutive
Semahat S. Arsel	Member	Nonexecutive
Temel K. Atay	Member	Nonexecutive
Ömer M. Koç	Member	Nonexecutive
Ali Y. Koç	Member	Nonexecutive
A. Gündüz Özdemir	Member	Nonexecutive
Levent Çakıroğlu	Member	President of the Durable Goods Group - General Manager

The chairman and vice chairman of the board are elected following the election of the Board of Directors at the General Shareholders Meeting. Article 315 of the TCC is applied for vacancies on the board during the term.

According to Articles 334 and 335 of the TCC, the chairman and members of the board seek the consent of the General Shareholders Meeting to engage in, either directly or indirectly, or to own shares in any business similar to the business of the company.

The company's Board of Directors does not have an independent member. All members have been elected as representatives of certain shareholders. All of the members of the board have worked in various industries for many years and are experienced in the areas of business in which the company is involved. The company takes full advantage of the knowledge and experience of the board members. The members of the Board of Directors are free to voice their opinions openly without pressure. The company has affiliates and subsidiaries operating in various industries. Trusting that the participation of the Board of Directors in the management of related companies serves the interests of the company, the board members are not subject to any rules or restrictions when assuming responsibilities in the other companies. Their roles in these companies, whose industries may be linked to Arçelik A.Ş. are considered beneficial to the interests of the company.

19. Qualifications of Board Members

The Board of Directors is structured for absolute competence and effectiveness. The Board of Directors possesses qualifications according to the Corporate Governance Principles of the Capital Markets Board, Chapter IV, Articles 3.1.1, 3.1.2, 3.1.3 and 3.1.5. Following provision is included in our Articles of Association in relation with the qualifications of Board Members. "The persons who are nominated and elected to the Board of Directors shall have knowledge and experience in the company's areas of business be able to analyze financial statements and reports; have basic knowledge of legal regulations under which the Company is governed and shall preferably possess university educations."

20. The Mission, Vision and Main Targets of the Company

Company mission: Protect the values, targets and strategies of the Koç Group while developing, manufacturing, and introducing products in the market and while offering after sales services for products that simplify domestic life and

that are easy to own and use and be reliable. Ensure customer and employee satisfaction and long-term loyalty, use resources efficiently, and meet stakeholder expectations while continuously improving and growing in target markets.

Company vision is "Respects the Globe, Respected Globally." "Respects the Globe" - We are green company. We appreciate people. We are aware of our responsibilities. "Respected globally" - because our aims are higher, reaching beyond.

Main Targets of the Company are as below:

- To maintain sustainable growth and enlarge our market share in the home appliances industry worldwide,
- To maintain profitability level enabling sustainable growth,
- To improve capabilities to offer pioneering, innovative, and green products and solutions that add value for the customer
- To develop a global organization and competencies by managing diversity.

The Board of Directors evaluates and approves the company's vision and main targets. These targets are announced to the public in the annual reports, on the web site and through informative meetings or statements by means of appropriate communications channels.

During the Board of Directors meetings, made periodically according to the Articles of Association the company's targets are compared and assessed with actual outcomes, including the previous year's. The current status of the company is examined and new targets and strategies are created if necessary.

21. Risk Management and Internal Control Mechanisms

Risk Management Committee has been formed to advise and recommend to the Board of Directors in subjects including determination, evaluation and estimation of the impact and possibilities of all kinds of strategic, financial, operational, etc., risks that may influence the Company, managing and reporting such risks in accordance with the Company's corporate risk taking profile, considering the same in decision making mechanisms, and establishment and integration of effective internal control systems in this respect.

The Risk Management Department is established under the Finance Directorate to track, report and manage risks in the company. The Department continues to work proactively regarding financial risks, loan risks and elementary risks.

Financial Risks: The company continually tracks risks of exchange rates, interests and liquidity and reports these risks at certain intervals. The Treasury Department is responsible for managing financial risks reported by the Risk Management Department, according to the risk criteria.

Loan Risks: Consolidated international receivables are collateralized and reported. The company often purchases insurance policies and uses bank guarantees, factoring and Eximbank guarantees for this purpose. The Sales Accounting Directorate manages the process of guaranteeing domestic receivables. When products are delivered to authorized dealers, guarantees such as mortgages, letters of guarantees from banks, customer deeds, stocks or currency are received in return. Factors affecting risks are processed online in the system. Transactions such as dispatch orders or draft collections are shown on accounts immediately, therefore changing the risk factors.

Elementary Risks: Includes processes such as determining consolidated fixed assets, product and manager responsibilities, transportation, product recall, coverage of insurance policies and their purchase and managing processes related to claims.

Moreover, to establish viable internal control mechanisms, the Internal Audit Department is established under the Assistant General Manager of Finance and Accounting. The audit committee constantly monitors the processes and effectiveness of the system and if necessary reports issues and suggests solutions for risk management and internal control mechanisms to the Board of Directors.

22. Authority and Responsibility of the Members of the Board of Directors

The Articles of Association clearly defines the authority and responsibility of the Board of Directors. Authorizations are given in detail in the signatory circular of the Company.

These documents can also be found on the Company's website in addition to the authorized institutions required by law.

23. Main Activities of the Board of Directors

According to the Articles of Association, the Board of Directors meets when necessary to manage the company's business. The board must convene at least four times a year. The Board of Directors is required to convene upon request of the chairman or two board members.

Reasons for any opposing opinions or votes are recorded in the minutes of the board meetings. Detailed reasons for opposing votes are disclosed to the public. However, a disclosure was not made in 2010 since no opposing votes or opinions were recorded at any of the four meetings of the Board of Directors.

The agenda for a meeting of the Board of Directors is determined whenever related departments report issues to top management or to the board that specifically require a resolution by the Board of Directors. The meeting also occurs when a member of the board calls for a resolution pertaining to a significant issue. The Assistant General Manager of Finance and Accounting collects and consolidates the issues and prepares the agenda.

The Arçelik A.Ş. Assistant General Manager of Finance and Accounting has been appointed to set the agenda for meetings, prepare resolutions according to TCC Article 330/II, inform members and establish communications.

The Board of Directors meetings convene at the company's headquarters or at a convenient location in the city center. Significant resolutions are announced to the public through PDP and on the company's web site in Turkish and English.

24. Prohibitions of Transactions or Competition with the Company

According to Articles 334 and 335 of the TCC, the chairman and members of the Board of Directors seek consent at the General Shareholders Meetings to engage in, either directly or indirectly, or own shares in any business similar to the business of the company.

25. Ethical Rules

The Company aims customer satisfaction, to offer products and services in universal quality and standards by efficient use of rare natural resources, and to contribute in economic and social developments.

