

## Additional Explanation

June 29, 2020

*Our explanations in this section stand for general information for the merger ("**Merger Transaction**"), in which Türkiye Şişe ve Cam Fabrikaları A.Ş. ("**Şişecam**") will acquire Anadolu Cam Sanayii A.Ş. ("**Anadolu Cam**"), Denizli Cam Sanayii ve Ticaret A.Ş. ("**Denizli Cam**"), Paşabahçe Cam Sanayii ve Ticaret A.Ş. ("**Paşabahçe**"), Soda Sanayii A.Ş. ("**Soda Sanayii**") and Trakya Cam Sanayii A.Ş. ("**Trakya Cam**"), and aims to help in the understanding and evaluation of inquired matter.*

*Our explanations are based on the information given in the question asked and, in particular, the Capital Market Law No. 6362, the Turkish Commercial Code No. 6102, and the Communiqué on Significant Transactions and the Retirement Right No. II.23.3 ('**Communiqué on Significant Transactions and the Retirement Right**') of the Capital Markets Board ('**CMB**'). In addition, pursuant to the Provisional Article 1 of the Communiqué on Significant Transactions and the Retirement Right, published in the Official Gazette of June 27, 2020, it is determined that the abolished Communiqué on Common Principles regarding Significant Transactions and the Retirement Right No. II-23.1 ('**Former Communiqué on Significant Transactions**') will apply (with some exceptions) to the transactions publicly disclosed before the aforementioned Communiqué enters into force; therefore, the provisions of the Former Communiqué on Significant Transactions will continue to apply to the Merger Transaction. Taking into consideration that our explanations in this text are provided to give preliminary information on the inquiries, none of our responses below are comprehensive, complete, definitive or exhaustive, and there may be additional considerations to be raised upon receipt of further information. Information provided within the text is not legally binding and does not constitute any suggestion or evaluation of the probable commercial or technical outcomes of a specific transaction or arrangement. Therefore, the information provided does not contain any recommendation and does not constitute a legal opinion.*

*Şişecam is not liable for the explanations provided in this text. Şişecam cannot be held liable for the practices and differences of opinion to arise due to the changes in the legal regulations that are not in force and/or that cannot be predicted as of the date of the related explanations. No claims can be made against Şişecam due to any transaction to be carried out based on the information and explanations in this text. Before taking action in any regard, the related parties are recommended to obtain professional help and legal opinion from the experts in this matter.*

### **1. Which rules will apply to the Merger Transaction pursuant to the Communiqué on Significant Transactions and the Retirement Right?**

***Pursuant to the Provisional Article 1 of the Communiqué on Significant Transactions and the Retirement Right, which entered into force on 27 June 2020 in the Official Gazette, provisions of the Former Communiqué on Significant Transactions will apply to significant transactions publicly disclosed before the Communiqué enters into force (and, thus, to the Merger Transaction) except for the***

**shareholders who are entitled to exercise the retirement rights and offering of the shares subject to the retirement rights to other shareholders or investors.**

Provisional Article 1 of the Communiqué on Significant Transactions and the Retirement Right is as follows:

**'Disclosed significant transactions**

**PROVISIONAL ARTICLE 1 - (1)** Significant transactions publicly disclosed before the date of entry into force of this Communiqué are concluded pursuant to the provisions of the Communiqué abolished by Article 20 of this Communiqué. However, the determination of the shareholders who have retirement right in publicly traded companies and the quantity of their share is based on:

a) 25.02.2020, for significant transactions publicly disclosed before 25.02.2020, when the Law No. 7222 of February 20, 2020, on Amendments to Banking Law as well as Certain Other Laws, which amended Article 24 of the Law, was published in the Official Gazette,

b) the date of public disclosure of the significant transactions publicly disclosed between 25.02.2020, and the effective date of this Communiqué.

- While determining the share ownership based on the aforementioned dates, matched orders are taken into consideration, regardless of the completion of the exchange.

(2) In relation to the significant transactions specified in paragraph 1, a Board of Directors resolution may be taken in order for the offering of the shares subject to retirement rights to other shareholders or investors prior to their acquisition by the corporation in accordance with this Communiqué.'

Pursuant to the provisions of this article, the provisions of the Former Communiqué on Significant Transactions will apply to the Merger Transaction, since the Merger Transaction was publicly disclosed on 30 January 2020, *i.e.*, before the Law No. 7222 entered into force on 25 February 2020 (see the question 2 below). However, the provisions of the Communiqué on Significant Transactions and the Retirement Right will apply to the determination of the shareholders who will have the retirement rights and *the quantity of* their shares and offer of the retirement rights to other shareholders or investors in accordance with the Provisional Article 1.

Consequently, the significance of transaction, exceptions granted, the exercise price of retirement rights, deadlines and other principles regarding the exercise of retirement rights will be determined in accordance with the provisions of the Former Communiqué on Significant Transactions.

