COMMITTED TO
MAKING A DIFFERENCE

Koç Holding A.Ş.
Annual Report 2009

Contents

Strategic Principles

- Focus on those sectors where we can create a differential competitive advantage
- Grow in sectors where we can leverage our strong brands and technological competence
- Derive maximum benefits from economies of scale by being the market leader or a close second in every business we operate
- Achieve the optimum portfolio diversification, where we can balance out and minimize sector and geography-specific risks

Energy

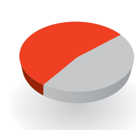
Main Companies

Tüpraş [1]
Aygaz [1]
Opet
Mogaz
Entek
Demir Export

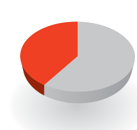
Market Position and Market Share

- Sole refinery (70% of Turkey's fuel demand)
- 8th largest refinery in Europe
- 3rd in fuel distribution (17%)
- 1st in LPG distribution (30%)
- 5th largest LPG distributor in Europe

Share in Consolidated Revenues: 55%



Share in Operating Profit: 39%



Automotive

Main Companies

Ford Otosan [1]
Tofaş [1]
Türk Traktör [1]
Otokar [1]
Otokoç Otomotiv

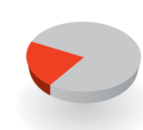
Market Position and Market Share

- 1st in total automotive (31%)
- 1st in passenger cars (17%)
- 1st in commercial vehicles (54%)
- 1st in farm tractors (52%)
- 1st in automotive retailing
- 5th largest manufacturer of farm tractors in Europe

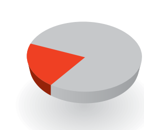
International Alliances

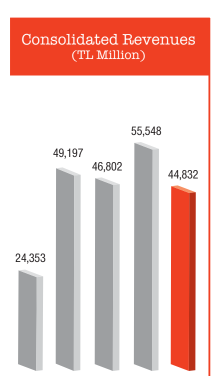
Ford Motor Co.
Fiat Auto S.p.A
Case New Holland

Share in Consolidated Revenues: 13%

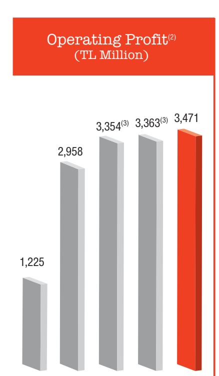


Share in Operating Profit: 12%

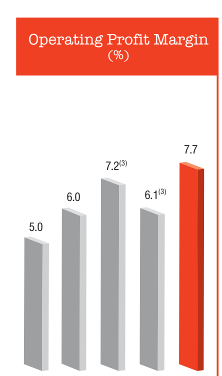




16% average compound revenue growth p.a. in the last four years



30% average compound revenue growth p.a. in the last four years



2.7 points increase in operating margin in the last four years

(1) Listed companies
(2) Pre-2007 figures have been adjusted as per CMB's new reporting format
(3) Excluding one-off capital gains from the sale of subsidiaries

Koç Holding
is Turkey's largest industrial and services group in terms of revenues, exports and number of employees.

Following the average annual growth rate of 23% in U.S. dollar terms over the past seven years, Koç Holding ranks among the 60 largest publicly traded companies in Europe and 200 largest companies in the world.

Koç Holding has leading positions in energy, automotive and finance sectors in Turkey, while holding strong and leading positions both domestically and internationally in consumer durables. It has strong competitive advantages which offer strong long term growth potential.

Main Competitive Advantages

- We stand as a symbol of trust and achievement and our powerful brands command strong recognition
- We have leading positions in sectors with high growth potential and low penetration levels
- We control Turkey's largest distribution network and customer database, facilitating strong CRM capabilities
- We provide the highest quality sales and after-sales service
- We occupy leadership positions in global markets and have long-standing international partnerships

Consumer Durables

Main Companies

Arçelik [1]
Arçelik-LG

Market Position and Market Share

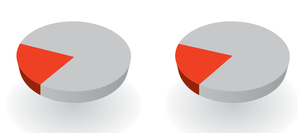
- 1st in refrigerators, washing machines, dishwashers and ovens
- 1st in TVs
- 1st in air conditioners
- 3rd largest household appliances company in Europe
- Turkey's and Europe's largest integrated air-conditioner manufacturer

International Alliances

LG Electronics

Share in Consolidated Revenues: 15%

Share in Operating Profit: 18%



Finance

Main Companies

Koç Finansal Hizmetler
Yapı Kredi Bankası [1]
Yapı Kredi Sigorta [1]
Yapı Kredi Emeklilik
Yapı Kredi Finansal Kiralama [1]
Yapı Kredi Yatırım Menkul Değerler
Yapı Kredi Yatırım Ortaklığı [1]
Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi
UniCredit Menkul Değerler
Koç Tüketici Finansmanı (Koçfinans)

Market Position and Market Share

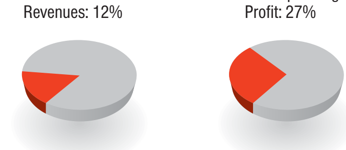
- 4th in banking (private banks asset size)
- 1st in credit cards (21% in issuing volume)
- 1st in insurance (20% in health, total premium production)
- 1st in leasing (16%)
- 1st in factoring (27%)
- 2nd in asset management (18%)
- 3rd in private pension funds (15% in terms of fund size)

International Alliances

UniCredit

Share in Consolidated Revenues: 12%

Share in Operating Profit: 27%



Other

Main Companies

Tat Konserve[1]
Düzey
Koçtaş
Tanı
Setur
Setur Marinaları
Divan Grubu
Koç Sistem
Koç.net
Bilkom
Mares [1]
RMK Marine

Market Position and Market Share

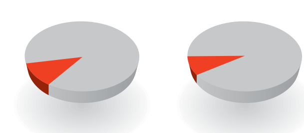
- 1st in DIY retailing
- 1st in tomato products
- Turkey's highest marina capacity

International Alliances

B&Q
Kagome Sumitomo
Kaneka Seeds

Share in Consolidated Revenues: 5%

Share in Operating Profit: 4%



Koç Holding A.Ş. Key Performance Indicators

	2009 [2]	2008 [3]	2009 [2]	2008 [3]	2009	2008	Change (%)		
	(USD million)		(EUR million)		(TL million)		USD	EUR	TL
Revenues	**28,978**	**42,964**	**20,847**	**29,300**	**44,832**	**55,548**	**-33**	**-29**	**-19**
Non-Finance Sectors	25,500	38,428	18,345	26,207	39,450	49,683	-34	-30	-21
Finance Sector	3,479	4,536	2,503	3,093	5,382	5,864	-23	-19	-8
Operating Profit	**2,244**	**3,897**	**1,614**	**2,657**	**3,471**	**5,038**	**-42**	**-39**	**-31**
Non-Finance Sectors	1,627	3,226	1,171	2,200	2,517	4,171	-50	-47	-40
Finance Sector	616	671	443	457	954	867	-8	-3	10
Profit Before Tax From Continuing Operations	**2,042**	**2,383**	**1,469**	**1,625**	**3,159**	**3,081**	**-14**	**-10**	**3**
Net Income	1,707	1,994	1,228	1,360	2,641	2,578	**-14**	**-10**	**2**
Minority Interest	783	429	563	292	1,211	554	83	93	118
Attributable to equity holders of the parent	924	1,565	665	1,067	1,429	2,024	-41	-38	-29
Total Assets	44,090	42,908	30,730	30,311	66,386	64,890	**3**	**1**	**2**
Total Equity	12,474	10,667	8,694	7,535	18,782	16,132	**17**	**15**	**16**
Minority Interest	5,056	4,220	3,524	2,981	7,612	6,382	20	18	19
Shareholders' Equity	7,418	6,447	5,171	4,554	11,170	9,749	15	14	15

(1) Listed companies.

(2) Convenience translation with 2009 average exchange rates (TL 1.5471 = USD 1 and TL 2.1505 = EUR 1) for income statement items (including net income) and 2009 year-end exchange rates (TL 1.5057 = USD 1 and TL 2.1603 = EUR 1) for balance sheet items.

(3) Convenience translation with 2008 average exchange rates (TL 1.2929 = USD 1 and TL 1.8958 = EUR 1) for income statement items (including net income) and 2008 year-end exchange rates (TL 1.5123 = USD 1 and TL 2.1408 = EUR 1) for balance sheet items.

Koç Holding: Over 80 Years of Building

Koç Holding is Turkey's largest industrial and services group in terms of revenues, exports and number of employees. Following the average annual growth rate of 23% in U.S. dollar terms over the past 7 years, Koç Holding ranks among the 60 largest publicly traded companies in Europe and 200 largest companies in the world. Koç Holding has leading positions in energy, automotive and finance sectors in Turkey, while holding strong and leading positions both domestically and internationally in consumer durables. It has strong competitive advantages which offer strong long term growth potential.

Our main objective is to focus on larger investments with higher returns in our core sectors; augment our leadership positions in our strategic business lines; lead change to increase our sustainability, efficiency and profitability; use our technological competence to increase our competitive edge; export our brands to the global league with a vision to be among the most powerful in their respective fields; achieve strong growth in international markets; draw upon early warning signals and our unmatched customer database to proactively manage risks while making the best use of potential opportunities.

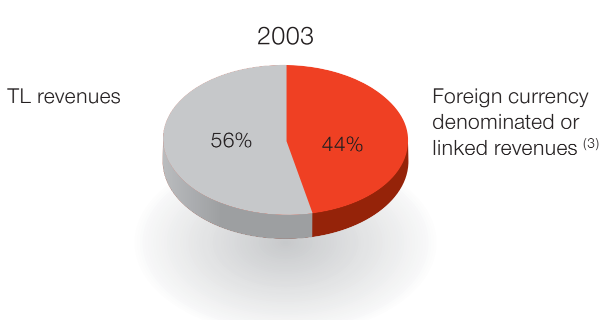
Koç Holding Making a Difference

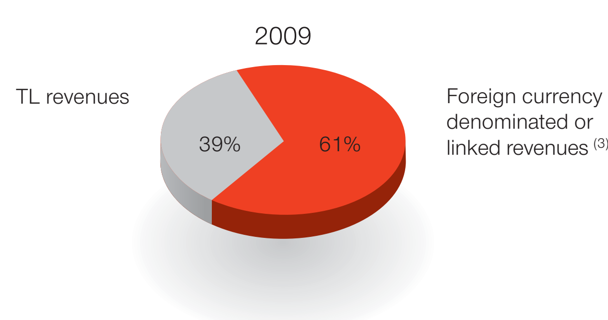
- The only Turkish company in “Fortune Global 500” list, rising to 172^{nd} place in the 2008 rankings
- Europe's 56^{th} largest public company according to Handelsblatt 2008 rankings
- Combined revenues corresponding to 7% of Turkey's GDP
- Exports corresponding to 8% of Turkey's total exports
- Turkey's largest industrial conglomerate. According to Istanbul Chamber of Industry's “Turkey's Top 500 Industrial Enterprises 2008” listing, five of the top ten companies are Koç Group companies
- Among Turkey's three most transparent companies according to the annual “Turkish Transparency and Disclosure Survey” conducted by Sabancı University Corporate Governance Forum and Standard and Poor's
- Listed on Boston Consulting Group's “2009 BCG 100 New Global Challengers: How Top Companies from Rapidly Developing Economies are Contending for Global Leadership”
- Rated as “One of the international companies with the most competitive power in China” according to the China International Institute of Multinational Corporations (CIIMC)
- The first Turkish company in the annual list of “World's Most Admired Companies” by the Hay Group and Fortune magazine among companies from 25 countries
- Among the world's top 1000 companies by R&D investment according to the “EU Industrial R&D Investment Scoreboard” for the 4^{th} consecutive year rising to 427^{th} place; of the three Turkish companies on the list, two are Koç Group companies
- The Koç Family was honored with one of the most prestigious international awards of its kind, the Andrew Carnegie Medal of Philanthropy, in October 2009 for their philanthropic contributions to the society
- Our “Vocational Education: A Top Matter for the Nation” Project was garnered a silver award in 2009 Magellan Awards by League of American Communications Professionals LLC (LACP)
- Our “Vocational Education: A Top Matter for the Nation” Project received an award in “The Best Volunteer Project” category of the “Awards from the Heart 2009” organization held by The Corporate Volunteer Association

2002-2009: Making a Difference with Sustainable, Rapid and Profitable Growth

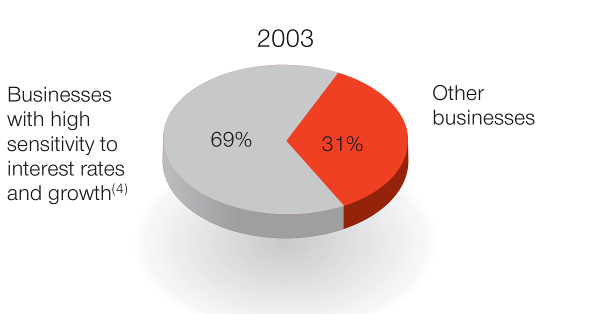
Our Goals	Our Achievements	
1 Strong and sustainable growth in revenues	**We outperformed our growth targets** through our efficiency focused growth strategy and portfolio restructuring.	
	23% Average compound revenue growth p.a., USD terms	**17%** Average compound international sales growth p.a., USD terms
2 Continuous increase in profitability and margins	**We continuously increased our profitability and margins** through a growth strategy focused on effective cost management and higher productivity.	
	38(1) **%** Average compound operating profit growth p.a. USD terms	**68%** Average compound net income growth p.a. USD terms
3 Higher return on investment and shareholder value maximization	**We focused on generating higher returns on larger investments and maximization of profitability and shareholder value** through a more focused growth approach and a proactive divestiture policy.	
	$ 3.0(2) **billion** Proceeds through proactive disposals	**$ 6.6 billion** Acquisitions in core sectors
4 Stronger resilience and optimum portfolio diversification	**We increased the resilience of our portfolio against the volatility in foreign exchange and interest rates** by increasing the share of foreign currency denominated or linked revenues and significantly decreasing the share of the sectors that are most sensitive to domestic interest rate volatility and growth.	

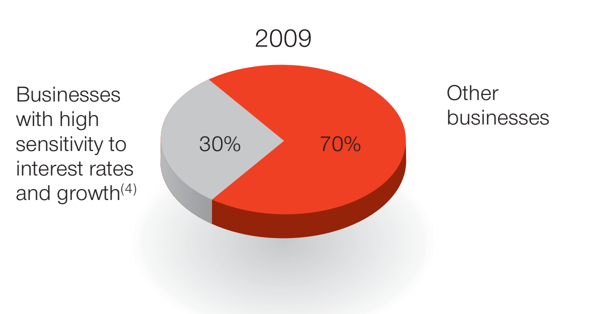
Revenues





Operating Profit





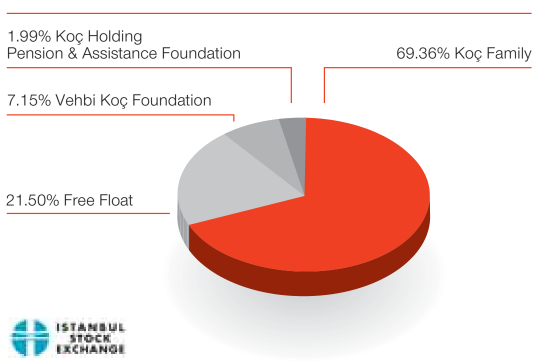
(1) Pre-2007 figures have been adjusted as per CMB's new reporting format
(2) Koç Group share
(3) Foreign currency linked revenues: Domestic revenues of the energy business
(4) Businesses with high sensitivity to interest rates and growth: Consumer durables and automotive

Creating Shareholder Value

Making a Difference by Placing Shareholder Value Creation at the Core of our Strategy

Koç Holding and its 14 publicly traded subsidiaries comprise 13% of the total market capitalization of the İstanbul Stock Exchange as of 2009-end. As the leading conglomerate in Turkey, Koç Holding works tirelessly to increase shareholder value and customer satisfaction by implementing international standards in corporate governance, investor relations and corporate social responsibility.

Shareholder Structure



Stock Information

- Koç Holding shares are traded on the İstanbul Stock Exchange National Market with the symbol "KCHOL".
- Reuters Code: KCHOL.IS
- Bloomberg Code: KCHOL.TI
- Date of initial public offering: 10 January 1986
- Share of foreign ownership in free float: 61% (As of 31 December 2009)

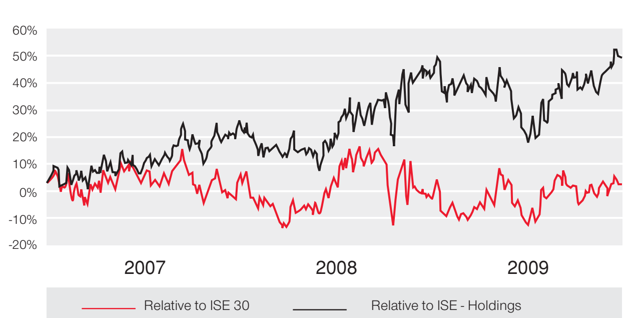
Koç Holding's Value Added to its Investors

- As the largest conglomerate in Turkey, Koç Holding is named as the best proxy to invest in Turkey's high growth potential on the ISE
- Strategies focused on sustainable profitability and increasing shareholder value
- Strong net cash position and solid financial structure
- High growth potential and advantages of economies of scale
- Portfolio structure that is resistant to economic volatility and risks
- Superior and sustainable improvement in operating performance

Koç Holding's Value Added to its Group Companies

- Reliability, strong reputation and powerful brand management based on over 80 years of experience
- Embracing universal standards with Koç Group vision and objectives in the way we do business, ethical standards, environmental policies and work environment
- Guidance in defining long-term strategies and exchange of best practices throughout the Group
- Financing opportunities to facilitate companies to make investments that will augment their international competitiveness
- Comprehensive customer information and database facilitating strong CRM capabilities
- Benefits of economies of scale and a wide distribution network
- Performance management system focused on creating shareholder value

Share Price Performance



Premium/Discount to Net Asset Value*

	2005	2006	2007	2008	2009
Koç Holding	+5%	+1%	-15%	-22%	-16%
Peer Group Average	-29%	-25%	-31%	-42%	-46%

*Yearly average

Majority of Koç Holding's Net Asset Value (NAV) is composed of listed companies. However, as a strong testimony of the value it creates for its shareholders, Koç Holding's average discount to NAV has consistently been the lowest among the holding companies in Turkey.

Koç Group: 1926-2009
Making a Difference as a Pioneer of Industry and Commerce in Turkey

Establishment years
16-year-old Vehbi Koç starts off his career with his father's grocery store in Ankara. He lists it with the Ankara Chamber of Commerce under the name Koçzade Ahmet Vehbi on May 31, 1926, the date that symbolizes the official foundation of Koç Group.

The first joint stock company: Koç Ticaret A.Ş.
Koç Ticaret A.Ş. is established in 1938. This company acts as the cornerstone and development center for the initiatives that over time create Koç Group and is the first in Turkey to make managers shareholders. Foreign representations are acquired during this period and Ram Commercial Corporation, the first Turkish company in the U.S., is established.

First industrial ventures
In the late 1940s, the Group enters the manufacturing sector. A joint venture agreement signed with General Electric in 1948 results in Koç Group's first industrial venture, a light bulb factory.

International partnerships
In the 1960s, a variety of industrial enterprises are established by making cooperation, partnership and license agreements with international companies. Turkey's first automobile, tractor, refrigerator, washing machine, LPG canister and many other products are manufactured by Koç Group during this period. A partnership is established between Fiat and Tofaş; a cooperation is agreed with Ford, which will evolve into the Ford-Otosan partnership in the coming years.

Expanding the areas of activity
Koç Group's areas of activity expand significantly: The Group operates in a broad range of business lines, from automotive to household appliances, from agricultural equipment to textiles, from liquefied petroleum gas to heating devices, from food and retailing to tourism, finance and insurance services.

Establishment of Koç Holding A.Ş.
Koç Holding A.Ş. is founded in 1963 with Vehbi Koç as Chairman of the Board to facilitate rapid growth and development and build an institutional structure.

First public offering
In order to secure capital for large investments that would contribute to the economic development of Turkey by directing the savings to investment, the Group focuses on public offerings. Part of the shares in Aygaz and Koç Holding are sold to Koç Group employees. The shares of Kav match factory, established in 1970, are offered to the public.

Growth and exports
In the 1970s, Koç Group continues its uninterrupted growth and acquires new companies, concentrates on exports and establishes foreign trade companies.

Second generation takes over
A great believer in institutionalization, Vehbi Koç names his son Rahmi M. Koç Chairman of the Board of Directors in 1984 and stays on as Honorary Chairman of Koç Holding.

1987: Vehbi Koç is "Businessman of the Year"
Vehbi Koç was named "Businessman of the Year" by the International Chamber of Commerce.

The 1990s: Koç Group grows in banking
In 1992, Koç Holding fully acquires Koç-American Bank, which was established as a joint venture with American Express Company in 1986. The Bank is renamed Koçbank.

UN World Population Planning Award
Vehbi Koç receives the United Nations World Population Planning Award on behalf of the Turkish Family Planning Foundation.

February 25, 1996: The end of an extraordinary life
Vehbi Koç passes away on February 25, 1996 at the age of 95. This extraordinary life was marked by constant activity and achievements.

A new vision for the new millennium
Koç Group enters the new millennium with a new global vision: "To be one of the world's leading companies."

Financial services consolidated under one roof
In 2001, Koç Financial Services is established as a joint venture with UniCredito Italiano, one of Europe's leading banks.

Third generation assumes command
Rahmi M. Koç turns over the Chairmanship of the Board of Directors to his eldest son Mustafa V. Koç on April 4, 2003. Rahmi M. Koç becomes Honorary Chairman of Koç Holding, a post he still continues to hold.

2005-2006: A milestone for Koç Group
While continuing its path of sustainable growth, Koç Group acquires majority stakes in Tüpraş, Turkey's largest industrial enterprise and Yapı Kredi Bank, a giant of the Turkish banking sector as part of its new portfolio restructuring program.

Koç Holding signs the UN Global Compact
A strong sense of corporate citizenship has been an inherent part of Koç Holding since its establishment. With the signing in 2006 of the United Nations Global Compact, this became an official policy of international dimension.

2006-2008: Focused Growth Strategy
As part of its focused growth strategy that aims to increase efficiency, profitability and shareholder value, Koç Holding decides to grow in energy, automotive, consumer durables and finance sectors.

2008-2009: Koç Group A powerful player in the crisis
Koç Group weathers the storm successfully by picking up early warning signals in foresight of the crisis, implementing timely measures, proactive risk management, and strict focus on cost cutting and efficiency gains.

Turkey's largest industrial group... One of the most admired companies in the world...
Koç Group today is Turkey's largest industrial group in terms of revenue, exports and number of employees. Koç Holding, as the driving force of the Turkish economy and the world's 172nd largest company, continues to fortify its strong position in the global league with the awards granted in the domestic and international platforms.

Koç Holding's foremost objective is to continue to create higher added value for all its stakeholders and manage all its activities according to international standards of corporate governance, customer satisfaction, social responsibility and environmental protection principles.

Inspired by our values and committed to making a difference for the future, we continue our journey which began in 1926, following a growth strategy that pursues bigger investments in our core business lines for sustainable profitability.

Vehbi Koç (1901 - 1996)

Making a Difference by Fully Embracing Corporate Governance Principles for Over 80-Years

Koç Group Corporate Values

The customer is the focus of everything we do.
Our top priority is to create value for our customers and to respond steadily to their expectations with quality. It is our duty to take responsibility for our products for the long term.

To be "the best" is our ultimate goal.
To be the best in quality, service, supplier, and dealer relationships; as an investment opportunity for our shareholders; and to sustain this public image are our primary goals. To achieve these goals we are committed to managing our businesses to be the leader in the market.

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.

Creation of wealth for continuous development is our key objective.
Creation of value for our shareholders is a guiding principle to assure continuity of service, investments in our future, and contributions to the economic and social development of our people and our society. Therefore, creation of value, elimination of waste, and efficient utilization of all resources are key objectives.

Honesty, integrity, and superior business ethics are the foundations of our behavior.
The conduct of our business is pursued with good intentions, mutual benefit, and fair treatment in all our relationships. We are committed to conforming at all times to the highest ethical and legal standards. We are a leader in serving our society and safeguarding the interests of future generations. Protection of the environment and promotion of a higher level of environmental awareness are our duty to both our country and the world.

We aspire to strengthen the Turkish economy from which we derive our own strength.

Honorary Chairman's Message

Dear Shareholders,

Welcome to our Ordinary General Assembly Meeting where we will evaluate the results of a difficult year and submit them to your approval. Although the crisis broke in the middle of 2008, its effects deepened in early 2009. In the second half of the year, there were signs that the crisis had bottomed out and recovery had begun.

However, the recession has had such a deep and extensive impact that recovery is likely to be slow. Fluctuations in the global economy as well as in the parameters used to evaluate national economies make it impossible to be unreservedly optimistic.

The present crisis differs from earlier ones in some important respects. Strong western economies were seriously affected by the crisis, while developing countries, particularly China and India, were able to rise above this turmoil. Some of these countries even managed to maintain uninterrupted growth. This signifies that a fundamental change in roles will determine the direction of the world economy in the near future. It is apparent that from now on demand, production and employment will be determined not by the formerly powerful western economies but by the presently developing ones, Turkey included.

Another decisive factor in the years to come will be the dizzying speed of technological developments. We see the influence of these changes in everything from the most complex production procedures to the simplest processes in life. Our Group is taking into account the industrial, economic and social dimensions of these changes when making intermediate and long-term plans.

One of the most important fields of business in the future will be the expansion and diversification of energy resources. Within this framework, in addition to developing conventional energy resources, the creation of renewable energy resources is becoming increasingly important. Renewable energy makes up a very small amount of existing energy resources but, within the next ten years, it is expected to reach as much as 30%. This change is expected to have an impact on many traditional aspects of our lives, ranging from home appliances to the design of motor vehicles. We are continuing to make the necessary efforts in the energy field, which is a core part of the Group's business activities, to adapt to these changes.

The increasing world population, on the one hand, and technological developments, on the other, and the consequential increase in demand for energy have resulted in the rapid consumption of limited natural resources. In the case of water, for example, the inability of agriculture and food technologies to adjust to the pace of change may bring about enormous hardships. However, if countries with relatively abundant and sufficient resources carry out sound economic and social development, proper planning and distribution can occur. Thus, we believe it is crucial to apply technological innovations and to conduct R&D in our food and agriculture companies.

Turkey will have a distinct and advantageous position in this new state of affairs. Sitting astride an intersection of energy routes, Turkey has renewable energy potential, water resources and extensive agricultural potential. Provided correct economic policies are implemented, the country will be able to reinforce its position. Our companies are capable of doing business at world standards at home and abroad. I believe that, together with our entrepreneurial businessmen and trained and disciplined labor force, we can attain a more commanding position on the global economic platform.

While assessing Turkey's position in the light of ongoing international economic and technological developments, we place importance on directing the activities of our Group according to future expectations. We are continually strengthening our financial structure, production technologies and the quality of our human resources to be prepared for the future.

We develop our strategies according to existing and probable economic developments. Our activities are not restricted to Turkey; we produce and market our brands in various parts of the world.

Though Turkey was not shielded from the upheavals occurring in the economies of the world last year, Koç Group again performed successfully. Necessary and timely measures were taken in the financial structure and operational processes of our companies at the first indication of the crisis. By zeroing in on the tiniest details and giving priority to austerity, we achieved an increase in productivity and operational profitability during this difficult period.

Koç Holding rose from 186th to 172nd in the Fortune 500, which is an importance reference in the ranking of large companies in the world. Despite the contraction in domestic and international markets brought on by the crisis, many of our products achieved important increases in market shares. As a result of technological innovation and R&D, our products continued to receive international awards.

Yet, despite these successful results, we tirelessly strive to not only maintain but to reinforce our position as Turkey's leading industrial and financial group.

We are also pledged to continue contributing to corporate social responsibility projects in line with the basic principles of our Group.
In the year ahead, the experience, know-how and skills we have acquired over our proud 84-year history and our team of qualified and dedicated employees will be instrumental in our efforts to further strengthen our position.

I sincerely thank our managers, employees, business partners, customers and suppliers for their hard work and valuable contributions and extend my appreciation to our shareholders for their valuable support.

I am confident that 2010 will be a successful year for our country and Koç Group.

Rahmi M. Koç
Honorary Chairman

In the year ahead, the experience, know-how and skills we have acquired over our proud 84-year history and our team of qualified and dedicated employees will be instrumental in our efforts to further strengthen our position.

Chairman's Statement

Koç Holding's esteemed shareholders,
valued business partners and employees,

The global crisis that gripped the economies of countries everywhere starting from the second half of 2008 was a harbinger of a new world. There is no consensus about to how the crisis will end, but end it will and a new geopolitical order will prevail in the world in the years to come. The center of economic power will move eastwards and the socioeconomic structure of the world will be reshaped.

