

## COMMUNIQUE ON PRINCIPLES REGARDING MERGERS

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SERIAL : I  
NO : 31

### SECTION I PURPOSE, SCOPE, BASIS AND DEFINITIONS

#### Purpose and Scope

ARTICLE I-The purpose of this communiqué is to regulate the principles of mergers in merger by the acquisition of one or more companies or merger by the formation of a new company in case at least one of the parties is a publicly held joint stock corporations.

#### Legal Basis

ARTICLE 2 – This Communiqué is based on ARTICLE 16/A of the Capital Market Law No: 2499

#### Definitions

ARTICLE 3 – For the purposes of this communiqué, the following definitions shall apply:

Law:	Capital Market Law No:2499
Board:	Capital Markets Board
Stock Exchange:	Istanbul Stock Exchange
TCC:	Turkish Commercial Code
TTRG:	Turkish Trade Registry Gazette
Registered Capital:	The maximum amount of shares that the joint stock corporations can issue without being subject to the provisions of TCC on capital increase by the decision of board of directors and registered at Trade Registry provided that such a provision exists in their Articles of Association.
Corporation :	Joint Stock Corporation
Publicly held Joint Stock Corporation:	Joint stock companies, whose shares had been offered to public or accepted to be offered to public
Merger:	Merger by acquisition of one or more companies or merger by formation of a new company
Merger by acquisition of a company:	The dissolution by transferring at least one corporation's assets and liabilities as a whole to another corporation without going into liquidation in exchange for issue to the shareholders of the company being acquired of shares in the acquiring

company and the continuation of the acquiring company's legal personality.

Merger by formation of a new company:

The dissolution by transferring two or more corporations' assets and liabilities by combining them as a whole to a new corporation which will be established without going into liquidation and the shares of the new established corporation is given by the ratio of their former shares in the ended corporation.

Ratio of merger:

The ratio accounted having regard to the method of merging.

The Share Exchange ratio:

The ratio of the shares which the shareholders of the merging parties will get, in accordance with the ratio of merger at the end of it, in exchange for an existent share.

## **SECTION TWO PRINCIPLES RELATED TO MERGERS:**

### **Preliminary Resolution of the Companies' Authorized Bodies**

ARTICLE 4 – Although the resolution of the Board of Directors in each of the merging companies is sufficient to begin merger procedure, the General Meeting may make decisions about the merger procedure, the preparation of the merger contract and the principles or may authorize the Board of Directors concerning the relevant matters if the merging parties demand.

### **Financial Statement Periods to Be Used As a Basis for the Merger and Special Independent Auditing Report**

ARTICLE 5 – It is compulsive for the merging parties to draw up their account concerning the legislations of Board which will base the merging procedure, to adjust financial statements to the inflation rate where required by the regulation and have the financial statements independently audited. Special, independent auditing is not required in case the financial statements which base merging were audited continuously and independently.

The time period between the date of financial statements which base merger and the date of shareholder meeting at which the merger contract shall be approved finally, can not exceed 6 months.

The merging companies should prepare new financial statements that display last financial position of the company, to have it audited and take new financial statements as a basis for merger if new transactions are made that affect the financial statements and equity capital over which the merger ratio is calculated, and that are except from the main line of activity of the merging companies until the registration of the new company in merging by

formation of a new company or registration of capital increase in merging by the acquisition of a company and registration of the shareholders meeting in which the merging contract is approved if capital increase is not required.

In this framework, the shareholders' meeting decisions regarding dividend distribution in merging companies should be taken,

- a) Before the date of financial statements which will base merger or,
- b) After the completion of the merger procedure provided that it is within the time period specified by the Board's regulations concerning dividend distribution.

The corporation whose 2/3 capital is not reciprocated according to the balance sheet prepared over the current price of the assets in accordance with the provisions stated Article 324 of TCC, can not be an acquiring company in the merger.

### **Expert Examination**

ARTICLE 6 – An examination is done by an expert who is appointed by the court in order to determine the equity capital of the merging companies and drawn up in a report. When the expert's report is evaluated by the Board, the conditions in (ANNEX/1) are searched.

Financial statements rectified according to the conditions which require arrangement and approved by the independent auditor is presented to the examination of the expert in case a conditional view is presented in the report or the inspection results of the Board decides it is essential, although the views about the accounts which will base the merging are positive at the end of the special, independent auditing report. The expert report is prepared by basing on these financial statements. The merging procedure cannot be based on the financial statements if a negative view is presented or there's no view in the independent auditing report which will base the merging procedure.

### **The methods which are available in calculation of the Merging Ratio**

ARTICLE 7 – The merging ratio is calculated by basing on the method which the merging companies accept.

It is compulsory in merging procedure to place merging ratios, share exchange ratio and the capital amount after the merging in preparation of the expert report which will be calculated as follows: If equity method will be applied according to only this method, but if another method other than this will be applied according to both equity method and the chosen method.

Moreover in order to establish the merging ratio based on the stock exchange prices; on the date of application of the merging companies for approval to the Board;

- a) The ratio of the sum of publicly offered shares' nominal values to corporation's nominal capital should be at least 25% and shares should be listed in Stock Exchange.
- b) When Stock Exchange price is established the arithmetic average of the last annual, corrected, weighted average prices should be based.

If the Board deems necessary, changes can be made in above mentioned matters and additional conditions can be required.

When the merging ratio is determined, the real estates as pricing subjects are valued by the real estate valuation companies which are included in the list of the Board in case the equity capital are calculated by valuating over the actual value of assets.

The expert report is based on the results of the valuation made by the real estate valuation company concerning the real estates.

### **Expert Institution Examination**

ARTICLE 8 – In addition to the expert examination aiming the equity capital determination of the merging parties, another examination is made by independent auditing companies having the qualifications which the Board sets, the consultancy firms which operates in accordance with the licence, know-how and alike agreements signed by the foreign companies which have the membership contracts with these auditing companies, the brokerage houses which have certificates of authorization for both intermediation in public offering and investment consultancy or one of the non-deposit banks and this examination is displayed in a report. (ANNEX/2) implies the evaluation conditions which the Board looks for.

The report which will be prepared should consist of the equity method and at least two other methods which can be applied by equity method and the merging ratios which is calculated according to these methods, the reason of selecting the method which will be used for merging, the share exchange ratios and the amount of capital after the merging.