**2. What is the public disclosure date of the Merger Transaction?**

**Pursuant to Article 11(2) of the Communiqué on Significant the Transactions and the Retirement Right and Articles 10(1) and 10(3) of the Former Communiqué on Significant Transactions, the date on which the Merger Transaction was publicly disclosed is 30 January 2020 when the relevant boards of directors decided on initiating the Merger Transaction and publicly disclosed this decision through the Public Disclosure Platform ('PDP').**

Pursuant to Article 11(2) of the Communiqué on Significant Transactions and Retirement Right, 'The basis is the date of public disclosure of the board of directors decision taken pursuant to Article 8 or the date when any public disclosure was made by the company or company officials in relation with the significant

transaction before the public disclosure of the board of directors decision.' Article 10(1) of the Former Communiqué on Significant Transactions defines the date of public disclosure as 'the date when the transaction was first publicly disclosed...'. As can be seen, according to both communiqués, the date when the Merger Transaction was first publicly disclosed is fixed as January 30, 2020, when all the boards of directors made the relevant disclosures via PDP. This is also in consistent with the precedents of the CMB.

### **3. What is the exercise price of retirement rights and how is it calculated?**

***The provisions of the Former Communiqué on Significant Transactions will apply to the calculation of the exercise price of retirement rights in relation to the Merger Transaction. Consequently, the exercise price of retirement right is the arithmetic average of the adjusted weighted average prices formed in the stock exchange within thirty days starting from the date when the related significant transaction has been disclosed to the public (the disclosure date excluded). This price is fixed in accordance with the legislation and Şişecam or other parties to the transaction do not have any right of disposition in fixing this price. According to this calculation method, the exercise price of retirement rights of parties to the Merger Transaction (after the dividend payment) is presented below.***

<b>Corporation</b>	<b>Exercise Price of Retirement Rights</b>	<b>Net Exercise Price of Retirement Rights After the Dividend Payment</b>
Şişecam	5.27	5.126
Trakya Cam	3.47	3.370
Anadolu Cam	4.46	4.322
Paşabahçe	0.000	0.000
Denizli Cam	8.85	8.852
Soda Sanayii	6.39	6.144

Since the disclosure on the Merger Transaction was made after the closing of Borsa Istanbul session on January 30, 2020, the calculation was made including this date.

### **4. If all the provisions of the Communiqué on Significant Transactions and the Retirement Right were to be applicable with regards to the merger transaction, which essential changes would have taken place?**

***As stated above, apart from determining shareholders to have the right to exercise retirement rights along with their share quantities and also the offer of the shares subject to retirement rights to other shareholders or investors; provisions of the Former Communiqué on Significant Transactions shall be exercised for the Merger Transaction. If all provisions of the Communiqué on Significant Transactions and the Retirement Right were to be exercised through transitional provisions, the changes specified hereunder would have taken place.***

First of all, as the capital of Şişecam which is to be increased as a result of the Merger Transaction is 50% less than its current capital, the Merger Transaction would not have been deemed as a significant transaction with regards to Şişecam in accordance with Articles 5(1)(b)(2) of the *Communiqué on Significant Transactions and the Retirement Right*, and Şişecam shareholders would not be exercising their retirement rights.

Secondly, as the exercise price of retirement rights for the publicly traded companies listed in the BIST Star would be calculated based on the weighted and adjusted stock exchange price of 30 days prior to the date when the transaction was disclosed to the public in accordance with Article 14 of the Communiqué on Significant Transactions and the Retirement Right, there would have been no change in the exercise price of retirement rights for Anadolu Cam, Trakya Cam, and Soda Sanayii. As Denizli Cam is not included in the BIST Star, its exercise price of retirement rights would be determined as the 6-monthly weighted and adjusted stock exchange price and the price would go down to TRY 7.68 from TRY 8.85.

Lastly, the exercise period of retirement rights has been reduced to 10 workdays from 20 workdays according to the provisions of the Communiqué on Significant Transactions and the Retirement Right. Article 15 of the Communiqué on Significant Transactions and the Retirement Right has listed specific cases when retirement rights do not arise despite a significant transaction. Such regulation does not exist in the Former Communiqué on Significant Transactions. Nevertheless, as none of the listed cases can find a field of application which is specific to this Merger Transaction, Article 15 of the Communiqué on Significant Transactions and the Retirement Right would not be exercised anyway. Similarly, as the terms of exemption given under Article 16 of the Communiqué on Significant Transactions and the Retirement Right do not exist for this Merger Transaction, no request for an exemption could be submitted for the transaction.

As can be seen, the application of the Former Communiqué on Significant Transactions on the Merger Transaction would not have had any adverse effect on the shareholders who exercised their retirement rights. Moreover, it has positive impacts such as granting retirement rights to Şişecam shareholders and giving a 15% higher exercise price of retirement rights for Denizli Cam shareholders.