Change usually gives rise to painful processes. It is possible to see the global crisis and the process of emerging out of the crisis in such a context. Overall, national economies experienced a significant recession, however there were important variations from country to country. Also within countries, the consequences of the crisis differed from sector to sector and company to company. This demonstrates the importance of making multidimensional assessments.

In Turkey, the economy dipped by 5% in 2009. Declining purchasing power in the EU, Turkey's largest trading partner, resulted in a steep decrease in foreign demand. Within the country, weak consumer confidence and the consequent decline in domestic demand had a lesser impact on the rate of growth. On a positive note, Turkey's banking sector remained unscathed. Experienced management teams used to dealing with crises rapidly developed alternative markets. Both private and public sector debt was successfully rolled over, as attested to by international rating agencies.

We will see what these favorable factors will bring in 2010. Turkey expects 4% growth this year. The more effective functioning of alternative markets, modest revivals of western economies, a relatively more dynamic domestic market, and a banking sector prepared to provide credit will have a positive impact on the Turkish economy.

Though global competition will bring some difficulty, we believe that Turkish companies' experience of doing business under challenging conditions will allow them to emerge triumphant from this test. In fact, 2009's financial indicators strongly demonstrate this. Going further, if Turkey's economic, social and political risks are managed well in the short term, it is possible that Turkey will become even stronger in the intermediate to long run.

International dynamics and geopolitical and regional economic necessities indicate the need to have Turkey and Turkish companies as long-term investment partners. Turkish companies are in a unique position because of their ability to work amicably with the West and East, and because of the gradually developing relationships with countries in Turkey's hinterland. Turkey will use its position to best effect in the post-crisis period. It will be no surprise if Turkey achieves an unprecedented growth rate in 2011 and thereafter, provided there is a sufficient injection of foreign resources and the reforms enacted within the framework of the EU process are continued.

We can identify even now the architects of this potential growth: They are the Turkish companies with global business experience, the entrepreneurial, knowledgeable and experienced managers of these companies, and the country's trained labor force.

As Koç Group, we are confident that we will be one of the companies that best assesses forthcoming risks and most effectively takes advantage of opportunities. We have differentiated ourselves by the focused strategy and crisis preparedness we have implemented in the past few years. Our vision, values, management principles, thriving partnerships, ability to correctly read the world and developments in it and many other distinctions have enabled us to succeed even under the conditions prevalent in 2009. We have not only realized our strategic targets but we have also reached unprecedented operating profitability rates.

We take distinct pride in having realized this achievement while continuing to make essential investments. Koç Group's distinctiveness is in its DNA and it is the strength behind our continued success. This strength, together with the effectiveness of our distribution network, our first-rate companies, excellent production and R&D capacity, dedicated employees, adherence to high standards of corporate governance, and sense of social responsibility make us one of the most successful companies.

As Koç Group, we believe that corporate governance increases the management quality, reduces risks, and earns confidence and respect of the financial and capital markets. Taking this belief as a starting point, we have voluntarily adopted a proactive approach toward corporate governance. We create value for our shareholders under the principles of transparency, fairness, responsibility and accountability, which comprise our understanding of corporate governance. Koç Holding is one of the rare Turkish companies that links the compensation of top level executives to economic profitability and stock performance. In addition, Koç Holding's Board of Directors has 4 members who meet the criteria of independent members. These features ensure clarity and transparency, and so safeguard effective corporate governance.

As Koç Group, the principles underlying our strategy are clear: to be a global actor, a regional power and a leader in sectors of strategic importance; to take control of change and increase productivity, competitive superiority and profitability; to use technology effectively in order to make our brands successful in global markets; to manage risks and take full advantage of opportunities.

Our sense of corporate social responsibility, which is a natural consequence of our approach to business and has been prominent throughout our more than 80-year history, ensures we will continue to add value to our country, society, employees and shareholders.

Mustafa V. Koç
Chairman

As Koç Group, we are confident that we will be one of the companies that best assesses forthcoming risks and most effectively takes advantage of opportunities.

Board of Directors

Rahmi M. Koç
Honorary Chairman

A graduate of Johns Hopkins University in Business Administration, he joined Koç Group in 1958 at Otokoç and held various senior positions at Koç Holding. He became Chairman of the Management Committee in 1980 and was named Chairman of the Board of Directors of Koç Holding in 1984, a post he held until 2003 when he became the Honorary Chairman. In addition to his role as Koç Holding Honorary Chairman, Rahmi M. Koç also serves as Vice Chairman of the Board of Trustees of Vehbi Koç Foundation, Chairman of the Board of Trustees of Koç University, Founder and Chairman of the Board of Directors of Rahmi M. Koç Museum and Cultural Foundation, Chairman of the Board of Directors of Vehbi Koç Foundation American Hospital, Honorary Chairman and Founder of TURMEPA (Turkish Marine and Environment Protection Association), Honorary President of the High Advisory Council of Turkish Industrialists' and Businessmen's Association and Member of the Advisory Board of Turkish Employers' Association.

Mustafa V. Koç
Chairman

After graduating with a B.A. degree in Business Administration from George Washington University in 1984, he joined Koç Group in Tofaş. In 1992, he moved to Koç Holding and served as Vice President and President of various business groups. He became a Member of the Board of Directors in 2001 and Vice Chairman in 2002. He was appointed as Chairman of Koç Holding Board of Directors on 4 April 2003. He is a Member of Vehbi Koç Foundation Board of Directors, the Board of Trustees of Turkish Volunteers for Education Foundation and İstanbul Chamber of Industry. He also serves as the Honorary Consul General of Finland for İstanbul, Member of the Foreign Economic Relations Board, Advisory Board of Kuwait International Bank and Rolls-Royce Advisory Board. He joined JP Morgan International Council in June 2004. Mustafa V. Koç is also the Chairman of Turkish Industrialists' and Businessmen's Association High Advisory Council.

Suna Kıraç
Vice Chairman

After studying Banking and Finance at Boğaziçi University, she started her career in 1960 as Assistant to Vehbi Koç, the founder of Koç Holding. Suna Kıraç served as Vice President of the Personnel and Management Department in 1970 and became Vice Chairman of the Board of Directors of Koç Holding in 1980. She is a Member of Vehbi Koç Foundation Board of Directors, Koç University Board of Trustees, Turkish Educational Foundation Board of Trustees and the Founding Member and Honorary Chairman of Turkish Volunteers for Education Foundation.

Temel Atay
Vice Chairman

A graduate of Mechanical Engineering from Istanbul Technical University, he holds an MBA degree from Wayne State University. He joined Koç Group in 1966 and later served as the General Manager of Otoyol Sanayi A.Ş. and Tofaş Türk Otomobil Fabrikası A.Ş. After working in various senior management posts at Koç Holding, he served as the CEO between 2000-2001. He has been a Member of the Board of Directors since 1996 and was named Vice Chairman in 1998.

Ali Y. Koç
Member - President of Corporate Communications and Information Technology Group

He graduated from Rice University in Business Administration and earned an MBA degree from Harvard Business School. He attended the American Express Bank Management Trainee program between 1990-1991 and worked as an analyst at Morgan Stanley Investment Bank between 1992-1994. He held various senior positions at Koç Holding such as the New Business Development Coordinator and President of Information Technology Group between 1997-2006. He has been serving as the President of Corporate Communications and Information Technology Group since 2006. He was appointed as a Member of Koç Holding Board of Directors in January 2008.

Prof. Dr. John H. McArthur
Member

He graduated from the University of British Columbia and received his Masters and Ph.D. degrees from Harvard University. He became a professor at the Harvard Business School in 1962 and served as Dean 1980-1995. He currently chairs the Asia Pacific Foundation of Canada and is a Member of the Board of Directors of Duke University Health Systems, e-Rewards Inc., Stemnion, Inc., Development Gateway Foundation, and the Thomson Reuters Founders Share Co. Ltd. For many years, he served as Chair of the Brigham and Women's Hospital and, following its merger with the Massachusetts General Hospital, was the founding co-chair of the Board of Partners HealthCare System, Inc. He has also served on the boards of Chase Manhattan Corporation, Bell Canada, GlaxoSmithKline PLC, and the AES Corporation. John H. McArthur has been a Member of Koç Holding Board of Directors since 1999.

Sanford I. Weill
Member

A graduate of Cornell University, he served as the Chairman of Shearson Loeb Rhoades and its predecessor companies (1965-1981), President of American Express Co. (1983-1985), Chairman and CEO of Fireman's Fund Insurance Co. (1983-1985), Chairman and CEO of Travelers and its predecessor companies (1986-1998). He was a Director on the Boards of United Technologies Corp. (1999-2003), AT&T Corp. (1999-2003) and E. I. Du Pont Nemours & Co. (1998-2001). He served as Director of the Federal Reserve Bank of New York (2001-2006). He retired as CEO of Citigroup in 2003, served as Chairman until 2006 and is now Chairman Emeritus. Mr. Weill has been the recipient of many corporate and philanthropic awards including Chief Executive Magazine's 2002 CEO of the Year Award, the EastWest Institute Corporate Leadership Award and, along with his wife Joan, the 2009 Carnegie Medal of Philanthropy. His book "The Real Deal: My Life in Business and Philanthropy" was a best seller. Sanford I. Weill has been a Member of Koç Holding Board of Directors since 2009.

Prof. Dr. Heinrich V. Pierer
Member

He studied Law and Economics at Erlangen-Nuremberg University. He joined Siemens AG in 1969 and held various senior positions in the Company. He was the Chief Executive Officer of Siemens AG between 2002-2005 and the Chairman of the Supervisory Board of Siemens AG between 2005-2007. He served as Chairman of the Asia-Pacific Committee of German Business between 1993-2006. Prof. Dr. Heinrich v. Pierer holds various honorary doctorates and is a Honorary Professor at the Friedrich Alexander University: Law School, School of Business and Economics. He has been a Member of Koç Holding Board of Directors since 2008.

Ömer M. Koç
Vice Chairman

He received his B.A. degree from Columbia University in 1985. He worked at Kofisa Trading for one year. After completing his MBA at Columbia University in 1989, he worked at Ramerica International Inc. He joined Koç Holding in 1990, worked at Gazal A.Ş. and held various senior positions such as the Finance Coordinator, Vice President and President of Energy Group at Koç Holding. He has been a Member of Koç Holding Board of Directors since 2004 and Vice Chairman since May 2008. He is also the President of Turkish Educational Foundation, Geyre Foundation, Yapı Kredi Kültür Sanat Yayıncılık and Chairman of Tüpraş Board of Directors.

Semahat Arsel
Member

A graduate of American College for Girls-İstanbul, she studied German at Goethe Institute and is fluent in both English and German. She began her career in 1964 as a Member of Koç Holding Board of Directors, a position she continues to hold. In addition, she is the Chairman of the Board of Directors of Vehbi Koç Foundation, Chairman of the Tourism Group Board of Directors, Second Chairman of Florance Nightingale Foundation and Chairman of Semahat Arsel Nursing Education and Research Center. She is also the Founder of Koç University School of Nursing.

Dr. Bülent Bulgurlu
Member - CEO

He graduated from Ankara Engineering and Architectural Faculty and earned his Ph.D. from Norwegian University of Science and Technology (NTNU). He started his career in 1972 as a Construction Engineer at Elliot Strömme A/S in Oslo. He joined Garanti İnşaat in 1977 as Construction Engineer and worked as Planning and Construction Manager, Site Coordination and Construction Manager, Assistant General Manager and General Manager. He has worked at Koç Holding since 1996 as President of Tourism and Services Group, President of Tourism and Construction Group and President of Consumer Durables and Construction Group. He became CEO and a Member of Koç Holding Board of Directors in May 2007. He is also a Member of Turkish Industrialists' and Businessmen's Association, TURMEPA (Turkish Marine and Environment Protection Association) and Turkish Tourism Investors Association.

İnan Kıraç
Member

A graduate of City College of Business in London, he joined Koç Group in 1961. He served as General Manager of Tofaş Oto Ticaret A.Ş., Tofaş Group President and President of Automotive Companies prior to his appointment as Koç Holding CEO between 1994-1998. He has been a Member of Koç Holding Board of Directors since 1993. He has also been serving as the Chairman of the Board of Directors of Kıraça Group of Companies since 1998.

Peter Dennis Sutherland
Member

He was educated at Gonzaga College, University College Dublin and the King's Inns and graduated in Civil Law. He served as Attorney General of Ireland (1981-1984), EC Commissioner responsible for Competition Policy (1985-1989), Director General of The World Trade Organization (1993-1995) and Chairman of BP p.l.c. (1997-2009). Mr. Sutherland is Chairman of Goldman Sachs Intl. (1995 - current) and the London School of Economics and UN Special Representative for Migration and Development. His other associations include Allianz BoD, BW Group Ltd. BoD, Eli Lilly Advisory Board, World Economic Forum, Trilateral Commission (Europe) and The Federal Trust. He has received fifteen honorary doctorates from universities in Europe and America and has many awards and publications. P. D. Sutherland has been a Member of Koç Holding Board of Directors since 2009.

Kutsan Çelebican
Auditor

A graduate of Ankara University School of Political Science, he began his career at the Ministry of Finance Tax Auditors Board in 1969, served as Deputy General Director at the General Directorate of Treasury of the Ministry of Finance between 1979-1982 and was appointed as Assistant to Executive Director in World Bank (IBRD). He joined Koç Group in 1987 and served as Finance Coordinator, Vice President and President of the Finance Group. He retired from Koç Group as of December 2001 and established his own financial consulting business. He was appointed Auditor of Koç Holding Board of Directors in April 2008.

Dr. Füsun Akkal Bozok
Alternate Auditor

A graduate in Business Administration from İstanbul University, she earned a Ph.D. from Boğaziçi University in Business Administration. She began her career in 1980 at Arthur Andersen, joining the Auditing and Financial Control Group of Koç Holding in 1983. She served as Coordinator of the Auditing and Financial Control Group and then as Director of the Finance Group. She teaches at Sabancı University and was appointed a Member of the Board of Directors of Yapı Kredi Bank in September 2005.

Koç Group has distinguished itself through the focused strategy it has implemented in recent years and the crisis projections it has made, paving the way for strong profitability performance in 2009.

CEO's Letter

Dear Shareholders,

2009 was a trying year for the whole world. For first time in roughly 60 years, the world economy contracted by 1% in 2009. We were right on the mark when it came to anticipating developments and making projections about this difficult economic environment. Koç Group has distinguished itself through the focused strategy it has implemented in recent years and the crisis projections it has made, paving the way for strong profitability performance in 2009.

The risk management policies to which we consistently adhere made it possible for early warning mechanisms to operate effectively and for us to take the requisite measures far in advance of the crisis. In the middle of 2008, immediately prior to the eruption of the crisis, we completed the restructuring of our portfolio. Because of this, we were ready for the crisis with a strong financial structure and high liquidity. Stringent cost management policies, effective working capital management and optimal capacity utilization ratios we pursued during the crisis resulted in high rates of productivity. In addition to risk management policies, we adopted strategies that increased the significant competitive advantages of our Group companies.

We diversified our export markets to deflect the effects of economic contraction in our major European markets. We continued to place higher importance on R&D and carried on our investments. These policies, complemented by the loyalty and support of our stakeholders, combined to produce notably positive results for the year.

Koç Group posted consolidated revenues of TL 44.8 billion in 2009, down 19% from the year before due to declining oil prices and shrinking export markets. Our operating profit was TL 3.5 billion. When adjusted for the one-off capital gains from the sale of our subsidiaries in 2008, despite difficult market conditions, this figure represents a 3% increase over the base year. Net income amounted to TL 1.4 billion. Our operating profit margin, which was 6.1% in 2008, excluding the one-off capital gains from the sale of our subsidiaries, improved to 7.7% in 2009. Our rank in the Fortune Global 500 has risen steadily over the past five years, from 389th in 2004 to 172nd in 2009, an indication of the growth of Koç Group in recent years.

The market dominance and profitability of our companies underlies this achievement. We are consolidating our leadership of the all-important energy sector. Tüpraş, one of Europe's largest refineries, provided 70% of Turkey's fuel demand. Through effective stock management and optimal capacity utilization, the Tüpraş refinery margin was far above the Mediterranean average. Moreover, through new investment decisions, we have taken an important step toward sustainability of profitability. Aygaz maintained its clear lead in the sector. While continuing to expand its market share through its pioneering and innovative practices, fuel distributor Opet has been declared sector leader for the fourth time in a row in customer satisfaction surveys.

Our automotive companies continued to be the driving force for the Turkish automotive sector. Ford Otosan, which is celebrating its 50th anniversary, maintained its leadership of Turkey's total automotive market for the 8th year in a row. Its export of the Transit Connect to North America was a landmark achievement, not only for the company but also for the Turkish automotive industry. The Transit Connect, which is exported to about 50 countries, received the 'North American Commercial Vehicle of the Year' award - another important success. Tofaş built on the progress made in recent years to regain its position as the market leader for passenger car and light commercial vehicles market after eight years. Tofaş became the most successful factory in the “World Class Manufacturing” out of 170 Fiat factories internationally and it is the first and highest scoring manufacturing center to have reached the 'silver' level. Meanwhile, Otokar retained its position as the leading supplier of tactical wheeled vehicles for the Turkish Armed Forces and Türk Traktör maintained its leadership position with a 52% share of the market.

Arçelik, the clear leader of the consumer durables sector in Turkey, grew its profitability much faster than its global competitors. Beko, the brand with the fastest rising market share in Western Europe, was among ten top-selling consumer durable brands in the world in eight major product groups. Increases in market shares abroad are a tangible indication of the rapid and sound steps the company is taking to be a 'global company'. Arçelik-LG continued to dominate the air-conditioner market in Turkey.

The latest crisis tested the stability of the global banking system. Yapı Kredi entered the year with a strong capital base, high liquidity and a favorable funding position. The Bank applied a proactive approach to risk management and focused on innovation throughout the challenging operating climate of 2009. These strategies, combined with strong revenue growth and expense management control, enhanced profitability. Yapı Kredi remained the leading credit card issuer in Turkey and its credit card brand, World, became the 6th largest credit card program in Europe and the 10th most valuable credit card program in the world.

Our main objective is to consolidate and expand our achievements in the future. To do this, we are designing strategies that emphasize innovation and investment in R&D. According to a study of R&D investment conducted by the EU Commission, Koç Holding was among the top spenders for four years in a row among international companies rising to 427th place. We will reinforce the position of our brands in international markets by developing our existing R&D capacity and by using design and technology in the best way possible. Our R&D focus is on developing A-class energy-efficient models.

We strive to produce, innovate, compete and make a profit in the sectors in which we operate while remaining steadfast to the values that make us what we are by assuming responsibility for our business and social environment.

The Vehbi Koç Foundation, Turkey's first private philanthropic foundation, did not stint in its continued support of culture, art and health. The 'For My Country' project carried out by our employees and distributors under the leadership of Koç Holding is growing and evolving every year. The 'Vocational Education: A Top Matter for the Nation' project has succeeded in drawing attention to the critical importance of vocational high schools for Turkey. We continue to provide opportunities to thousands of students through scholarships, internships, coaching and personal development. The project will produce their first graduates in 2010. Koç Holding actively promotes Turkey on international platforms and underwrites a major international art exhibition each year. Koç Holding aspires to reach the highest standards of corporate governance and continued to be one of the most distinguished companies in Turkey in 2009.

As one of the first companies in Turkey to appoint independent members to the board of directors, we select the people for their business experience, international reputation and ability to contribute to our businesses and company. In addition to being one of the rare Turkish companies to base top-level executives' compensation on economic profitability and stock performance, we are proud to be one of the first Turkish companies to sign the United Nations Global Compact.

By taking effective measures to manage the impact of the global crisis on our businesses, Koç Group managed to perform strongly in profitability in 2009. We will keep those measures in place in the coming period and will continue to focus on improving profit margins. In line with international business trends, we will make environmentally friendly, energy efficient investments that enhance our competitiveness while our management processes will emphasize sustainability and productivity.

We intend to step up efforts to develop alternative markets in the BRIC countries (Brazil, Russia, India and China) that show the greatest promise. We also see significant opportunities for our Group in the Middle East and Far East. Our success is based on our ability to derive benefits from our first-mover advantage, timely entrance to the markets and early identification of investment opportunities. We will also endeavor to utilize these attributes in the international markets. In the year ahead, we are more committed than ever to making a difference with our products, services, corporate culture, management skill, and standards and thus create value for our country.

Dr. Bülent Bulgurlu
CEO, Board Member

Executive Management (1)

Dr. Bülent Bulgurlu, CEO - Board Member

He graduated from Ankara Engineering and Architectural Faculty and earned his Ph.D. from Norwegian University of Science and Technology (NTNU). He started his career in 1972 as a Construction Engineer at Elliot Strömme A/S in Oslo. He joined Garanti İnşaat in 1977 as Construction Engineer and worked as Planning and Construction Manager, Site Coordination and Construction Manager, Assistant General Manager and General Manager. He has worked at Koç Holding since 1996 as President of Tourism and Services Group, President of Tourism and Construction Group and President of Consumer Durables and Construction Group. He became CEO and a Member of Koç Holding Board of Directors in May 2007. He is also a member of Turkish Industrialists' and Businessmen's Association, TURMEPA (Turkish Marine and Environment Protection Association) and Turkish Tourism Investors Association.

Turgay Durak, Deputy CEO

He completed his undergraduate and graduate degrees at Northwestern University in Mechanical Engineering, joining Koç Group in 1976 at Ford Otomotiv as design engineer for product development. He was appointed as Assistant General Manager in 1986, became Deputy General Manager in 2000 and General Manager of Ford Otosan in 2002. He served as the President of Automotive Group at Koç Holding between 2002-2007. He is Koç Holding's Deputy CEO since May 2009.

Ali Y. Koç, President, Corporate Communications and Information Technology Group - BoD Member

He graduated from Rice University in Business Administration and earned an MBA degree from Harvard Business School. He attended the American Express Bank Management Trainee program between 1990-1991 and worked as an analyst at Morgan Stanley Investment Bank between 1992-1994. He held various senior positions at Koç Holding such as the New Business Development Coordinator and President of Information Technology Group between 1997-2006. He has been serving as the President of Corporate Communications and Information Technology Group since 2006. He was appointed as a Member of Koç Holding Board of Directors in January 2008.

Ali Tarık Uzun, President, Auditing Group

He graduated from Ankara University in Faculty of Political Science with a B.A. in Economics and earned an MBA degree from Koç University. He started his career in 1985 as an Account Specialist at the Ministry of Finance, joining Koç Holding in 1992 as Assistant Coordinator of Financial Affairs in the Auditing and Finance Group. He served as Coordinator between 1969-2003 and has been serving as the President of Auditing Group at Koç Holding since 2004.

Tamer Haşimoğlu, President, Strategic Planning Group

He graduated from Istanbul Technical University in Mechanical Engineering and earned a Masters degree in International Business from Istanbul University Institute of Business Administration and Economics. He started his career in 1989 at Koç Holding as a Management Trainee in the Planning Department and later became Specialist, Manager and Coordinator of the Strategic Planning Department. He was appointed Koç Holding Strategic Planning Group Acting President in January 2004 and has been serving as the President of Strategic Planning Group at Koç Holding since May 2004.

Erol Memioğlu, President, Energy Group

He graduated from Middle East Technical University in Petroleum Engineering and started his career in 1979 at Turkish Petroleum Corporation, TPAO, as Specialist Engineer and served as Production Manager and Head of the Production and Overseas Projects Group. He joined Koç Holding in 1999 as Vice President of Energy Group. Between 2003-2004, he was an Executive Member of Koç Holding Board of Directors, responsible for the operations of the Energy Group. He has been serving as the President of Energy Group at Koç Holding since May 2004.

(1) Listed according to seniority.

Ömer Bozer, President, Tourism, Food and Retailing Group

He graduated from Middle East Technical University in Business Administration and earned an MBA degree from Georgia State University. He started his career in 1983 as a Management Trainee at Koç Holding. After serving as the Assistant General Manager at Maret and General Manager at Düzey, he became the General Manager at Migros in 2002. In October 2004, he was named Co-President of Koç Holding Food, Retailing and Tourism Group, and then President in 2005. He was the President of Food and Retailing Group between 2006-2009 and has been serving as the President of Tourism, Food and Retailing Group at Koç Holding since 2009.

Kudret Önen, President, Defense Industry and Other Automotive Group

He graduated from Gazi University in Mechanical Engineering and joined Koç Holding in 1975 at Ford Otosan. In 1980, he became R&D Department Manager at Koç Holding and was appointed as the Assistant General Manager of Otokar in 1984. He served as the General Manager of Otokar between 1994-2005 and was appointed Co-President of Koç Holding Other Automotive Companies Group in 2005. He has been serving as the President of Defense Industry and Other Automotive Group at Koç Holding since 2006.

Ahmet Ashaboğlu, CFO - President, Finance Group

He graduated from Tufts University and earned a Masters degree from Massachusetts Institute of Technology (MIT) in Mechanical Engineering. In 1994, he began his career as a Research Assistant at MIT, held various positions at UBS Warburg between 1996-1999 and worked as Engagement Manager at McKinsey & Company, New York, between 1999-2003. He joined Koç Holding as Finance Group Coordinator in 2003. He has been serving as the CFO at Koç Holding since 2006.

Aka Gündüz Özdemir, President, Consumer Durables Group

He graduated from Istanbul Faculty of Economics and Administrative Sciences and joined Koç Group in 1972 at Beko Ticaret. He held various positions in the company including Assistant General Manager and General Manager of the company. He was later appointed as the Assistant Vice President of Consumer Durables Group at Koç Holding and Marketing & Sales Group Director for Arçelik in 2000. After becoming the General Manager of Arçelik in 2003, he was also appointed as the President of Consumer Durables Group at Koç Holding in May 2007. He has been serving as the President of Consumer Durables Group at Koç Holding since August 2008.

Tayfun Bayazıt, President, Banking and Insurance Group

He graduated from Southern Illinois University (USA) Mechanical Engineering followed by Finance and International Business at Columbia University (USA). He began his career as Assistant Manager at Citibank and assumed various senior roles at Tütünbank, Yapı Kredi Bank, Interbank, Banque de Commerce et de Placements S.A., Doğan Holding, Türk Dış Ticaret Bank and Fortis Bank between 1985-2007. He joined Koç Group in 2007 as the CEO and Managing Director of Koç Financial Services and Managing Director and General Manager of Yapı Kredi Bank. He has been serving as the President of Banking and Insurance Group at Koç Holding since April 2009.

Cenk Çimen, President, Automotive Group

He graduated from Istanbul Technical University Industrial Engineering and completed Executive Development Programs at Stanford University (USA) and University of California Los Angeles (USA). He joined Koç Group in 1991 as Management Trainee at Nasoto. He assumed Sales Coordinator, Regional Manager and Import Manager responsibilities at Otosan Pazarlama between 1993-1996. He served as Fleet Sales Manager at Ford Otosan between 1996-1998 and became the General Manager of Otokoç Ankara in 1998. In 2001, he was appointed as the General Manager of the companies merged under Otokoç. In 2005 his responsibility was extended to include the General Manager role for Birmot A.Ş., also assuming responsibility for Avis car rental. He has been serving as the President of Automotive Group at Koç Holding since June 2009.

Human Resources

Making a Difference through Our Most Important Asset: Our People

As of the end of 2009, Koç Group employed 71,221(1) people, of which 66,798 work in Turkey and 4,423 abroad. Koç Group aims to be an organization employing the most successful professionals who create added value that results in sustainable growth. Its goal is to be the most preferred employer, and ideal organization that each employee is proud to be a part of. In order to implement this strategy, Koç Holding utilizes human resources systems and approaches, which are the result of many years of hard work and experience.

Koç@İnsan

Koç@İnsan enables all employees to access the systems that implement the company's human resources policies via a single interface. This platform, where employee data is managed, makes the policies and applications transparent by providing an open communication environment.

Integrated Performance Management and Planning

The Performance Management System facilitates focusing employee efforts on specific targets by delegation of the Company's overall goals. It also provides the tools for performance evaluation and reward mechanisms and planning individual career paths by competency assessments.

Salary Management System

Koç Group companies' Salary Management System is based on factors such as the salary market, current salary structure of the company and payment power, salary policy, individual performance and level of the employee. With regular market analyses, a competitive and fair salary policy is applied. Job evaluation is conducted through an international system that operates across Koç Group and ranks all jobs according to their potential contribution to organizational goals and their responsibility levels.

Competency Assessment System

To enable our employees to sustain their levels of success, a 360-degree competency assessment tool is used. Employee competencies are assessed, employees with high potential are identified and plans are made for their development.

Koç Academy

Koç Academy is an educational and developmental platform shared by employees. On Koç Academy, activities that support the development of Koç Group employees are planned and implemented in the light of the Group's, the company's and employees' needs. It allows each employee to plan and monitor its own progress.