The other provisions of this Communiqué concerning the expert examination and the calculation of merging ratio are also valid for this particular report.

### **Merger Contract**

ARTICLE 9 – Merger contract is prepared by the Board of Directors of the merging parties consisting at least the elements in (ANNEX/3).

### **Board of Directors' Report**

ARTICLE 10 – The Board of Directors' of each of the merging companies shall draw up a detailed written report explaining the merger contract, setting out the economical and legal grounds for merger and including the conditions that affect the valuation.

### **Application to the Board for Approval**

ARTICLE 11- Prior to the shareholders' meetings at which the merger contract shall be approved, it is obligatory to apply to the Board for approval with the documents mentioned in (Annex 4)

The application is settled by examination of the Board within the framework of the purpose and the principles of the Law.

### **Informing Shareholders**

ARTICLE 12 – It's compulsory for the merging companies to prepare an announcement annexed with the merger contract, according to the format shown at Annex 5 (for merger by acquisition) and at Annex 6 (for merger by formation of a new company) approved by the Board and to publish it to inform shareholders both in a newspaper distributed over Turkey and in one of the most circulated local papers among two where the central office exists if its stocks are traded in a Stock Exchange; or in at least two papers which are published or distributed locally if the company shares are not traded in a Stock Exchange, within thirty days before the shareholders meeting in which the merger contract will be approved. The companies may fulfil their local newspaper announcement obligation by making the announcement in a newspaper which is distributed over the country. The announcement and the merging contract should be sent to the Stock Exchange in order to be published in the bulletin and Stock Exchange web site in not less than thirty days before the shareholders meeting if at least one of the merging parties' shares is traded in Stock Exchange. For companies whose shares are not traded in Stock Exchange, the announcement and the merging contract should be published at the Board's web site starting from at least thirty days before the shareholders meeting in which the merging contract will be approved until the registration of the new company in merging by formation of a new company or registration of capital increase in merging by the acquisition of a company and registration of the shareholders meeting in which the merging contract is approved if capital increase is not required.

The merger contract, last three annual financial statements of the merging parties, independent auditing reports if exists and annual reports, independent audit reports related to financial statements which bases the merging, expert report, expert institution report, the Board of Directors' Report displaying the economical and legal grounds of merger, announcement text, the last three months' interim financial statements between the date of the financial statement which bases the merging and the date of shareholders meeting which the merging contract will be approved, the estimated financial statements which display the next three annual goals dating from the acquisition or merging, the estimated opening balance sheet after the merging should be open to examination of shareholder in the centre offices and the branches of the merging companies at least thirty days before the shareholders meeting in which the merging contract will be approved. Moreover the shareholders are entitled to

obtain copies of the documents referred above with the expenses are paid by the company.

### **The Approval of Merger Contract and Decision of Capital Increase in Merger by Acquisition**

ARTICLE 13 – After the approval of the Board, the merging contract is approved by the shareholders' meetings of the merging companies.

In merger by acquisition, the shareholders' meeting of the acquiring company take decision about increasing the capital and acquisition while decisions about the transfer and dissolution due to that are taken at shareholders' meeting of the companies to be acquired.

In merger by formation of a new company, however, the shareholders' meeting of the merging companies decides on merging and dissolution by this reason.

The decisions of the shareholders' meetings regarding the merging cannot be applied without a private meeting of approval by the preference stock holders', bonus share holders, as well debenture and other debt instruments holders if there are any.

### **Registration with the Board**

ARTICLE 14 – Following the shareholders' meetings of the merging companies made according to Article 13, within fifteen days, application is made to the Board for;

- a) Registration of the shares to be issued in merger by acquisition and the shares of the acquiring company which has not registered with the Board,
- b) Registration of the shares of the new corporation which will be founded as a result of merger in merger by formation of a new company and the shares which covers the capital unregistered with the Board owned by the companies which ends its legal personality because of merging,

With the documents mentioned in (ANNEX/7).

The application is examined within the framework of the purpose and principles of Law and the shares are registered by the Board.

### **The Delivery of Common Shares**

ARTICLE 15 – The delivery places of the shares should be announced at least two work days before the delivery date in accordance with the principles stated in the first subparagraph of Article 12 by the means of the share delivery announcement which is prepared according to (ANNEX/8) and approved by the Board.

The share delivery of the corporations with share capital system is obligatory in thirty days for bearer shares and in ninety days for registered shares following the date of ;

- a) The registration of the capital at the Trade Register in merger by acquisition
- b) The registration of the new corporation in merger by the formation of a new company.

The share delivery of the corporations with registered capital system should begin in 15 days following the date of the Board's registration document.

Regulations that shall be made related to dematerialization of capital market instruments are reserved.

### **Notification to the Board**

ARTICLE 16 – The merging companies shall submit to the Board the following documents within 6 working days following the first announcement date of;

- a) The TTRG concerning the registration and announcement of shareholder's meeting decisions, capital increase and other changes in the Articles of Association.
- b) The TTRG concerning the announcement of financial statements which will base the merging procedure.
- c) The TTRG concerning the cancellation of dissolved corporation(s) from the Trade Register.
- d) A notary approved copy of the merging contract which is approved by the General Meeting and the shareholder portions table of these General Meetings

together with the announcement text by attaching a copy of the newspapers in which the announcement of share delivery is made.

### **The Capital Amount which will be reached after the merger by acquisition**

ARTICLE 17 – The capital which will be reached after the merger by acquisition of a company is calculated by the following way in case the equity or the current prices methods are used. The sample of calculation is given in (ANNEX/9).

Equity capital of the acquiring company	: A
Equity Capital of the company being acquired	: B
The paid in/issued capital of the acquiring company	: C

$$\text{Ratio of merger} = \frac{A}{A + B} = D$$

$$\text{The Capital which will be reached} = \frac{C}{D}$$

If the merging companies are the subsidiary of another merging company, and alike situations are taken into consideration while making the calculation regarding the chosen method.

The capital which will be increased after the merging is distributed to the existing shareholders of the company/companies being acquired except the acquiring company according to the proportion of their shares in the capital.

**The capital amount which will be reached after the merger by formation of a new company**

ARTICLE 18 – After the merger by foundation of a new company, the capital of the new company is formed by the sum of the paid-in/issued capital of the merging companies.

If the merging companies are the subsidiary of another merging company and alike situations are taken into consideration in calculation of the ratio of merger for each company and the capital of the newly founded company is determined by this way.