##### **5. Which shareholders will be granted with retirement right and under which conditions?**

***In accordance with Provisional Article 1 of the Communiqué on Significant Transactions and the Retirement Right; while determining the shareholders to have retirement rights, February 25, 2020, which is the publication date of the Law numbered 7222 in the Official Gazette, shall be taken as the basis for transactions such as the Merger Transaction which were disclosed before the enactment date of the Law numbered 7222. Thus, shareholders who shall be able to exercise their retirement rights for the Merger Transaction are those that hold shares of the publicly listed company on February 25, 2020.***

In accordance with Article 11(2) of the Communiqué on Significant Transactions and the Retirement Right, "Shares that are subject to retirement rights are calculated by deducting the sales (if any) made from the shares that are owned as of the date specified under this paragraph until the date of the general assembly, based on the principle of last in first out and according to net balances at the end-of-day. While determining the share ownerships and quantity of their shares as from the date of disclosure, matched orders are taken into account regardless of whether or not the exchange was completed." However, as Provisional Article 1 of the Communiqué on Significant Transactions and the Retirement Right does not refer to the said Article numbered 11(2), Article 11(2) mentioned above shall not find a field of application in the Merger Transaction. In other words, investors who owned shares on February 25, 2020, will be able to exercise their retirement rights no matter what rights of disposition they have carried out with regards to their shares as from the date of February 25, 2020, until the date of the general assembly when the Merger Transaction will be approved, on condition that the number of shares on the said date is not exceeded. In this framework, shareholders who sold their shares after February 25, 2020, will also be able to exercise their retirement rights by purchasing the same number of shares from the market.

The list of shareholders who may exercise retirement rights and the list of shares subject to retirement rights shall be provided by the Central Registry Agency ("CRA"), one day before the relevant general assembly meeting. The list provided by the CRA shall be taken as a basis. Corporations that are party to the Merger Transaction shall not have a different right of disposition on this subject.

#### **6. Is there any change in the calendar of the Merger Transaction?**

***There is no change in the calendar which was previously disclosed in relation to the Merger Transaction.***

As it is known, in line with the provisions of the Communiqué on Merger and Demerger numbered II-23.2, general assemblies in relation to merger transactions carried out based on end-of-year financial statements need to be completed by the end of the eighth month at the latest. In this framework, it is compulsory for the extraordinary general assembly meetings in relation to the Merger Transaction to be completed by the latest August 31, 2020. It is planned to hold the relevant general assembly meetings spread over a few days, in the week starting on August 24, 2020. The application made to the CMB on April 27, 2020 in order to receive approval for the Announcement Text is being assessed by the CMB under standard procedure. Additional explanations found necessary by the CMB are being included in the Announcement Text. In this framework, changes (if needed) to be made in the Merger Agreement and Merger Report are being prepared.

Another public institution that must grant prior authorization for the realization of the Merger Transaction is the Energy Market Regulatory Authority ("EMRA") and necessary applications to the EMRA have been made. EMRA continues to assess the applications and it is estimated that necessary approvals will be received from the EMRA as soon as possible, without disrupting the calendar.

#### **7. Is there a need to receive permission from the Competition Board?**

***In accordance with Article 5 of the Communiqué No. 2010/4 on Mergers and Acquisitions Subject to the Approval of the Competition Board, the permission of the Competition Board is not needed for mergers and acquisitions that do not create a change in control. As there will be no change in the structure of control in the corporations party to the transaction after the Merger Transaction, there is no need to receive permission from the Competition Board as explained in the draft Announcement Text disclosed via the Public Disclosure Platform on April 27, 2020. Thus, an application will not be made to the Competition Board.***

Anadolu Cam, Denizli Cam, Paşabahçe, Soda Sanayii and Trakya Cam, which are acquired companies party to the Merger Transaction, are controlled by the Acquiring Company Şişecam. Şişecam as the controlling shareholder of these corporations, controls the referred companies solely. Şişecam is controlled by Türkiye İş Bankası A.Ş. ("İş Bankası") as the controlling shareholder. In this framework, the acquired companies that are controlled by Şişecam are *de facto* indirectly controlled by İş Bankası. The acquired companies will start being directly controlled by İş Bankası subsequent to the Merger Transaction, and there will be no change in their control structure. Accordingly, it is not possible to talk about a transaction that would result in "...one or several undertakings, with a view to creating a dominant position or strengthening its/ their dominant position, which would result in a significant lessening of effective competition in a market for goods or services within the entirety or a significant part of the country..." as stated under Article 7 of the Law on the Protection of Competition numbered 4054 ("Competition Law").

Amendments made to the Competition Law on June 16, 2020, through law numbered 7246 also have no impact on the Merger Transaction.

**8. Are the shares subject to exit rights going to be offered to other shareholders or investors?**

***Provisional Article 1 of the Communiqué on Significant Transactions and the Retirement Right provides the opportunity to offer the shares subject to exit rights to other shareholders or investors. Relevant Boards of Directors continue their assessments on the issue. In case a decision in favor is taken, it shall be disclosed to the public in line with related articles of the Communiqué on Significant Transactions and the Retirement Right.***