Leader Development Training

Koç Group Leader Development Programs have the main aim of creating and establishing a common management and leadership culture in our Group. They also create a learning and cooperation development environment where managers from different Group companies can share their knowledge and experience. 3,031 managers participated in these training programs between 2002-2009.

KoçAilem

KoçAilem program provides various advantages, similar to a loyalty program, in using the products and services of Koç Group and external companies. Its objective is to increase employee satisfaction and loyalty and establish a common corporate identity through the benefits it offers and social activities and social responsibility projects it organizes. All permanent Koç Group staff that have completed their probation periods, their 1st degree relatives, Koç Group retirees, Koç University students and Koç Group's exclusive dealers, agents and authorized services are eligible to benefit from the KoçAilem program.

Koç Holding Pension and Assistance Foundation

As part of the value Koç Group places on employees, additional social security options and support are provided to employees via Koç Holding Pension and Assistance Foundation during their retirement periods.

Occupational Health and Safety (OHS) Board

"Koç Group Occupational Health and Safety Board" is composed of occupational health and safety managers and experts employed in Koç Group companies. It aims to ensure a healthy and safe work environment for Group employees and to improve the safety levels of the companies and processes. The Board's objective is to achieve widespread implementation and reach a common standard for OHS practices throughout Koç Group.

All our systems and applications are based on our founder Vehbi Koç's motto "Our most important asset is our people". Koç Holding derives its strong standing and competitive edge from its employees.

(1) Total number of employees including the companies that are not consolidated.

Risk Management

Making a Difference Through Proactive Risk and Crisis Management and Resilience to Volatility

The greatest risk is lack of awareness of risk. In this regard, Koç Group operates according to an efficiency focused management philosophy that is based on maintaining a strong asset quality and capital structure and employs interactive early warning systems.

The goal of risk management is to foresee, monitor and manage the potential risks in each area, to prepare action plans for risk and crisis management in advance and to achieve the optimal capital allocation among business units based on risk-return assessments. Risk management is one of the foremost priorities of Koç Group. Within this context, the Group is taking measures to establish the concept of "Risk Management Culture" as a proactive process to ensure comprehensive management of the Group's potential risk areas. The major risks faced by Koç Holding are divided into three categories: financial risks (credit, exchange rate, interest, liquidity and capital risks), operational risks and legal risks.

Financial Risks:

The general financial risk management program of Koç Group focuses on minimizing any detrimental effects that volatility in the financial markets may have on the financial performance of the Group. The major steps in monitoring financial risks are summarized below:

Credit Risk:

Koç Group manages credit risk by credit assessments, limiting the counterparty risk by setting credit limits for each counterparty and obtaining the highest possible guarantee. The Group minimizes the negative impact of market volatility by using a risk management program (e-risk) that allows daily tracking of the Group's trade receivables risk.

Exchange Rate Risk:

Koç Group manages currency risk exposure by keeping foreign currency position within legal limits and limits approved by the Boards of Directors. Koç Holding reviews these risk limits continuously and sets new limits as necessary, depending on general economic conditions and developments in the market. When required by the exchange rate risk management strategy, derivative transactions are used.

Interest Risk:

In order to manage interest rate risk, Koç Group implements certain precautions such as balancing the repricing dates of interest rate sensitive assets and liabilities and employs certain derivative financial instruments when necessary.

Liquidity Risk:

As part of its liquidity risk management strategy, funding sources are diversified and sufficient levels of cash and cash equivalent assets are kept in hand. Also, to meet any sudden cash need, the total amount of cash and cash equivalent assets are maintained at a preset level vis-à-vis the short term liabilities.

Capital Risk:

Koç Group strives for sustainable operations through maintaining an optimal capital structure that preserves return for its partners, benefits shareholders and minimizes capital costs. To preserve or rearrange the capital structure, dividends to be paid to the shareholders are determined, new shares may be issued and assets may be sold to decrease the debt level.

Operational Risks:

For managing operational risks, all macroeconomic developments and sector-specific risks are monitored by the president of each group. Koç Group's strong presence and diversified business lines in the national economy and its customer-oriented management philosophy enables it to monitor market dynamics closely and to develop early warning systems.

Since its foundation, Koç Group placed great emphasis on internal control. In this regard, the Audit Group Presidency has been operating under the Chairman of the Board of Directors since January 1, 2004 in accordance with the principle of separating administration and audit tasks.

Audit Group Presidency performs audits of processes, risks, financial and operational tasks and for possible frauds at Koç Group companies. In addition to internal audits to manage operational risks, systems such as the "E-Contractor System", insurance mechanisms and central purchasing are used to maximize the synergy created by Koç Group.

Legal Risks:

Koç Holding has developed various systems against potential legal risks. Early-warning systems, an on-line database, on-line intellectual property rights management program (maria@system), legal compliance test (HUY) and agreement audit system (LERİMAN), to name a few.

R&D Focus

Making a Difference by Allocating the Highest R&D Investments in Turkey

Koç Group had the highest R&D expenditure in Turkey in 2009 at TL 486 million. This level of expenditure put Koç Holding to the 427th place in the "R&D scorecard global top 500".

Koç Holding fortifies its strengths with its R&D culture and the Company has 12 R&D centers certified by the Ministry of Industry and Commerce. Koç Group aims to augment its core competencies by leading technological progress in its business lines and focuses on developing innovative, environment-friendly, energy efficient products and services. Koç Technology Board was established in 2005 with the objective to transfer technology know-how, spread the use of best practices within the Group and to develop joint R&D projects among Group companies. Koç Holding believes that in the longer term, R&D is a significant contributor to creating a competitive edge and will continue to carry out its activities in cooperation with the universities, suppliers and SMEs.

Landmark Achievements in Automotive

Ford Otosan and its R&D center own the technological capability to assume full product development of a vehicle. In 2009 Ford Otosan started exporting the Transit Connect model that was developed by Turkish engineers to the US, a milestone for the Turkish automotive sector.

Tofaş owns the biggest R&D center in the Turkish automotive sector. Tofaş R&D center is Fiat's 2nd largest in Europe and 3rd largest in the world. The Company has sole ownership of the intellectual and industrial property rights and holds the design responsibility for the MiniCargo and new Doblo models. With a ratio of annual R&D spending to net revenues as high as 4%, Tofaş has exceeded global standards in terms of R&D investment.

Otokar won the 'Grand Award', the highest award in Europe in the medium-size bus category, with its Vectio 250T model, which the Company designed and of which it owns the intellectual and industrial property rights.

Leaders of the Patent League

Patent culture and intellectual property rights are important indicators of ownership of technology. Every year Koç Group companies file over 200 patent applications. Arçelik owns more than one third of international patent applications from Turkey with over 130 filings every year. In 2008, the Company became the first and only Turkish company to be listed among the global top 500 companies in the World Intellectual Property Organization list. Arçelik was awarded for the highest number of patent applications, highest number of patent registrations, and highest number of international patent applications.

Ford Otosan garnered a Patent League award in 2009 for taking 3rd place among Turkish companies for the highest number of patent applications and the patent registrations held. Türk Traktör filed for 14 patents in 2009 while Tofaş received 28 patents with 11 inventions.

Supporting National Defense Industry

Otokar is the prime contractor on the ALTAY National Tank Production Project which was officially launched in 2009. 75% of Otokar's revenues are generated from self-designed and produced vehicles and in 2009 the Company continued to add new vehicles and series to its product range where the full intellectual property rights and the designs are owned by itself.

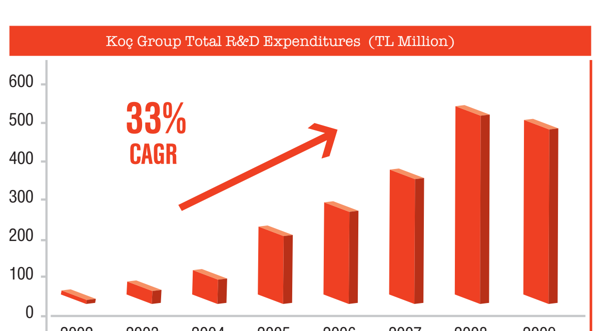
Committed to the Environment

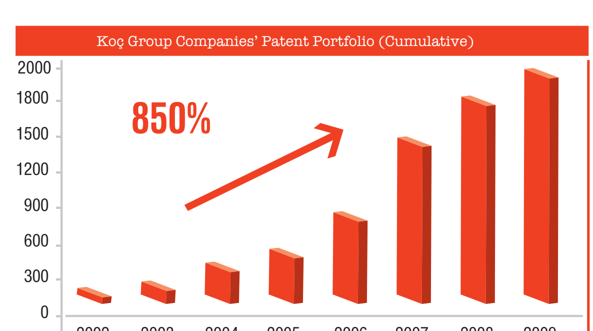
As part of its endeavor to protect the environment and nature, Arçelik launched the least energy consuming washing machine in the world with 30% lower energy consumption than competing Class A products; the first A++ No-Frost refrigerator, with the least energy consumption in its class in the world and the fastest washing machine in the world with the least water consumption (7 liters). In consumer electronics, the Company developed the Eco Panel LCD televisions that provide 45% energy savings and consume zero electricity in stand-by mode.

Launched in 2009 after 4 years of intensive research, Aygaz Euro LPG+, otogas with additive, provides lower consumption and a more environmentally friendly fuel alternative.
Ford Otosan's "Hybrid Transit Project" and Türk Traktör's Narrow Orchard tractors are among the other environmentally friendly products developed by the Group companies.

Tofaş MiniCargo and new Doblo models reduce the CO_2 emission by at least 15% with the start stop system they use. The Company is also manufacturing vehicles that operate with alternative fuels such as natural gas.

As a result of the investments Tüpraş has made, all fuel products sold in Turkey are in compliance with Euro V specs and their values are equivalent to those of EU countries.





Environmental Policies

Making a Difference with Our Commitment to the Environment

Koç Group is fully committed to protecting national and natural resources, to use these resources as efficiently as possible, to reduce waste at the source or to recycle the waste.

Koç Group is committed to compliance with all national and international regulations and environmental standards in all business activities, and is continuously improving its standards by monitoring and accelerating its progress in meeting its environmental commitment. Koç Group aims to enhance its environmental performance by seeking cooperative solutions to local and global environmental issues by sharing its experience with the industry, and strives to be Turkey's leading industrial group vis-à-vis its approach to environmental, health and safety standards. These commitments are also in line with the environmental principles of the UN Global Compact, which Koç Group signed in 2006. Koç Group invests in technologies that are sensitive to the environment and seeks to develop products for the future while also supporting the public's efforts to safeguard the environment.

Sustainability and environmental awareness are essential to the way Koç Group does business and the Group companies continuously focus on developing innovative products that are environment-friendly and help conserve energy.

All Group companies operate to the standards of “Environment Policies and Vision”. Koç Group established the Environmental Coordination Board and Energy Efficiency Task Force with the objective to spread the use of best practices within the Group and to develop joint long term plans among Group companies.

Koç Group “Environment Policies and Vision” is available on www.koc.com.tr and further details on our environmentally-friendly practices can be found in our Corporate Social Responsibility Report. Every two years, Audit Group and Environment Board jointly organize an environment audit in Group Companies to increase awareness of environmental issues and detect potential risks. Areas for improvement as detected during these audits are then assigned by the CEO to the companies' executive management as performance targets. On the Group basis, environmental parameters are monitored with indicators vis-à-vis sustainability criteria.

Climate Change Policies

Koç Group views “Low Carbon Economy” as a means to create new and important business and employment opportunities rather than considering climate change activities as a costly burden.

Koç Group developed its greenhouse gas emission calculation method in compliance with international norms, established a common data entry system, calculated the greenhouse gas emissions for each Group company and confirmed the method with the Turkish Statistical Institute. A greenhouse gas strategic plan was drawn up for 2020 defining the Group companies' estimated greenhouse gas emission levels, reduction plans and related investment requirements. Koç Group Climate Change Strategy is provided below:

Products:

- Koç Group will promote environmental sensitivity in all the products it manufactures and will pursue transparency on the environmental impact of its products.
- Koç Group will work on developing innovative products and technologies that are compliant with low carbon economy in all its business lines.

Operations and Manufacturing Processes:

- Koç Group will measure the environmental impact of its operations and manufacturing processes, decrease greenhouse gas emissions and environmental impacts parallel to the sectoral benchmarks in an effort for continuous improvement and will be one of the leading industrial groups in Turkey in this endeavor.
- Koç Group will analyze and harmonize its manufacturing processes with the “best available technologies”.
- Koç Group will work to increase the usage of renewable energy resources in its processes.

Suppliers and Customers:

- Koç Group will work to increase the environmental awareness of its suppliers, customers and the public.
- Koç Group aims to base its procurement systems on environmental purchase criteria.

Contribution to the Development of Environmental Policies:

- Koç Group will work actively with non-governmental organizations and state institutions, exchange information and support the establishment of national environment and climate change policies.
- Koç Group will support the process by active participation in international policy making platforms.

Innovation:

- Koç Group will work in cooperation with universities, related R&D institutions and centers to develop creative and innovative products, production technologies, operation and business models that are environmentally compliant and with less climate impact. Effort will be made to increase Turkey's knowledge of low carbon economy technologies.
- Koç Group will work to develop creative and innovative business areas and models that are compliant with the low carbon economy.

Why Koç Holding?

Koç Group invested TL 19 million in environmental management and training activities and TL76.5 million in environmental protection efforts in 2009.

Refining...

Turkey's
only
Europe's
8th largest
refining company

LPG...

Turkey's
leading
Europe's
5th largest
LPG company

Fuel products distribution...

Turkey's
3rd largest
and
fastest growing
fuel distribution company

Sector
leader
in customer satisfaction

Energy

20
21

Energy demand hit in year of recession

The global economic recession in 2009 created a drop in energy demand. World crude oil demand declined by 1.2 million barrels a day to 85 million barrels a day, causing refinery capacity utilization rates to fall. Significant cuts in heavy crude oil production by OPEC member states led to the processing of lighter crude oil. When falling production levels failed to meet the demand for fuel oil, fuel oil prices rose, narrowing the price differential between light and heavy crude oil. While world GDP fell by 1% in 2009, contraction reached 3.2% in the developed economies and 4% in the Euro zone. World trade volume decreased by 12%. The economic recession reduced demand for middle distillates, in particular, and increasing inventories pressured both prices and refinery capacity utilization rates. The refining sector was struck by a double blow in 2009 with the decline in demand and the addition of new capacity. Production flexibility and logistic superiority were the most important factors determining the profitability of refinery companies in this challenging environment.

The most important development in the energy sector in 2009 was the steep decline in demand.

Developments in the Turkish energy sector

Fuel

Turkey's GDP contracted by 4.7% in 2009. Total consumption of fuel (black and white products) declined by 7.6% to 17.7 million tons, according to the Petroleum Industry Association. Total consumption of automotive fuels (gasoline, diesel and autogas) fell by 2.3% to 18 million tons. Total consumption of white products (gasoline and diesel) decreased by 3.8% to 15.7 million tons. Black products (fuel oil and heating fuel) fell by 30.5% to 1.9 million tons.

One of the most important developments in the sector in 2009 was the initiation of a temporary price cap on the distribution and retail sales of fuel. However, this ceiling was lifted after two months and the pricing was liberalized once again.

LPG

The utilization of natural gas continued to increase worldwide in 2009, limiting the use of LPG by households and industry, while autogas demand continued to grow. The consumption of LPG in Turkey, Europe's second largest LPG market, grew by 5% to 3.6 million tons. As the use of alternative energy sources increased, consumption of cylinder gas and bulk gas fell by 4% and 5%, respectively, compared to 2008, while autogas grew by 9%.

Electricity

2,833 MW additional generation capacity was introduced in Turkey in 2009. With the addition of this new capacity, consisting of 1,400 MW of natural gas and approximately 1,000 MW of renewable resources such as hydro and wind, Turkey's total capacity increased by 7%. Nevertheless, energy consumption fell by 2.5% year-on-year due to the global crisis.

Another important development was the publication of the Electricity Sector Strategy Report in June. First prepared in March 2004, the report contains topics including the initiation of the privatization of generation assets in 2009, the completion of privatization of distribution assets by the end of 2009, the regulation of “free consumer” limits, and the implementation of incentives in the pricing of electricity to encourage conservation and efficient usage. Lastly, Electricity Market Balancing and Settlement Code became effective in December.

Privatizations

In 2008 and 2009, the privatization of 20 distribution regions (excluding Kayseri, which was already privatized) continued. In 2008, Başkent, Sakarya, Aras and Meram regions, and in 2009, Çoruh, Osmangazi and Yeşilırmak regions, were tendered for a 30-year period through block sale. Tenders for the Vangölü, Fırat, Çamlıbel and Uludağ regions are scheduled to be completed in the first quarter of 2010 and privatization of the remaining distribution assets are planned to be completed within the year.

On the generation side, privatization tenders for 52 mini hydro plants owned by Elektrik Üretim A.Ş. with 142 MW total installed capacity are targeted to be held in 2010. The privatization process for 4 coal plants with 3,074 MW installed capacity is also expected to be kicked off in 2010. The remaining 13,128 MW will be privatized in 9 portfolios.

Natural gas

Turkish natural gas market contracted by 2% in 2009 with total domestic consumption declining to 36 billion m^3.

Further to the liberalization of liquefied natural gas imports and the entry of four private sector companies who won the contract transfer tenders within the scope of Turkey Natural Gas Market Law No. 4646, the private sector in Turkey started importing natural gas. The share of private sector in the total natural gas imports was 10% and is expected to increase in future. In line with the decline in crude oil prices in the second half of 2008 and first quarter of 2009, the natural gas import prices also fell. As a result, domestic sales price for natural gas was 40% lower compared to 2008.

Koç Group Energy Segment

Through its ownership of Tüpraş, Koç Group, Turkey's energy sector leader, owns the entire refining capacity of the country and meets approximately 70% of total fuel demand in Turkey. By implementing effective measures, Tüpraş ended 2009 with high profitability despite challenging market conditions, generating the highest operating profit per barrel from refining and marketing activities among global refineries in the last three quarters of the year.

Opet continued to increase its market share and maintained 3rd place in white products and 2nd place in black products in the domestic market.

Aygaz consolidated all energy companies in Koç Holding Energy Segment, excluding fuel and refineries, under its umbrella and became the main shareholder in these companies. Aygaz, which is one of the five largest LPG companies in Europe, maintained its leadership of the Turkish LPG sector.

Koç Group companies own more than 70% of Turkey's total storage capacity of crude oil and fuel.

Tüpraş was the most profitable global refinery in the last three quarters of 2009 based on operating profit per barrel from refining and marketing activities.

Tüpraş

Total Revenues:
$13,118 million

Domestic Market Position:
Turkey's sole refining company
70% of Turkey's fuel demand (including jet fuel)

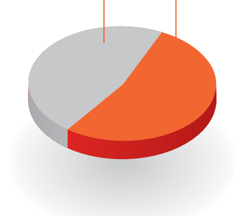
International Position:
Europe's 8th, world's 30th largest refining capacity

Share of International Revenues:
14.8%

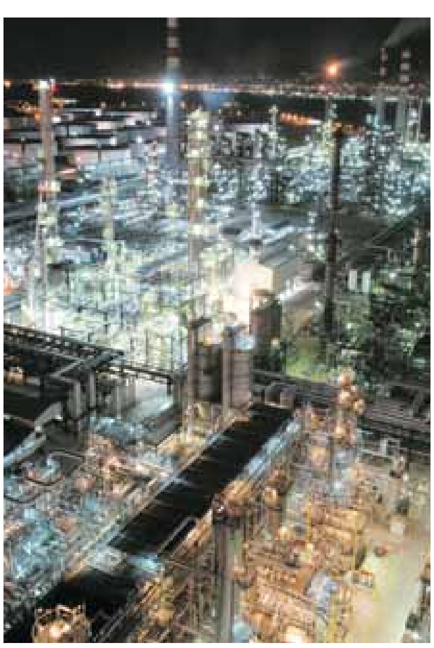
EBITDA:
$ 779 million

Gross Refining Margin:
$ 9.21/barrel

Shareholder Structure:
Enerji Yatırımları A.Ş.
51%
Free Float
49%



www.tupras.com.tr



Turkey's only and Europe's 8th largest refining company

Tüpraş is Turkey's sole refining company, operating four oil refineries with an annual crude oil processing capacity of 28.1 million tons. Tüpraş, which joined Koç Group in 2005 following the privatization, is Turkey's largest industrial enterprise and the 8th largest refining company in Europe. With its large market share, corporate reliability, production facilities and partnerships, Tüpraş is a leading integrated petroleum company.

Tüpraş is the supplier of 36 different petroleum products across Turkey and is among the most complex refineries in the Mediterranean with a Nelson Complexity level of 7.25. In 2009, the Company sold 58.4% of its products to distribution companies, 15.4% to export markets, 3.2% to the military, 4% to LPG customers, 9.3% to direct customers and 9.3% to asphalt customers. 29% of the sales from Tüpraş refineries was made via pipelines while 42% was made via marine transportation and 29% via land and railway transportation.

Most profitable refinery in the last three quarters of the year

Tüpraş was one of the first refineries in the world to implement an optimum production policy to minimize the impacts of the challenging market conditions. The Company ameliorated the impact of the crisis on its financial results through operational flexibility and optimum inventory management. In 2009, the price differential between Brent crude and heavy crude oil prices decreased, making crude oil relatively more expensive. In response to the contracting refinery margins and slim profitability in exports, Tüpraş decreased crude oil charge and applied an optimum production and sales policy to meet domestic demand by increasing the use of semi-finished products (operationally more cost efficient relative to crude oil). This maximized the utilization of its conversion units and increased the efficiency of white products with high added value. As a result, the Company's crude capacity utilization came in at 60.4%, and total capacity utilization rate including the semi-finished products was 69.1%. In line with the policies implemented, 18.2 million tons of products were supplied to the domestic market and white product yield increased from 68.7% in 2008 to 73.6% in 2009.

Efforts to decrease operational and energy costs bore fruit during the year. This yielded the Company $79 million additional EBITDA and $32 million of energy savings. Tüpraş also made opportunistic purchases on the spot crude market to minimize the risks pertaining to the price differential between crude oil and finished products.

As a result of the profitability focused approach throughout the year, Tüpraş generated the highest operating profit per barrel from refining and marketing activities during the last three quarters of the year among the global refineries.

Around 70% of Turkey's total storage capacity

Tüpraş owns 40% of Opet, which is Turkey's 3rd largest fuel distribution company. Together with Opet, Tüpraş owns about 70% of Turkey's total crude oil and fuel storage capacity, giving Tüpraş the highest potential of meeting the country's national reserve requirement.

Investments ensure production at EU standards

The Master Investment Plan, which is meant to boost Tüpraş' profit potential and competitive edge, modernize refineries and enable production according to EU's environmental standards, was finished with the completion of the İzmit Refinery Gasoline specification improvement. As of April 20, 2009, all gasoline products sold in Turkey are in Euro V specs and their 10 ppm sulphur, aromatic and benzene values are equivalent to those of EU countries. 80 projects have been completed in İzmit, İzmir and Kırıkkale refineries to boost Tüpraş' operational competence, energy efficiency and profitability have been initiated, generating $234 million additional EBITDA.

To address the viscosity problems experienced in regions of Turkey with tough winter conditions, Tüpraş has produced a 10 ppm diesel oil that preserves its viscosity even at -25 degrees Celsius and introduced this product to the market on November 20, 2009.

Important milestone in the Residuum Upgrading Project

The Residuum Upgrading Project was planned by Tüpraş to increase the Company's value-added by transforming low value black products such as fuel oil into more valuable white products such as Euro V compliant gasoline and diesel, which are currently short supply in Turkey. The project, planned for the İzmit Refinery, was launched in 2008 with the basic engineering stage. On December 17, 2009, Tüpraş signed an agreement with the Spanish firm Tecnicas Reunidas as the main contractor for the project.

The Residuum Upgrading Project is estimated to cost $1.8 billion and is planned for completion in early 2014. Once the investment is complete, Tüpraş' production of black products will decrease by 50%, and its white product yield will increase to 83%. The investment will increase İzmit Refinery's Nelson Complexity from 7.75 to 14.5, thus making it one of the most complex refineries in Europe. This project will optimize the Izmit Refinery, while also increasing capacity utilization by allowing raw material to flow to Izmit from other refineries, and increase product flexibility and maximization at all refineries. The project is estimated to generate additional revenues of around $1 billion and EBITDA of $420 million.

R&D focused projects

Tüpraş aims to create an environment of collaboration between universities, research institutions and industry to jointly develop and manage research projects. To this end, the first joint projects with TÜBİTAK MAM, Koç University, Boğaziçi University, METU and Dokuz Eylül University have been initiated and a Master's Degree Program has been established at the Boğaziçi University. Numerous R&D projects were initiated during the year from diverse areas and subjects such as the real time optimization of the Hydrocracker Unit, the design of devices for cooling the air coming from reactors, modeling the mechanisms for exchanger pollution generation, purification of chimney gases and the mathematical simulation and modeling of refining operations.

Fitch increases Tüpraş's rating to 'BBB-'

On December 3, 2009, the international credit rating agency, Fitch Ratings raised Turkey's foreign currency long term country rating. Following that, Fitch Ratings also raised Tüpraş' foreign currency long-term rating from BB to BBB-, the country ceiling. Tüpraş' local currency long-term rating was confirmed as BBB- and its outlook for both types of currencies as “stable”.

The factors behind this increase are Tüpraş' strong operational and financial structure, efficient storage capacity, leadership in the Turkish market and a cash structure exceeding the refining sector average.

Strengthening Corporate Governance performance

Tüpraş increased its corporate governance rating from 8.20 to 8.34 and is among the pioneer companies of the ISE Corporate Governance Index.

“Accountability Award”

Tüpraş took 2nd place in a field of Turkey's top-50 revenue-earning companies in the “Ethical Accountability 2008 Turkey Assessment” conducted by AccountAbility, an independent corporate social responsibility and accountability organization, in cooperation with the Institute for Social Responsibility.

Health, Safety and Environment (HSE) at world standarts

Human health, technical safety and the environment, which together are the building blocks of sustainability, are continuously at the forefront of Tüpraş' thinking and operations. In 2009, the number of accidents were halved compared to 2008. In 2009, Tüpraş proudly outperformed its targets and reached world standards in accident incidence and severity rates, two of the most important safety performance criteria, at 2.5 and 73 respectively.

Opet

Total Revenues:
$ 4,756 million

Domestic Market Position:
3rd in white products with 16.6% market share
2nd in black products with 26.0% market share

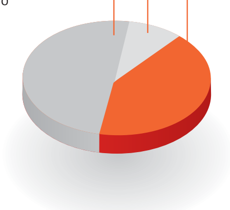
Network:
1,324 stations (including Sunpet)

EBITDA:
$ 262 million

Gross Profit Margin:
7.7%

Operating Profit Margin:
4.9%

Shareholder Structure:
Tüpraş
40.0%
Other Koç
10.0%
Öztürk Group
50.0%



www.opet.com.tr

Continued increase in market shares

Established in 1992, Opet Petrolcülük joined Koç Group as a 50-50 joint venture in 2002. The Company is engaged in retail and wholesale distribution of petroleum products including jet-fuel, production and marketing of lubricating oil and the international trade of petroleum products. Opet endeavors to develop its activities and boost its service quality and market share with the ultimate objective of becoming the consumer's first choice in the Turkish fuel distribution sector.

Opet continued to increase its market share in 2009. As of year-end 2009, it was the 3rd largest fuel distributor in the white products (gasoline and diesel) with 16.6% market share and the 2nd largest in black products (fuel oil and heating fuel) with a 26.0% market share. Despite the contraction of the fuel market, Opet drove its sales volume up 5.1% in white products and 26.1% in black products during the year.

Opet increased the number of its stations from 1,317 at the end of 2008 to 1,324 at the end of 2009. Of these, 798 operate under Opet brand and 526 under the Sunpet brand.

Highest storage capacity in the fuel distribution sector

As of year-end 2009, with the completion of the facilities in construction, the total storage capacity reached 1.1 million. Together with Tüpraş, Opet owns about 70% of Turkey's total storage capacity including petroleum products and crude oil. This rise in the storage capacity further augments Opet's competitive advantage in the sector.

In 2009, Opet continued to deliver storage services to international firms engaging in trade and transfer services in the petroleum sector in its Marmara Ereğlisi Terminal. As of the end of 2009, the capacity leased to international firms stands at 470,000 m^3.

Unrivalled sector leader in customer satisfaction

Opet continued its leadership in customer satisfaction in the fuel distribution sector for the 4th consecutive year based on the results of the Turkish Customer Satisfaction Index survey conducted every year by KalDer, the Turkish Society for Quality. Opet has achieved sustainable sector leadership due to the importance that it gives to its customers.