In this way, the company endeavors to exemplify reliability, perseverance and respectability for national and international customers, shareholders, employees, suppliers, dealers and authorized services - shortly, for all its partners.

With the Code of Conduct based on our founder Vehbi Koç's principles;

- The Customer is the focus of everything we do,
- Our indispensable aim is to always be the best,
- Our most important capital is our human resources,
- Creation of wealth for continuous development is our key objective,
- We aim to empower the Turkish economy, which we derive our power from,
- Our guiding motto is to abide by work ethics and honest working principles,

We aim to lead our employees and those acting on behalf of our Company in their decisions and behavior.

All employees are expected to display attitudes and behaviors that will ensure corporate cultural integrity and to protect and develop the reputation and corporate structure of our Company. All employees including temporary workers are obliged to obey the Code of Conduct.

All partners are expected to obey the work ethics and all application principles that support these rules.

General headlines included in "Arçelik Code of Conduct" are given below:

- Company- Employee Relations,
- Relations outside the Company
 - Partners, Shareholders, State, Customers, Suppliers, Agencies, Authorized Dealers, Authorized Services,
 - Competitor and Competition Relations,
 - Social Responsibility,
 - Global Responsibility,

- Code of Conduct to be obeyed by the Employees,
- Occupational Health and Safety Understanding,
- Code of Conduct and Principles in Application,
 - Liability of Infringement Notification,
 - Board of Ethical Behavior
 - Disciplinary Practices.

Notifying all employees about Code of Conduct, getting employees to obey and to pay importance to these rules, and displaying required efforts and leadership for observing Code of Conduct are among the principal duties and responsibilities of the management.

26. The Number, Organization and Independence of Committees Created by the Board of Directors

According to the Articles of Association, the Board of Directors may create committees or sub-committees for consultation, coordination or other purposes when deemed necessary.

The company has established an "Audit Committee" to ensure that the Board of Directors fulfills its duties and responsibilities in a reliable manner. Board of Directors assigned Temel K. Atay and Robert Sonman as members to the Audit Committee for 2010; the Audit Committee was formed by two Board Members who were not assigned to execution. The Audit Committee performs its activities in compliance with the Capital Markets Law and the CMB Corporate Governance Principles. The members of these committees are not independent members.

On March 22, 2010, the Board of Directors decided to establish a Corporate Governance Committee within the Company in accordance with CMB Corporate Governance Principles in order to observe Company's compliance, carry out improvement efforts, and to propose solutions to the Board of Directors in this respect. Dr. Bülent Bulgurlu, O. Turgay Durak and Fatih K. Ebiçlioğlu were assigned as Members of Corporate Governance Committee. Whereas Fatih K. Ebiçlioğlu is responsible for executive works, the other two members are not; and the committee does not have independent members.

With the resolution of the Board of Directors dated July 16, 2010, Risk Management Committee has been formed to give advice and recommendations to the Board of Directors in subjects such as determination, evaluation, effects and possibilities of all kinds of strategic, financial, operational, etc. risks that may affect the Company, managing and reporting such risks in accordance with the Company's corporate risk taking profile, considering the same in decision taking mechanisms, and creation and integration of effective internal control systems in this respect and it has been decided that this committee be composed of 4 members and Mr. Rahmi M. Koç was selected as the president there to and Semahat S. Arsel, Dr. Bülent Bulgurlu and Temel K. Atay were assigned as the members. The members of this committee are not assigned to execution tasks; and the committee does not have independent members.

With the Resolution of the Board of Directors dated July 16, 2010, Investment and Business Development Committee has been formed to generate ideas and strategies, to provide coordination between relevant departments, and accordingly advise and recommend to the Board of Directors with the purpose of devising and planning new projects and investments in the special areas of the industries of

our Company, as well as to follow the governance of the agreed strategies and projects. It has been decided that this committee be composed of 5 members and Mustafa V. Koç was assigned as the president and Ömer M. Koç, Ali Y. Koç, O. Turgay Durak and Levent Çakıroğlu as the members. Whereas Levent Çakıroğlu is in charge of execution, other members are not; and the committee does not have independent members.

27. Remuneration of the Board of Directors

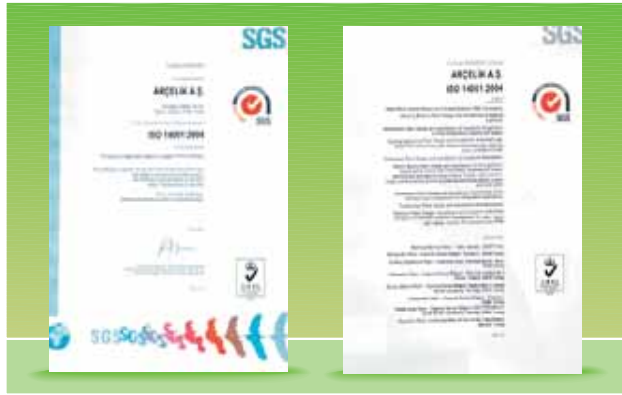
According to the Articles of Association, the General Shareholders Meeting determines the rights to be granted to the Board of Directors. On March 17, 2010, the General Shareholders Meeting decided to pay a monthly salary to the members of the Board of Directors. In this context, Chairman and Members of the Board of Directors shall be paid a gross monthly salary of 1,435 TL. Furthermore, the executive members shall also receive remuneration based on their performances. The board members and managers are not allowed to borrow or receive loans other than advance payments granted in compliance with the company's internal procedures. No surety is granted in favour of board members or managers.



Basing on the vision "Respects the Globe, Respected Globally", Arçelik A.Ş. integrates "sustainability" approach to main business operations. Main business goals determined in line with the company vision represent three aspects of sustainability in economic, environmental and social dimensions.

The "Sustainable Development" strategy of Arçelik A.Ş. aims to preserve the environment and natural resources by environment-friendly operations and highly efficient, low energy and resource consuming products.

Based on the principle of Total Quality Management (TQM) philosophy, Arçelik A.Ş. implements all related international product and management standards, mainly being ISO 9001 Quality Management System and ISO 14001 Environmental Management System Standards.



Arçelik A.Ş. initially received BS 7750 Environmental Management Systems Standard in 1994 for its Dishwasher Plant just two years after it was introduced as the first Environmental Management System Standard of the world.

Arçelik A.Ş. has started to apply ISO 14001 Standard of Environmental Management Systems since publication of BS 7750 Standard as ISO 14001 in 1996.

Arçelik A.Ş. guarantees to control the environmental impacts, comply with all applicable legal and other requirements, sustainable development, and prevent environmental pollution by implementing ISO 14001 Standard.

The efficiency and continuity of management systems are assured by Internal System Audits carried out regularly as well as the inspections by independent organizations.