The capital of newly founded company is distributed to the shareholders of the merging companies according to the proportion of their shares in the equity capital. (ANNEX/10) is a sample showing the calculation if the equity method is used.

**SECTION THREE  
OTHER PROVISIONS**

**Fee**

ARTICLE 19 – In merging procedure registration fee is requested within the framework of following principles:

- a) In merger by acquisition ;
  - 1- If the shares of the acquiring company are traded on Stock Exchange, over the Stock Exchange second session closing price on the date of Board's decision related to the registration of the shares, which will be no less than the nominal value of the shares issued to represent the capital increase after merger and over the nominal values of the shares which is not registered in the Board.
  - 2- If the shares of the acquiring company are not traded on Stock Exchange, over the nominal values of the shares issued to represent the capital increase after merger and over the nominal values of the shares which is not registered in the Board, if any.
- b) In merger by formation of a new company; over nominal values of the capital which covers the unregistered shares of the companies which end its legal personality because of merging.

The fee that is determined according to ARTICLE 28 of the Law, should be deposited to the Central Bank of Turkey, Ankara Branch into the Board's account.

#### **Other Regulation Provisions**

ARTICLE 20 – Other regulation provisions which any of the merging company is subject to is reserved.

The Board's regulations about merger of intermediaries and investment companies are reserved.

If there are some occasions which this communiqué does not cover concerning the merger by acquisition of a company and formation of a new company procedures, the general provisions are valid

#### **Overruled Provisions**

ARTICLE 21 – The subparagraph (f) of paragraph (2) of Article 2, Article 12 and (ANNEX 5/A and 5/B) of Communiqué on Principles Regarding Sales and Registration of Shares with the Board, Serial: I No: 26 published in the Official Gazette dated 15 November 1998 No: 23524 are overruled.

#### **Entry Into Force**

ARTICLE 22 – This communiqué will enter into force on the day of its publication

#### **Execution**

ARTICLE 23 – Provisions of the Communiqué shall be executed by the Capital Markets Board.

### **The Implicit of Export Report**

The following principles are searched while the expert report is evaluated by the Board concerning the mergers.

- a) Determined equity capital owned by partnership sides of merging.
- b) If equity stock method is applied the merger and exchange ratios shall be calculated according to only this method, but in case of applying other than this, the merger and exchange ratios shall be calculated according to both equity stock method and the chosen method.
- c) According to the method(s) of merging;
  1. The amount of increasing capital and its calculation principles in merger by acquisition
  2. The newly founded partnership's capital and its calculation principles in merger by formation.

**The Implicit of the Expert Foundation Concerning Its Merger Report**

The following principles are searched while the expert report prepared by expert institution is evaluated by the Board concerning the mergers;

- a) Determined equity stock owned by partnership sides of merging.
- b) The merging ratios and the share exchange ratios being calculated according to equity stock method and at least two other methods as well, and the reason of selecting the method which will be used for merging,
- c) According to the each methods which can be used for merging;
  - 1. The amount of increasing capital and its calculation principles in merger by acquisition
  - 2. The newly founded partnership's capital and its calculation principles in merger by formation.
- d) The view concerning the equity and prudence of the merger ratio.
- e) The explanation about the efficiency of the methods used concerning such situations.
- f) If there are obstacles in valuation method, explanation of it.

## MERGER CONTRACT

The following are the minimum aspects which should exist in merging contract prepared by the Board of Directors of the merging parties.

1. The general information about the parties which will join merging,
2. In merging by acquisition of a company, the provision about mutual and agreeable wills of transfer and acquisition with the provision about the assets of the acquired company will be transferred to the acquiring company as a whole without liquidation; in merging by the formation of a new company the provision about the assets of the dissolving companies will be transferred to the newly founded company as a whole without liquidation,
3. The date and number of the expert report which bases the merging procedure, the expert institution report concerning the merger and the approval of the Board,
4. The merger procedure will take place on which financial statements,
5. In merger by the acquisition of a company the increasing capital of the acquiring company or in merger by the formation of a new company the capital of the newly founded company and in both situations the exchange ratio, the type and nominal value of the shares which will be given to the share holders of the acquired company,
6. In case of fraction remains after the exchange of shares, a provision about providing fraction receipts to the share holders,
7. Whether the rights of the merging parties about the preferred stocks, bonds and bonus share will continue in merger by the acquisition of a company for the acquiring company and in merger by the formation of a new company for the newly founded company,
8. The principles about the non-voting shares if there are any,
9. A provision concerning a contract about paying the taxes accrued to the acquiring company in merger by the acquisition of a company and to the newly founded company in merger by the formation of a new company also the taxes which will accrue until the date of merging and to carry other encumbrances in its legal deadline to the tax office.
10. A provision concerning the third person debts of being acquired company in merger by acquiring a company and of dissolved companies in merger by formation of a company will be paid in its term and as a whole by the acquiring company or the newly founded company,

11. A provision declaring that TCC Article 445 shall be efficient if there are debts which has not been paid although it is overdue as the creditors did not apply, also the debts which has time to pay and/or disputed debts of being acquired companies in merger by the acquisition, and dissolve companies in merger by formation of a new company.
12. The other debts and responsibilities of the merging parties arise from the merger procedure,
13. The provision which indicates the results if the parties did not carry out the obligations in regard with the merger,
14. The differences in the Articles of Association of the acquiring company in merger by the acquisition of a company and the draft of the Article of Association in merger by the formation of a new company,
15. The deadline of the Board of Directors' invitation the General Assembly to meeting, if the meeting does not occur till this time, a provision declaring that the Merger Contract is invalid,
16. The delivery procedure of the common shares,
17. The declaration about the dissolution date of the companies which will be acquired in merger by the acquisition and dissolved in merger by the formation of a new company,
18. When will the merger procedure be effective and when will the shareholders be able to receive dividends,
19. The special interests given to the administration and inspection sections of partners of merging parties, to the experts and the expert institution which has prepared the report on merging if there are any.