The number of customers enrolled in the 'Opet Kart' customer program rose from 2.9 million in 2008 to 3.6 million by the end of 2009.

Opet is a socially responsible company that supports the society by focusing on environmental and social issues through projects that are integrated in its activities and relationships with its stakeholders. Social responsibility plays an important part in Opet's corporate culture. Since its foundation, the Company has carried out numerous social responsibility projects and many others are currently under way.

2010 and beyond

Opet's targets and strategy in the upcoming period are focused on its main competitive advantages. Opet aims to realize unique and successful projects, while enhancing its service quality and strengthening its customer relationship management infrastructure. As a result, Opet aims to increase its market share and achieve growth, while maintaining customer satisfaction.

Aygaz

Total Revenues:
$ 2,448 million

Domestic Market Position:
(Including Mogaz)
Leader in the LPG sector since its establishment in 1961
Market shares:
38.6% in cylinder LPG
23.9% in autogas
29.8% in total LPG

Distribution network:
(Including Mogaz)
3,263 total sales points:
2,142 cylinder LPG dealers
1,121 autogas stations

International Position:
Europe's 5th largest
LPG distribution company

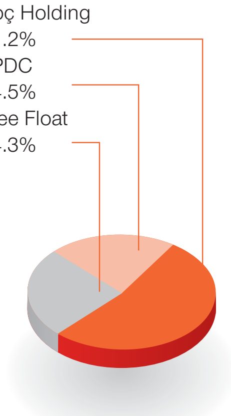
Share of International Revenues:
5%

EBITDA:
$ 252 million

Gross Profit Margin:
15%

Operating Profit Margin:
8%

Shareholder Structure:
Koç Holding
51.2%
LPDC
24.5%
Free Float
24.3%



www.aygaz.com.tr

Turkey's leading LPG company

Aygaz is Koç Group's first company in the energy sector and has been the leader of the Turkish LPG sector since the day it was established. The Company's achievements in recent years have put it among the top five LPG companies in Europe. In addition to autogas, cylinder LPG and bulk LPG distribution, Aygaz also manufactures and sells LPG equipment. Aygaz owns and operates Turkey's first and only LPG maritime fleet, which it uses for international LPG trading.

Innovation and reliability are the two core qualities that have placed and kept Aygaz, the generic brand name for cylinder gas in Turkey, at the forefront since its first day. Aygaz has almost 50 years of experience and know-how and is fully committed to making the brand even stronger by developing its product line to match the ever changing consumer needs. A flagship company of Koç Holding, Aygaz has a diversified portfolio and is now the umbrella company consolidating Koç Holding Energy Group companies excluding fuel distribution and refining. To this end, Aygaz increased its share of Entek and Aygaz Doğal Gaz in 2009.

Aygaz is Turkey's 9th largest private-sector industrial company according to İstanbul Chamber of Industry's "Turkey's Top 500 Industrial Enterprises 2008" listing and is Turkey's first and only publicly-traded LPG company. Aygaz is one of the few companies that has managed to become the generic brand for its product and is fully committed to environmentally sensitive and sustainable development. Focused on the areas of education, culture, arts and the environment, Aygaz emphasizes both the past and the future in its social responsibility projects as a company that embraces the past while continuing to invest in the future.

According to Energy Market Regulatory Authority (EMRA) data, Aygaz Group's sales in 2009 in the cylinder, bulk and autogas segments amounted to 1.1 million tons. Total sales, including domestic wholesale, domestic retail, barter, exports and transit sales, reached 1.6 million tons. Aygaz posted revenues of $2.4 billion in 2009. Export and transit sales amounted to $109 million.

Capital expenditures by Aygaz and its subsidiaries reached $83.1 million in 2009.

Strong distribution network and product quality

Aygaz provides services in all 81 provinces in Turkey through its 2,142 cylinder gas dealers and 1,121 autogas stations in its endeavor to become the "company closest to the consumer". Due to its large distribution network, more than 100,000 households purchase Aygaz LPG cylinders and one million vehicles run on Aygaz Euro LPG+ every day.

In 2009, Aygaz maintained its undisputable leadership position in the LPG sector and all its sub segments with a 29.8% total market share. As the only LPG company operating in the autogas market with its own brand nationwide, Aygaz reinforced its leadership and increased autogas sales by 10.9% in 2009, at the backdrop of a 9% market growth. Despite the overall contraction in the cylinder LPG market, the Company continued to increase its market share in this segment as well.

During the difficult period when economic recession hit sales, Aygaz's strong distribution network and product quality continued to make a difference. According to EMRA data, Aygaz's 2009 market share (including the Mogaz brand) in the cylinder LPG market reached 38.6% and its share of the autogas market was 23.9%.

Superior procurement and logistics power

Aygaz is Turkey's number one LPG importer and it operates Turkey's largest tanker truck fleet. Aygaz transports the LPG it procures from domestic or international refineries to its filling facilities via pipeline, ship or tanker trucks. LPG is distributed throughout Turkey in the form of cylinder, bulk or autogas via its 3,300 dealers.

Aygaz has 5 marine terminals, 10 filling facilities and a maritime fleet of 4 LPG vessels, all equipped and operating at international standards. Aygaz owns the largest LPG storage capacity of Turkey, with 170,000 m^3 excluding the tanker fleet. Its Dörtyol Marine Terminal ranks as one of Turkey's largest LPG entry stations. Aygaz marine terminals have an annual LPG throughput capacity of 1 million tons. LPG cylinders, tanks, valves and regulators produced at Aygaz's Gebze facility, are exported to 15 countries in Europe, the Middle East and Africa.

An environmentally friendly product: Aygaz Euro LPG+

Aygaz continued to lead the growing autogas market in 2009 by expanding its product and service portfolio and offering solutions to meet customers' needs. Launched in 2009 after four years of intensive research, Aygaz Euro LPG+, autogas with additive, provides a cleaner engine, higher performance, lower consumption and a more environmentally friendly fuel alternative.

Aygaz organizes “Cylinder Gas Briefing Trainings” to increase consumer awareness about cylinder gas usage and to encourage its safety and efficiency.

As the owner of the highest number of patents in the Turkish LPG sector, Aygaz places great emphasis on innovation in the areas of environmental protection and ecological sustainability, which are two indicators of social development, with the belief that the development of technologies that utilize clean and renewable energy sources is critical both for the country and the world as a whole.

Aygaz continued its R&D efforts, technology improvement projects and innovations in 2009. The Company has filed patent applications to the Turkish Patent Institute under three categories in 2009: liquid measuring system, cylinder loading machine, and automatic painting machine with rotating base for household type cylinders.

Awards for achievements

Aygaz is ranked among Turkey's top 5 most transparent companies in terms of corporate governance in the “Turkish Transparency and Disclosure Research” prepared by Sabancı University Corporate Governance Forum in partnership with Standard and Poor's. Aygaz was ranked among the top 5 companies in the “Ethical Accountability 2008 Turkey Assessment” conducted by AccountAbility, an independent corporate social responsibility and accountability organization, in cooperation with Institute for Social Responsibility. The “Best Brands” survey conducted by an independent research company identified Aygaz as one of Turkey's top 4 product brands and the best brand in the LPG sector. Aygaz's 3D corporate website, www.aygaz.com.tr, won the “Outstanding Achievement” award in the energy category of the“Interactive Media Awards” competition. The Society of Health Volunteers awarded Aygaz 2nd place in the Social Responsibility Grand Award category for the Company's social responsibility project “Ayışığı - Moonlight: Beam of Health from Aygaz”.

2010 and beyond

Aygaz's main objective is to remain the LPG sector leader for quality and safety. Sustaining leadership in all segments, raising market share and maximizing profitability are the pre-eminent short and medium term strategies of Aygaz. As for the long-term, Aygaz aims to widen its energy pool by developing solutions for Turkey's alternative energy needs.

Mogaz

Mogaz is the second Koç Group Company operating in the LPG sector with Aygaz. Mogaz provides distribution services under the Mogaz and Lipetgaz brands and ranks 7th largest in the Turkish LPG market among 63 companies with a total annual sale volume of 200,000 tons. The Company ranks 4th in cylinder gas, 3rd in bulk gas and 8th in autogas segments.

Mogaz maintained its strong position and reached a market share of 5.3% with expanding direct sales activities in 10 cities and newly opened dealerships in 2009.

In July, Mogaz started distributing Aygaz Euro LPG+, autogas with additive developed and introduced to the market by Aygaz in June. The product was promoted through a marketing campaign and applauded by dealers and consumers alike.

In 2010, Mogaz aims to increase its share in the autogas and cylinder gas markets and develop its direct sales activities and improve customer satisfaction.

Entek

Entek is Koç Group's power generation company that operates two natural gas combined cycle plants and one gas turbine based cogeneration facility in Istanbul, Kocaeli and Bursa with a combined capacity of 302 MW. As of the end of 2009, Entek ranked 6th among private sector power generation companies in Turkey with 5% share in the private sector's total production. 83% of the energy generated by Entek is sold to the Market Financial Settlement Center via the current transmission networks while 11% is sold to customers connected with a direct transmission line to the plant. The remaining 6% is sold as steam energy from the Bursa and Kocaeli facilities. Eltek was founded as a subsidiary of Entek in 2003 and operates in the wholesale electricity market.

Turkey's demand for electricity decreased by about 2.5% in 2009 and a the total generation capacity increased by 2800 MW. Particularly in the second half of the year, supply surpassed demand, causing prices to fall. The amount of water accumulating in the dams increased by more than 100% compared to 2008, which further increased available capacity. During this period, Entek managed to maintain its profitability by implementing flexible operational processes and achieving optimum capacity utilization rates. Entek's main strengths were direct customers connected with a transmission line to the Kocaeli plant, sales to steam customers and the employment of flexible operational methods.

The established capacity increased by 62 MW with the addition of 15 MW power from the steam turbine and the completion in August 2009 of LM6000 unit at a total investment cost of $31 million. The company also renewed a LM6000 unit in Bursa and a HSPT unit and a LM2500 turbine in Kocaeli.

Entek intends to make new investments to maintain its market share in the future, to utilize alternative resources for investments, establish large, powerful and high efficiency power plants, and to direct itself towards renewable energy that poses no input price uncertainty. In addition to optimal adaptation to the Balancing and Settlement Code that became effective in December 2009, the Company aims penetrate the bilateral contracts market via Eltek to create alternative sales channels. Financial difficulties experienced by several companies in the sector create new acquisition opportunities.

Aygaz Doğal Gaz

Aygaz Doğal Gaz operates in the natural gas market, selling and transmitting liquefied natural gas (LNG) and compressed natural gas (CNG).

As part of the liberalization of the natural gas market, wholesaling natural gas via pipelines gained a momentum in 2009. The Company signed a natural gas procurement agreement with a licensed gas-importing company and natural gas sales agreements with consumers.

Aygaz Doğal Gaz will start natural gas wholesaling to independent consumers via pipelines on January 1, 2010.

Akpa

Akpa carries out LPG distribution, wholesale marketing of petroleum products, and retailing and wholesaling of consumer durables. The Company has dealers in Bursa, Eskişehir, Antalya, Ankara, İzmir and Denizli and generated TL200 million revenues in 2009.

Demir Export

Demir Export is Turkey's 2nd largest private sector coal producer for thermal power plants. It also mines iron, chrome, zinc and copper ores. The Company is an exporter of copper, chrome and zinc.

Demir Export focused on operational efficiency and continued its activities in 2009 in a way to shield it from the impact of sudden price fluctuations. Being the supplier of a strategic product range provided resilience to Demir Export in a volatile environment.

Demir Export emphasizes quality, the environment, occupational safety and worker health in all its activities. It is Turkey's first and only coal producer to have ISO-9001 Quality, ISO-14001 Environment and OHSAS 18001 Occupational Health and Safety Management Systems certifications.

Otlukilise iron mine

Production...	**50%** of total motor vehicles **93%** of commercial vehicles
Exports...	**48%** of total motor vehicles **94%** of commercial vehicles
Sales...	**Market leader** with **17%** in passenger cars **53%** in commercial vehicles **52%** in farm tractors **31%** in total automotive

Automotive

Incentives boost automotive sector recovery

Following the difficulties in 2008, the automotive sector faced further challenges in 2009. The financial difficulties encountered by the three major US manufacturers and the subsequent deals they made with the US government, share sales and restructuring left their mark on the sector. In Europe manufacturers sought to lessen the effects of the crisis with government support, stringent cost-cutting and restructuring measures. While Turkey's main export markets contracted in the first half of 2009, various incentive measures introduced by the governments, especially in Italy, France and Germany boosted demand. According to annual figures, China was the best performer in the global markets with a 51% increase in sales. In the United States, total automotive sales dropped by 21%. In Germany, Europe's largest market, sales were up by 20% while in France, sales increased by 5%. In Italy, however, sales declined by 2%.

The Turkish automotive sector contracted significantly at the beginning of 2009. In January and February alone, the total passenger car and light commercial vehicle market slid by 38% in comparison with the same period in 2008. Falling economic activity, decline in the banks' appetite to extend car loans and expectations of an upcoming incentive package that led to a pent-up demand were the main reasons driving the contraction. Demand took a sudden jump with the introduction of the stimulus package reducing the Special Consumption Tax (SCT) in March. This increase was sustained for the term of the package, until the end of June, and then beyond to the end of September with a second, three-month extension to the package albeit with lower discounts. In September, the last month of the incentives, the market grew significantly, only to fall back in October and November in the absence of an incentive package. However, as the seasonality in the domestic automotive sector coupled with attractive sales campaigns introduced by the companies, domestic sales reached record highs in December, making it the best month of 2009 and the third strongest month of the last 5 years.

Consequently, the adverse effects of the crisis were compensated, particularly in the passenger car segment, thanks to SCT incentives. The year ended with a 12.8% increase in sales of passenger cars and light commercial vehicles to 557,126 units. In a year where the economy contracted significantly, the automotive market grew due to a combination of pent-up and pulled forward demand. It was also observed that automotive sales which are mostly financed with loans in a normalized environment, were predominated with cash sales in 2009.

Domestic market sales increased by 13%, boosted by the tax incentives.

In contrast, medium and heavy commercial vehicle segments continued to contract sharply in the absence of meaningful tax incentives. The medium commercial vehicle segment saw a 30% decline in sales while sales of heavy commercial vehicles dropped by 42.3%, the biggest rate of decline in the sector.
Though the recession hit the logistics and tourism sectors hard, cutting the semi-trailer and large bus segments, a contrary tendency towards public transportation in the domestic market and fleet purchases diminished the adverse effects.

The tractor market was undercut by the decreasing appetite of financial institutions to extend loans. While the global tractor market shrank 8%, the domestic market was almost halved with a 49% drop in sales due to limited financing opportunities for farmers.

In the defense industry, a policy of nationalization and the increasing preference for local manufacturers contributed positively to the development of the sector.

Total automotive production in Turkey declined 24.2% by for the year. According to data from the Turkish Automotive Manufacturers' Association, total vehicle exports declined to 628, 970 units, 30.9% lower than in 2008. In monetary terms, total vehicle exports decreased by 23% to $ 102 billion. The automotive sector was the country's leading industrial exporter in 2009 with 16.6% of Turkey's total exports.

Koç Group Automotive Group

Koç Group maintained its undisputable leadership in the Turkish automotive sector in 2009 with 50% of Turkey's total automotive production, 48% of its total exports, and 31% of its domestic sales.

Total production of the Group's automotive companies was 443,402 units. The Group's automotive exports fell by 30% to 306,000 units, in line with the decline in Turkey's automotive exports, especially due to the contraction in the demand for commercial vehicles.

Koç Group's leadership of the domestic market was nowhere stronger than in the commercial vehicle segment with production of 93%, corresponding to 349,223 units and 94% of Turkey's commercial vehicle exports.

Ford Otosan started to export the Transit Connect model manufactured in the Kocaeli Plant to United States in May, breaking new ground in the Turkish automotive sector.

Tofaş manufactured its three-millionth vehicle in 2009 and achieved the 'Silver' level in 'World Class Manufacturing'. The Company became Fiat's world number one among 170 centers, with the “highest quality and safest manufacturing”.

Türk Traktör increased its customer satisfaction through its Relationship Management System, strong dealership network, and after-sales organization.

Otokar continued its research and development operations, designing and manufacturing new vehicles and series, for which it retains the Intellectual Property Rights. Otokar's medium-size bus Vectio 250T won the Grand Award in Europe.

Koç Group maintained its undisputable leadership in the Turkish automotive sector in 2009.

Ford Otosan

Total Revenues:
$ 3,702 million

Domestic Market Position:
Market leader in total automotive for the 8th consecutive year
15.1% total market share

Network:
279 dealers including
117 main sales points

International Position:
Commercial vehicle exports, predominantly to North American and European countries

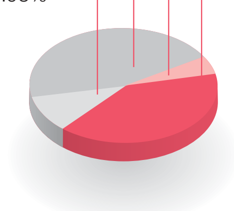
Share of International Revenues:
57%

EBITDA:
$ 373 million

Gross Profit Margin:
12%

Operating Profit Margin:
7%

Shareholder Structure:
Koç Holding
38.46%
Other Koç
2.58%
Ford Motor Co.
41.04%
Free Float
17.93%



www.fordotosan.com.tr

Market leader for the 8th consecutive year

Established in 1959 as a small assembly facility, Otosan quickly developed into a production hub and laid the foundation of the Turkish automotive industry.

Today, under the partnership of Koç Holding and Ford Motor Co., Ford Otosan manufactures Transit and Transit Connect commercial vehicles at its Kocaeli Plant and Cargo trucks at its İnönü Plant. In 2009, with a market share of 15.1%, Ford Otosan maintained its leadership of the automotive sector for the 8th consecutive year. The Company, which has increased its market share in all segments, maintained its leadership position in the commercial vehicle segment with a market share of 26% and ranks number three in the passenger car segment with a market share of 9%.

Ford Otosan holds the 3rd position in İstanbul Chamber of Industry's listing of "Turkey's Top 500 Industrial Enterprises 2008". The Company's award-winning Kocaeli Plant has an annual production capacity of 320,000 vehicles. Ford Otosan took effective measures to decrease the impact of the crisis focusing on cost-efficiency and safeguarding employment. While cost-cutting measures were implemented short-term workers' compensation was also given. Hundreds of workers were provided temporary employment at other factories of Koç Group companies.

Turkey's first automobile export to the USA

Ford Otosan began exporting Ford Transit Connect vehicles to North America in May, in accordance with its strategy of expanding into new export markets. The Transit Connect was developed and manufactured by Turkish engineers in Kocaeli Plant and it is now the first vehicle to be exported from Turkey to the automotive industry's homeland, the USA.

50 years in Turkish automotive

One of the oldest companies in the Turkish automotive sector, Ford Otosan celebrated its 50th year in 2009. The Company could successfully overcome the difficulties of 2009, thanks to its wide product range, simple, flexible and low-cost production structure, R&D capacity, its logistic advantage of being the only Turkish automotive company owning its own port facilities, its strong and well-established distribution network, high export capacity, and its award-winning products.

Ford Otosan creates value to its investors through its proven track record of sustainable profit margins, strong cash flow generation and high dividend yield. The Company aims to maintain its leadership of the Turkish automotive market and become Ford Europe's manufacturing hub by providing automotive products and services that meet its customers' expectations in the best possible way.

Ford Otosan invested approximately TL 73 million in modernization and new product development projects in 2009.

Increased market share with new products

Ford Otosan renewed most of its passenger car product range in 2008 and extended its line throughout 2009 in accordance with consumers' expectations. As a result, it finished the year as the 3rd best-selling brand in the passenger car segment.

The new Connect, which transmits Ford's global kinetic design philosophy into the commercial vehicle segment, was launched in April. With the new Transit Connect, which was predominantly developed by Turkish engineers and is manufactured in the Kocaeli Plant, Ford Otosan increased its 2009 market share of the light commercial vehicle segment by 1.8 percentage points, reaching 26%.

Ford Otosan reinforced its leadership with new product developments. The Transit family line was broadened with the addition of front-wheel drive140 PS minibuses to the product range, which increased its market share by 5.8 percentage points to reach 36%. The Transit line gained a market share bigger than the total share of its six closest competitors in the medium commercial vehicle segment.

3rd place in Turkish patent league

Ford Otosan contributed to the development of an indigenous automotive industry, notably by producing Turkey's first automobile and Turkey's first car engine. Thanks to its strong R&D culture, the Company exports vehicles it developed to 70 countries on five continents. It has the largest R&D staff in the Turkish automotive industry, with 600 engineers most of whom have a graduate or PhD degree. Ford Otosan is one of Ford Motor Co.'s R&D centers and many new technologies are being developed at the Company's Gebze Engineering Facility which is located in a Technopark area and Kocaeli Plant. One of the results of this effort, the Hybrid Commercial Vehicle Project, which was developed in cooperation with the Scientific and Technological Research Council of Turkey (Tübitak) and Istanbul Technical University, was ranked first in the Product Category at the 8th Technology Awards. Moreover, the Company garnered a Patent League award for taking 3rd place among Turkish companies for the highest number of patent applications and the patent registrations held.

Transit Connect: 2010 North American Truck of the Year

Ford Otosan continued its successful performance in 2009. The Company won numerous awards including the “Sector Export Award of Merit - 1st Place” by the Undersecretariat of Foreign Trade, “2009 Sector Performance Sustainability Award” by Kocaeli Chamber of Industry and “R&D Achievement Award” by the Association of Automotive Parts and Components Manufacturers.

Transit Connect, which has been exported to North America since May, was deemed worthy of some of the most prestigious awards of America; Detroit News, Popular Mechanics and Kelly Blue Book “Vehicle of the Year” in 2009 and it won the “North American Truck of the Year” award on the evaluation of Trucks Trends magazine and a jury of 50 American journalists. These awards made Transit Connect the first commercial vehicle to win awards both in Europe and North America.

2010 and beyond

Although demand for automotive products is not likely to increase rapidly after a difficult year, 2010 is expected to see some improvement in capacity utilization, production and sales volumes as sales in many countries have begun to grow at a steady pace and high stock levels have depleted. Ford Otosan will continue to focus on effective cost cutting and efficiency measures in order to improve profitability and to generates resources for new projects.

Ford Otosan operates in accordance with its mission to maintain its market leadership by matching customer expectations in Turkey while becoming Ford Europe's manufacturing center. As such, Ford Otosan's objective is to become an engineering and R&D center within Ford's global organization by designing the vehicles it manufactures and developing vehicle technologies of the future. The Company is planning to double its R&D staff by 2012 to match technology development work on light commercial vehicle design and manufacturing. Ford Otosan has been gaining market share not only through sales and exports but also by its rapid increase in patents, scientific journals, branding and design studies and awards.

Ford Otosan's Transit Connect model was Turkey's first automobile export to the USA.

Tofaş

Total Revenues:
$ 3,291 million

Domestic Market Position:
Leader in the light vehicle segment (PC & LCV) with a market share of 15.3%
Leader in the light commercial vehicle segment with a market share of 29.5%

Network:
156 sales points, 74 of which are main distributors

International Position:
Manufacturing and export center of Doblo, MiniCargo and Linea
One of Fiat's 3 largest R&D centers in the world

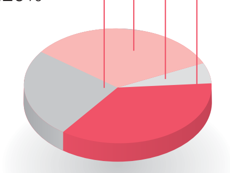
Share of International Revenues:
60.4%

EBITDA:
$ 308 million

Gross Profit Margin:
9.8%

Operating Profit Margin:
5.1%

Shareholder Structure:
Koç Holding
37.59%
Other Koç
0.27%
Fiat Auto S.p.A.
37.86%
Free Float
24.29%



www.tofas.com.tr

Market leadership in light vehicles regained eight years on

Established in 1968 by Koç Holding's founder Vehbi Koç, Tofaş is a joint venture of Koç Holding and Fiat S.p.A. Currently it is one of Fiat's three strategic international production hubs. In addition to the Doblo and MiniCargo models produced at the Bursa factory, it exports Fiat's Linea model to international markets, thus making it an important global player and the only company producing a passenger car that is exported all over the world from Turkey.

Tofaş increased its total sales by 38.8% at the backdrop of a 12.8% market increase, regaining its leadership of the passenger car and light commercial vehicle market in 2009 after an 8-year hiatus with 15.3% market share. Tofaş also captured a record-high market share in light commercial vehicles with 29.5%. Behind this success are Fiat's vastly improved brand image, the fact that Tofaş is the only domestic manufacturer of both passenger cars and light commercial vehicles, and production skills and flexibility that enable the Company to respond quickly to sudden jumps in demand.

Exports got off to a slow start in 2009, reflecting stagnant European markets. However, by the end of the year, exports had climbed steadily back to pre-crisis levels. Completely Built Unit (CBU) vehicle exports showed no decline in 2009, largely due to the success of Fiat Fiorino in Europe.

A powerful player during the crisis

Tofaş continued to implement stringent cost cutting measures in 2009. The Company's strong R&D and engineering talent, and its World Class Manufacturing (WCM) activities decreased its operating expense percentage to their lowest level in recent years.

The Company's "cost plus" take-or-pay export agreements provided significant visibility during the uncertainty. Due to its strong balance sheet structure, effective working capital management, non-exposure to exchange rate risks and project finance that was secured before the crisis at very favorable rates, Tofaş had no additional financing requirements in the year. Tofaş completed 2009 with a solid financial standing and with significant successes in many areas.

Tofaş: Fiat's first silver level production center worldwide

Tofaş attained the silver level in the World Class Manufacturing program, making it Fiat's first center among around 170 global factories to reach this level with the highest score. This success is the result of a policy of continuous improvement that was instituted in 1984 and carried the Company to the bronze level in 2007. Intensive activities in 2008 laid the ground work for the silver level in 2009.

Tofaş's 41st year and three-millionth vehicle

Fiat Fiorino has been a great success worldwide since it was launched. The Fiat brand of the MiniCargo project, the Fiorino is manufactured at Tofaş's Bursa plant, which has an annual production capacity of 400,000 units. In 2009, Tofaş's 41st year, a Fiat Fiorino became the Company's three-millionth vehicle.

Turkish Automotive Sector's largest R&D center - R&D investment above global standards

In line with its vision of 'becoming Fiat's most competitive and self-sufficient passenger car and commercial vehicle development hub by 2010' Tofaş owns the biggest R&D center in the Turkish Automotive Sector. Tofaş R&D center is Fiat's 2nd largest in Europe and 3rd largest in the world. It has sole ownership of the intellectual and industrial property rights and holds the design responsibility for the MiniCargo and new Doblo models. With a ratio of annual R&D spending to net revenues as high as 4%, Tofaş has exceeded global standards in terms of R&D investment.

Within the scope of its strategic targets, Tofaş aims to improve its product development capacity to take vehicle lifecycle management responsibilities for the products it develops, and to perform as a technology and production center for all the technological activities its products require.

Strengthening performance in Corporate Governance

Tofaş is one of the first companies in the ISE Corporate Governance Index. The Company increased its corporate governance rating from 8.16 to 8.24 in 2009.

Take-or-pay exports: New Doblo

Tofaş will launch the new generation Fiat Doblo in early 2010. Tofaş owns the intellectual property rights of the new generation of this award-winning representative of the light commercial vehicles segment. Production of the new Doblo started in October and the vehicle will be exported to many countries.

Annual production of the new Doblo is projected at 120,000 units and the vehicle represents an investment of € 386 million between 2007 and 2009. An additional investment of € 64 million is planned for 2010. Two-thirds of the new Doblo will be produced for export purposes on a take-or-pay basis.

2010 and beyond

Tofaş has set priorities for 2010 to focus on excellence in quality, increasing cost competitiveness, continuing to be the pioneer in its sector, increasing customer and dealer satisfaction while at the same time creating value for all of its stakeholders through sustainable and profitable growth.

The Company's long-term strategy is to seek sustainable and profitable growth. In line with this target, Tofaş aims to carry its success in the World Class Manufacturing program to the gold level and extend this experience to the supply industry, to be Fiat's preferred regional R&D and production hub, and to be self-sufficient in R&D and production.

Koç Fiat Kredi

Koç Fiat Kredi provides financial solutions to the 5 brands under the Tofaş umbrella, Fiat, Alfa Romeo, Lancia, Ferrari and Maserati. Koç Fiat Kredi provided 14,918 loans in 2009, financing 46% of all Tofaş's credit sales.

Koç Fiat Kredi introduced the loan protection insurance in May. The Company is an integrated financial services group with 108 sales points across Turkey.

Tofaş regained its leadership of the passenger car and light commercial vehicle market after an 8-year hiatus.

Why Tofaş?

- The 1st and highest scoring production center to reach silver level in WCM among Fiat's 170 factories
- Fiat's 2nd largest R&D center in Europe and 3rd largest in the world
- Turkey's highest-capacity automotive company
- Complete intellectual property rights of Minicargo and new Doblo

Türk Traktör

Total Revenues:
$ 443 million

Domestic Market Position:
Market leader with 52% market share

Network:
100 tractor dealers under the NH brand, 75 spare part dealers 15 dealers under the CASE IH brand

International Position:
Global engineering and production hub for New Holland TD & Case JX tractors.