Arçelik's environmentally responsive approach, control of the environmental impacts of "product life cycle" and the technological superiority it has achieved are the outcome of its management systems.

The environmental objectives and targets are defined, the environmental performance is followed to control environmental impacts, to decrease source usage in order to leave a clean and healthy environment for future generations.

Compliance with National and International Environmental Regulations

Arçelik A.Ş. continually controls compliance with all national and international environment legislations, directives and regulations for the entire product lifecycle. Compliance with legal regulations is monitored through ISO 14001 Standard for Environmental Management System.

Within this scope, Arçelik A.Ş. exactly complies with the following European directives:

- Directive on Waste Electrical and Electronic Equipment (WEEE),
- Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS); and the significant amendments planned by European Union,
- Directive on Ecodesign Requirements for Energy-Using Products (EuP),
- Regulation of the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

WEEE - Directive on Waste Electrical and Electronic Equipment

In February 2003, European Commission issued WEEE Directive 2002/96/EC regulating the disposal, recycling, recovery and reutilization of the products launched by electrical and electronic equipment manufacturers.

To comply with WEEE Directive in EU member countries, Arçelik A.Ş. fulfills its legal liabilities via the mechanisms of collection and recycling. Arçelik A.Ş. is the member of many collection systems that collect and dispose the goods at the end of their service life. Arçelik A.Ş. encourages compliance with the WEEE Directive in the non-EU markets.

RoHS - Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment

Put into force for European Union countries in 2006, RoHS Directive 2002/95/EC restricts the use of hazardous substances in electrical and electronic equipment.

Performing necessary tests within the company and at accredited laboratories, Arçelik A.Ş. has achieved full compliance even before the effective date of directive by establishing the Compliance Management System to ensure that the suppliers are in full compliance with this directive.

EuP - Directive on Ecodesign Requirements for Energy-Using (Related) Products

Energy-Using Products (EuP) Directive by European Commission aims to improve environmental performance of the products throughout their entire “product lifecycle” by systematically integrating environmental characteristics even from the initial stages of design. Arçelik A.Ş. manufactures its products in compliance with the EU Directive.

REACH - Regulation of the Registration, Evaluation, Authorisation and Restriction of Chemicals

One of the most extensive legal regulations of EU and effective since 2007, REACH Regulation regarding the management of chemicals sets targets through all the stages of production and distribution chain from producers of raw materials to the retailers.

Arçelik A.Ş. adopts and supports REACH Regulation as one of the most important legal procedures to protect environment and human health as the Regulation aims to register and control all chemical substances used in the production; to monitor their chemical safety data by registering from the manufacturer to the industries as well as communicating the related data to the consumers.

At Arçelik A.Ş., REACH implementations are carried out by Energy and Environmental Management composed of an expert team.

All required preparations are being coordinated by this unit; maintaining constant communication with the suppliers, this unit ensures to develop a perfectionist process in compliance with REACH Regulation.

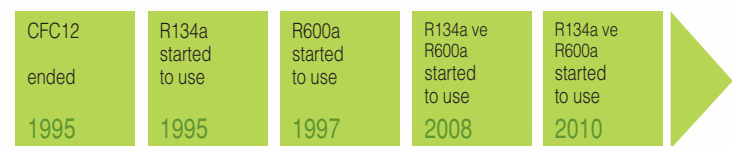
For detailed information about Arçelik A.Ş.'s operations concerning REACH, please contact reachinfo@arcelik.com.

To ensure the protection of environment and human health, Arçelik A.Ş. has formed manifold procedures basing on the legislations and environment policy and has been operating in full compliance with these procedures.

Leaderships in Compliance

In line with EU directives on electrical and electronic household appliances, Arçelik A.Ş. began manufacturing low energy consuming products long before these directives are adopted in Turkey.

Arçelik A.Ş. was also the first Turkish household appliances company to produce refrigerators (in 1995) without ozone-depleting CFC gases much earlier than 2006, deadline set for Turkey in Montreal Protocol.





-50 ENERGY
Efficient than
A
rated models

Washing Machine Economist

- A first in the World, "The Least Energy Consuming Product in the World" with 50% less energy consumption than class A with 8-kg capacity
- More efficient than the most efficient A+++ energy labeling defined in Europe at the end of 2010.

PRODUCTS
GREEN



-60 ENERGY
Efficient than
A
rated models

Refrigerator New Black Orbital

- 60% less energy consumption compared to current Class A No-Frost products with the same capacity,
- The World's Least Energy Consuming first A+++ No-Frost Refrigerator in "Tropical" product category, according to energy labeling defined in Europe at the end of 2010,
- Low noise level with 40 dBA,
- Utilization of environment-friendly refrigerant R600a,
- Active Dual Cooling technology that allows for storing food for longer periods while preserving their freshness by reducing dehydration.

PRODUCTS
GREEN



Dishwasher

6 litre "New Ecologist"

- "World's Least Water Consuming Program", Eco6L uses only 6 liters in A energy class.
- The world's most economical dishwasher, washing 13-place dishes with 30% less energy and 10 liters of water compared to the machines in A energy class.
- A+++ energy labeling defined in Europe at the end of 2010.

-30
ENERGY
Efficient
than

A
rated
models



Oven

- First and Least Energy Consuming Built-in Oven; Turbo Cooking feature consumes 690 W/h energy and provides 30% energy saving compared to A energy class,
- The Most Silent Built-in Oven in the World with 43 dBA noise level,
- Electronic control systems compatible with Standby feature,
- Dirt-free "Oleophobic Nano Coating" reduces the use of abrasive cleaning agents.

-30
ENERGY
Efficient
than

A
rated
models





32"40"46"55" LCD TV

- Aluminum design complete by glass stand, 40% less energy consumption
- Lead-free and mercury-free green technology,
- EcoLabel certified with extra energy saving in 40" and 46" screen sizes, minimum 2 years of warranty, product return and recycling and usage of no hazardous substances.

Energy Star

- Grundig's first LCD TV to receive "Energy Star" approval in Europe.












Environmental Awards and Achievements

- Beko DFN 71042 S dishwasher - Plus X Design, Ease-of-use and Ecology Awards.
- Beko DRW 11400 FB heating drawer - Plus X Design and Ecology Awards.
- Beko XL9 WMB 91242 LC washing machine - Plus X Ease-of-use and Ecology Awards.
- Blomberg TKF 7459 A dryer - Plus X Ecology Award.
- Blomberg Greenplus GSN 9582 XB7 dishwasher - Plus X Ease-of-use and Ecology Awards.
- Blomberg WNF 8447 A50 washing machine - Plus X Ease-of-use and Ecology Awards.
- Blomberg Greenplus BEO 9761 X built-in oven - Plus X Design and Ecology Awards.