**THE DOCUMENTS REQUIRED BEFORE MERGING**

1. The authorized bodies' decisions on merging,
2. The Articles of Associations of each partners of the merging parties which became a single text,
3. The draft contract of merging,
4. The report which will be prepared by the expert who is determined by the court,
5. The report of the expert institution concerning the merger,
6. Expert reports if the equity capital are valuated over current value ,
7. Special independent auditing reports,
8. If exists, the modification text regarding the changes in the Articles of Association of the acquiring company as well as the Board of Director's decision on this change, and the draft Article of Association in merger by the formation of a new company,
9. Information about the types and ratios of the shares which will be given to the shareholders of being acquired company in merger by acquisition and the shareholders of dissolved companies in merger by the formation of a new company,
10. The written permission from the Turkish Competition Authority,
11. The other approvals which should be taken from other official institutions according to the special legislations that the merging parties are subject to.
12. The certified auditor's report which show the capitals of the merging sides are paid,
13. The detailed Board of Directors report displaying the legal and financial reasons of merger,
14. The proforma financial statements which displays the three annual goals following the merger or acquisition and the proforma opening balance sheet after the merger,
15. The justifications of merging,
16. Other information or documents which will be required by the Board.

**THE ANNOUNCEMENT TEXT PREPARED FOR MERGER BY  
ACQUISITION OF A COMPANY**

THIS IS THE ANNOUNCEMENT OF.....  
CORPORATION WHICH IS MERGING BY ACQUIRING  
..... INC.

FOR THIS MERGER PROCEDURE AN APPROVAL IS GIVEN BY THE  
RESOLUTION OF THE CAPITAL MARKETS BOARD DATED  
..... NO ..... BEFORE THE GENERAL  
ASSEMBLYS' OF THE PARTNERSHIPS. BUT THIS DOES NOT SIGNIFY  
THAT THE MERGER IS OFFICIALLY GUARANTEED BY THE BOARD OR  
GOVERNMENT.

AFTER THE APPROVAL OF THE MERGER CONTRACT IN THE  
SHAREHOLDERS MEETING OF THE COMPANIES  
..... INC. WILL APPLY TO THE BOARD FOR  
THE REGISTRATION OF THE DISCHARGED SHARES OF  
..... INC. BECAUSE OF THE CAPITAL INCREASE  
DESIGNED FOR THE MERGER EXCEPT THE PARTNERS  
.....

THE PARTNERS HAS THE RIGHT TO JOIN THE SHAREHOLDERS  
MEETING MEETINGS AND VOTE WITH REFERANCE TO THE TURKISH  
COMMERCIAL CODE.

A- THE VIEWS OF OTHER PUBLIC ENTERPRISES CONCERNING THE  
MERGER PROCEDURE

- 1- THE VIEW OF RIVALRY INSTUTION
- 2- THE VIEWS OF OTHER PUBLIC  
INSTUTIONS

**B. INFORMATION ABOUT PARTNERSHIPS**

**I. ACKNOWLEDGE INFORMATION**

**a- Acquiring Company**

1.	Trade Name	:	
2.	Head and Branch Addresses	:	
3.	Registration date, Trade Registry Number, Trade Registration Office	:	
4.	Duration	:	

5.	Line of Activity	:	
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**b- Being Acquired Company**

1.	Trade Name	:	
2.	Head and Branch Addresses	:	
3.	Registration date, Trade Registry Number, Trade Registration Office	:	
4.	Duration	:	
5.	Line of Activity	:	

**II. INFORMATION ABOUT EXISTING CAPITAL AND SHARES**

**a- Acquiring Company**

1.	Paid Capital	:	
2.	The distribution of the paid capital among the partnerships in final situation		
	The Partner's	Share of Capital	
	Trade Name/ Name & Surname	Amount(TL)	Ratio (%)
	TOTAL		100.000

3.	Real and legal personalities who own capital indirectly:		
	Trade Name/ Name & Surname	Share of Capital	
		Amount(TL)	Ratio (%)

4. Whether the concessions which are kept for the shares presenting the capital and the existing shares will continue or not (In regard with the common share types and kinds of concession separately):

5. A statement about bonus shares as well debentures and alike debt instruments if any, among the shares representing the capital :

**b- Being Acquired Company**

1.	Paid Capital	:	
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2.	The distribution of the paid capital among the partnerships in final situation	
The Partner's	Share of Capital	
Trade Name/ / Name & Surname	Amount(TL)	Ratio (%)
TOTAL		100.000

3.	Real and legal personalities who own capital indirectly:	
Trade Name/ / Name & Surname	Share of Capital	
	Amount(TL)	Ratio (%)

4. Whether the concessions which are kept for the shares presenting the capital and these concessions will continue in the acquiring company or not (In regard with the common share types and kinds of concession separately):

5. A statement about bonus shares as well debentures and alike debt instruments if any, among the shares representing the capital it:

### III. INFORMATION ABOUT MERGER BY ACQUISITION

a) Main Reason of Merger:

b) The Summary of Expert Report:

The exchange and merger ratios which will be calculated according to;

1. Capital Stock Method regarding the historical costs
2. The other method chosen

c) The Summary of Expert Institution Report Concerning the Merger:

The exchange and merger ratios which will be calculated according to;

1. Equity Method regarding the historical costs
2. The other possible methods (at least two)
3. The view regarding whether the merger ratio is fair

and reasonable or not.

d) The Merger is realized according to:

1. The Method,
2. Merger Ratio,
3. Exchange Ratio,  
Which the merger procedure is based on
4. The reason of choosing .....Method

#### IV. FINANCIAL STATEMENTS

a) The last annual financial statements, .... dated financial statements the merger is based on, last interim financial statements (if exists) and audit report's view pages are given at (ANNEX/1).

b) The proforma opening balance sheet after merging

#### V. INFORMATION ABOUT THE ADMINISTRATION OF COMPANIES

a- Information about the Acquiring Company's Board of Directors

Board of Directors Members	
Name and Surname	Duty

b- Information about the being Acquired Company's Board of Directors

Board of Directors Members	
Name and Surname	Duty

#### VI. OTHER MATTERS

##### A) Matters concerning Credits (\*):

a) The statement regarding the payment of credits or assurance of them (explanation of objections if exists)

b) Not to pay or assure credits before the merger:

In this case the procedure of TCC no: 451 is carried out. The subject provision clause is below:

(\*)Paragraph (a) will take place in the announcement text if the credits are assured before the merger, in reverse paragraph (b) will be displayed.