Share of International Revenues:
48%

EBITDA:
$40 million

Gross Profit Margin:
15.6%

Operating Profit Margin:
7.9%

Shareholder Structure:
Koç Holding
37.50%
Koç Holding (held for sale)
2.31%
CNH Global NV
37.50%
Free Float
22.01%
Other
0.68%

www.turktraktor.com.tr

First manufacturer in the Turkish automotive industry

Türk Traktör, a joint venture of Koç Holding and CNH Global NV, one of the world's largest farm tractor and agricultural product manufacturers, has been operating in Turkey since 1954 as the first manufacturer in the Turkish automotive industry. It is the largest farm tractor producer in Turkey with an annual production capacity of 35,000 farm tractors and 25,000 engines. The Company is the global production and engineering hub for the New Holland TD & Case JX tractors and exports its products to 65 countries. Türk Traktör's vision is to be a driving force for modern agriculture.

The incentives introduced to revive the automotive sector had no effect on the farm tractor industry. However, Türk Traktör was able to overcome the market difficulties through a tax-reduction campaign it carried out via its dealers, particularly in the second half of the year. The Company was able to manage the fluctuations in the market utilizing its vertical integration advantages. As a local manufacturer, Türk Traktör has a large and strong customer portfolio and, in 2009, while implementing a stringent cost management policy, the Company also focused on customer-oriented marketing activities and training programs. Thanks to its successful dealer network, well-trained after-sales teams and the customer relationship management system it employs, Türk Traktör managed to improve customer satisfaction.

Increasing market share in all segments

In 2009, the Company increased its market share in New Holland branded products from 47% to 49% and in CASE IH branded products from 2% to 3%. While maintaining its leadership position in the combine harvester market with the launch of new products, the Company increased its share in the cotton harvesting machine market.

In 2009, Türk Traktör's total capital expenditures reached TL 11 million and, with the current capacity utilization rate of the Company, there is no need for any major additional investment for the next 10 years.

R&D focused Initiatives

Türk Traktör continued to expand its product range in 2009 through its R&D investments, reinforcing its market position. The Company has one of the highest production capacities in the farm tractor industry and it is one of the most important R&D centers within the CNH network.

Türk Traktör's R&D center, approved by the Ministry of Industry in 2009, employs 54 engineers and technicians. The Company plans to expand its R&D facility further by adding new projects and responsibilities.

OHSAS 18001 Certificate

Safety is a way of life at Türk Traktör and various projects are underway in the field of occupational health and safety. The work environment and production processes have been further improved as a result of projects carried out with the active participation of employees. The Company has harmonized its occupational health and safety practices with the BS OHSAS 18001 standard and obtained the BS OHSAS 18001 Occupational Health and Safety Management System certificate.

Strengthening Corporate Governance performance

Türk Traktör is one of the first companies in the ISE Corporate Governance Index. The Company increased its corporate governance rating from 7.83 to 8.12 in 2009.

2010 and beyond

Türk Traktör aims to maintain its leadership in the farm tractor, combine harvester and cotton harvesting machine markets, to continue the growth achieved with the CASE IH brand, to expand its dealer network coverage, to improve its after-sales support services and to introduce new products and services to Turkish farmers.

Otokar

Otokar uses its own technology, design and applications to manufacture minibuses, buses, 4x4 tactical vehicles, light-armored vehicles for the defense industry, and trailers and semi-trailers for the transportation and logistics sector. Operating in a 552,000 m^2 plant in Sakarya, the Company is also the prime contractor on the Altay National Tank Project.

The 2009 recession affected the logistics and tourism sectors strongly and, in turn, the semi-trailer and bus markets were impacted. However, the increasing use of public transport buses and fleet sales were the two main factors compensating the contraction. The increasing preference for national players in the defense industry also contributed positively to the sector's development.

During the crisis, Otokar focused on its strengths and new product development to match the expectations and demands of its customers. As a company that has proven its products and services in their niche markets, Otokar focused completely on a customer-oriented approach for sustainable customer satisfaction and higher sales. The Company also shed weight through cost-cutting and economizing measures in its production, sales and marketing operations.

A year in which leadership is maintained

Despite the contraction in the bus, minibus and trailer segments in 2009, Otokar became the market leader in the ADR tanker and refrigerated segments. It also maintained its position as the Turkish Armed Forces' leading supplier of tactical vehicles.

Revenues up by 5%

In 2009, new product development, expanding into new markets, and focus on defense industry operations helped Otokar achieve its targets. The Company generated TL 503 million revenues, a 5% increase vis-à-vis 2008, while export revenues exceeded $ 100 million.

Turkey's first National Tank

Otokar is the prime contractor on the ALTAY National Tank Production Project under a contract awarded by the Undersecretariat of Defense Industry. The project was officially kicked off in 2009.

Otokar was also selected as the prime contractor in the Tactical Wheeled-Vehicles tender to supply 861 command-control, loading and personnel vehicles to meet the needs of the Turkish Armed Forces.

Environmentally friendly technologies

Otokar introduced more environment-friendly engines with minimum emission levels in the public transportation products sold to domestic and international foreign markets and launched Euro V compliant vehicles in the European market.

R&D focus

75% of Otokar's revenues are generated from vehicles it has designed and produced. Otokar's continuing R&D activities allowed new vehicles and series to be added to the product range in 2009. In the defense industry segment, the mine-resistant armored vehicle KAYA was developed in two models - a personnel carrier and load carrier. In the public transportation segment, a 12-meter series of buses was designed and the new models were launched simultaneously in Turkey and Europe.

Vectio 250T wins Grand Award

Otokar won the 'Grand Award', the highest award in Europe in the medium-size bus category, with its Vectio 250T model, which the Company designed and of which it owns the intellectual property rights. The award was presented to the Company at Busworld Kortrijk, Europe's biggest bus fair.

Strengthening Corporate Governance performance

Otokar raised its corporate governance rating from 7.94 to 8.12 in 2009 and is one of the companies in ISE's Corporate Governance Index.

2010 and beyond

Otokar maintains the national character of its products through developing its own technology and it aims to ensure sustainable satisfaction of its stakeholders with a philosophy of perfection. The Company has set its strategy to widen its product range and markets and maintain its position as the market leader.

Otokar - Vectio 250T

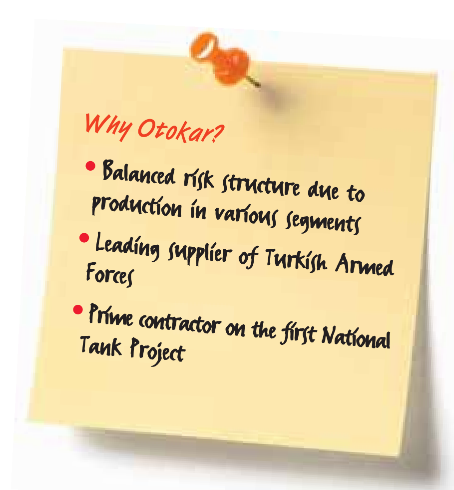
Otokoç Otomotiv

Otokoç Otomotiv operates in automotive retailing with Otokoç and Birmot brands and in car rental with Avis and Budget brands. The Company provides sales and after-sales services under Otokoç for Ford and Volvo brands and under Birmot for Fiat, Alfa Romeo and Lancia brands. The Company is the leading automotive retailer in Turkey with 8.5% market share. In 2009, Avis remained the leading car rental brand, while Budget was the number three player in the sector.

In 2009, Otokoç Otomotiv accounted for 27.5% of Ford Otosan sales and 29.3% of Tofaş sales, becoming the 5^{th} largest retailer in the automotive sector after Ford, Fiat, Renault and Hyundai. The Company sold a total of 48,850 cars, 26% more than 2008 and increased its revenues by 25% to TL1.7 billion.

Avis Turkey has been the leader in customer satisfaction according to ratings of customers from Europe, Africa, Middle East and Asia for the last four years. It was granted an award in the "car rental" category of "SKALITE Tourism Quality Awards 2009". Budget received "The Best Marketing Communication" award with the successful fly and rent program and long term cooperation with Pegasus Airlines. 2009 sales and after-sales customer satisfaction surveys revealed that Otokoç and Birmot scored above the Turkey average of all Ford Otosan and Tofaş dealers. Otokoç Ataşehir and Antalya offices were granted Ford Europe's Chairman's Award owing to the strong customer satisfaction.

Going forward, Otokoç Otomotiv's objective is to remain the leading automotive retailer while increasing its share of the brands it represents. Maintaining its leading position in the car rental segment with Avis while carrying Budget to the second position and achieving a gradual and consistent growth trend in car leasing are among the other objectives of Otokoç Otomotiv.



Household appliances...

Turkey's
leading
Europe's
3rd largest
company

Televisions...

Turkey's
leading
company

Air conditioners...

Turkey's
leading
company

Consumer Durables

Global demand contraction gave way to difficult market conditions

The deepening global crisis in 2009 resulted in a rapid drop in worldwide consumption, a decline of consumer confidence indices to all time lows, and record levels of corporate bankruptcies.

The impact of the contraction in global demand was initially felt by companies manufacturing intermediate industrial goods. All sectors manufacturing consumption goods followed, suffering from the fall in final consumption.

The global demand conditions also took their toll on the companies operating in the household appliances sector, with the sales of many companies dropping below the previous year's level. In an effort to counter plummeting demand in the sector, governments introduced various incentives and tax reductions. On the other hand, the downturn in global demand also caused commodity prices to fall to very low levels, positively impacting profit margins.

The ongoing consolidation in the industry through mergers and acquisitions in various regions of the world and collaboration of Chinese consumer durables manufacturers were the main highlights of the year. Eastern European economies were more severely impacted by the crisis than Western Europe. The Western European market for household appliances contracted by 4% in 2009 while the Eastern European market declined by 25%.

Domestic sales declined by 4.5% while exports increased by 6.3%.

Meanwhile, in Turkey, the government acted to counter the declining demand by reducing the Special Consumption Tax (SCT) rate. The rates were applied as 0% for three months starting from March and then 2% for the subsequent three months beginning in June. The tax reductions succeeded to some extent in improving demand in the sector by encouraging the release of the pent-up demand.

According the Turkish White Goods Association, the total sales in the domestic market in 2009 declined by 4.5% compared with that of 2008.

Exports, on the other hand, increased by 6.3% in 2009 year-on-year. Monthly export figures, which began to climb in April, reached 1.4 million units, their highest level for the year, in October. However, exports began sliding in the last two months of the year.

A year of continued growth for consumer electronics

The global consumer electronics market continued to expand in 2009, increasing by 4.3% to reach $ 724 billion. The rapid development of the LCD television market continued in 2009, climbing by 37% to over 140 million units.

2009 LCD television sales in the Western Europe exceeded 38 million units, increasing by 17% compared to 2008, while the revenues were around $ 22 billion.

In the Turkish television market, the transition from traditional CRT televisions to LCD televisions accelerated. As a result the CRT television market contracted by 60%, while the LCD market expanded by 36%. This growth did not completely counterbalance the contraction of the overall television market. Falling LCD panel prices and intense competition contributed to a rise in the number of LCD television sales. However, this was insufficient to result in a proportionate rise in revenues.

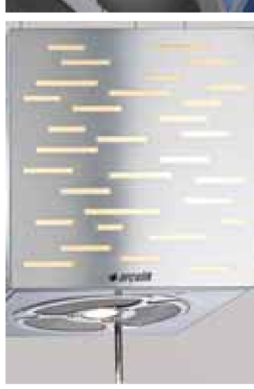
Koç Group Consumer Durables Segment

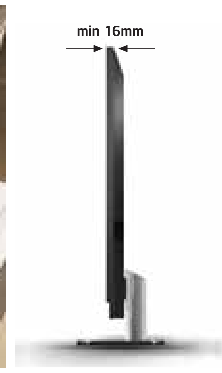
Koç Group consumer durables companies, which command the most extensive sales and after-sales service network in Turkey, maintained their market leadership in 2009 with over 50% share in household appliances. Koç Group companies also lead the television and air-conditioner markets.

Arçelik, which has manufacturing facilities in Turkey, Russia, Romania and China; is the leading player in the Turkish market and also the 3rd largest consumer durables company in Europe.

In 2009, Arçelik's share in Turkey's exports reached 46% in household appliances and 15% in televisions.

Koç Group companies maintained their undisputable leadership in the household appliances and television markets.





Arçelik

Total Revenues:
$ 4,261 million

Domestic Market Position:
Leader in household appliances, LCD television and air-conditioner market

Global Network:
17,000 employees
11 production facilities in 4 countries
Sales and marketing network in 18 countries
Products and services in over 100 countries

International Position:
2nd largest player in the UK with 15% market share
Market leader in Romania with 35% market share

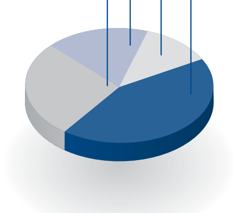
Share of International Revenues:
52%

EBITDA:
$ 601 million

Gross Profit Margin:
33.0%

Operating Profit Margin:
11.4%

Shareholder Structure:
Koç Holding
40.51%
Other Koç
16.69%
Burla Group
19.53%
Free Float
23.26%



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55 years' experience

Established in 1955, Arçelik A.Ş. has 11 production facilities located in Turkey, Russia, Romania and China. The Company has a wide international sales and marketing network, and provides products and services in over 100 countries with its 10 brands.
Arçelik A.Ş. has the largest service network in Turkey, with around 3,600 authorized dealers and 600 after-sales service points. The Company continued its leadership position in the household appliances, LCD television and air conditioner markets in 2009.

Beko was among the top 10 white goods brands in the world

Having secured new distribution channels in its main export markets, Western Europe in particular, Arçelik A.Ş. was one of the companies recording the highest market-share growth rate in the sector with outstanding performance in the UK and Romania. The Company increased its UK market share in the 6 main household appliances product groups from 9% to 15%, reinforcing its number 2 position in the market. In Romania, it increased its market share to 35%, extending its leadership far ahead of competition. Beko repeated its 2008 success and closed 2009 among the top 10 white goods brands in the world in 8 main product groups.

Effective measures led to a year of record profitability

Arçelik significantly increased its profit margin mainly due to the Company's performance in the second and third quarters of the year. Improvements in inventory management and product mix, effective working capital management and efficiency gains in all business processes were the main factors leading to the Company's increased profitability. The Company's operating cash flow reached an all time high, enabling the net financial debt to decline by more than 60% during the year.

Enhancement of the supply chain management and the completion of the Arçelik and Grundig Elektronik merger by mid-2009 also made positive contributions to process management and profitability. Arçelik is one of the most profitable companies in the sector and the Company drew further ahead of its global peers in this regard in 2009. Going forward, Arçelik is expected to preserve a profitability level that is above the sector average.

Arçelik A.Ş.'s new vision: "Respects the Globe, Respected Globally"

In 2005, Arçelik set itself the vision to "become the owner one of the top 10 global brands by 2010". The Company successfully achieved this target two years in advance and has attained a strong and competitive position in the international arena. The Company now aims to carry its competitive structure to a global level with a new vision: "Respects the Globe, Respected Globally". To reach its vision, Arçelik has set sustainable profitable growth, increasing market share in all segments, innovation and creativity, and achieving a truly global organizational structure as its main business goals.

Unrivaled brand recognition

Arçelik has been the "most recalled brand", "the brand that the consumer feels closest to" and "the first recalled brand" in Turkey for 11 consecutive years and remained successful in this regard in 2009. The results of a brand research covering all sectors show that two of the five most recalled brands in Turkey belong to Arçelik.

Exclusive Stores

Arçelik's authorized dealership network is a cornerstone of the Company's success and it has established a similar network in foreign markets with the Exclusive Store system, through which Beko branded products are sold. This system has allowed Arçelik to rapidly penetrate global markets, in particular Eastern Europe, the Baltic Republics and the CIS countries.

The first and only Turkish company in the global patent league: Arçelik

Arçelik is Turkey's leading company in patent applications. With around 130 filings every year, Arçelik produces more than one third of Turkey's international patent applications. In 2008, the Company became the first and only Turkish company to be listed among the global top 500 companies in the World Intellectual Property Organization list, enabling Turkey to take the world's number two spot for the increase in the number of patent applications. Arçelik was the winner of the 1st prize awarded by the Turkish Patent Institute for highest number of patent applications between 1995 and 2008. The Company was also awarded for being the company with the highest number of patent applications, highest number of patent registrations, and the highest number of international patent applications.

In 2009, Arçelik launched several new products including the Ekonomist 8 kg. capacity washing machine, the least power consuming washing machine in the world with 30% lower energy consumption than competing Class A products; the quietest and most energy efficient built-in ovens in the world; the quietest and fastest dishwasher in the world with the least water consumption (7 liters); and Black Orbital, the first A++ No-Frost refrigerator, with the least energy consumption in its class in the world.

In the consumer electronics category, Arçelik launched LED televisions with reduced energy consumption, sleeker looks and a clear picture quality, and it developed the 200 Hz product series with increased contrast. Keeping pace with trends in digital broadcasting, the Company started producing integrated televisions with high definition (HD) picture quality that do not require additional boxes for cable and terrestrial broadcasts.

As part of its consumer electronics strategy of being the "company that respects the environment and nature", Arçelik launched the Eco Panel LCD televisions that provide 45% energy savings and consume zero electricity in stand-by mode. Arçelik's design process for environmentally friendly products that comply with Energy Star and Eco label standards is systematic and sustainable.

Technological superiority confirmed by international awards

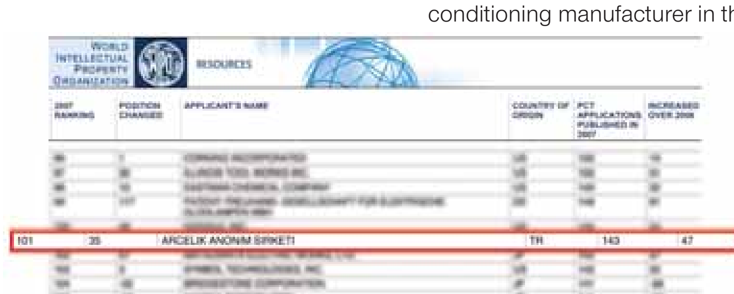
Arçelik's Black Orbital 5088 NF refrigerator won Appliance Design Magazine's (USA) Bronze Award for "Excellence in Design". The Company's tumble dryer with 30% less energy consumption than similar Class A products in the condenser segment, won the "Eco Top Ten" and "Plus X - Innovation" awards. It was also selected as "The Most Recommended Tumble Dryer" by Germany's and Belgium's leading consumer magazines. Arçelik's products also won awards in the ease-of-use and design categories.

Other awards that Arçelik garnered in the consumer electronics category include: "2009 Good Design" award for the FineArts 40" LED television, "Award of the Year-2009" from The Russian Association of Consumer Electronics and Computer Hardware Sellers and Manufacturers for the GR 32 GBG 6500 LCD television, the Red Dot "Honorable Mention 2009" award for the Vision 9 LCD television and the Plus X awards.

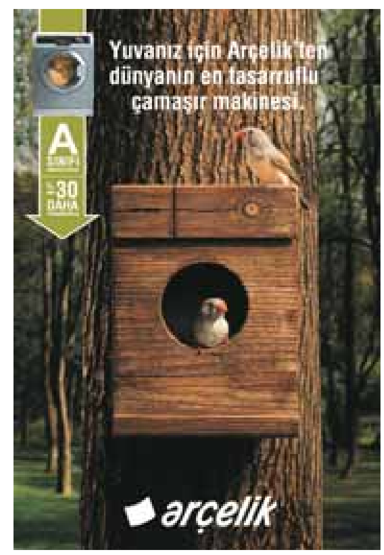
Arçelik-LG Klima

Arçelik-LG Klima is the first integrated air conditioner manufacturer in Turkey and the largest in Europe, operating a production facility with two million units capacity established on 70,000 m^2 land. The Company is the domestic market leader with a 51% share, reflecting its innovative approach, strong technological infrastructure and distribution and service network. The Company also exports to more than 35 countries in the European, Middle Eastern and African markets.

Arçelik-LG Klima focuses on energy efficiency and balancing the seasonality in the air conditioning business and seeks to derive benefit from renewable energy sources. Arçelik-LG Klima's continued investment in manufacturing and technology to meet the increasing demand in the product range has been an important driver of its success over the past decade. In the short term, the Company's main objectives are to strengthen its R&D capabilities and increase its share in the commercial air-conditioning segment. In the longer term, Arçelik-LG Klima aims to create solutions for the entire heating and cooling needs of households and will become the largest air-conditioning manufacturer in the region.



Arçelik ranks 101st in the world among the companies with the highest number of patent applications.




Artcool Frame Air Conditioner

Among private sector banks...	**4^{th}** in total asset size
Credit cards...	**leader**
Leasing...	**leader**
Factoring...	**leader**
Health insurance...	**leader**
Asset management...	**2^{nd}**
Pension funds...	**3^{rd}**

Finance

Finance sector in 2009

Despite subdued economic activity and deteriorating asset quality, the Turkish banking sector maintained its resilience and stability with its sound capital structure and high liquidity. In 2009, Turkish banks pursued strategies focused on profitability, liquidity, capital and funding rather than aggressive growth.

Strong liquidity, sound asset and funding structure, solid capital adequacy and risk management, the importance given to internal control and corporate governance were the main factors behind the resilience of the Turkish banking sector to the global financial crisis.

6% growth in loans

In an environment characterized by weak demand and macroeconomic uncertainty, loan growth was weak, especially in the first half of the year. Total loans in the sector (excluding participation banks) registered a growth of 6% in 2009 driven especially by improvement in lending appetite toward the end of the year in specific products including mortgages (14% growth) and general purpose loans (14% growth). The banking sector did not encounter funding difficulties in 2009, with total deposits growing 14% compared to the end of 2008.

The most evident effect of the economic contraction manifested itself in the asset quality deterioration of the sector. The ratio of non-performing loans (NPL) to total loans, which was 3.5% at the beginning of the year, increased to 5.2% by year end, though remaining stable compared to September 2009. Significant increase in the NPL ratio of credit cards, consumer loans and commercial installment loans were the main drivers of the asset quality deterioration during the year.

53% increase in sector profitability

Strong liquidity, sound asset and funding structure, solid capital adequacy and risk management as well as the importance given to internal control and corporate governance were the main factors behind the resilience of the Turkish banking sector to the global financial crisis.

Continuous rate cuts by the Central Bank throughout the year also had a positive effect on the profitability of the sector. As a result of the rapid fall in cost of funding together with slower adjustment in asset yields, interest margins expanded significantly, bringing a 36% year-on-year increase in net interest income at sector level. Banks managed to increase their net fees and commission income by 13% in this period, despite weak lending. Consequently, the total revenues of the sector registered an increase of 32% year-on-year. With solid cost control, the sector successfully kept the growth in its operating expenses at a mere 5% in this period. Finally, despite a sharp increase of 85% in loan loss provisions due to rising NPLs, the Turkish banking sector recorded a year-on-year increase of 53% in net income and a return on equity of 23%.

Koç Group Finance Segment

Koç Financial Services, a 50-50 joint venture between Koç Holding and UniCredit Group Italia and Turkey's first consumer finance company Koçfinans operate in this segment. Koç Financial Services is the parent company of Yapı Kredi, established in 1944 as Turkey's first private nationwide bank, its subsidiaries and UniCredit Menkul Değerler A.Ş., which joined the Group on August 15, 2008.

Through sustained efforts to continuously improve service quality and customer satisfaction, Yapı Kredi served 6 million active customers through its extensive network of 838 branches. As of the end of 2009, Yapı Kredi's total consolidated assets reached TL 71.7 billion, making it the 4th largest private bank in the country.

Yapı Kredi maintains leading positions in key segments and products supported by its strong franchise, large network and leading brand.

The Bank is the leader in credit cards (20.4% market share in outstanding and 21.4% market share in issuing volume). In addition, Yapı Kredi holds leading positions in factoring (leader with 26.9% market share), leasing (leader with 16.1% market share), asset management (2nd player with 18% market share), brokerage services (2nd player with 6.4% market share), private pension funds (3rd player with 15.0% market share) and life and non-life insurance (5.1% and 5.7% market shares, respectively) through its domestic subsidiaries. Yapı Kredi also has international banking operations in the Netherlands, Russia and Azerbaijan.

Yapı Kredi operates the 4th largest branch network in the Turkish banking sector with 838 branches located in more than 70 cities. High quality products and services are also provided to customers through alternative delivery channels including rich content telephone, internet and mobile banking as well as 2,353 ATMs, the 5th largest network in Turkey.

Yapı Kredi served 6 million active customers through its extensive network of 838 branches.

Why Yapı Kredi?

- Customer-oriented and innovative approach
- Large and widespread branch network
- Sustainable revenue base and solid balance sheet structure
- Leading positions through its subsidiaries
- Proactive risk management

Yapı Kredi

Domestic Market Position:
4th among private sector banks in asset size
Leader in credit cards (20.4% in outstanding and 21.4% in issuing volume), factoring (26.9%) and leasing (16.1%)
2nd in asset management (18%) and brokerage services (6.4%)
3rd in private pension funds (15.0%)

Network:
838 branches (4th largest network)
2,353 ATMs (5th largest network)
6 million active customers
7.6 million credit cards[1]
(2nd in number of credit cards)

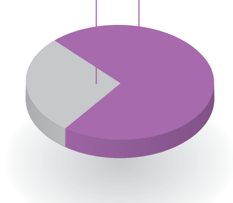
Total Loans:
$26,473 million

Capital Adequacy Ratio:
17.8% (Bank)
16.5% (Group)

Total Revenues:
$ 4,136 million

Total Assets:
$ 48,865 million

Shareholder Structure:
Koç Financial Services
81.8%
Free Float
18.2%



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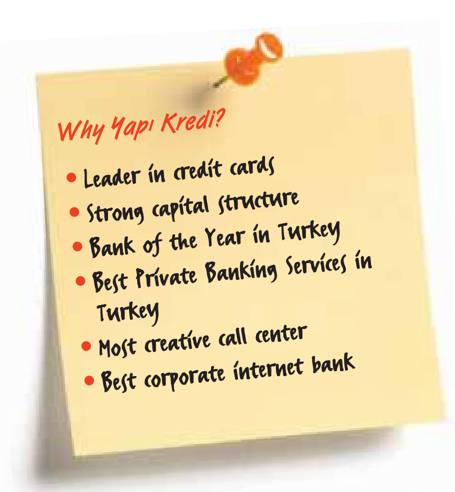
[1] Including virtual cards (2009: 1.5 million virtual cards)



2009 highlights

Yapı Kredi utilized this period characterized by subdued loan demand and sluggish business activity to reinforce its position by adopting a flexible approach to proactively align its strategy and priorities to the rapidly changing environment. Throughout this period, Yapı Kredi maintained its focus on core banking operations while investing in projects aimed at increasing commercial effectiveness and developing innovative new products and services. Yapı Kredi also increased its emphasis on efficiency and productivity so as to be best positioned for rapid growth when macroeconomic conditions normalize.

A powerful performance maintained through continuous customer support

In 2009, Yapı Kredi maintained its profitability thanks to solid revenue growth and cost containment efforts, coupled with proactive credit risk management and focus on innovation. Yapı Kredi increased its consolidated net income by 23% year-on-year to TL 1,553 million. Return on average equity was 22.7% driven by strong revenue performance and tight cost containment. Cost/income ratio improved to 41.3% compared to 53.3% at the end of 2008, an improvement of 12 points.

In view of asset quality deterioration, due to unfavourable macroeconomic conditions, Yapı Kredi improved its risk management approach and undertook a series of initiatives aimed at maintaining asset quality. The Bank launched a number of important projects to improve its credit infrastructure and undertook proactive restructuring programs to increase collections and to support customers in temporary difficulty.

Yapı Kredi entered the challenging environment in 2009 with a strong capital, liquidity and funding position. Leveraging on its deep-rooted banking relationships and solid financial performance, Yapı Kredi successfully secured around $ 410 million syndication with an all-in cost of Libor+2.50% per annum in April and around $ 985 million syndication with an all-in cost of Libor+2.25% per annum in September. The Bank maintained its comfortable liquidity and funding position in 2009 with a loan to deposit ratio of 90.5%.

Despite adverse market conditions, Yapı Kredi continued its investment in strategic focus areas in 2009 to be best positioned for growth through improvements in infrastructure, efficiency and commercial effectiveness.

One of the most important strategic ventures undertaken by Yapı Kredi in 2009 was the revamping of the organizational structure, aimed at improving service quality as well as increasing efficiency through enhancement of synergies between business units, product factories and international banking operations. Other major strategic projects and initiatives undertaken in 2009 included improvements in the customer relationship management (CRM) system, investments in the management information systems (MIS) infrastructure, migration of credit card operations and retail credit risk management applications to a new platform and reinforcement of the bancassurance business.