Corporate Awards and Achievements

- Arçelik A.Ş. - Turkish Patent Institute's first prize and golden patent award in the categories "Company with the highest number of patent applications", "Company with the highest number of patent registrations" and "Company with the highest number of international patent applications".
- Eskişehir Refrigerator Plant - TPM Productive Management Special Award.
- Bolu Cooking Appliances Plant - TPM Award of Excellence.
- Beko LED TV - Red Dot Design Honorable Mention.
- Arçelik A.Ş. - First prizes of "European Business Awards for the Environment Turkey Programme" in "Management" category for its contributions to sustainable development and in "Product" category for Economist washing machine.
- Beko WME 7247 washing machine - Which? Consumer Magazine "Best Buy".
- Award for the "Most Successful Thesis and Organization" granted by Technology Development Foundation of Turkey (TTGV) for University and Industry Cooperation in the name of Dr. Akin Çakmakçı.
- Arçelik A.Ş. is awarded in "Management" category by "European Business Awards for the Environment European Programme".
- Leisure Cookmaster CM101FRKP - Which? Consumer Magazine "Best Buy".
- Grundig Fine Arts TV has received "good" rating from Home Vision Test Magazine.
- Grundig 40" FineArts LED TV and Grundig Vision8 LED TV - Red Dot Honorable Mention and Plus X Ease-of-usage Awards.
- Beko 4 More GNE 114610 FX refrigerator - Plus X Design and Ease-of-use Awards.
- Beko One Touch DFN 1000 X dishwasher - Plus X Design and Ease-of-use Awards.
- Beko OCM 25500 X compact built-in oven - Plus X Design and Ease-of-use Awards.
- Blomberg BGM 15320 DX PR professional solo oven - Plus X Design Award.
- Grundig Vision8 LED TV and Grundig FineArts LED TV - Plus X Ease-of-use Award.
- Blomberg TKF 8439 A dryer - Plus X Ease-of-use Award.
- Blomberg BEO 9770 X built-in oven - Plus X Design and Ease-of-use Awards.
- Blomberg 4-door Side-By-Side KQD 1360 X refrigerator - Plus X Design and Ease-of-use Awards.
- Beko Plc. "Best Durable Goods Company" and "Fastest-Growing Company in the Industry" in the UK.
- Beko WM7335W washing machine - Which? Consumer Magazine "Best Buy".
- Beko LLC, by Russian Energy Agency - "Best Company of Energy Saving Products".
- Beko Plc. Euronics and Currys (DSG) - "White Goods Supplier of the Year" in the UK.
- Arçelik A.Ş. ranks 3rd company in Capital 500 for the "largest employment" category and 2nd for the "highest export".
- Arçelik A.Ş. ranks 3rd in Capital's Survey for the Most Admired Companies in Turkey.
- Blomberg Domino Cooker Series, Built-in Oven, Grundig 40" Rom LED TV and 40" Vision8 LED TV - "The Chicago Athenaeum" (Architecture & Design) "Good Design" Awards.
- Arçelik Built-in Domino Cooker Series and Arçelik 4-Door Refrigerator with Joker Compartment - "Good Design" by Design Turkey.
- The toaster designed by DesignUM for Arçelik - Superior Design Award by Design Turkey.
- "Surf@ - Innovative Oven Technology" project - TÜBİTAK, TTGV and TÜSİAD 9 Technology Awards, "Large-Scale Product" category Technology Award.

In 2010 we added new awards to the hundreds that we have accumulated over the years from world's renowned corporations and competitions

 <p>Finalist in the Management category at the "European Business Awards for the Environment 2010, European Programme", organized by the EU Commission</p>	 <p>The first and only home appliance manufacturer to receive "Gold Certificate" for "Energy Efficiency in Green Factories" with 8 of its production facilities</p>	 <p>Beko four-door refrigerator and two washing machine models were selected "Best Buy" by Which? Magazine</p>	 <p>Beko received 6 "Plus X" Awards in technology and design categories with refrigerator, built-in oven, warming drawer, washing machine and two dishwasher models</p>
 <p>Beko LED TV received the Good Design Award</p>	 <p>Beko LED TV received the Red Dot - Honourable Mention Award</p>	 <p>Beko LLC received the "Best Company Award for the Production of Energy Efficient Products" in Russia</p>	 <p>Recipient of the 9th TUBITAK Technology Product Award - Large Scale Company</p>
 <p>Beko Plc received "The Home Appliance Supplier of the Year" Award from Currys and "The Domestic Appliance Supplier of the Year" Award from Cif-Euronics in the UK</p>	 <p>The first home appliance manufacturer to receive "JIPM Special Award after "Excellence" Award for Eskejehir Refrigeration Plant from the Japan Institute of Plant Maintenance</p>	 <p>Plimsoll Portfolio Analysis declared Beko Plc as "The Best Durable Goods Company" and "The Fastest Growing Company" in its sector in the UK</p>	

Supply Chain Planning and Optimization

Supply chain management has turned into an important opportunity and gained a central role in company strategies owing to the boost in international commerce, new information technologies, and customer demands for faster and more reliable services as well as globalization in operations and markets. In the face of globalizing network of production and consumption, the company has adopted supply chain policies to provide customer satisfaction, increase productivity and support sustainable growth in parallel to the vision "Respects the Globe, Respected Globally". Effective Supply Chain Management, integrating main processes in material and product flow, targets to deliver right product to the consumer in the right time, place and quantity for the lowest possible cost and price.

Supply Chain planning operations focus on flexible production and delivery optimization to respond customer orders in the shortest time possible. Accordingly, the organization closely follows up timely material supply as well as customer service levels for the breakdown cases in production and delivery. Utilized to measure customer service level in 2010, the percentage of delivery on time and in full has increased to 92% (despite strikes, adverse weather and road conditions, etc.). On the other hand, consolidated stock amounts significantly declined.

The second phase of Supply Chain Transformation Program will commence soon to ensure demand planning actions across all markets as inputs for supply plans, to prepare production and supply plans for demand and maximum capacity in weekly periods and revise the same daily. Dynamic routing processes realized with the help of handling and loading equipment changes in the warehouse, warehouse network distribution optimizations and software activated in 2010 ensure minimum distance coverage by the vehicles under maximum load. While the gas emissions hazardous to the environment were reduced by this approach, the level of customer service was raised with the efficiency obtained. Logistic requirements were consolidated by central tender approach, and substantial savings were achieved with the synergy provided in round trip transportations. Seventy percent of Turkish exports are transported by sea. Upon arrival at destinations, Arçelik prefers railways and river transports operating with green technology whenever possible. Moreover, a concerted effort to make direct deliveries results in eliminating unnecessary transportation and depot space. All links of the supply chain are managed in a rapid, efficient and profitable way and the saved sources thanks to decline in costs and increase

in productivity are used for other areas. Furthermore, timely production, storage, transportation and delivery provide a competitive advantage.