*"Below provisions are carried out if a corporation is merged by acquisition of another corporation with its all assets and liabilities:*

- 1. The administrative council of the acquiring company invites the creditors according to the liquidation provisions of the dissolved company;*

2. *The commodities of being acquired company are directed separately by the acquired company until the credits are paid or supplied;*
3. *The administrative council members of the acquiring company are personally and jointly responsible for directing the commodities of the dissolve company separately to the creditors.*
4. *The authorization of the authorized court is valid among the cases which will be against the dissolve company while the commodities are directed separately;*
5. *In relations between the creditors of the acquiring company and the dissolve company; the commodities which are directed separately stays as the owning of dissolve company so that in collapse of the acquiring company these goods figure another desk in order to pay especially the debts of the dissolve company;*
6. *The commodities of both companies can only be united in case the supplies of the dissolve company is permitted to distribute over the shareholders;*
7. *Dissolution of the company is registered by the trade register. After the credits are paid or supplied the registration on dissolution is erased from the trade register and arbitrariness is announced;*
8. *After the registration of dissolution the shares which will be given to the shareholders of dissolve company in return are delivered to them according to the provisions of merger contract.”*

## **B) Balance Sheet and the Objection Right of Creditors**

TCC Article no:149 has the provision; *“It is obligatory for each of the merging companies to announce their balance sheets according to a sample which will be determined between the sides and the companies which end their activities because of merger should also announce the declaration concerning the payment procedure of their debts in addition with the balance sheet.”*

TCC article no: 150 has the provision; *“The merger decision is effective after three months following the announcement day. But if the companies which are merged before the announcement day of merging decision execute their debts, transfer it to the Central Bank of Turkey or another valid bank or else the creditors approve the merger, then the merger decision is efficient after the day of announcement.*

*It is obligatory to announce the arbitrariness of the transfer to the bank.*

*Each of the creditors may apply to the authorized court to make objection about the merger in three months after the announcement. The merger is not efficient until the right to object is given up or the final sentence is given concerning the rejection of objection or else the warranty decided by the court is not given by the company.”*

**C) The Notification of Shareholders**

The merging contract, last three annual accounts of the merging partnership sides, independent inspection reports and activity reports if exists, independent inspection reports which bases the accounts to merging, expert report, expert foundation report, the Board of Directors Report displaying the economical and legal reasons of merger announcement text, the last three months' interim account between the date of account which bases the merging and the date of General Assembly meeting which the merging contract will be accepted, the approximate accounts which display the next three annual goals dating from the acquisition or merging, the approximate opening balance sheet after the merging should be open to inspection of shareholder in the centre offices and the branches of the side partnerships at least thirty days before the General Assembly meeting in which the merging contract will be accepted. Moreover the partners are free to require copies of the subject documents and the expenses are unconditionally afforded by the partnership.

**VII. MERGER CONTRACT**

Placed in (ANNEX/2)

**THE PERSONS WHO ARE RESPONSIBLE FROM THE ANNOUNCEMENT TEXT**

We, surrounding our authorization and responsibilities within our duty declare that the information and data in this announcement text totally reflect realities and it does not imply any lack of knowledge which will change the context.

..... Incorporation  
\_\_\_\_\_  
Authorized Signatures

Name Surname                      Name Surname                      Name Surname  
Signature    Signature  
Signature

The Expert Institution which Prepares the Report Concerning the Merger  
..... Incorporation

Authorized Signatures  
Name Surname Name Surname Name Surname Name Surname  
Signature    Signature    Signature  
Signature

We agree the information about financial situation and activity reports of  
..... Incorporation (Acquiring) which is displayed in this  
announcement text and inspected by us is convenient to the inspection  
report(s) arranged by us.

Independent Audit Firm  
Authorized Signature  
Name Surname  
Signature

We agree the information about financial situation and activity reports of  
..... Incorporation (Being Acquired) which is displayed in this  
announcement text and inspected by us is convenient to the inspection  
report(s) arranged by us.

Independent Expert Institution  
Authorized Signature  
Name Surname  
Signature

(ANNEX/6)

**THE ANNOUNCEMENT TEXT PREPARED FOR MERGER BY  
FORMATION OF A NEW COMPANY**

THIS IS THE ANNOUNCEMENT OF MERGING.....  
INC. AND .....INC.

FOR THIS MERGER PROCEDURE AN APPROVAL IS GIVEN BY THE  
RESOLUTION OF THE CAPITAL MARKETS BOARD DATED  
..... NO ..... BEFORE THE  
SHAREHOLDERS MEETINGS' OF THE PARTNERSHIPS. BUT THIS  
DOES NOT SIGNIFY THAT THE MERGER IS OFFICIALLY GUARANTEED  
BY THE BOARD OR GOVERNMENT.

AFTER THE APPROVAL OF THE MERGER CONTRACT IN THE  
SHAREHOLDERS MEETING THE TRADE NAME IS PLANNED AS  
..... INC. WILL APPLY TO THE BOARD FOR THE  
REGISTRATION OF THE SHARES OF THE NEW PARTNERSHIP

THE PARTNERS HAS THE RIGHT TO JOIN THE SHAREHOLDERS  
MEETING MEETINGS AND VOTE WITH REFERANCE TO THE TURKISH  
COMMERCIAL CODE.

A- THE VIEWS OF OTHER PUBLIC ENTERPRISES CONCERNING THE  
MERGER PROCEDURE

1. THE VIEW OF RIVALRY INSTUTION
2. THE VIEWS OF OTHER PUBLIC  
INSTUTIONS

**B. INFORMATION ABOUT PARTNERSHIPS**

**I. ACKNOWLEDGE INFORMATION**

**a- ..... INC.**

1.	Trade Name	:	
2.	Head and Branch Addresses	:	
3.	Registration date, Trade Registry Number, Trade Registration Office	:	
4.	Duration	:	
5.	Line of Activity	:	

**b- ..... INC.**

1.	Trade Name	:	
2.	Head and Branch Addresses	:	
3.	Registration date, Trade Registry Number, Trade Registration Office	:	
4.	Duration	:	
5.	Line of Activity	:	

**III. INFORMATION ABOUT EXISTING CAPITAL AND SHARES**

**a- ..... INC.**

1.	Paid Capital	:	
2.	The distribution of the paid capital among the partnerships in final situation		
	The Partner's	Share of Capital	
	Trade Name / Name &Surname	Amount (TL)	Ratio (%)
	TOTAL		100.000

3.	Real and legal personalities who own capital indirectly:		
	Trade Name/ Name &Surname	Share of Capital	
		Amount (TL)	Ratio (%)