Expansion of branch network

The Bank had launched a branch expansion plan in July 2007 with the aim of achieving accelerated growth. As part of its branch expansion plan, Yapı Kredi opened 250 new branches in 18 months and recorded the highest number of openings in the sector in 2008 with 185 net new branch openings. At the beginning of 2009, the branch expansion plan was put on a temporary hold in view of the global crisis. In order to utilize this period effectively, Yapı Kredi shifted its focus towards the optimization of branch network via relocation, renovation and enlargement of 75 branches aimed at improving service quality and customer satisfaction. As macroeconomic conditions started to stabilize towards the end of the year, the branch expansion plan was resumed in December 2009, with 7 new retail branch openings.

Customer and employee satisfaction

In 2009, Yapı Kredi continued to provide support for its customers and leveraged on its alternative delivery channels to provide better customer service. The share of alternative delivery channels in total banking transactions increased to 74% in 2009 from 69% in 2008.

Yapı Kredi developed state of the art customer satisfaction monitoring systems and 12,000 internal and 70, 000 external customers were surveyed in 2009 with an aim to understand, measure and monitor the satisfaction and expectations of both internal and external customers.

Considering employee engagement as a key enabler of customer satisfaction, Yapı Kredi continued its efforts to improve the satisfaction of employees in 2009. The Bank invested in improving employees' qualifications so as to provide the highest quality customer service and launched the Yapı Kredi Banking Academy in October 2009, a first in the banking sector in terms of size, scope and function.

Focus on innovation

Yapı Kredi further enhanced its strong position in innovation with the launch of new products and services tailored to meet the diverse needs of its extensive customer base. The innovative products and services Yapı Kredi introduced in 2009 include product and service packages that offer tailored solutions for SMEs; an exclusive iPhone financial application, a first in Turkey, providing customers instantaneous access to financial markets and easy reach to the Yapı Kredi Call Center; a new credit card, "adios", dedicated to customers who travel frequently, providing privileged travel advantages and campaigns; specially designed ATMs offering banking services to physically impaired customers, a first in Turkey; a tool designed to facilitate the offering of tailored products and services to hearing impaired customers through online chat sessions; and three new capital guaranteed funds with varying fund strategies aimed at satisfying the diverse investment choices of private banking customers.

Increasing Corporate Governance performance

Yapı Kredi's corporate governance rating increased to 8.44 in 2009 from 8.02 in 2008. Yapı Kredi is the only bank in its peer group that is included in the Istanbul Stock Exchange Corporate Governance Index.

Awards

Yapı Kredi won many awards in 2009: Bank of the Year in Turkey (The Banker); The Best Private Banking Services in Turkey (Euromoney); Most Creative Call Center (IMI Conferences Istanbul Call Center Awards); Best Consumer Website Design in Europe (Global Finance); Best Corporate Website Design in Europe (Global Finance); Best Corporate Internet Bank in Turkey (Global Finance) and Building of the Year in Training Category - Yapı Kredi Banking Academy (ArchDaily). Yapı Kredi's credit card programme "World" received The Best of the Best (Visa Europe Member Awards 2009); The Best New Customer Proposition (Visa Europe Member Awards 2009); The 10^{th} Most Valuable Credit Card Brand in the World (The Banker) and Turkey's Largest and Europe's 6^{th} Largest Credit Card Programme (The Nilson Report) awards.

2010 targets

Yapı Kredi anticipates that 2010 will be a year with higher volume growth as a result of the macroeconomic recovery. Having successfully completed key investments aimed at increasing commercial productivity, Yapı Kredi is well-positioned for growth with a sound, flexible and customer-oriented approach.

In 2010, Yapı Kredi will continue to focus on achieving superior customer satisfaction, sustainable growth and improvement in commercial effectiveness while maintaining strong emphasis on asset quality, cost control and efficiency.

Yapı Kredi's subsidiaries

Yapı Kredi Leasing was the market leader with 16.1% market share as of 2009-end and is the only Turkish member of the Multilease Association, an international organization of major leasing companies.

A leading company in the sector since 2002, **Yapı Kredi Faktoring** (Factoring) dominated the market in 2009 with 26.9%.

Yapı Kredi Portföy Yönetimi (Asset Management) ranks 2^{nd} in mutual funds in Turkey with 18% market share. It holds a M2+(tur) rating by Fitch Ratings, the highest among Turkish asset management companies.

Yapı Kredi Yatırım Ortaklığı (Investment Trust) is Turkey's 2^{nd} largest investment trust. As of the end of 2009, it had a portfolio worth TL70.5 million and a market share of 10.1%.

Yapı Kredi Yaptırım (Invest) was the 2^{nd} brokerage house, with 6.4% market share of the equity market on the basis of all transactions conducted on the Istanbul Stock Exchange.

International banking operations

Yapı Kredi Bank Moscow aims to contribute to the development of Turkish-Russian relations by providing banking products and services to meet the needs of Turkish corporate and commercial customers doing business in Russia.

Yapı Kredi Bank Nederland provides a wide range of retail, corporate and private banking services in the Netherlands, as well as foreign trade financing.

Yapı Kredi Bank Azerbaijan, one of the few private equity banks in Azerbaijan, aims to take advantage of the opportunities for growth, particularly continued organic growth, this market offers. The Bank supports domestic and foreign customers of Yapı Kredi doing business in Azerbaijan.

Other subsidiaries

Yapı Kredi Sigorta (Insurance) led the health insurance sector with a 20% market share.

Yapı Kredi Emeklilik (Pension) is one of the leading companies in the sector. It ranked 3^{rd} in terms of fund size with a market share of 15.1% and 5^{th} with 5.1% market share in life insurance.

Yapı Kredi Kültür Sanat Yayıncılık (Culture Art & Publishing), which was founded in 1984, is one of Turkey's most established and prestigious culture and art companies. It provides services to the public through the Yapı Kredi Cultural Center and Yapı Kredi Publications.

Yapı Kredi Koray began operations in 1996 and has pioneered many successful projects in the areas of residential and commercial real estate development.

Banque de Commerce et de Placements (BCP), founded in 1963 in Switzerland, offers high quality service to customers in the areas of foreign trade financing, private banking, treasury transactions and correspondence banking.

Established in 2008, **UniCredit Menkul Değerler** operates in equity markets, corporate finance, merger and acquisition advisory, corporate sales and equity-based research.

Koçfinans

Koçfinans is the first consumer finance company in Turkey and the sector leader with 23.4% market share and high loan volume. In 2009, the Company's total loan volume reached TL625.6 million, representing 46,000 individual loans. Of these loans, TL570.1 million was for cars, TL48.4 million for consumer durables and TL7.1 million for mortgages.

Koçfinans is the only financing company providing loans in such diverse segments as mortgage, heating-cooling, furniture, consumer durables, motorcycles and education. Despite the financial crisis and the contracting loan markets, the Company successfully completed TL100 million corporate bond issue on June 2, 2009.

Koçfinans, started offering insurance brokerage services in 2009 in connection to the loans extended to its customers.

Tomato products...	**leader**
DIY retailing...	**leader**
Tourism...	**leader**
Marina...	Turkey's **highest** capacity
Ship and yacht building...	**pioneer**
Information technology solutions...	**leader**
Alternative telecom services...	**leader**

Other

Tat Konserve

Total Revenues:
$ 448 million

Domestic Market Position:
Leader in tomato paste, tomato products and premium pasta, 2nd in ketchup and mayonnaise, 3rd in meat products

International Position:
Exports to 30 countries

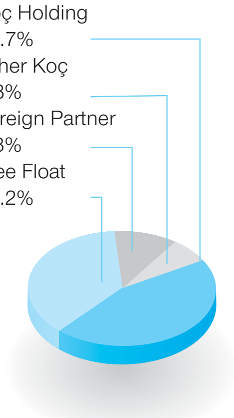
Share of International Revenues:
5.5%

EBITDA:
$ 45 million

Gross Profit Margin:
20.2%

Operating Profit Margin:
9.1%

Shareholder Structure:
Koç Holding
43.7%
Other Koç
9.8%
Foreign Partner
5.3%
Free Float
41.2%



www.tat.com.tr

One of Turkey's largest food companies

Tat Konserve was founded in 1967. Since 2003, it has consolidated the Tat, Sek, Maret and Pastavilla brands under a single roof, making it one of the largest food companies in Turkey.

The Food Price Index, which fell as yields and production increased in 2008, began to increase at the beginning of 2009. While high vegetable and fruit yields in Turkey helped keep prices balanced, the significant price increase in fresh milk and meat, especially in the last quarter, was reflected in processed goods, further increasing the impact of food prices on inflation.

Concentrating on effective working capital management throughout 2009, Tat succeeded in significantly reducing financial expenses through a decline in interest rates and foreign exchange risk management. The Company also added major new customers to its portfolio.

Harranova Project - one of the world's largest tomato paste plants

Tat Konserve has undertaken major investments under its cost-control strategy of vertical integration in the tomato industry and export growth strategies emphasizing regional countries. Its Harranova Project in the South Anatolian Project (GAP) region in the south-east of Turkey is one of the largest agricultural and industrial investments in Turkey and the region. Through the Harranova Project, Tat is targeting to become the largest tomato paste manufacturer in Europe and among the top 5 in the world within the next 3 years. The Harranova Tomato Paste Factory processed 141,000 tons of tomatoes and manufactured 21,000 tons of tomato paste in 2009, a significant increase over the previous year. Investments made in Harranova throughout 2009 reached TL13.3 million. Moreover, the Company obtained an official permit to set up an agricultural laboratory to make soil, plant, fertilizer and irrigation water analyses.

Strong market shares

Tat maintained and enhanced its leadership position in the domestic tomato paste market.

The Company leads the domestic premium pasta market with its Pastavilla brand and it targets to replicate the same success in export markets.

Tat is increasing its share of the meat products market with its Maret-branded products and will continue to be one of the strongest players in this segment in 2010.

Tat focuses on high value added products in its dairy group. To this end, Tat has revamped the packaging of its longstanding SEK brand's fresh milk. Tat continued to grow rapidly, particularly in such products as fresh milk, ayran and yogurt in 2009 and the Company aims to increase its revenues and profitability in this segment in 2010.

2010 and beyond

More than 200,000 tons of tomatoes will be processed in Harranova in 2010. In addition to agriculture, animal husbandry and industrial operations in Harranova, the Company plans to generate energy using animal wastes.

Düzey

Tat Konserve's domestic sales and distribution operations are conducted by Düzey Tüketim Malları, which has 35,000 active customers and 50 distributors.

Why Tat Konserve?

- One of Turkey's largest food companies with leading market positions
- Harranova Project - One of the largest agricultural and industrial investments in Turkey and the region
- Target to become the largest tomato paste manufacturer in Europe and among the top 5 in the world within the next 3 years

Koçtaş

Leader in DIY retailing

Leading the market with 26 stores in 16 provinces and a sales area of 135,000 m^2, Koçtaş provides a wide range of products procured from 1,600 domestic and foreign suppliers. Koçtaş has expanded its presence in the sector, revamping it to 'home beautification/remodeling', thereby enabling consumers to meet all their home-related needs at a single location.

2009 highlights

Koçtaş opened stores in cities across Anatolia, using its first mover advantage to reinforce its standing in the market. In 2009, Koçtaş's momentum was boosted by the opening of 5 new stores in Istanbul, Antalya, Kayseri, Malatya and Denizli. By the end of 2009, total sales area had risen by 27,000 m^2 to 135,000 m^2 and the number of customers grew by 14%, exceeding 7.7 million.

The impact of the financial crisis led to a decline in customer demand and a redirection of that demand towards essential goods. However, Koçtaş's broad geographical penetration and extensive product range, along with reasonable prices, quality, and strong brand recognition helped the Company come out ahead. In addition to offering a range of goods at sensible prices, it encouraged consumers to make purchases through such slogans as 'Great looking homes for less' and 'Small price, Big change'. Advertisements and a variety of campaigns were used to encourage sales. Moreover, because of its strong financial structure and the credibility it provided, the Company overcame much of the negative effects of the recession in the sector.

Extensive marketing in 2009 on the 'Turn-key Home Refurbishing' aimed to provide consumers with detailed information about this exclusive service.

The activities of the Depofix store, set up in 2008 within the Gebze Organized Industry Region to meet the needs of corporations, factories and all small and medium-sized enterprises, continued successfully. Through this store, corporate customers were able to obtain all of their intermediate materials from a single supplier.

Koçtaş aims at creating high customer satisfaction through product quality, Koçtaş reliability, and savings in price and time.

2010 and beyond

Koçtaş is able to introduce new global trends to the Turkish market with the know-how of its foreign partner. Moreover, it distinguishes itself from its competitors by using its familiarity with the habits of the Turkish consumer to adapt these trends to the domestic market.

The Company plans to open more stores in 2010 as part of its strategy of expanding geographically across the country and raising brand awareness. Reasonable prices and an extensive range of products are the means through which Koçtaş targets to enhance customer satisfaction. In addition, the Company wants to take advantage of Turkey's young population by preparing marketing campaigns oriented towards new customer segments consisting of, for example, university students and newlyweds. At least 4 new stores are planned to be opened in 2010.

The corporate goal of Koçtaş, which is the leader in DIY retailing, is to expand the size of the home improvement market in Turkey and to maintain its leading position. The Company has its sights set on making distinctive and innovative suggestions that suit every budget to customers all over the country.

Koçtaş continued to grow in 2009, reaching 135,000 m^2 total sales area and over 7.7 million customers.

Why Koçtaş?

- Leader in DIY retailing
- Facilitating a one-stop shop to customers for their home-related needs
- Strong geographic reach
- Wide product range

Setur, a market leader in many of its business lines, completed 2009 successfully despite challenging market conditions.

Why Setur?

- Leader in the tourism sector
- Strong business partners
- Extensive network
- The only duty free operator that delivered positive results in Europe during the crisis

Setur

Leader of the tourism sector

Setur Turizm, which has been the largest actor in Turkish tourism sector since 1973, provides ticketing, domestic and international tours, incoming, congress and seminar organization, on-line travel, cruise, foreign education and visa assistance services.

Setur is the Turkish agent of BCD Travel, which arranges corporate tickets via its more than 1,300 offices in 96 countries. The Company is the exclusive Turkish agent of the Abercrombie and Kent brand, the world leader in luxury travel, as well as the agent of Orient Express, Uniglobal and Costa.

With its 5 agencies, 20 authorized agencies, over 150 BookinTurkey virtual agencies and 5 offices providing visa services to the UK, Setur provides services in close to 200 locations in Turkey. The Company also provides services in 29 countries through 59 partner agencies.

In 2009, Setur received the 'Best Travel Agency of the Year' award from Capital magazine, 'Best Travel Agency of the Year' from Skall, and 'Best Online Travel Portal' from Altın Örümcek.

Duty-free shops

The impact of the crisis on tourism and the economies of the world made 2009 a difficult year for the duty-free shop sector with the exception of the Far East. In addition, regulations imposed a lowering of sales limits in Turkey. However, in spite of all these unfavorable effects, Setur was able to continue to grow and it became the only duty-free shop company in Europe to deliver positive results. As a result of the improvement measures implemented, profit margins and external revenues grew significantly. Based on this growth and using its logistics advantage in wholesale sales, Setur was able to become the distributor of leading companies in the sector.

Throughout the year, duty-free services were provided at 10 airports, 8 inflight centers, 6 seaports and 6 border crossings with 420 experienced employees. The opening of 6 new stores and renovation of existing ones brought the total sales area up from 4,800 m^2 to 11,800 m^2.

2010 and beyond

Setur aims to increase its share of markets in the Far West, the Near East and parts of Europe. It has set its sights on expanding its call center for banks by renovating its infrastructure, updating its technology and becoming the market leader. In BookinTurkey, the Company intends to raise its share of the domestic market through its foreign strategic business partnerships, expand to the international market and to increase the number of authorized agents. It also plans on diversifying the range of products sold in duty-free shops and completing the renovation of those shops. In its plans to open up abroad, it is monitoring bidding for airport duty-free shops in many countries.

Setur plans on participating in the bidding for duty-free operations to be held for the Riga Airport in Letonia, the Prishtina Airport in Kosovo, and the Lyon Airport in France in 2010.

Setur Marinaları

The leader of the Turkish marina market with a 28% share

Setur Marinaları provides world-class service in Kalamış, Fenerbahçe, Yalova, Ayvalık, Çeşme, Kuşadası, Marmaris and Finike to sailors navigating the coast of Turkey. With a 28% share of the market, it leads the sector. Setur Marinaları had a 111% occupancy rate in 2009. The Company, while maintaining its leadership position in Turkey by increasing its market share, seeks to become an international brand by buying at least one marina abroad.

2010 and beyond

Some marinas in Turkey and abroad have been put up for sale due to a sizing down or financial difficulties. Setur Marinaları has a strong financial infrastructure and maintains a close interest in these marinas, whether at home or abroad.

Setur Marinaları is planning to open the 260-sea and 80-land capacity Yalova Marina at the beginning of the 2010 season, while also continuing negotiations on new projects.

Tanı

CRM specialist running Turkey's largest customer-loyalty program

Tanı is a CRM specialist center offering a wide range of services, from the design, development and implementation of CRM applications, to the execution of operational, marketing and analytical processes. These programs can be used by a single company, or they can also be used for trans-sector customer programs that bring together companies from more than one sector.

Tanı has one of the largest customer databases in Turkey. The Company strives to “become the company that best knows its customers and that assists the companies that it works with in becoming the closest company to their customers” by using its large database that contains information on millions of customers from different sectors.

Tanı runs Paro, the largest customer loyalty program and CRM platform in Turkey.

Paro: Turkey's largest customer loyalty program and CRM Platform

Paro's flexible infrastructure and the virtual bridge it builds between companies makes joint marketing applications simultaneously online and in real time possible. It has a rich customer database of trans-sector customer profiles created by bar code-level shopping information and data modeling. This enables Paro to get to know the customers of the companies it serves and, with this information, to design action plans and make decisions.

By assessing customer preferences and purchasing statuses on Paro, it can generate cross selling, up selling, deepening or retention campaigns that shape the consumer in different ways.

Paro also enables member firms to conduct special and customized campaigns, clubs and programs for different customer segments.

There are 5,500 customer contact locations under Paro's 17 members' workplace brands. In 2009, the number of active cards reached 7.4 million. New brands are continually being added to the Paro network, through which over 1,500 campaigns were conducted and TL589 million additional revenues were generated to the companies served.

Paro's structural innovations

In 2009, new channels for the up-to-date data collection by member companies and the real time recording of the data by Paro were developed. These channels enable data collection through surveys conducted with customers simultaneously over the Internet and the call center. According to the responses to the surveys, online campaigns directed to consumers can be prepared.

The creation of new clubs in Paro, designed to provide differentiated services, continued in 2009. Paro, in collaboration with Setur, offers advantages in airline tickets, bus tickets and vacations, and it has instigated a travel line. Club activities for taxi drivers have also been initiated through the participation of member businesses.

Paro has created an innovative application that connects the virtual world of the Internet with the real world of shopping. Banner advertisements on the Internet are linked to purchases. By virtue of this application, it is possible to connect the digital world of the internet with stores in the real world, and monitor whether or not a campaign uploaded to the Internet becomes transformed into sales in any store.

The integration carried out in 2009 enables customers to use Paro channels and the infrastructure directly in their own office sites. Descriptions and reports of campaigns are now possible. This application that begun with Tofaş has been extended to other member businesses.

Divan Group

A symbol of perfection and quality since 1956

Since 1956, the Divan brand has led the sectors in which it does business. Its powerful brand image, customer satisfaction, customer loyalty and trust have come to the fore.

The Divan Group operates through the Palmira A.Ş. and Mares A.Ş. companies in the hotel and food and beverage sectors, providing services with 7 hotels, 17 bakeries, 15 in-store bakeries, 11 restaurants and 2 banquet units. In line with its focused strategy, the Divan brand is used in the hotel and bakery sectors, and various activities are carried out to support the spread of the penetration, value and image of the brand.

In November 2009, Divan opened its 3rd hotel in İstanbul, the Divan Istanbul Asia, on the Asian side of the city. The Hotel is the biggest hotel on the Asian side of İstanbul. With 231 rooms, 9 conference halls and a central location, Divan Istanbul Asia is one of the business world's most popular locales. The foundations of the new Divan Istanbul Hotel, the flagship of the Divan brand, have been laid and construction continues. Divan has a strategy of focusing on domestic and foreign markets in the areas of urban hotel management and business travel. Within this context, it has signed its first groundbreaking foreign hotel management agreement, and has begun working on the Divan Erbil Hotel in Erbil in the Autonomous Region of Iraq.

The 120-room Divan Çorlu and the 19-room boutique hotel, the Divan Ankara Çukurhan, will be opened at the beginning of 2010.

In 2009, a new bakery reflecting the Divan design concept was opened in Ataşehir. The Bebek Divan Brasserie in Bebek was completely renovated and reopened as the Bebek Brasserie.

Palmira A.Ş., which exports Turkish lokum and chocolate, began exporting to 7 more countries in 2009, thereby increasing its export revenues by 36%.

Its new export-oriented product range is being sold at airports as well as such elite stores as Harrods and Selfridges in London, the Louvre Museum and LaFayette in Paris, the Haas Haas and Julius Meinl in Vienna, and Williams Sonoma in New York.

KoçSistem

65 years of experience in IT solutions

KoçSistem, in line with its philosophy of "providing end-to-end service", has adopted the principle of providing service beyond its customers' expectations and it does so through customized technological solutions. KoçSistem, which summarizes its continuous development and corporate mission with the motto "Your imagination is our strength", provides unique technology solutions and outsourcing services to attain its goal of sustainable growth in line with its strategy of "creating a difference". To maintain its distinctiveness, KoçSistem combines its corporate competency and creativity with strategic partnerships formed with the world's leading technology suppliers and providers, thereby enabling it to establish lasting partnerships and achieve long-lasting success. In 2009 KoçSistem outperformed the market growth rate by fivefold. KoçSistem, which ranked 2nd in Turkey's IT service market according to the latest report of the International Data Corporation, grew by 30% in TL terms in 2009.

First product of the R&D center: Pixage

In 2009, KoçSistem obtained the 5th official R&D center permit in Turkey. The first product the Company developed was Pixage digital broadcast software. In a collaborative effort using Pixage and Arçelik installations, KoçSistem created a new transmission model, "New Generation Digital Transmission." Pixage was installed in 500 Arçelik and Beko dealers and was also made available abroad. Through Pixage, the contents of Liverpool FC TV are transmitted on Beko screens. The installation of Pixage in 20 stadiums of the English Premier League was completed. Moreover, Fida Film uses Pixage in about 500 screens in all its movie theaters.

"KoçSistem Theater", a supplier-independent platform and a technology center containing the installations and softwares of the world's largest manufacturers that facilitates testing of new technologies, was also introduced in 2009.

67% increase in call center profits

The KoçSistem Call Center Outsourcing Resources Service Group became a company by the name of Callus Bilgi ve İletişim Hizmetleri A.Ş. (Callus Information and Communication Services) on September 11, 2009. The Center's revenues and profitability increased by 30% and 67%, respectively, in 2009. In August 2009, the Company decided to invest in an operations center in Anatolia. Following the subsequent feasibility study, the Company decided to invest in an Operation Center to be established in Samsun with 500 customer representatives and 50 R&D and software specialists. When functioning at full capacity, the Center will employ almost 850 people.

New projects in the defense industry

An agreement was signed on the Turkish Armed Forces Command Control Information System Message and Document Distribution System-2 (MEDAS-2) project between Koç Bilgi ve Savunma Teknolojileri A.Ş. (Koç Information and Defense Technologies) and the Undersecretariat of Defense on April 2, 2009. The MEDAS-2 project, which was delivered 4.5 months early, was up and running on December 29, 2009 to serve the Turkish Armed Forces and has earned a high level of customer satisfaction.

Koç Bilgi ve Savunma took an important step on November 24, 2009 to become a subcontractor on major projects for Havelsan. The Company joined the Tactical Field Simulation development project, which uses National General Purpose Command Control software developed by Havelsan, as well as the existing capabilities of the subcontractor KaTron to the fullest.

The prototype phase of a Diver Detection Sonar, realized for the first time in Turkey with national resources, was completed at the end of 2009.

Corporate Risk Management Applications

KoçSistem successfully implemented the "Anti-money Laundering and Fraud Detection" application, one of the most important practices in corporate risk management, for İş Bankası, Akbank and Yapı Kredi Bankası. KoçSistem provided Continuity of Business and Disaster Recovery Services within the scope of corporate risk management solutions to many customers through its internationally accredited data centers in Ankara and Istanbul.

KoçSistem plans to make TL12 million investments in 2010. In collaboration with its leading business partners in Turkey, the Company will focus on developing export potential with its products.

Koç.net

Integrated communication solutions

Koç.net aims to become the leading alternative telecommunications operator in Turkey. Accordingly, it offers integrated communication solutions meeting the needs of all of its customers through its strengthened infrastructure, leadership in technology, expert team, service quality and extensive service portfolio. Koç.net provides its customers with a range of services, including telephone and data (access and security), hosting and ASP, campus solutions, multimedia, as well as intercity, international and GSM services.

In addition to working with fixed line and all GSM operators, Koç.net provides telephone services through over 100 international operators worldwide. Since 2006, the Company has been operating a POP (Point of Presence) in Frankfurt, designed to develop international business opportunities. It is successfully continuing collaborations with global giants such as British Telecom, KPN (Royal Dutch Telecom), Global Crossing and Bezeq.

Since its establishment, Koç.net has been oriented toward the corporate market. The Company began concentrating on the retail market and launched the BiRi brand in August 2008.

Turkey's largest independent alternative operator

Koç.net is the largest independent alternative operator in the corporate data market and in telephone services. With the BiRi brand, despite being the last player to enter the market, it has managed to acquire major market shares of the ADSL market and the predominantly export-based wholesale segment on account of the high number of subscriptions it received in 2009.

Koç.net markets corporate products through both direct sales channels and the portals of solution partners and Kobiline.

The Company also markets BiRi-branded personal products through its authorized dealers (approximately 4,500) of Arçelik, Beko, Keysmart, Apple Premium, Faturavizyon, Altus, Kredixshop and Index.

New services in 2009

The new services Koç.net began to offer in 2009 target mainly the retail and small and medium-sized enterprise (SME) segments. Within this context, it is the first operator to offer the market the higher capacity, faster access BiRi ADSL2+. Moreover, the Company issued new value added services in the form of Family Protection and Internet Security and Vitamin High School packages. The Company is also the market leader as the first operator to provide fixed line telephone packages that include ADSL-oriented GSM communication.

The Company is the 1st in Turkey to use the MPSL NNI (network to network interface) service model in partnership with Tata Communications. Koç.net, also as a first in Turkey, started transit delivery services (delivering traffic) between various contries.

Koç.net's long-term strategy is not only to provide existing corporate services, but also to offer services applying new technology and trends to the retail and the growing SME markets. Accordingly, through the convergence of telecommunication services, it aims at becoming a service provider that can offer both mobile and fixed-line communication services to its customers.

Koç.net

Bilkom

The sole authorized distributor of Apple products in Turkey

Bilkom, which has operated in the information technology sector for 26 years, is the exclusive distributor of Apple products in Turkey. In 2009, the Company enhanced its portfolio with additional brands, with an emphasis on products geared toward a digital lifestyle and mobility.

In line with its Value Added Distributor strategy, Bilkom successfully manages all marketing, sales, channel development and after-sales business of leading brands in the sector. The Company obtained sole authorized distributor rights to Graphisoft, a leading brand of architectural solutions software, Wacom, sector leader in pen tablets, and Eizo, manufacturer of table-top LCD monitors with the most up-to-date technology in the world.

Over 700 information technology sales points

Bilkom reaches corporate segments through system integrators, Business Partnership and Solution Partnership channels. Through its authorized business partners in Istanbul, Ankara, Izmir, Bursa and Gaziantep, it brings its products to customers in more than 700 sales points via Apple Premium Reseller (APR) concept stores and retail sales outlets. It also provides after sales technical services in its authorized service centers nationwide. The Company also distributes its products to individual end-users through retail chains, on-line stores, and the Bilkom eStore.

Promena

Strategic and sustainable procurement services

In order to increase the efficiency in every step of the procurement process, Promena provides two main systems; e-procurement and e-auction. Promena's procurement services that are provided over the internet, has raised the level of participation, competition, savings and productivity and proved to be of increasing strategic importance in a difficult climate as in 2009. The total transaction volume in 2009 exceeded $500 million; the savings created for customers per procurement project increased from 8% to 10.5%. Promena continued to provide great savings and productivity to Koç Group companies. The number of "qualified suppliers" registered in the Promena databank surpassed 8,000 in 2009.