Global Purchasing

Within the framework of sustainability, expectations from suppliers are defined along with processes to ensure that their compliance has been put into operation. Sectoral changes are closely monitored, and environmental legislations, laws, and regulations like RoHS, WEEE or REACH are integrated into the company's purchasing processes to provide environmental compliance of materials. The audits and evaluations of suppliers also take the environmental performance criteria in to consideration.

Established in 2010, Arçelik A.Ş.'s Energy and Environmental Management and Purchasing Directorate maintain constant coordination to reflect the advances in environment approaches onto purchasing processes.

To supply the materials and components necessary for producing less energy consuming, environment friendly innovative products, the cooperation of R&D department and suppliers are encouraged and the involvement of suppliers to design projects is required. Environmental impact is taken into consideration in the efforts for the use of alternative materials. In 2010, nano technology was introduced to save energy and produce lower waste, and thus allowing to utilize painting methods with less chemicals. The product range has been expanded to include more green products and consume less materials with the use of motors that consume less energy and lower noise level in addition to premium performance and sensitive control features. Similarly, efficiency levels in purchased compressors and fan motors were increased continuously on yearly basis to create a positive trend in reducing power consumption. A new project was started in 2010 to perform the supplier approval process through the supplier portal which is already being used for communication. Beginning from the first quarter of 2011, the supplier approval process will be carried on via Arçelik A.Ş. supplier portal. This project will enhance communication among production facilities, suppliers and the Purchasing Directorate; and it will substantially cut down the consumption of natural resources thanks to lower paper usage as all forms and documents are transferred to electronic environment for supplier activation/updating supplier information and supplier deactivation.

Consumer Services

Arçelik A.Ş. has increased customer satisfaction since incorporating the company's services for white goods and consumer electronics. The company has achieved this without compromising quality of service and has begun to provide service from one location for all products. Whereas the minimum warranty period required by law is two years in Turkey, Arçelik A.Ş. has been giving three-year warranties since 1998.

Customer satisfaction continues to be the highest priority in all other operations as well. Arçelik provides after sales services with its own customer service organizations in 11 countries and through its distributors in other countries. Records of services are maintained to be used for upgrading products and the quality of service. The company markets products in over 100 countries with customer-focused after sales services. One of the primary targets of the company is to expand even further in the international arena through the experience garnered in Turkish markets and through the dedication and high standards of quality and services the company has demonstrated to customers domestically.

Respecting the company's operations and investments, the primary aspiration of Arçelik's Call Center (444 0 888) is to achieve customer satisfaction at the highest possible level. The call center operates with modern services seven days a week, twenty-four hours a day with seamless communication with our consumers and fast response to suggestions and requests. An additional fundamental responsibility of the call center is to contribute to the development of new products that meet customer expectations by providing an unrestricted flow of suggestions and criticisms.

Call Center won the "Best Call Center Award" in its own category at III. IMI Conferences Istanbul Call Center Awards where big players of the sector are present, thus put forth its competitive power thanks to technological infrastructure, service, process quality and customer-oriented approach; the center also displayed its commitment to provide the best working atmosphere for employees by winning the "Best Work Environment Award".

The Arçelik Call Center boasts of a technological infrastructure whose capacity outperforms competitors. This becomes especially evident by the varied communication channels with the company's consumers.

Consumer demands coming through different channels are evaluated and a significant part of incoming demands is instantly replied at the moment of the call (First Line Support). Raising the bar every passing day, the Arçelik Call Center also conducts surveys to better understand what actually happens in the field and uses feedback as a way to improve its operations. The Arçelik Call Center has maintained the highest level of dialogue and customer satisfaction with the company's domestic customers since 1991. The center started presale and after sales services for Austria Elektrabregenz, Beko and Altus in 2008, Germany Grundig in 2009, Germany Beko in 2010. And the center expands service network abroad to become an international call center.



**"Best Call Center Award" and
"Best Work Environment Award"**

Furthermore, voices of foreign markets in addition to the domestic market were also attended by consumer satisfaction surveys where the suggestions and expectations of consumers of different cultures were evaluated.

The company manages the entire process from product sale to the installation and all stages in-between are observed with an exclusive software system. The vehicle tracking system provides utilization of the most suitable vehicles, thus reducing the release of greenhouse gases into the environment. Moreover, low emission vehicles are used by the company's authorized services and customer services, and vehicles older than five years are continually replaced to improve the fleet emission levels. The use of hand-held computers in authorized services increases service quality and efficiency by optimizing job distribution to technical personnel in the field.

To improve customer satisfaction constantly, consumer surveys are conducted when installing the product within the scope of CRM project and sales and marketing channels share the information on consumer preferences. In addition, specialization in services of built-in products and combi boilers sets the company apart with select services and higher customer satisfaction.

Developed and put into practice for the management of services, the performance evaluation system deals with the issues such as organizing and abiding customer appointments, allocation of enough time, solving the problem in the shortest time, compliance with corporate principles, employment of qualified employees and cost management, avoiding complaints and consequently achieving customer satisfaction.

Considering the limited energy resources for the increasing energy demands in our country and in the world, efficient use of energy becomes eminent. Especially insulation/illumination and HVAC (Heating, Ventilation and Air-conditioning) issues have gained importance in the buildings. Taking these requirements into consideration, commercial acclimatization products have become more important for Arçelik A.Ş. To go beyond retail sales, B2B marketing and service infrastructure must be initiated for professional decision-makers. For this aim, sales representatives, installation and after sales service personnel as well as business partners who are authorized dealers and services are given theoretical and hands-on training for the VRS Multi-Ace Air Conditioning System at the Arçelik Air Conditioner Training Academy.

106 firms in total were briefed on various subjects at Air Conditioner Academy between 2009 and 2010. In 2010, 55 sales employees and 106 service technicians were trained and certified.

Furthermore, 5 engineers out of technical support team for system air conditioner were granted the energy manager certificate by EIE (Electrical Power Resources Survey and Development Administration). The company applied to EIE with a project to obtain certification as Energy Efficiency Consultant.

Besides, HVAC projects are carried out in newly constructed or renovated areas in Arçelik plants to install high-energy efficient Arçelik Multi Ace products.

In 2010, the sales department invited guests from Ministry of Health and Istanbul Metropolitan Municipality to the academy for product briefings



In the light of corporate values and culture, Arçelik A.Ş. works diligently to create projects that uplift the standards of society and that offer solutions as part of the company's social responsibility to benefit “Sustainable Development.”



Standing United for Education with Arçelik Program - Turkey

To reach desired development level across the country, the crucial condition is raising an effective and common awareness about education. Through education, it is possible to solve many social problems in advance and provide significant contributions to the country regarding resources utilization.