4. Whether the concessions which are kept for the shares presenting the capital and the existing shares will continue in the new partnership or not (In regard with the common share types and kinds of concession separately):

5. A statement about bonus shares as well debentures and alike debt instruments if any, among the shares representing the capital :

**b- ..... INC.**

1.	Paid Capital	:	
2.	The distribution of the paid capital among the partnerships in final situation		
	The Partner's	Share of Capital	

Trade Name/ / Name & Surname		
	Amount(TL)	Ratio (%)
TOTAL		100.000

3.	Real and legal personalities who own capital indirectly:	
Trade Name/ / Name & Surname	Share of Capital	
	Amount(TL)	Ratio (%)

4. Whether the concessions which are kept for the shares presenting the capital and these concessions will continue in the newly founded company or not (In regard with the common share types and kinds of concession separately):

5. A statement about bonus shares as well debentures and alike debt instruments if any, among the shares representing the capital :

### III. INFORMATION ABOUT MERGER BY ACQUISITION

- a) Main Reason of Merger:
  
- b) The Summary of Expert Report:  
The exchange and merger ratios which will be calculated according to;
  - 1. Equity Method regarding the historical costs
  - 2. The other method chosen
  
- c) The Summary of Expert Foundation Report Concerning the Merger:  
The exchange and merger ratios which will be calculated according to;
  - 1. Equity Method regarding the dated costs
  - 2. The other possible ways (at least two)
  - 3. The view regarding whether the merger ratio is fair and reasonable or not.
  
- d) The Merger is realized according to:
  - 1. The Method,
  - 2. Merger Ratio,
  - 3. Exchange Ratio,
  - Which the merger procedure is based on
  - 4. The reason of choosing .....Method

### IV. FINANCIAL STATEMENTS

a) The last annual financial statements, .... dated financial statements the merger is based on, last interim financial statements (if exists) and audit report's view pages are given at (ANNEX/1).

b) The proforma opening balance sheet after merging

**V. INFORMATION ABOUT THE ADMINISTRATION OF COMPANIES**

**a- Information about the ..... Inc. Board of Directors**

Board of Directors Members	
Name and Surname	Duty

**b- Information about the ..... Inc. Board of Directors**

Board of Directors Members	
Name and Surname	Duty

**VI. OTHER MATTERS**

**A) Matters concerning Credits (\*):**

a) The statement regarding the payment of credits or assurance of them (explanation of objections if exists)

b) Not to pay or assure credits before the merger:  
In this case the procedure of TCC no: 451 is carried out. The subject provision clause is below:

(\*)Paragraph (a) will take place in the announcement text if the credits are assured before the merger, in reverse paragraph (b) will be displayed.

*"Below provisions are carried out if a corporation is merged by acquisition of another corporation with its all assets and liabilities:*

- 1. The administrative council of the acquiring company invites the creditors according to the liquidation provisions of the dissolved company;*
- 2. The commodities of being acquired company are directed separately by the acquired company until the credits are paid or supplied;*

3. *The administrative council members of the acquiring company are personally and jointly responsible for directing the commodities of the dissolute company separately to the creditors.*
4. *The authorization of the authorized court is valid among the cases which will be against the dissolute company while the commodities are directed separately;*
5. *In relations between the creditors of the acquiring company and the dissolute company; the commodities which are directed separately stays as the owning of dissolute company so that in collapse of the acquiring company these goods figure another desk in order to pay especially the debts of the dissolute company;*
6. *The commodities of both companies can only be united in case the supplies of the dissolute company is permitted to distribute over the shareholders;*
7. *Dissolution of the company is registered by the trade register. After the credits are paid or supplied the registration on dissolution is erased from the trade register and arbitrariness is announced;*
8. *After the registration of dissolution the shares which will be given to the shareholders of dissolute company in return are delivered to them according to the provisions of merger contract.”*

#### **B) Balance Sheet and the Objection Right of Creditors**

*TCC Article no:149 has the provision; “It is obligatory for each of the merging companies to announce their balance sheets according to a sample which will be determined between the sides and the companies which end their activities because of merger should also announce the declaration concerning the payment procedure of their debts in addition with the balance sheet.”*

*TCC article no: 150 has the provision; “The merger decision is effective after three months following the announcement day. But if the companies which are merged before the announcement day of merging decision execute their debts, transfer it to the Central Bank of Turkey or another valid bank or else the creditors approve the merger then the merger decision is efficient after the day of announcement.*

*It is obligatory to announce the arbitrariness of the transfer to the bank.*

*Each of the creditors may apply to the authorized court to make objection about the merger in three months after the announcement. The merger is not efficient until the right to object is given up or the final sentence is given*

concerning the rejection of objection or else the warranty decided by the court is not given by the company.”

**C) The Notification of Shareholders**

The merging contract, last three annual accounts of the merging partnership sides, independent inspection reports and activity reports if exists, independent inspection reports which bases the accounts to merging, expert report, expert foundation report, the Board of Directors Report displaying the economical and legal reasons of merger announcement text, the last three months’ interim account between the date of account which bases the merging and the date of General Assembly meeting which the merging contract will be accepted, the approximate accounts which display the next three annual goals dating from the acquisition or merging, the approximate opening balance sheet after the merging should be open to inspection of shareholder in the centre offices and the branches of the side partnerships at least thirty days before the General Assembly meeting in which the merging contract will be accepted. Moreover the partners are free to require copies of the subject documents and the expenses are unconditionally afforded by the partnership.

**VIII. MERGER CONTRACT**

Placed in (ANNEX/2)

**THE PERSONS WHO ARE RESPONSIBLE FROM THE ANNOUNCEMENT TEXT**

We, surrounding our authorization and responsibilities within our duty declare that the information and data in this announcement text totally reflect realities and it does not imply any lack of knowledge which will change the context.

..... Incorporation  
Authorized Signatures  
Name Surname Name Surname Name Surname  
Signature Signature  
Signature

The Expert Institution which Prepares the Report Concerning the Merger  
..... Incorporation  
Authorized Signatures  
Name SurnameName SurnameName SurnameName Surname  
Signature Signature Signature  
Signature

We agree the information about financial situation and activity reports of  
..... Incorporation (Dissolute partnership) which is displayed

in this announcement text and inspected by us is convenient to the inspection report(s) arranged by us.

Independent Audit Firm  
\_\_\_\_\_  
Authorized Signature  
Name Surname  
Signature

We agree the information about financial situation and activity reports of ..... Incorporation (Dissolute partnership) which is displayed in this announcement text and inspected by us is convenient to the inspection report(s) arranged by us.

