



November 27, 2012

PRESS RELEASE**KARSAN AND HYUNDAI TAKE A
GIANT STEP FORWARD****Karsan has signed an agreement to produce and supply
the new light commercial vehicle series being
developed by the Hyundai Motor Company (HMC)**

Signed between Karsan and its business partner, the Hyundai Motor Company (HMC), as a continuation of the "Framework Agreement" of June 2011, the new agreement was finalized with the participation of Karsan Board Chairman İnan Kır a  and HMC Executive Vice President Young Hoon Jung at a signature ceremony on Tuesday, November 27, 2012 at the Sait Halim Pasha Waterfront Mansion. The agreement covers the production of a series of light commercial vehicles being developed by HMC that includes panel van, truck and minibus with a maximum weight-carrying capacity of 3-6 tons (Gross Vehicle Weight). With production to start at the end of 2014, over 200 thousand of the new model vehicles will be manufactured during the first 7 years. As part of the agreement, in addition to the domestic market Karsan will function as the exclusive producer of this new product line in Europe, North Africa, the Middle East and the nations of the Caucasus in the Commonwealth of Independent States (CIS).

Emphasizing at the signing ceremony that Karsan is a well-established company with a history of 46 years behind it, Karsan Board Chairman İnan Kır a  continued to say that the company's business partnership with HMC had started in 2007 and that great pride was felt in having come to the point at which the collaboration stands today. Kır a  pointed out that with this project, Turkey's position in Europe in the light commercial vehicle market was being further reinforced and that thanks to Karsan's proven production quality, there was no doubt that the new HMC light commercial vehicle series would be a success.

Speaking at the ceremony, HMC Executive Vice President Young Hoon Jung expressed his pleasure over the collaboration with Karsan, also pointing out his belief that this project would add significant momentum to the partnership. Stressing that HMC was the world's fourth biggest automobile manufacturer, Jung said that the success that Hyundai had captured on a global scale in automobile manufacturing was now being repeated in the area of commercial vehicles. Jung added, "Our goal is to capture the same success we

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experienced in Europe with the automobile, this time becoming an important player in the light commercial vehicle market. As part of this project, the local market research we have carried out for our target markets has allowed us to determine market needs and expectations and so we have based our product line development activities on the results of this research. If we add the success of Turkey's automotive industry and Karsan's quality production to the valuable work we've accomplished, we can say that we are moving forward to become an ambitious player in European markets. Karsan today is one of Turkey's most prominent automobile manufacturers. HMC will be marketing this new product line in the European, Middle East and African markets using Karsan's contemporary production technology and methods. This project, for which we are signing a finalized agreement today with Karsan, is of vital importance in the realization of our growth strategy."

The parties had signed a Memorandum of Understanding (MoU) on January 28, 2011, after which a "Framework Agreement" was signed on June 28, 2011 by HMC Vice Chairman Han-Young Choi and Karsan Managing Director Jan Nahum. Within the scope of this agreement, Karsan would be producing a series of light commercial vehicles developed by HMC that includes panel van, light truck and minibus with a maximum weight-carrying capacity of 3-6 tons (GVW), making the company the exclusive manufacturer of the series in Europe and regional markets as well as exclusive distributor for Turkey.

About the Karsan - Hyundai Motor Company collaboration:

- **2007** – The parties signed an exclusive production and distribution agreement in March for the Hyundai Truck HD35 and HD75 models. Production began in August 2007.
- **2009** – The domestic marketing, sales and after-sales services for the Hyundai HD Series began to be carried out by Karsan Marketing as of February.

The exclusive production and distributorship agreement signed between the parties was extended in September to December 31, 2014. In the widened scope of the agreement, accord was reached in the matters of gradually expanding Completely Knocked Down (CKD) production, increasing the localization rate, and Karsan's exporting the vehicles to Europe and countries of the region.

- **2010** – In October, a Letter of Intent (LOI) was signed for the purpose of expanding the scope of the current exclusive production and distributorship agreement.
- **2011** – In January a MoU was signed for the production of the new light commercial vehicle series, followed in June with the signing of the "Framework Agreement."

**Karsan in Brief**

Established in 1966, Karsan Otomotiv Sanayii ve Ticaret A.Ş. was a part of the Koç Group of Companies over the period 1979-1998. When in 1998, İnan Kır a  acquired the majority shareholding, the company became part of Kır a  Holding. Karsan started producing commercial vehicles in 1981, working with 100% local capital. Manufacturing Renault Trucks Premium and Lander models, the Peugeot Partner, Citro en Berlingo, the Karsan J Series, the Hyundai Truck HD Series and BredaMenarinibus brand bus models, as of 2002, Karsan became the only company in the Turkish automotive industry to adopt a multi-brand production approach in a single factory. Additionally, since 2009, the domestic and international marketing, sales and after-sales processes of the Karsan J Series, Hyundai Truck HD Series and BredaMenarinibus buses are being handled by the Karsan Marketing Company. Today, Karsan works with 1214 employees, 48 of whom are in Karsan Marketing (1026 blue collar, 188 white collar). According to the Istanbul Chamber of Industry (ISO) survey of 2011, Karsan jumped 18 rungs over the previous year to 91st place in the rankings of "Turkey's 500 Biggest Industrial Enterprises." Its shares publicly traded on the Istanbul Stock Exchange (ISE), the Company's share in actual trade circulation, as registered in the Central Registry Agency (CRA) is 33.46%.

Hyundai Motor Company in brief;

Hyundai Motor Company founded in 1967, stands as Korea's undisputable leader in the field of automotive production, and among the leading automotive producers of the world. With more than 52.000 employees, the Hyundai Motor Company constituting one of the foundation stones of the Hyundai Group, produces automobiles as well as many different models in the field of light and heavy commercial vehicles. The Ulsan Factory which holds a production capacity of 1.5 million products a year, is the world's largest complex automotive production facility. The heavy commercial vehicle factory Jeonju with an annual capacity of 100.000 and the passenger vehicle producer Assan Factory with an annual capacity of 300.000, have started production in the years 1995 and 1996 respectively. Hyundai which has acquired Kia in 1998, currently holds more than 70 % of the Korean automotive market. Hyundai has in 1976 exported its first model "Pony" which it produced in 1974, and has produced its 10 millionth vehicle 29 years after its establishment and exported it in 2004. The company which has succeeded being the first in many fields has within this framework produced Korea's first sports car Scoupe (1990), a vehicle prototype operating with hydrogen, a vehicle prototype with low emission, an ultra light aluminum vehicle, as well as Hybrid vehicles. In addition to its factories in South Korea, Hyundai Motor Company' has global production centers in Turkey, the United States of America, the Czech Republic, China and India. Hyundai's sales volume has increased by 7% in 2010 and reached 4 million vehicles. In the JD Power's quality survey conducted in 2009, the company has become first in the non-premium automobile class. Hyundai ranks as the world's 4th biggest automotive producer.

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