Knowing that individual development must be supported in the early stages of childhood, the Company started the "Standing United for Education with Arçelik A.Ş." project in 2004. Conducted jointly with the Ministry of Education, this project targets primary school students. With this project, the Company aims to improve the education and development standards of 200 thousand children, who come from disadvantaged families and study at 300 regional primary boarding schools, as well as to ensure that these children become valuable members of society.

Standing United for Education with Arçelik Projects

Our Rooms

Our Rooms project aims to foster education by creating diverse surroundings where students, growing up away from their families, may take advantage of their free time and engage in cultural and arts activities - a time to just relax and have fun as they learn through educational materials provided for them.

Education Scholarship

This project grants scholarships to students who are top graduates at regional primary boarding schools and who do not have the financial resources to further their education in high school.

Support and Education for Teachers

A series of seminars and workshops are organized to support the personal and vocational development of teachers and administrators working in regional primary boarding schools.

They Were Once Children

Children follow the examples of people around them as they grow up. These role models play an integral part in shaping these children's personalities and future ambitions. This project sets examples of successful role models for these children and conveys the message that children are an indispensable asset to the future of the country. Furthermore, the project encourages them to grow into

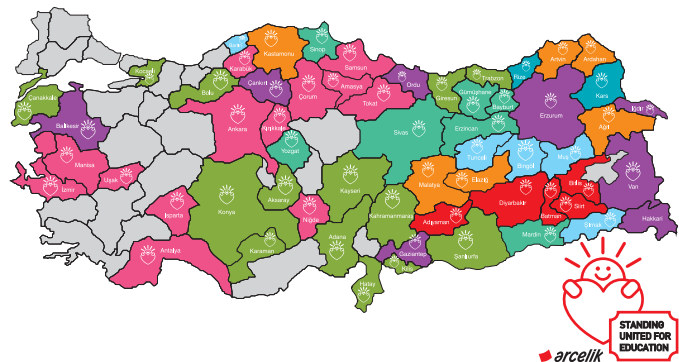
successful and self-confident individuals in pursuit of their dreams.

Volunteer Family Association

One of the core values of Arçelik A.Ş. and the Volunteer Family Association is "social volunteering" which has become wide-spread around the globe and in Turkey in recent years. The most essential aspect in sustaining this project is the contributions and commitments from local volunteers. The Volunteer Family Association is a group of volunteers acting as mentors and assistants at regional primary boarding schools.

Provinces Covered by the Program

- 2004-2005 Academic Year Pilot Provinces: Van, Hakkâri, Iğdır, Erzurum, Ordu, Gaziantep, Kars, Rize, Çankırı, Balıkesir.
- 2005-2006 Academic Year: Çanakkale, Kocaeli, Bolu, Konya, Karaman, Aksaray, Kahramanmaraş, Kayseri, Adana, Trabzon, Şanlıurfa, Hatay, Giresun, Kilis.
- 2006-2007 Academic Year: Ağrı, Artvin, Ardahan, Kastamonu, Malatya, Elazığ.
- 2007-2008 Academic Year: İzmir, Manisa, Uşak, Antalya, Isparta, Amasya, Tokat, Ankara, Kırıkkale, Niğde, Çorum, Karabük, Samsun.
- 2008-2009 Academic Year: Sinop, Sivas, Bayburt, Erzincan, Gümüşhane, Mardin, Yozgat.
- 2009-2010 Academic Year: Adıyaman, Batman, Diyarbakır, Siirt, and Bitlis.



Target for the 2010-2011 Academic Year

The Standing United for Education with Arçelik program will add to its coverage the provinces of Şırnak, Tunceli, Muş, Bingöl and Bartın and will reach 41 regional primary boarding schools in 5 provinces as well as 299 regional primary boarding schools in 60 provinces all over Turkey.

Arçelik A.Ş. Family and Volunteerism

Arçelik believes that “people” are the key to finding viable solutions to social issues. When people with a strong sense of awareness come gather to volunteer, permanent solutions to these issues become possible.

The company itself is an extended “volunteer family” with its employees, authorized dealers, services, suppliers and business partners in every country where the company operates. Arçelik draws strength from this extended family to bring solutions to problems through social commitment and volunteerism.

Forming Volunteer Teams, the Arçelik family embraces the company's values and principles in contributing to social projects that add value to the community by using their expertise, time and energy.

“Let’s Protect Our Environment and Natural Resources” Competition

Set up by Arçelik employees within the framework of social responsibility, Arçelik Volunteer Teams support various activities aimed at increasing the social and cultural awareness of students enrolled at the schools covered by the Standing United for Education with Arçelik program and aims to educate new generations that look at our country's future with confidence.

As part of its activities in 2010, Arçelik Volunteer Family organized the 2nd annual contest of poetry, essay and painting with the theme “Let's Protect Our Environment and Natural Resources” The contest aims at creating awareness for the protection of depleting natural resources and as well as water and energy saving.

Almost 450 meticulous works in three different categories from regional primary boarding schools participated in the competition. First assessments on the works were made by the school management and teachers and each school sent their first three works in essay, poetry and painting categories to Arçelik A.Ş. Works selected by the jury of Arçelik A.Ş. employees were then presented to the evaluation of over 2500 employees in all the offices in Turkey and worldwide via surveys on the internet. Successful students and school administration were invited to Istanbul as the guests of “Arçelik Volunteer Family” on May 3-6, 2010 to attend the award ceremony. Students and school administration from different parts of Anatolia had a chance

to visit significant cultural and historical places in Istanbul after the award ceremony.



A book titled Standing United for Education with Arçelik Corporate Social Responsibility Program was published to include all the works, essays, poems and paintings since the first day.

Meaningful Visit to Elazığ by Arçelik A.Ş. Volunteers

Arçelik A.Ş. Volunteers Team met with the students of Elazığ Central and Maden Regional Primary Boarding Schools and Şehit Nadir Ozan Primary School students. At Elazığ Central and Maden Regional Primary Boarding Schools, Arçelik A.Ş. Volunteers visited and chat with students in Our Rooms established to contribute to the development of students.

Support for National Blood Donation Campaign "For My Country"

In 2010, another important country problem was handled within the scope of Koç Holding's "For My Country" project and a "National Blood Donation Campaign" was conducted jointly with the Turkish Red Crescent. Arçelik A.Ş. employees, authorized dealers and services intensely supported this campaign which aimed to register the highest number of regular donors to the Red Crescent and continuation of the volunteer blood donations even after the campaign by creating awareness in the society regarding the importance of blood donation.