Independent Expert Institution  
\_\_\_\_\_  
Authorized Signature  
Name Surname  
Signature

**THE DOCUMENTS REQUIRED FOR REGISTRATION WITH THE BOARD  
AFTER MERGING**

1. Copies of Shareholder Meeting minutes and attendance list of the merging companies,
2. A notary approved copy of the merger contract which is approved by both of the Shareholders Meeting Assemblies,
3. The written permission acquired from The Ministry of Industry and Trade only for companies which has accepted the main capital system,
4. A specimen copy of the common share,
5. The announcement concerning the distribution of common shares,
6. The Board of Directors' resolution concerning the capital increase or the capital increase is concluded according to the procedure (\*),
7. The CPA report concerning the procedure of capital increase is concluded according to the procedure (\* \*),
8. Other information and document which may be required by the Board.

(\*) For companies that accepted registered capital system; if the capital increase is not a resolution of the shareholders meeting assembly; then the BOD will adopt the resolution.

(\* \*) Required for the companies which have accepted the registered capital system.

(ANNEX/8-A)

**THE ANNOUNCEMENT CONCERNING THE DISTRIBUTION OF  
PREPARED COMMON SHARES IN MERGER BY THE ACQUISITION OF  
A COMPANY**

FROM THE BOARD OF DIRECTORS OF  
..... (ACQUIRING COMPANY) INC.

THIS IS THE ANNOUNCEMENT CONCERNING THE DISTRIBUTION OF  
.... SERIES COMMON SHARES TO THE SHAREHOLDERS OF .... INC.  
EXCEPT .....INC. REPRESENTING THE ... TL CAPITAL IN THE  
INCREASE OF CAPITAL WHICH EMERGES FROM THE MERGING OF ....  
INC. AND .... INC. BY ACQUISITION IN ACCORDANCE WITH THE  
COMMUNIQUE OF THE CAPITAL MARKETS BOARD SERIAL... NO...

THIS CAPITAL INCREASE IS REGISTERED IN DATE ... NO... BY THE  
CAPITAL MARKETS BOARD. BUT THIS REGISTRATION DOES NOT  
SIGNIFY THAT OUR PARTNERSHIP AND OUR SHARES ARE  
GUERENTEED BY THE BOARD OR GOVERNMENT.

**THE APPLICATION FORM**

... (acquiring) INC. shareholders has a right to take ...TL nominal valued  
shares in return to the 1.000 TL nominal valued share of the ..... Inc. except  
the shareholders of ... INC.

If fractional shares left after the exchange of shares, receipts representing  
these fractions will be given to the shareholders. The distribution will occur  
between the dates ..... at the following centres.

**THE APPLICATION POINTS**

The addresses of share distribution:

1. The head office of the company: Address, phone, fax
2. ...
3. ...

(ANNEX/8-A)

THE ANNOUNCEMENT CONCERNING THE DISTRIBUTION OF  
PREPARED COMMON SHARES IN MERGER BY THE FORMATION OF A  
COMPANY

FROM THE BOARD OF DIRECTORS OF  
..... (NEWLY FOUNDED COMPANY) INC.

THIS IS THE ANNOUNCEMENT CONCERNING THE DISTRIBUTION OF  
.... SERIES COMMON SHARES TO THE SHAREHOLDERS OF .... INC.  
..... (NEWLY FOUNDED) INC. REPRESENTING THE ... TL CAPITAL IN  
THE INCREASE OF CAPITAL WHICH EMERGES FROM THE MERGING  
OF .... (NEWLY FOUNDED)INC. BY FORMATION OF A NEW COMPANY  
IN ACCORDANCE WITH THE COMMUNIQUE OF THE CAPITAL  
MARKETS BOARD SERIAL... NO:...

THE COMMON SHARES REPRESENTING THE CAPITAL OF ... (NEWLY  
FOUNDED) INC. IS REGISTERED IN DATE ... NO... BY THE CAPITAL  
MARKETS BOARD. BUT THIS REGISTRATION DOES NOT SIGNIFY  
THAT OUR PARTNERSHIP AND OUR SHARES ARE GUERENTEED BY  
THE BOARD OR GOVERNMENT.

THE APPLICATION FORM

... (newly founded) INC. has a right to take ...TL nominal valued shares in  
return to the 1.000 TL nominal valued share of the ..... Inc.

... (newly founded) INC. has a right to take ...TL nominal valued shares in  
return to the 1.000 nominal valued share of the ..... Inc.

If shares left after the exchange of shares, receipts representing these  
fractions will be given to the shareholders. The distribution will occur  
between the dates ..... at the following centres.

THE APPLICATION POINTS

The addresses of share distribution:

4. The head office of the company: Address, phone, fax
5. ...
6. ...

(ANNEX/9)

NUMERIC SAMPLE CONCERNING THE CAPITAL INCREASE AMOUNT  
DUE TO MERGER BY ACQUISITION

Company B while owning the 40% capital of company A, will be acquired by A. The capital increase amount after merging is calculated as follows.

In calculation:

**1. The capital stocks and capitals of each partnership including participants:**

	<b>Acquiring Company(a)</b>		<b>Being Acquired Company (B)</b>
Capital	250.000.000	Capital	350.000.000
Revaluation Fund	25.000.000	Revaluation Fund	20.000.000
Reserves	50.000.000	Reserves	1.000.000
Profit	100.000.000	Profit	75.000.000
<b>TOTAL CAPITAL STOCKS</b>	<b>425.000.000</b>	<b>TOTAL CAPITAL STOCKS</b>	<b>446.000.000</b>
The capital which covers the shares of B (-)	100.000.000		
The Revaluation Fund which covers the shares of B (-)	10.000.000	The Revaluation Fund transmitted from A (+)	10.000.000
The reserves which covers the shares of B (-)	20.000.000	Reserves transmitted from A (+)	20.000.000
The profit which covers the shares of B	40.000.000	The profit transmitted from A (+)	40.000.000
Other Capital Stock Elements which covers the shares of B	0	The Other Capital Stock Elements transmitted from A (+)	0
<b>The Capital Stock Total which covers the shares of B</b>	<b>170.000.000</b>	<b>The Capital Stock Total transmitted from A (+)</b>	<b>70.000.000</b>
<b>The netted Capital Stock</b>	<b>255.000.000</b>	<b>The netted Capital Stock</b>	<b>516.000.000</b>