The web-based electronic procurement platform was expanded in 2009 in line with the needs of customers, to include all procurement steps ranging from "order to receipt." In addition, suppliers were integrated into customers' "company resource management" (ERP) systems.

In the international markets, Promena began to operate in a new location by setting up a company in Saudi Arabia, and successfully completed its first projects there.

Promena will host the Open Network for Commerce Exchange (ONCE) annual conference in 2010. ONCE, of which Promena is a member, is the largest consortium in the international B2B market.

Zer Merkezi Hizmetler

A dedicated procurement center

Since it was founded in 2003, Zer Merkezi Hizmetleri has successfully pursued its central procurement mission. In 2009, it contributed significantly to the savings of Koç Group companies through the tenders it carried out, synergy created by centralized collective procurements and economies of scale. The Company accomplished the takeover of Lojistik Hizmetleri during the year. Zer Merkezi Hizmetler was winner of the 'Traditional Award to Successful Tax Payers of 2008' by the Istanbul Chamber of Commerce in 2009.

RMK Marine

Leading shipyard in ship and yacht construction

The RMK Marine shipyard constructs, maintains and repairs ships and yachts. RMK was founded in 1974, moved to the Istanbul shipbuilding area of Tuzla, and joined Koç Group in 1997. Now, as one of the largest private shipyards in Turkey, RMK sets its sights on quality and high value added projects. It is competitive internationally because of its accumulated know-how and product diversity in the construction of tankers, deep-sea service vessels, tug boats, military projects and super yachts.

RMK Marine was awarded the Undersecretariat for Defense Industry tender for the construction of four Coast Guard Search and Rescue Ships - the largest military vessel project ever given to the private sector in Turkey. The first ship, 'Dost', will be launched in May 2010 for delivery in September 2011. The other ships, 'Güven', 'Umut', and 'Yaşam', will be delivered in 2012.

Important developments in 2009

The 'North Sea Giant' was completed 3 months ahead of schedule, and launched and delivered in 2009. This vessel is a 153.6 meter long multifunctional deep-sea construction ship, the largest in its class, and it was built for North Sea Invest A.S.

The slipway, completed in 2009, permits yachts as long as 60 meters and weighing up to 685 tons to be launched. It is the first of its kind in Turkey.

Sector leader

RMK Marine is the 1st private Turkish shipyard to create designs and solutions through design and electronic systems departments, which it is developing.

RMK Marine, with its own furniture workshop, is the 1st Turkish shipyard to design and manufacture the interiors of the super yachts, and commercial and military vessels that it is building.

RMK Marine is one of only two Turkish shipyards, and the only non-military yard, to have AQAP 2110 Industrial Quality Assurance, Inspection Certification, which is under the Quality Management System. It is the 1st Turkish private sector shipyard to have its design skills documented in this way.

Important developments in the super yacht category

On 10 July 2007, RMK Marine signed a contract to produce Oyster Marine 'Oyster 100' and 'Oyster 125' yachts designed by the UK-based Dubois Naval Architects. RMK Marine is the first Turkish company to receive the English Royal Industry Award and to have signed a deal with a company having close to 1,200 Oyster yachts all over the world. Through this agreement with RMK Marine, Oyster Marine began mass production of super yachts for the first time. Once the Oyster super yachts and projects currently under construction are completed in 2010 and 2011, RMK Marine will increase its recognition and market share in the super yacht category.

Ram Dış Ticaret

A pioneering international business company

Ram Dış Ticaret A.Ş. increased revenues by 37% in 2009 by rapidly adapting to changing conditions. Despite the financial problems experienced in the markets, Ram was able to maintain profitable growth. The Company took advantage of being the oldest and most experienced company in the sector through its local business approach and dynamic and professional staff.

Ram added new products and services to its portfolio in 2009 through offices in Azerbaijan, Kazakhstan, Uzbekistan and Algeria, and agents in Syria, Iraq, Chile and Costa Rica. Environment projects financed by the European Union funds were monitored and machines and equipment were sold to various municipalities within this framework. Ram created its own brand of agricultural equipment, manufactured through subcontractors, which it began marketing and exporting under the "Ramagri" brand in 2009. The Company began importing fresh fruit from Chile and Costa Rica and marketing it under the patented "Rameyva" and "Ramana" brands.

Ram stays abreast of the operations of Koç Group companies in foreign markets and new business opportunities, thereby creating group synergy. It is conducting internationally-oriented purchasing operations of the iron and steel products made under Ram coordination to meet the needs of Group companies and supplier industries that serve them. Passenger aircraft sales and marketing consultancy for Boeing in Azerbaijan, Kazakhstan, Kirghizstan, and Tajikistan were continued.

Ark İnşaat

Ark İnşaat is a construction contracting company providing services with state-of-the-art technology at every stage of construction to the Koç Group companies. These services include feasibility studies, project planning, detailed solutions, choice of materials, turn-key applications and management. By making customer satisfaction an ongoing priority, Ark İnşaat continued to provide services at the highest quality and reliability in 2009.

Social responsibility...

Adding value
to the community
with

Education

Healthcare

Environment

Culture

and

Art
projects

Social Responsibility

Celebrating 40 Years in Philanthropy: Vehbi Koç Foundation

Vehbi Koç Foundation strives to enrich life and accelerate development for the citizens of our country and the surrounding regions. Through its commitment to quality and progress in all aspects of life and its leadership in the social and economic spheres, Koç Holding is continuing to make a difference. Vehbi Koç Foundation which celebrated its 40th anniversary in 2009, is a monument to this awareness and commitment.

VEHBİ KOÇ FOUNDATION

The objective of the Vehbi Koç Foundation is to carry out precedent setting services to raise the quality of life in the fields of **education**, **healthcare** and **culture**. Founded on 17 January 1969, as the first major private foundation of Turkey, Vehbi Koç Foundation's fundamental approach underlying all its activities are:

VEHBİ KOÇ VAKFININ 1969 40 2009 40. KURULUŞ YIL DÖNÜMÜ

- To make philanthropic endowments for the public good,
- To create replicable models and
- To be sustainable centers of excellence

The Foundation fulfills its mission through the institutions it has established, sponsorship of regular programs and by underwriting a variety of worthwhile projects. With an asset size of $1.2 billion as of 2009-end, Vehbi Koç Foundation is among Europe's biggest foundations.

Education

The Institutions of Vehbi Koç Foundation

- Koç University
- Koç Private Primary School and High School

Programs and Supported Projects

- Vehbi Koç Foundation Scholarships
- Koç Elementary Schools "13 Schools" Project
- The "Vocational Education: A Top Matter for the Nation" Project
- Harvard University Vehbi Koç Chair for Turkish Studies
- Sarıyer Vehbi Koç Foundation High School
- Private American Robert College Suna Kıraç Hall
- Galatasaray Lycee Suna Kıraç Library
- Bosphorus University Superdorm Students' Dormitory
- Vehbi Koç Award (In Education)

Healthcare

The Institutions of Vehbi Koç Foundation

- Vehbi Koç Foundation American Hospital
- Vehbi Koç Foundation MedAmerikan Polyclinic
- Vehbi Koç Foundation Zekeriyaköy Family Clinic
- Göcek Private American Marine Polyclinic
- Koç University School of Nursing and Semahat Arsel Nursing Education and Research Center (SANERC)

Programs and Supported Projects

- The Nursing Fund
- Ankara University Medical Faculty Vehbi Koç Eye Hospital
- Haydarpaşa Numune Hospital Vehbi Koç Emergency Medical Center
- Vehbi Koç Award (In Healthcare)

Culture

The Institutions of Vehbi Koç Foundation

- Sadberk Hanım Museum
- Vehbi Koç and Ankara Research Center (VEKAM)
- Suna-İnan Kıraç Research Institute for Mediterranean Civilizations (AKMED) and Kaleiçi Museum
- Koç University Research Center for Anatolian Civilizations

Programs and Supported Projects

- International Sevgi Gönül Byzantium Studies Symposium
- Yapı Kredi Publications "Contemporary Art in Turkey" series
- Sponsorship of Istanbul Biennial (2007-2016)
- Tanas Turkish Contemporary Art Gallery (Berlin)
- The Josephine Powell Collection
- Atatürk Library
- Vehbi Koç Award (In Culture)

VEHBİ KOÇ FOUNDATION / Education

Education has always ranked primus inter pares - the first among equals - among Vehbi Koç Foundation's areas of interest. The first resolution of the Board of Directors of the Foundation back in 1969 was to establish educational scholarships to give equal opportunity in education to gifted but underprivileged young people who are highly motivated to study. As of 2009, the Foundation has supported approximately **40,000 students through scholarships**. 8,000 of these are students that enroll in "**Vocational Education: a Top Matter for the Nation**" project.

Koç University was established in 1993 and is already well on its way to becoming an educational and research institute of the highest international caliber with 5,521 graduates, over 4,000 students, **31.8% of whom are supported through scholarships** and 364 academic staff, 49 of which have garnered TÜBA and TÜBİTAK awards. **Koç School and Koç Elementary School** have over 300 teachers and **1,175 primary school and 990 high school students, 15% of whom are supported through scholarships**. In addition to academic performance, all Koç School students are encouraged to engage in a wide range of social responsibility, cultural, arts and sports activities.

2009 Vehbi Koç Award was Granted in the field of Education!

The Vehbi Koç Award is given annually in one of the fields of education, healthcare or culture as a means of encouraging individuals or institutions that have contributed to improving the quality of life. The $100,000 award is the largest cash award of its kind in Turkey. In 2009, the award was granted to the late **Prof. Dr. Türkan Saylan** for her work in the field of education, in particular for her contributions to educating women and children and her unwavering belief in the power of education.

We honor the memory of the late Prof. Dr. Türkan Saylan, recipient of the 2009 Vehbi Koç Award.

VEHBİ KOÇ FOUNDATION / Healthcare

Vehbi Koç Foundation's healthcare activities are the largest in scale to be managed by a private foundation in Turkey. In addition to the sheer size of the healthcare investments, the Foundation is also a symbol of quality and innovation by global standards.The **American Hospital,** acquired in 1995, is a non-profit healthcare establishment owned and operated by the Foundation, providing a wide range of high-quality general and specialty healthcare services. The Hospital will cooperate with Koç University Medical School established in 2009 to train world-class medical staff.

The Foundation has also been especially active in supporting the nursing profession through the **Semahat Arsel Nursing Education and Research Center (SANERC)**, the School of Nursing and Nursing Fund. In 2009, nine projects were supported from the Nursing Fund. Martha Hill, Dean of Johns Hopkins University School of Nursing was invited to mark the celebration of the 10th anniversary of the **Nursing School**.

The Foundation has also been providing funding support to several large-scale healthcare projects such as **Ankara University Medical School Vehbi Koç Eye Bank** since 1969 and **Haydarpaşa Numune Hospital Vehbi Koç Emergency Care Unit**.

VEHBİ KOÇ FOUNDATION / Culture

Vehbi Koç Foundation aims to protect, share and increase Turkey's cultural heritage with activities of unparalleled scope in various fields:

- **The Sadberk Hanım Museum** is Turkey's first private museum founded in 1980 and owns more than 18,000 objects in its rich collection of Turkish and Islamic Art and archeological objects. It adheres to international museology standards and publishes exhibition catalogues and academic research.
- The **Vehbi Koç and Ankara Research Center** founded in 1994 in Ankara
- The **Suna-İnan Kıraç Research Institute for Mediterranean Civilizations (AKMED)** and **Kaleiçi Museum** established in 1996 in Antalya
- Set up in 2004 as part of **Koç University, the Research Center for Anatolian Civilizations (RCAC)**
- **Contemporary Arts in Turkey** publications published in cooperation with Yapı Kredi Yayıncılık since 2006
- **TANAS Turkish Contemporary Arts Gallery** established in 2007 in Berlin
- International **Sevgi Gönül Byzantine Studies Symposium** held since 2007
- Sponsorship of the **Istanbul Biennial**
- **Vehbi Koç Award** granted in the field of culture every three years

Koç Family is Awarded the Carnegie Medal

The Koç Family was honored with one of the most prestigious international awards of its kind, the Andrew Carnegie Medal of Philanthropy, in October 2009 for their philanthropic contributions. The award was particularly symbolic and meaningful as it coincided with the 40th anniversary of the establishment of the Vehbi Koç Foundation. Andrew Carnegie Medal of Philanthropy was inaugurated in 2001 by more than 20 of the institutions that the Scottish manufacturer and philanthropist Andrew Carnegie established during his lifetime. It is awarded every two years to individuals and families with exceptional and sustained records of philanthropic giving. The 2009 award was also given to New York's ex-mayor Michael Bloomberg, Citigroup's ex-CEO Sanford Weill and Intel's founding partner Gordon Moore in addition to the Koç Family. In previous years, the award has honored the Rockefeller Family, the Gates Family, George Soros, Brooke Astor, the Sainsbury Family, Kazus Inamori, the Aga Khan, the Packard Family, the Heinz Family, the Tata Family, Eli Broad, and the Mellon Family.

Vehbi Koç Foundation Funds New Galleries for Ottoman Art at Metropolitan Museum

Vehbi Koç Foundation is sponsoring two new galleries for Ottoman Art at the Metropolitan Museum of Art, the 5th most visited museum in the world. The galleries will receive millions of visitors from around the world to view unique works of Ottoman art created between the early 14th and early 20th centuries of the Empire. The galleries, which are currently under renovation, will bear the name of the Koç Family for the next 75 years and are scheduled to open in January 2011.

Vehbi Koç Foundation was established to make philanthropic endowments for the public good in the areas of education, healthcare and culture. With an asset size of $1.2 billion as of 2009-end, Vehbi Koç Foundation is among Europe's biggest foundations.

Koç Holding Corporate Citizenship Projects

As a social responsible company with a leading role in society, Koç Group invests in education, healthcare, culture, arts and environment. Our basic philosophy is to contribute to society. We are encouraged by the fact that any investment we make fills a void in these areas and consider our growth as an integral part of the development of our society.

'Vocational Education: a Top Matter for the Nation' project celebrates its 4th year!

The 'Vocational Education: a Top Matter for the Nation' project was initiated by Koç Holding in 2006 with the support of the Vehbi Koç Foundation and in cooperation with Ministry of Education. The Project, which assisted its 4th generation of scholars in 2009, allows Koç Holding to create social awareness about the importance of vocational-technical education to the national economy, to initiate cooperation between the government and the business world, and to contribute to the creation of a skilled labor force by encouraging young people to enter vocational education. The Project maintains its importance as one of the most successful examples of social responsibility projects in our country because of the sustainable public good it has provided by offering solutions to unsatisfactory technical education and unemployment, as well as its long-term, clear objectives.

Fiat supports the Vocational Education Project through its laboratories.

Priority for girls

'Vocational Education: a Top Matter for the Nation' gives priority to young women to encourage equality of opportunity in education. Female applicants are accorded priority for scholarships if they meet the requirements.

For My Country 2009: 'The Child Who Saves the World'

The focus of the 'For My Country!' Project in 2009 program was nationwide environmental education for elementary school students. This focus was the continuation of the 2008 themes of 'environment' in which 700,000 trees across 7 regions were planted to form 'For My Country! - Forests. Initiated in 2006, the 'For My Country!' project fosters individual solutions to social problems and responsible citizenship.

“For My Country” Project provided environmental education to 18,000 children.

Children visiting the Child Who Saves the World pages on the corporate website were asked questions about protecting our environment and using our resources more effectively. All those who answered the questions were awarded the title 'Child Who Saves the World' and their certificates were sent to their addresses. All the questions in the website were framed with the idea that being environmentally conscious requires reducing waste and a booklet, 'Little Things That Save the World', was handed out during education sessions as a source. Additional information about the project can be found in **http://ulkemicin.koc.com.tr/**. We will continue to develop 'For My Country!' in 2010.

Vocational Education:
A Top Matter for the Nation Project:
- 7-year project
- 81 provinces
- 262 schools
- With the contribution of 20 Koç Group companies
- 8,000 vocational school students

Our companies' contributions to the Project:
- Voluntary career coaching meetings
- Departments and laboratories at schools
- On-the-job training opportunities

For My Country Project:
Through this project, children in Turkey's 81 provinces were educated about protecting natural resources and the importance of being environmentally conscious. These activities, given in cooperation with Koç Group dealers and the Turkish non-governmental environmental organization, TEMA, created about 18,000 environmentally conscious 'Children Who Save the World'.

First Lego League Turkey Tournament

Koç Holding hosted the first national tournaments of First Lego league, one of the most prestigious such organizations in the world. The tournaments are held to foster children's interest in science and technology and their creativity in these fields. The 5th First Lego League's theme was 'Climate Summit'. The children presented their research projects and environmentalist robots that could contribute to solving climate change issues. In addition to the 2010 national tournament, the Open European Championship will be held in Turkey with projects prepared under the theme 'Smart Move'.

Children's Musical

'Sizinkiler', a children's musical staged to support children's imaginations and to contribute to their cultural and mental development, has toured throughout Turkey and reached nearly 200,000 children in 4 years. The characters, drawn from the nationally famous 'Sizinkiler' cartoon published since 1991, are acted by the Beşiktaş Cultural Center players. With free admission, the musical in its first year engaged the children in fantasy, allowing them to partake in a joyful adventure as well as to chase their dreams. In 2008 and 2009, the musical continued touring with a new, cheerful adventure drawing attention to the importance of the environment.

Beyond Babylon

The exhibition 'Beyond Babylon: Art, Trade, and Diplomacy in the Second Millennium B.C.' was staged at the Metropolitan Museum of Art in New York, which is visited by 5.5 million people every year. Running from 19 November 2008 to 15 March 2009, the exhibition was primarily sponsored by DEİK/ the Turkish-American Business Council with support from the Doğan, Doğuş, Koç and Sabancı Groups.

International Istanbul Biennial

Koç Holding supports projects that are long-lasting in terms of public good. The Holding embraces contemporary art because it takes a strong interest in social affairs, is international and engages ordinary people. Koç Holding, Vehbi Koç Foundation and some of the Group companies are strategic partners of the International Istanbul Biennial in a ten-year commitment that started in 2007 and will run to 2016. The theme of the 11th Istanbul Biennial, which was organized under the curatorship of the Croatian Curator Collective WHW/What, How & for Whom, was 'What Keeps Mankind Alive?' Under a special project, all university students were offered free-of-charge admission to the exhibitions as Koç Holding's guests. Throughout the Biennial, children's education programs were organized to raise children's interest in art and, particularly, contemporary art. Under a training program for art teachers, 100 teachers encountered contemporary art thanks to the Biennial. Koç Holding companies also made contributions to some projects for the future well-being of the Biennial. As part of the 11th International Istanbul Biennial, 141 projects of 70 well-known or recently discovered contemporary artists from 40 countries were exhibited. The Biennial was visited by approximately 101,000 people. Among the contributing companies were Arçelik, Aygaz, Opet, Tüpraş, Yapı Kredi Bank, Koçtaş, Ford Otosan, Yapı Kredi Publications and Bilkom.

Koç Fest: Music and Sports Meet!

Koç Fest University Fest has been turning campuses into fair grounds with contests and concerts by local rock stars. Initiated by Koç Holding in 2006 to enrich the lives of young people and contribute to their development, each Fest hosts nearly 20 games and activities - like Beko 'Basketball', Arçelik 'Super Jumper', and Ford 'Rally Driver' - that are organized under the sponsorship of Koç brands. Young people's favorite musicians, such as Şebnem Ferah, Mor ve Ötesi, also perform. Koç Fest has covered more than 35,000 kilometers to date and drawn approximately 1.5 million university students. In 2009, the festival combined music, fun and sports in a single event giving its name to University Sports Games under the sponsorship of the International University Sports Federation (FISU). Contests were organized in 37 different sports. Nearly 2000 competitors entered the various competitions, which covered seven main sports areas, such as athletics, basketball and swimming. The champions of the Koç Fest University Sports Games gained the right to represent Turkey in international organizations.

Koç Fest, Mor ve Ötesi Concert.

Koç Holding and the UN Global Compact

The United Nations Global Compact was signed by Koç Holding's chairman, Mustafa Koç, in 2006. The Compact was initiated in 2000 and covers the private, public and civil spheres in a commitment to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption.

The common objective of these guiding principles is to help companies and organizations to move forward in terms of risk management, productivity growth, employee morale and motivation, employee loyalty, brand awareness and new markets. In this way, the Compact aims to contribute to the realization of the Millennium Development Goals. We announce details of our work in this regard and our activities aimed at sustainable development on our website through our Corporate Social Responsibility Reports, which highlight exemplary projects.

Corporate Governance Alignment Report

Board of Directors' Report

Auditor's Report

Consolidated Financial Statements and Independent Auditor's Reports

Koç Holding A.Ş. Corporate Governance Alignment Report

1. CORPORATE GOVERNANCE COMPLIANCE DECLARATION

1.1. Compliance with the Principles of Corporate Governance
Financial markets have been gaining further depth in the recent years, parallel to the increasing globalization trends. Active participation in the financial markets, reaching a consistent and profitable growth performance despite the challenging competitive landscape and creating shareholder value requires working on the internationally accepted compliance practices and implementation of a set of respective principles. It is of extreme importance to closely monitor and implement the developments in the international platform for the Turkish capital markets to become part of the global liquidity system and increase the funding opportunities from international financial markets.

As Koç Group, we believe that good corporate governance brings considerable benefits to companies. Raising management quality, reducing risks and increasing reliability and esteem in the financial and capital markets can be quoted among the foremost benefits.

At a time when corporate governance principles were not generally applied in Turkey, Koç Holding A.Ş. ("Koç Holding") was one of the first companies to voluntarily and proactively implement measures in order to reach the highest standards in corporate governance. Therefore, Koç Holding has made i) Transparency, ii) Fairness, iii) Responsibility and iv) Accountability its four inviolable principles.

Koç Holding's and Group companies' long-established and sound corporate identity facilitates good corporate governance practices. Honesty, respect, ethical behavior and compliance with all laws and regulations are central to the way the Koç Holding does business and an integral part of the Group's corporate culture.

Koç Holding's management structure, processes and policies have been established in compliance with the prevailing regulations, ensuring clarity and transparency in the areas of decision making and responsibility. Koç Holding is one of the first Turkish companies to appoint independent members to its Board of Directors (BoD). Koç Holding is also one of the few companies in Turkey to link the remuneration of its senior management to performance. Koç Holding has voluntarily implemented international practices.

Koç Holding, in accordance with laws and regulations, provides the requisite information to all investors and analysts simultaneously in a timely, reliable, consistent and orderly manner. In order to ensure continuous and effective communication, Koç Holding organizes investor meetings, conferences and panels and targets to reach a wider audience through media interviews and press bulletins.

As the first holding company established in Turkey and as a Group that is genuinely committed to institutionalization, Koç Holding has adopted the "Corporate Governance Principles" enacted by the Capital Markets Board (CMB) on July 4, 2003 with decision number 35/835, declared to public in July 2003 and revised in May 2005. These universal principles have been widely implemented by Koç Holding. We are continuing to work on the principles that have yet not been implemented and plan to apply them immediately following the completion of the administrative and technical infrastructure.

Details of the compliance report that provides Koç Holding's position vis-à-vis the Corporate Governance Principles that have been implemented and those that are pending implementation can be found in the following sections.

1.2. Corporate Governance Principles Pending Implementation
Koç Holding believes in the importance of full compliance with the corporate governance principles. However due to challenges encountered in the implementation of some principles, the ongoing discussions in Turkey and in the international platform regarding compliance with certain principles and failure of the current market and corporate structure to meet such principles in a proper fashion, full compliance has not yet been achieved. There are also some principles that have been implemented, but have not yet been reflected to the Articles of Association. Koç Holding is closely monitoring the relevant developments while also working continuously in order to ensure that full compliance is achieved in the most appropriate timeframe. The following sections describe the comprehensive practices implemented in our Company within the scope of corporate governance principles as well as those principles which are yet pending implementation.

1.3. Activities in 2009 for Compliance with Corporate Governance Principles
In 2009, the Corporate Governance Committee continued to work actively and important steps were taken for compliance with Corporate Governance Principles. Many activities have been conducted with the direction of the Corporate Governance Committee, to improve compliance with the principles by both the Holding company and publicly-traded Group companies.

The Articles of Association of all publicly traded Group companies were amended following the general assembly meetings held in 2009 to include provisions on the following topics: Announcements of the general assembly meetings will be made three weeks in advance of the meeting date, the media and stakeholders will be invited to the general assembly meeting, Board Member, Auditor and the officer responsible for the preparation of the financial statements will be present at the Meeting and a sufficient number of committees will be established to ensure that the BoD is able to efficiently carry out its duties and responsibilities.

In order to strengthen compliance with disclosure of material events, the list of people who have access to insider information has been compiled. These people have been informed of their liability to protect insider information until it is publicly announced and to prevent inappropriate use of such information.

Koç Holding's and Group companies' disclosure policies were reviewed and revised for further compliance with the principles.

Our Company website and annual report are reviewed and revised for full compliance with the principles. The General Assembly Procedure delivered to Group companies was expanded with the following topics: Information will be provided about candidate members of the BoD, agenda and information memorandum will be announced minimum 3 weeks in advance of the general assembly meeting, information will be provided on preferred shares, directors will be present at the meeting, media and stakeholders will be invited to the meeting, open ballots will be used by way of raising hands during the voting procedure and shareholders will be advised of this procedure in advance, proxy forms will be provided with the announcement. Our endeavors continued on the use of standard wording and templates on general assembly announcements and information memorandums by all Group companies.

We will continue our endeavors to ensure full compliance with the principles in light of the developments in legislation and general practice.

SECTION I - SHAREHOLDERS

2. Investor Relations Department

2.1. Role of the Investor Relations Department
Investor Relations Department is responsible for liaising the relations between Koç Holding and the shareholders in coordination with other relevant departments.

2.1.1) Investor Relations Department is responsible for providing information, excluding confidential information and trade secrets, to existing and potential shareholders on the Company's operations, its financial position and strategy and managing the bilateral communication between the shareholders and the Company management. The information is provided in an orderly manner that will not give way to inequality of information, by consulting the relevant departments and coordinating with the Group companies when required,

Within this scope, the responsibilities of the Investor Relations Department are as follows:
- To coordinate with the Corporate Communications Department vis-à-vis the management of the Company's financial communication strategy,
- To promote the Company to individual and institutional investors in Turkey and abroad,
- To promote the Company to existing and potential shareholders and brokerage houses; to reply to analyst requests for information on Koç Holding,
- To issue press releases following the announcement of financial results and arrange teleconferences, web-casts and press meetings when required,
- To answer investor inquiries and requests,
- To inform existing and potential investors proactively and regularly on micro and macro developments by participating in conferences, roadshows and investor meetings,
- To maintain an accurate and updated customer database,
- To determine the communication strategy by analyzing Koç Holding's share price performance, peer group comparison, perception studies etc.,
- To follow and analyze the developments that might have a potential impact on the Company's capital market instruments and propose alternative strategies considering the interests of all stakeholders,
- To facilitate bilateral communication between the shareholders and the executive management and the BoD,
- To provide reporting to the relevant departments and executive management on the capital market developments and share price performance,
- To update communication tools such as the website, annual report, investor presentations, investor bulletins, corporate films, etc. in order to provide shareholders accurate and complete information on Koç Group.

Koç Holding A.Ş. Corporate Governance Alignment Report

2.1.2) Directorate of Accounting ensures that investor records are kept in an orderly, secure and updated manner, based on the records of the Central Registry System.
2.1.3) Legal Department ensures that general assembly meetings are held in compliance with the legislation, Company's Articles of Association and other internal corporate principles.
2.1.4) In coordination with the support of the Finance Group and Legal Department, the Investor Relations Department prepares the documents to be used by the shareholders in general assembly meetings. These documents are published on the Company website 3 weeks before the meeting date.
2.1.5) The Legal Department ensures that voting results are recorded in the general assembly meeting minutes. The Investor Relations Department ensures that the minutes containing the voting results are published on the website for the convenience of the shareholders.
2.1.6) Finance Group is responsible for financial reporting and disclosing material information to the public. Investor Relations and Corporate Communications departments perform the other functions related to informing the public within the scope of the Company's Disclosure Policy.
2.1.7) Corporate governance activities are performed by the “Corporate Governance Committee” in coordination with the Investor Relations Department, Finance Group and Legal Department.
2.1.8) Investor Relations Department prepares an activity report, at least annually, to the Corporate Governance Committee, CEO and CFO. This report may also be submitted to the BoD.