8,300 Arçelik A.Ş. employees attended the briefings held at Company's campuses with the support of the Red Crescent as a first step of the campaign. Blood donation days in the June-July period were repeated in the October-November period in order to support the regular donor identification of the campaign. 5,775 people applied to the campaign conducted in two stages by the doctors at blood donation stations established by the Turkish Red Crescent. 4,849 units of blood was collected within the scope of the campaign in which healthy Arçelik A.Ş. volunteers donated blood. Arçelik and Beko authorized dealers and services also supported the campaign coordinated by Provincial Sales Region Managements and For My Country Ambassadors.



Arçelik A.Ş. Volunteer Family "Vocational High School Coaches"

"Vocational Schools, a National Issue" of Koç Holding is a social responsibility project also supported by Arçelik's employees, authorized dealers and services. Arçelik Volunteers act as "vocational high school coaches" to guide and mentor students' development.

Volunteer Coaches keeping the communication constant; get together with the students to share their knowledge and experiences. The number of academic scholars increased to 896 and "Volunteer Coaches" to 28 during the 2009-2010 academic year.

"Vocational High Schools - a National Issue" Project held a competition titled "Future of the Vocational Training is your Future" to raise the knowledge, skill and competency levels of students in 2009-2010 academic year.

Arçelik Vocational High School Coaches worked with the students in the competition and supported them during the process of team formation, detailing, planning and application. Kocaeli Gebze Trade Vocational High School led by Arçelik A.Ş. Vocational High School Coaches won the competition with their "E-Intern" project.



For My Country Project-National Blood Donation Campaign

International support activities

Arçelik A.Ş.'s Refrigerator and Washing Machine Plant Beko LLC operating in Russia and Washing Machine Plant Beko Electrical Appliances Co. Ltd., operating in China not only create new employment opportunities but also organizes many projects in education, health, the environment, and sports to contribute to the social development of the region.

Beko Russia

Beko LLC donated white goods for more than 70 families after the fire in the Vladimir region close to Kirzhach city. Funding sport projects, Beko LLC organized a training course at "Fregat" military camp in Kirzhach region for the youth to teach the fundamentals of soldiering and patriotism.

Beko LLC supported numerous events promoting tea and coffee culture by its Samovar and Telve products at "Petersburg Samovar 2010", Russian leg of "V Festival".



Beko China

Arçelik A.Ş.'s washing machine plant in China, Beko Electrical Appliances Co. Ltd. gave donations to Changzhou Children Welfare Institute where orphans are looked after and educated with the purpose of contributing to social development.

Putting its mark on another international sponsorship in 2010 with EXPO 2010 Shanghai, Beko became the technology sponsor of Turkey Pavilion to promote the country via technology products.



Beko UK

Beko Plc., Arçelik A.Ş.'s sales and marketing company operating in the United Kingdom became the sponsor of 16th London Turkish Film Festival in 2010.



Beko Basketball League - Turkey

So it comes as no surprise that Arçelik A.Ş. is moving forward to become the “Sponsor of Basketball” not only in Turkey but across the globe by its investments in basketball since 2006 in parallel to Beko's “innovative”, “young” and “dynamic” values and targets. Acting with this approach, Arçelik A.Ş. has extended sponsorship agreement with Turkish Basketball League in 2010.

Arçelik A.Ş. believes this long-term cooperation between Turkish Basketball Federation and Beko brand will have a significant contribution to raise the players of future and proudly represent Turkey in the international platform. The Company is the sponsor of annual “All Star” event organized to encourage sportspersons in Turkey and introduce this sport branch to more youngsters. The company also hosts the “Player of the Year” selected through the votes of basketball enthusiasts and coaches. The “Beko All Star” event of 2010 was held in Kayseri.

2010 FIBA World Basketball Championship

Beko was the major sponsor in the greatest sport organization hosted by Turkey, the 2010 FIBA World Basketball Championship.

Beko Basketball Bundesliga-Germany

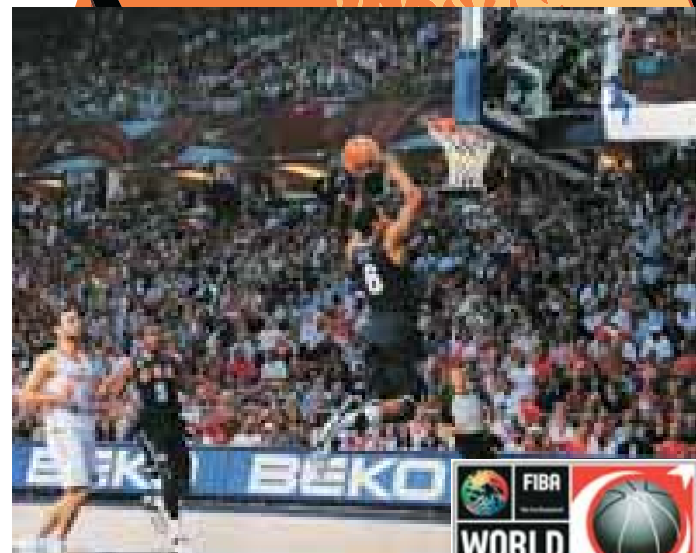
Beko took the brand's investments to an international level with its “World Brand” slogan. Being the title sponsor of German Basketball League in 2009, Beko subsequently sponsored Beko Basketball Bundesliga All Star Day, Beko BBL Top Four, Beko BBL Champions Cup and Beko Super Cup 2010.

Beko Basketball League - Russia

Finally, Beko has undertaken title sponsorship of the Russian Basketball League following Turkish and German Basketball Leagues.

Blomberg - Germany

Blomberg sponsors HSG Blomberg Lippe Women Handball Team in Germany.





Arçelik A.Ş. aims to enhance employee competencies and build a creative corporate culture strengthened by geographical and cultural diversity, in parallel with the corporate vision “Respects the Globe, Respected Globally”

For the systems and tools of human resources to reach the same advanced level in locations where the company operates, each process is handled individually and prioritized to perform necessary actions within the framework of operational plans.

Reinforcing the company's global competitive position with more ambitious targets every year through the strength and trust of its employees, Arçelik A.Ş. deploys various approaches in human resources to promote employee development:

- Integrated Human Resources systems and tools,
- Fostering creative and innovative work environments,
- Talent management and career planning,
- Continuous employee development.

Integrated Human Resources Systems and Tools

Arçelik maintains sustainability and growth in the company and improves human resources through efficient management by using standard assessment and improvement methods such as performance management and 360-degree assessments of employee competency, potential and leadership competency. The results of

assessments provide inputs for the processes of development planning, career management and salary management and facilitate the integration between corporate development and employee development.

Fostering Creative and Innovative Work Environment

In today's world where major changes are witnessed, Arçelik A.Ş. constantly renews itself and generates new strategies and business models. The synergy in a cross-cultural work environment and a matrix organizational structure afford greater opportunities to various groups to come together and generate projects, allowing creative ideas to emerge and flourish.