The Netted Capital	(*)150.000.000	The Netted Capital	350.000.000
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(\*) 250.000.000\*60%=150.000.000

Companies	The Capital Stock Value	The Capital Stock Including Participants	The Ratio which will be Reached After Acquisition (%)	Capital	Capital Including Participants
Acquiring Partnership (A)	425.000.000	255.000.000	33,07	250.000.000	150.000.000
Being Acquired Partnership (B)	446.000.000	516.000.000	66,93	350.000.000	350.000.000
<b>TOTAL</b>	871.000.000	771.000.000	100.00		

2. Merging ratio which will be found by dividing the subsidiaries included capital stock of company A which is the acquiring company to the total of subsidiaries included capital shares of acquiring company A and being acquired company B:

$$\begin{aligned} \text{Merging Ratio} &= \frac{255.000.000}{255.000.000 + 516.000.000} \\ &= 0,3307\% \end{aligned}$$

3. The capital after merging is computed by dividing the subsidiaries included capital stock of company A to the merging ratio:

$$\begin{aligned} \text{Capital after Merging} &= \frac{150.000.000}{0,3307} \\ &= 453.583.308 \end{aligned}$$

4. The amount of capital is computed increase by subtracting the capital of company A from the capital after merging:

**The Capital Increase Amount of  
Acquiring Company A** =  $453.583.308 - 250.000.000$   
=  $203.583.308$

**5. The exchange rate is computed by dividing capital increase amount to the capital of partnership B:**

**Exchange Rate:**

Company B =  $203.583.308 / 350.000.000 = 0.582$  (After the acquisition 0.582 units of common shares from company A will be given to the shareholders of company B in return to their one share.)

**6. The shares of A and B in the capital after merging by multiplying the capital reached after merging with the ratio of capital which will be reached after merging:**

**The shares of A and B in the capital reached after merging:**

Company A =  $453.583.308 * 33,7\% = 150.000.000$

Company B =  $453.583.308 * 66,93\% = 303.583.308$

**is found.**

(ANNEX/10)

NUMERIC SAMPLE CONCERNING THE DISTRIBUTION OF THE  
CAPITAL DUE TO MERGER BY FORMATION OF A NEW COMPANY

A and B will form a new company by merging. Company A owns 50% of company B. The capital increase amount after merging is calculated as follows.

In calculation:

**1. The capital stocks and capitals of each partnership including subsidiaries:**

	<b>Joining Partnership (A)</b>		<b>Joining Partnership (B)</b>	<b>Joining Partnership (C)</b>
Capital	1.761.050	Capital	530.000	200.000
Revaluation Fund	5.787.500	Revaluation Fund	270.000	800.000
Reserves	2.210.425	Reserves	300.000	350.000
Profit	6.663.576	Profit	2.000.000	(-)320.000
<b>TOTAL CAPITAL STOCKS</b>	<b>16.422.551</b>	<b>TOTAL CAPITAL STOCKS</b>	<b>3.100.000</b>	<b>1.030.000</b>
		The capital which covers the shares of A (-)	265.000	
The Revaluation Fund transmitted from B (+)	135.000	The Revaluation Fund which covers the shares of A (-)	135.000	
Reserves transmitted from B (+)	150.000	The reserves which covers the shares of A (-)	150.000	

The profit transmitted from B (+)	1.000.000	The profit which covers the shares of A	1.000.000	
The Other Capital Stock Elements transmitted from B (+)	0	Other Capital Stock Elements which covers the shares of A (-)	0	
<b>The Capital Stock Total transmitted from B (+)</b>	<b>1.285.000</b>	<b>The Capital Stock Total which covers the shares of A (-)</b>	<b>1.550.000</b>	
<b>The netted Capital Stock</b>	<b>17.707.551</b>	<b>The netted Capital Stock</b>	<b>1.550.000</b>	
<b>The Netted Capital</b>	<b>1.761.050</b>	<b>The Netted Capital</b>	<b>265.000</b>	<b>200.000</b>

Companies	The Capital Stock Value	The Capital Stock Including Participants	The Ratio which will be Reached After Acquisition (%)	Capital	Capital Including Participants
<b>Joining Company (A)</b>	16.422.551	17.707.551	87,28	1.761.050	1.761.050
<b>Joining Company (B)</b>	3.100.000	1.550.000	7,64	530.000	265.000
<b>Joining Company (C)</b>	1.030.000	1.030.000	5,08	200.000	200.000

TOTAL	20.552.551	20.287.551	100.00		
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**2. Merging ratio which will be found by dividing each joining companies included capital stock to the total of subsidiaries included capital shares of joining companies A, B and C:**

$$\frac{\text{Merging Ratio A}}{1.030.000} = \frac{17.707.551}{17.707.551 + 1.550.000 + 1.030.000} = 87,28 \%$$

$$\frac{\text{Merging Ratio B}}{1.030.000} = \frac{1.550.000}{17.707.551 + 1.550.000 + 1.030.000} = 7,64 \%$$

$$\frac{\text{Merging Ratio C}}{1.30.000} = \frac{1.030.000}{17.707.551 + 1.550.000 + 1.30.000} = 5,08 \%$$

**3. The capital after merging is computed by summing the capitals of joining companies:**

$$\text{Capital after Merging} = 1.761.050 + 530.000 + 200.000 = 2.491.050$$

**4. The share of each company after merging is calculated by multiplying the capital after merging with the merging ratios:**

$$\text{Company A} = 2.491.050 \times 0,8728 = 2.174.189$$

$$\text{Company B} = 2.491.050 \times 0,0764 = 190.316$$

**Company A** =  $2.491.050 \times 0,0508$  = 126.545

**5. The exchange rate is calculated by dividing the shares which the companies will have in the new company capital to their subsidiaries included capitals:**

**Exchange Rate:**

Company A =  $2.174.189/1.761.050=1.235$  (After the acquisition 1.235 units of common shares from company A will be given to the shareholders of company A in return to their one shares.)

Company B =  $190.316/265.000=0.718$  (After the acquisition 0.718 units of common shares from company B will be given to the shareholders of company B in return to their one shares.)

Company C =  $126.545/200.000=0.633$  (After the acquisition 0.633 units of common shares from company C will be given to the shareholders of company C in return to their one shares.)