Applying innovative approaches distinguishes products and services offered to customers in a competitive environment. With an R&D team of over 700 employees, Arçelik A.Ş. continues to develop and manufacture green products that are technologically innovative which in turn upgrade the living standards of customers.

Talent Management and Career Planning

In the company's growing organization, Arçelik A.Ş. aims to improve competencies by employing the most qualified young people and experienced professionals that will move the company forward.



Arcelik A.Ş. believes that personal achievement is a must for organizational achievement. Accordingly, the company utilizes various professional development management systems to improve the performances and competencies of employees.

Critical positions and potential employees, who will take the company into the future, are identified at a Human Resources planning meeting held each year. Meanwhile, performances of potential employees are tracked to provide improvement opportunities as needed.

Arcelik A.Ş. believes that the company and employees share the responsibilities for personal development and career management. In this context, 'Internal Announcement System' informs the employees about the vacant positions within the company and urges them to take initiative in their career path.

Development Management

The company's approach to training and development processes is to improve performances through continuous development principles in parallel with the company's vision and business targets.

Current and future improvement needs of employees are planned according to the company's global organizational requirements, targeting the effective and capable use of internal resources.

Considering organizational and personal needs starting from the date of recruitment, various development programmes are planned for the employees such as orientation programme and trainings of sales, marketing, leadership, management and foreign language education. Employees are included in development programmes prepared for different levels and different contents to get them ready for tougher future positions they will be assigned to within the global organization structure.

Leader and Work: A programme to prepare and support potential managers for a higher role when they are not in management role yet.

Developing Management Skills Programme: A programme to facilitate newly assigned managers' quick adaptation to their new roles and support their development.

Leader and Strategy/Leader and Human: A programme to support development of potential managers for senior management positions.

Functional Leadership Development Programmes:

Development programmes addressing different functions/processes. (For example: Finance, Marketing, Human Resources, etc.)

In addition, we are currently working on 'International Management Development Programme' to be kicked off next year to support improvement and preparation of candidates for international assignments and roles.



Business Excellence

As the winner of the “European Foundation for Quality Management (EFQM) Excellence Award” and the owner of the “Turkish Quality Association's (KalDer) National Quality Award”, Arçelik A.Ş. has adopted the Total Quality Management (TQM) approach to excellence in every processes leading to a finished product. Total Quality Management enhances efficiency in all systems. As a result, customers are able to receive higher quality goods and services with more favorable conditions within the company, a common language between departments and employees has been created while team spirit and communication have advanced continuously at every step in the quality journey. Employees' awareness of their individual contributions to success has reinforced Arçelik's corporate culture to much greater extent.

Initiated in 1993, the company's self-assessment programme based on EFQM Excellence Model ensured the continuous improvement and enhanced adaptive, proactive approaches in internal and external conditions under the Quality Management, Environmental Management, Occupational Health and Safety Management systems and business processes extending from suppliers to customers.

Based on the principles of TQM's philosophy and motivated by team spirit, the company strives to achieve both organizational and departmental objectives and maintain continuous improvement and growth in target markets. Activities involving quality, environment, and occupational health and safety are initiated and monitored under the company's Five-Year Strategic Quality Plan.

Arçelik A.Ş. certifies and continuously improves the Quality and Environmental Management Systems to comply with the requirements of ISO 9001 and ISO 14001 Standards. Arçelik A.Ş. consistently aligns both domestic and international activities in the consumer durable goods sector with the company's quality, environmental, and occupational health and safety policies.

The Company's Central Calibration Laboratory was accredited in 2008 and the Washing Machine Plant's EMC Laboratory was accredited in 2010 by Turkish Accreditation Agency (TÜRKAK) according to ISO 17025 Laboratory Quality Management Standard. Work is ongoing to ensure that the standards of Plant Calibration Laboratories are aligned with those of the Central Calibration Laboratory.

Under the continuous improvement approach, Arçelik A.Ş. works with data and uses the Six Sigma Methodology to reach excellence by increasing the productivity of its business processes to meet international competition.

Six Sigma mainly seeks to ensure excellence for simple and lean products and processes. Arçelik A.Ş. took the first initiative to apply Six Sigma in production and technology processes in 1998. And the use of Six Sigma has been extended to other processes as well since 2002.

Today, the Quality Systems and Six Sigma Department coordinates Six Sigma activities throughout the Company in production and transactional processes.

Six Sigma projects are determined and implemented with coordination of the Six Sigma Leaders. The Company organizes regular training courses for the deployment and sustainability of Six Sigma. There are nearly 150 employees with Six Sigma certified belts at Arçelik A.Ş.

Arçelik A.Ş. has adopted the Six Sigma in order to:

- Improve processes,
- Make the processes transparent and manageable,
- Create decision making mechanism based on data,
- Develop a platform for continuous growth in profitability,
- Harmonize its organizational targets and process objectives,
- To achieve a customer-oriented approach,
- To form a common language; and
- Increase creativity.

Another approach to optimize productivity in business processes is the Total Productive Maintenance (TPM) methodology which is based on team work at all levels.

Applied in Arçelik A.Ş. plants since 1996, the goal of TPM methodology is to provide the optimal use of resources by eliminating all factors that negatively affect efficiency, either directly or indirectly.



International System Standard Compliance Certificates

TS EN ISO 9001:2008, TSE
ISO 14001:2004, SGS
TS EN ISO/IEC 17025:2005, TÜRKAK

Product Standard Compliance Certificates

TSE - Turkey
CE - EU
TÜV, VDE - Germany
ITS, BEAB, INTERTEK - UK
GOST R - Russia
UL - USA
SEMKO - Sweden
IRAM - Argentina
KUWAIT STD. - Kuwait
SASO - Saudi Arabia
SINGAPORE STD. - Singapore
ISCIR, ICPE - Romania
CCIB, CCC - China
KETI - South Korea
POLAND STD. - Poland
AFNOR - France
AGA, AS - Australia
ÖVGW - Austria
CSA - Canada
UkrSEPRO - Ukraine
SII - Israel
Kvalitet - Serbia
ZIK - Croatia
ELOT - Greece
HDMI (TV) - All Regions
Dolby (TV) - All Regions
SRS (TV) - All Regions
USB (TV) - All Regions
DVD Forum (TV) - All Regions
DivX HD (TV) - All Regions
CI+ (TV) - All Regions
Digitenne (TV) - Netherlands
Levira (TV) - Estonia
TDT - Spain
DGTVi (TV) - Italy
Boxer (TV) - Sweden
RiksTV (TV) - Norway
Digital-Tick (TV) - UK