2.2. Investor Relations Department Contacts

Strategic Planning Group President and
Corporate Governance Committee Member: Tamer Haşimoğlu
Tel : 0216 531 0221
Fax : 0216 531 0099
E- mail: tamerh@koc.com.tr

Investor Relations Coordinator: Funda Güngör
Tel : 0216 531 0535
Fax : 0216 531 0099
E- mail : fundag@koc.com.tr

Investor Relations Manager: Aslı Selçuk
Tel : 0216 531 0537
Fax : 0216 531 0099
E-mail : aslii@koc.com.tr

2.3. Investor Relations Activities in 2009
Investor Relations Department attended 10 roadshows and conferences in Turkey and abroad, held one-on-one meetings with 213 existing and potential investors and analysts, and answered more than 600 telephone and e-mail inquiries in 2009. Each quarter on the day of announcement of financial results, a webcast was held to discuss the financial results with the investment community, followed by a Q&A session with the senior management. The voice records and transcripts of the webcasts, as well as the relevant investor presentations were published on the Company website for the convenience of investors for further replay or downloading. The website, investor presentations and other investor tools were updated regularly and at most on a quarterly basis, with the aim of informing the public and shareholders. Material disclosures were posted on the website in Turkish and English within one business day of their announcement at the Public Disclosure Platform. Koç Holding acted in complete prudence in carrying out these activities to ensure full compliance with the regulations. There were no complaints filed with our Company regarding the exercise of shareholders' rights in 2009. To the best of our knowledge, there were also no administrative or legal proceedings regarding this subject.

3. Shareholders' Right to Obtain Information
3.1. Principles on the Shareholders' Right to Obtain and Evaluate Information
Koç Holding does not discriminate among shareholders vis-à-vis their right to obtain and evaluate information. All information, except those involving trade secrets are shared with the shareholders.

Senior management provides firsthand information to shareholders at meetings, conferences and webcasts on the strategy and operations. Throughout the year, material information is disclosed to shareholders. These announcements, past and current, are posted in English and Turkish on our website and distributed via email to those investors who have provided their contact information.

Our website (www.koc.com.tr) provides comprehensive historical information and statistics that may be of interest to shareholders in Turkish and English under the Investor Relations section. Detailed contents of our website are available under the “Internet Site and Contents” section of this report.

3.2. Information Requests in 2009
Enquiries directed to the Investor Relations Department, with the exception of information considered confidential or a trade secret, are answered in writing or by phone by the most authorized person concerning that particular issue. Within this framework, more than 600 inquiries have been answered in 2009 by phone and e-mail.

3.3. The Right to Demand a Private Auditor
Our Articles of Association does not govern the right to demand a private auditor as an individual right and until now, no shareholder has submitted a request. The Company's activities are audited by an Independent External Auditor and legal Auditors assigned at the general assembly. In the last general assembly meeting, Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PriceWaterhouseCoopers was appointed as the independent external auditor. As this audit company has been employed for over seven years, pursuant to the view of the Audit Committee, our BoD has resolved to appoint Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst & Young Global Limited) as the new independent audit company. This appointment will be submitted to the approval of the General Assembly Meeting to be held in 2010.

4. General Assembly Meetings
General Assembly Meetings are held in accordance with the Koç Group Companies General Assembly Meeting Procedure that was prepared in line with the Turkish Commercial Code (TCC), Capital Market Legislation and the Corporate Governance Principles. They are organized in a way to provide adequate information to and facilitate wide participation by the shareholders.

4.1. General Assembly Meetings Held in 2009
Koç Holding's 2009 Ordinary General Assembly Meeting was held on 15 April 2009 with 80.97% attendance.

We are unable to hold our Ordinary General Assembly Meetings within the first three months of the year as we prepare consolidated financial statements and some of the subsidiaries included in our Company's consolidation are also obligated to prepare consolidated financial statements. Nevertheless, we are endeavoring to shorten this period as much as possible. Furthermore, given the 14-week period stipulated by the Capital Market Regulations for the publication of annual financial statements by those companies obliged to prepare consolidated financial statements and the Corporate Governance Principle that stipulates public announcement of financial statements no later than three weeks prior to the General Assembly Meeting, the meeting date fulfills the regulatory requirements and the general practice.

Our General Assembly Meetings are open to the public. Stakeholders and the media are able to follow the meetings. The General Assembly Meeting is held under the supervisor of a government observer from the Ministry of Industry and Trade.

4.2. Invitations and Announcements
Invitations to the General Assembly Meetings are issued by the BoD in compliance with the TCC, Capital Markets Legislation and Koç Holding's Articles of Association. The public is informed by notifying the İstanbul Stock Exchange (ISE) and CMB immediately of the BoD's decision to hold the General Assembly Meeting.

General Assembly Meeting announcements are published on our website www.koc.com.tr at least 21 days prior to the meeting and in two high circulation daily newspapers in Turkey so that the announcement reaches the highest number of shareholders possible within the frame of governing regulations.

Prior to the General Assembly Meeting, the agenda items and related documents are announced to the public in compliance with all legal processes and regulations. The agenda items of the General Assembly Meeting - annual report, financial statements, corporate governance alignment report, profit distribution proposal, independent external auditor's and internal auditors' reports and proposed amendments, if any, to the Articles of Association with copies of the old and new versions of the texts, permissions issued by the CMB and the Ministry of Industry and Trade - are posted on the Company website and are available at Koç Holding headquarters to facilitate easy access to the shareholders.

4.3. Voting Procedure
The voting procedure is explained to shareholders on the Company website and newspaper notices. Voting by open ballots is employed through the raising of hands in voting the agenda items at the General Assembly Meeting.

Proxy forms are provided on the Company website and in newspaper notices for shareholders who wish to be represented by a proxy at the General Assembly Meeting.

Koç Holding A.Ş. Corporate Governance Alignment Report

4.4. Principles of Attendance to General Assembly Meeting
All Koç Holding shares are registered. Shareholders who wish to participate in the General Assembly Meeting, whose shares are in custody in investment accounts under intermediary institutions at the Central Registry Agency (CRA) are noted in the 'General Meeting Blockage List', and the records in the General Meeting Blockage List are taken into consideration within the framework of the respective regulations. Shareholders who fail to get themselves recorded in the Blockage List at the CRA are, by law, not permitted to attend the meeting. The CRA list of blocked shares is issued on the evening before the General Assembly Meeting.

Those shareholders who are unable to participate in the meeting in person have to draw up their proxies in accordance with the proxy form which is available at our Company headquarters as well as the Company's website www.koc.com.tr, fulfill the requirements specified in Communiqué Series: IV, No.8 of the CMB as published in the Official Gazette dated 09.03.1994 and numbered 21872, and submit their notarized proxies to the Company headquarters so that they can be represented by a proxy at the General Assembly Meeting.

Our General Assembly Meetings are held at the Company headquarters. However, as stated in our Articles of Association, the meeting may also take place in another part of the city upon the request of shareholders. The location of the General Assembly Meeting is selected to facilitate easy access to all shareholders.

At the General Assembly Meeting, the agenda items are expressed in an unbiased and detailed manner and presented in a clear and concise method to provide shareholders an opportunity to express their opinions under equal conditions and raise any questions. During our Ordinary General Assembly Meetings, the questions raised by our shareholders, guests and media representatives are answered by the Chairman of the BoD and our Executive Management.

No deadline has been specified for registration in the share ledger to allow owners of registered shares to attend the General Assembly Meeting.

4.5. Minutes of the Meeting
Minutes of the General Assembly Meetings are posted at our Company website www.koc.com.tr. In addition, these minutes are made available to all shareholders for examination purposes at the Company headquarters.

4.6. Special Transactions
Decisions regarding division and merger of shares which change the capital and management structure of the Company, are taken at the General Assembly Meeting. Decisions related to the sale and purchase of assets are made by the BoD as stipulated by the Articles of Association. A majority quorum is required for the BoD decisions regarding participation in new companies or disposal of existing subsidiaries which are regarded as important transactions in our Articles of Association.

4.7. Developments regarding General Assembly Meetings
For the purpose of ensuring compliance with the Corporate Governance Principles by both Koç Holding and other publicly traded Group companies, the General Assembly Meeting Procedure has been expanded to include special provisions in respect of providing information about candidate members of the BoD, announcing the agenda and relevant informative documents minimum 3 weeks in advance of the General Assembly Meeting and posting all the documents on the website for the use of the investors, providing information about preferred shares, presence of directors and independent auditors at the meeting to answer the investors' questions, inviting media and stakeholders to the meeting, use of open ballots by way of raising hands during the voting procedure and informing investors of this procedure in advance through the General Assembly announcement. In the years ahead, legal and sectoral developments will be monitored and activities will be continued to increase the effectiveness of General Assemblies including the use of e-votes.

5. Voting Rights and Minority Rights

5.1. Preferred Shares
Koç Holding shares have been divided into two groups as Group A and B. Each registered Group A share is entitled to 2 voting rights at the General Assembly Meeting. If any amendments are made to the Articles of Association, A Group preferred shareholders must approve the relevant decisions taken at the General Assembly Meeting. However, in decisions requiring a change in the Articles of Association, all shareholders are entitled to 1 vote. As stated in Koç Holding's Articles of Association, shareholders of preferred stock do not have the privilege to nominate candidates to the BoD. A Group shares represent 26.77% of the paid-in capital and 42.23% of the total voting rights. B Group shares, each of which is entitled to 1 vote represent 73.23% of the paid-in capital and 57.77% of the total voting rights.

5.2. Exercise of Voting Rights
Our Company avoids practices that may complicate the use of voting rights. Each shareholder is given the opportunity to exercise his/her voting right in the most appropriate, fair and convenient manner. An ordinary shareholder can vote either personally or by appointing a non-shareholder third party as his/her representative. Our Articles of Association does not include a provision preventing non-holders to vote by proxy as an appointed representative. However, A Group shareholders may only be represented by another A Group shareholder. If this is the case, it should be documented in the legal representations in writing.

Our Company attaches importance to corporate representation in terms of the exercise of voting rights at General Assembly Meetings, and takes measures to assure effective operation of corporate representation.

Within the Holding, there are no cross ownerships that are associated with a controlling relationship.

5.3. Voting Method
Without prejudice to the special provisions of the relevant legislation and Articles of Association, voting is conducted through open ballot and by raising hands during the General Assembly Meeting. Upon request by shareholders, the voting procedure will be determined by the General Assembly Meeting.

5.4. Minority Rights
Koç Holding gives utmost care to the exercise of minority rights. There were no criticisms or complaints filed with our Company in this regard in 2009. As Koç Holding has preferred shares, it is not possible to facilitate a cumulative voting procedure.

6. Dividend Policy and Timing

6.1. Dividend Policy
Koç Holding's Dividend Policy is determined at the General Assembly Meeting within the framework of the provisions of the Capital Market Legislation and our Articles of Association.

The Dividend Policy and the annual dividend proposal containing the details stipulated in the Capital Markets Board Corporate Governance Principles are provided in the annual report and presented to the shareholders during the General Assembly Meeting. Furthermore, detailed information on the dividend history and capital increases are posted on our Company website.

Our Company conducts a Dividend Policy within the framework of the provisions of the Turkish Commercial Code, Capital Markets Legislation, Tax Regulations and other relevant legislation as well as the provisions of our Articles of Association governing the distribution of profits.

In determining the distribution of profit, the long-term strategy of our Group, the capital requirements of our Company, our affiliates and subsidiaries, our investment and financing policies, profitability and cash position are taken into consideration. In principle, 20% of the “distributable profit for the period”, calculated within the framework of the Capital Markets Legislation and other relevant legislation, based on the net profit for the period as shown on the financial statements prepared as per the Capital Markets Legislation and subjected to independent audit, is distributed in the form of cash or stock.

If the distributable profit calculated as above is less than 5% of the issued capital, there will be no distribution of dividend.

As per the decision taken at the General Assembly Meeting, dividends can be paid out entirely in the form of cash or stock, or partly in cash and partly as stock.

If in the form of cash, the dividend distribution is completed until the end of the fifth month following the end of the respective fiscal period, at the latest. If in the form of stock, the distribution is completed until the end of sixth month, at the latest.

In accordance with the Dividend Policy, dividends are allocated equally to all existing shares as of the respective fiscal period.

Pursuant to Article 32 of our Articles of Association, no more than 2% of the amount remaining from the pre-tax earnings after the allocation of the first series of legal reserve fund, financial obligations, and first level dividend to shareholders withheld as per the Capital Markets Legislation, is allocated to Koç Holding Pension and Assistance Foundation. Additionally, without prejudice to the first level dividend established under the Capital Markets Legislation, 3% of the amount remaining after the deduction of first series of legal reserve fund, financial obligations and 5% of the paid-in capital from the pre-tax earnings, is allocated to holders of dividend-right certificates.

However the amount that will be paid to holders of dividend-right certificates cannot exceed 1/10 of the amount remaining from the net profit after the deduction the first series of legal reserve fund and first level dividend to shareholders established under the Capital Markets Legislation.

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6.2. Timing
In respect of dividend distribution, the approval of the General Assembly Meeting is sought and the legal deadlines are followed based on the provisions of the TCC, Capital Market Regulations and the Company's Articles of Association. Currently dividend distributed in cash and the dividend distributed in stock are paid out to shareholders, within the five months and the six months following the end of the relevant fiscal period, respectively. In accordance with the dividend policy, the dividends are allocated equally among all the shares existing in the respective fiscal period.

7. Transfer of Shares
There are no provisions in the Articles of Association that complicate the transfer of publicly-traded B type shares. As stated in the Articles of Association Article 13, Koç Holding BoD has the right to abstain from transferring A type shares held by the controlling shareholder.

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

8.1. General Information on Disclosure Policy
Koç Holding, as one of Turkey's leading and most prestigious corporations making a significant contribution to the Turkish economy and comprising a substantial share of the ISE, follows a transparent and effective disclosure policy that is in compliance with the relevant rules and regulations. The purpose of the disclosure policy is to share information concerning Koç Holding's past performance, future expectations, strategies, targets and vision, excluding any trade secrets, in light of the Group strategy, equally with the relevant authorities, current and potential investors and stakeholders. The policy aims at announcing Koç Holding's financial statements in an accurate, fair, timely and detailed manner as per the generally accepted accounting principles and Capital Markets Regulations and providing a constant, efficient and open communication platform through the investor relations and corporate communications departments.

Koç Holding applies an active and transparent disclosure policy and acts in compliance with CMB and ISE Regulations in matters relating to informing the public and aims at implementing the most efficient disclosure policy within the scope of CMB Corporate Governance Principles.

In 2009 our Disclosure Policy has been updated parallel to the evolving market conditions and new provisions. Our Disclosure Policy which has been approved by our BoD is announced on our company website and will be submitted for the information of our shareholders in our General Assembly Meeting.

8.2. Disclosure Policy Contacts
The Board of Directors is responsible for preparing, overseeing and updating the Disclosure Policy. The Disclosure Policy, which is approved by the Board of Directors, is presented to the shareholders at the General Assembly Meeting and shared with the public on our website.

8.3. Disclosure Principles
In principle, the announcements and disclosures on behalf of Koç Holding A.Ş. using the tools and methods defined in our Disclosure Policy, can be made by the Members of the Board of Directors, CEO, CFO, the President of Corporate Communications and Information Technology Group or the President of Strategic Planning Group.

In addition, the Investor Relations Department can communicate on behalf of Koç Holding A.Ş. in promoting Koç Holding vis-à-vis current and potential individual and institutional investors and intermediary institutions both in Turkey and abroad; responding to information requests coming from analyst and research staff and answering questions received within the scope of investor relations.

An Investor Relations Department has been established under the Strategic Planning Group at Koç Holding to manage the relations with both current and potential investors and analysts, respond to investor inquiries in the most efficient manner and carry out activities to reach the fair company value. Relations with the shareholders are carried out in coordination with the Investor Relations Department.

The Executive Management of Koç Holding and Investor Relations Department meet frequently with intermediary institutions, analysts and investors to promote Koç Holding's operational and financial performance; vision, strategy and goals and the value Koç Holding creates for its investors, in the best possible manner.

Investor Relations Department aims to inform investors in the best possible way through investor tools such as presentations, investor bulletins, Q&A documents, company website, annual report, teleconferences and web-casts, investor meetings, etc. and ensures that all such tools are prepared, published and updated in compliance with the legislation.

Investor Relations officers endeavor to facilitate all meeting requests received during the year, regularly attend conferences organized in Turkey and abroad and hold one-on-one meetings with investors. These meetings are also attended by the President of Strategic Planning Group, CEO and CFO periodically, enhancing the communication between shareholders and potential investors and our Executive Management.

The company website, which is updated regularly, and the informative documents shared with the stakeholders through the website aim to facilitate easy access to investor relations tools and the close monitoring of the developments in the Turkish economy and Koç Group by the shareholders and the analysts. Detailed information on the annual reports and the website contents is provided in our Disclosure Policy.

From time to time, analyst reports are shared on the website, with the prior consent of the relevant analyst, to provide investors with a different viewpoint. Koç Holding is not in a position to review, verify or approve analyst reports or models. However, if requested, in order to avoid misinforming the public, Koç Holding can control the analyst reports before they are published to ensure that historical and public information used in the reports are correct.

The foremost objective of the Investor Relations Department is to carry out the mutual relationship between the company and shareholders in the most efficient manner. Within this context, the Investor Relations Department assumes a bridge function between the Executive Management and shareholders. The Department conveys Koç Holding's investment messages to the investors while providing periodic reporting to the Executive Management on the evaluations and feedback received from the shareholders, thereby facilitating a two-way communication.

9. Material Disclosures
Finance Group is authorized and responsible for carrying out Koç Holding's material disclosures obligation, in coordination with the Legal Department.

Material disclosures are sent to the ISE after being signed by the CEO and CFO in principle. The disclosures are published in the website in Turkish and English.

Koç Holding made a total of 29 material disclosures during 2009. Koç Holding is not listed on any foreign securities exchanges and therefore is not required to issue any material disclosures other than what is required by the ISE within the framework of CMB legislation. Koç Holding has not received any disclosure requests from the CMB and ISE during the year. Since all disclosures have been made within the legal timeframes, no sanctions were applied.

10. Internet Site and Contents
Koç Holding's website (www.koc.com.tr) provides contemporary and historic information in both Turkish and English. There is an Investor Relations section to provide more comprehensive information to current and potential shareholders and brokerage houses. Some of the topics on the website are as follows:

- Detailed information on the Company
- Strategic targets and principles
- Information about members of the BoD and Executive Management
- Company organization and shareholder structure
- Articles of Association
- Commercial registry information
- Foreign partnerships
- Summary information about business segments and companies
- Frequently Asked Questions
- Periodic financial statements, financial information, key performance indicators
- Annual reports
- Press releases
- CMB Material Disclosures
- Stock information, charts and calculators regarding share price performance
- Share price calculator for investors
- Investor presentations and bulletins
- Economic reports and historical data on economic indicators
- Information on analysts who analyze the Company and analyst reports
- Date, agenda items and information memorandum of the General Assembly Meeting
- Minutes of the General Assembly Meeting and list of participants
- Proxy forms
- Corporate Governance Practices and Compliance Report
- Dividend policy, payout history and capital increases
- Disclosure policy
- Detailed information regarding corporate social responsibility activities
- Glossary

The principles related to the management of our website are part of the Disclosure Policy. In addition, the letterhead of our Company contains our website address.

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11. Disclosure of Ultimate Controlling Shareholder(s)
Koç Holding's shareholder structure is published in the website, our annual report and related documents. Koç Family members are the "ultimate controlling shareholders".

12. Disclosure of People with Access to Insider Information and Protection of Insider Information
In order to promote transparency while protecting our Company's interests, utmost importance is given to compliance with Company policies regarding prevention of insider trading.

For this reason in 2009 Koç Holding prepared a list of "People with Access to Insider Information". Every employee who is on this list has been asked to sign a declaration acknowledging their responsibility to protect and prevent misuse of insider information. Employees who are not on this list were also informed of the rules by a general letter in order to prevent a potential misuse.

Information acquired in the course of employment that belongs to the Company and is viewed by the Company as information on a need to know basis that might be construed as commercial secrets, such as confidential software, technology, information, systems, applications, methods or industrial ideas, applications, designs, models, creation, innovation etc. developed by the Company is deemed "Proprietary Information." All employees undertake to safeguard Proprietary Information and not to disclose this information to third parties without the Company's written consent by agreeing to the Personnel Code, which is an attachment to the Contract of Employment, and Information Protection Contract.

As of the date of this report, people with administrative duties who have access to insider information are listed below. A comprehensive and updated list of the other people who have access to insider information is kept at Koç Holding People with administrative duties at Koç Holding are defined as members of the management and audit bodies, people with regular access to insider information pertaining to Koç Holding and people who are authorized to take management decisions that will impact the future development and commercial targets of Koç Holding People who have regular access to insider information and are authorized to take management decisions are Members of the Board of Directors, auditors, Presidents, Directors and the General Secretary.

Board of Directors

Rahmi M. Koç	Honorary Chairman
Mustafa V. Koç	Chairman
Suna Kıraç	Vice-Chairman
Temel Atay	Vice-Chairman
Ömer M. Koç	Vice-Chairman
Semahat Arsel	Member
Dr. Bülent Bulgurlu	Member, CEO
İnan Kıraç	Member
Ali Y. Koç	Member
Prof. Dr. John H. McArthur	Member
Sanford I. Weill	Member
Prof. Dr. Heinrich Von Pierer	Member
Peter D. Sutherland	Member

Legal Auditors

Kutsan Çelebican	Auditor
Dr. Füsun Akkal Bozok	Alternate Auditor

CEO and Deputy CEO

Dr. Bülent Bulgurlu	CEO
Osman Turgay Durak	Deputy CEO

Group Presidents

Ahmet Ashaboğlu	CFO (Finance Group)
Aka Gündüz Özdemir	Consumer Durables Group
Ali Tarık Uzun	Audit Group
Ali Y. Koç	Corporate Communications and Information Technology Group
Cenk Çimen	Automotive Group
Erol Memioğlu	Energy Group
Kudret Önen	Defense Industry and Other Automotive Companies Group
Ömer Bozer	Tourism, Food and Retailing Group
Tamer Haşimoğlu	Strategic Planning Group
Tayfun Bayazıt	Banking and Insurance Group

Legal Advisor

Kenan Yılmaz	Chief Legal Advisor

Directors

Emine Alangoya	Director (Accounting)
Mert Ş. Bayram	Director (Human Resources)
Oya Ünlü Kızıl	Director (Corporate Communications)

General Secretariat

Tahsin Saltık	Secretary General

SECTION III- STAKEHOLDERS

13. Disclosure to Stakeholders

13.1. Stakeholders in General
Our Company, being a holding company, does not have any direct relations with customers, vendors, etc., but has relations with a wide range of stakeholders, due to its subsidiaries and affiliates. Stakeholders are informed of issues that may concern them by means of invitations to regular meetings or via intranet and telecommunication tools. Public disclosures are made by press conferences and through statements and bulletins in the media, while information sharing with employees is realized through various meetings and organizations and the Company intranet site.

By holding our General Assembly Meetings open to all stakeholders, providing detailed information on our website, publishing comprehensive annual reports, issuing press releases and implementing other practices that promote transparency as per our Disclosure Policy, we aim to inform not only our shareholders but also all stakeholders.

13.2. Disclosure to Employees
Important announcements, management changes and press bulletins are posted on the intranet for the convenience of Group employees. Additionally, some important announcements and executive management messages are sent to employees by e-mail. Furthermore a periodic internal magazine (Bizden Haberler) is issued by the Corporate Communications department to increase communication with the employees.

13.3. Disclosure to Dealers
Koç Holding's Chairman of the Board, CEO and Executive Management participate in the "Anatolian Meetings" which are held with the dealership network of our Group companies with the aim of exchanging views and generating ideas. In these meetings, dealers are provided with updates on the developments in the Group and they have the opportunity to share their ideas. An intranet platform has been developed to provide information, training and promotions to our dealership network and it is actively used by 7,160 dealers. Furthermore our dealers participate in Koç Group's "For My Country" project as an indication of their dedication to social responsibility.

14. Stakeholders' Participation in the Company Management
Group companies hold comprehensive meetings and exchange ideas during the year with dealers and providers and evaluate and work on the suggestions that come up during these meetings.

The results of the dealer and customer satisfaction surveys, the details of which are provided later on in the report, are of significant importance to Koç Holding. Improvement of dealer and customer satisfaction are made part of Group companies' management performance targets.

15. Human Resources Policy
As of 31.12.2009, Koç Group had a total of 71,221 employees, 66,798 of which are in Turkey and 4,423 of which are abroad. Number of employees in consolidated subsidiaries totaled 68,057.

15.1. Human Resources Policy
"Our Most Important Asset is our People", the statement of our Founder, Vehbi Koç, best summarizes the basic approach of Koç Group to human resources.

Koç Group aspires to become an ideal company with competent professional staff creating value added to ensure sustainable growth, that is most preferred and that every employee is proud of being a part of.

In line with this objective and within the frame of the Human Resources Policy, we are committed to

- attracting the most competent young and experienced professionals who can carry our Group to the future;
- rewarding achievement through fair and competitive compensation policies and high performance standards,
- making investments to improve our employees continuously,
- improving loyalty of employees to the Company by creating equal opportunities in promotions and rewards,
- creating a working environment that is always peaceful.

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15.2. Implementation of Human Resources Policy
Koç Group values its employees and respects the employee rights. The employment contract signed with the employees at the time of recruitment covers the mutual responsibilities of the Company and the employees, whereas Personnel Code describes the working standards and covers the whole process regarding human resources from recruitment to resignation.

The Human Resources department ensures that candidates who meet the competency criteria as described in the Human Resources policies are recruited without discrimination and benefit from equal opportunities throughout their employment. In this context, employees' performance is evaluated, competencies are measured and the improvement and career planning is performed. A competition analysis is conducted on a sector basis and compensation policy is determined accordingly in order to ensure that the employees receive competitive salaries. Within the framework of equal opportunities achieved as mentioned above, employees with the highest potential are identified and assigned to higher positions swiftly taking into account the performance and competency evaluation results.

All employees are able to access the Human Resources Systems that have been prepared for the purpose of implementing these policies over the electronic platform Koç@İnsan. This platform offers an open communication environment where the information of all our employees is managed, and makes policies and practices fair and transparent. Koç Career is one example of the Human Resources Systems managed on this Platform. Koç Career is designed to manage applications received as a result of activities to attract the most competent young professionals to the Group and is used across the Group in cooperation with its other commercial peers.

The Integrated Performance Management and Development Planning process that is carried out electronically across the Group over Koç@İnsan effectively spreads the objectives through the Performance Management System, and assures the deployment of Company objectives to the employees and the measurement of the employees' performance in achieving the objectives. Via Koç Compensation System, the rewarding process is managed; and via the Competency Assessment System, competencies are accessed to discover potential employees for future promotions, and data is created for the performance of development plans.

Koç Academy that is part of the Integrated Performance Management and Development Planning process plays an important part in putting Human Resources policies into practice and offers a platform where our employees can plan their individual development, find the chance to improve and follow their own development.

In respect of development of a common culture, a total of 3,031 of our managers attended the Group's Leadership Development Program between 2003-2009, which aims to improve the competency of our managers who can carry our Group into the future.

In line with the regulations, in workplaces with unionized workers including in collective bargaining agreements, there are designated union representatives that manage employee relations. Union representatives cooperate with Human Resources Departments to ensure the sustainability of a peaceful business environment.

Additionally, health and safety issues of Koç Group companies are managed by the Occupational Health and Safety Committee across the affiliates and the Group for the purpose of improving occupational health and safety continually, identifying and eliminating risks in line with the targets set.

Employees show great interest to programs implemented within the framework of policies developed by Koç Group taking into account the importance it attaches to its employees for the purpose of measuring employee satisfaction and loyalty regularly and planning necessary improvement activities accordingly. Examples include KoçAilem program and Koç Holding Pension and Assistance Foundation applications which have been created to provide benefits both during and after the working life.

16. Customer and Supplier Relations
Since 2003, Koç Holding has been conducting centralized customer satisfaction surveys on a regular basis as a sign of the importance given to this issue. As Turkey's most comprehensive end consumer survey, it encompasses 28 brands belonging to 12 Koç Group companies as well as 97 brands belonging to the competition. The results of the survey conducted with approximately 25,700 customers in 45 cities which represent Turkey in general are shared with upper and middle management of Koç Holding and Group companies, and are included in the management's performance score cards.

Due to the importance of company-dealer-customer relations at the customer touch points, the level of satisfaction of our dealers is also monitored. The Dealer Satisfaction Survey was conducted for the 6th time this year by an independent research company among 6,600 dealers Turkey-wide. As is the case with Customer Satisfaction, areas of improvement towards dealer satisfaction are included in the management performance scorecards.

17. Corporate Social Responsibility
Koç Holding and the Group companies put social responsibility, which was introduced by Vehbi Koç, one of the pioneers of institutionalization in Turkey, into practice through social projects and in the way they do business. Vehbi Koç Foundation, which is Turkey's first private foundation, is continuing to mark its leadership in the fields of culture, art, education and healthcare, setting lasting examples in the institutionalization of these services. Koç Holding and Koç Group companies support the activities of the Foundation through many social responsibility projects they undertake. Koç Group's objective to further improve as a socially responsible corporation was confirmed with the participation in the Global Compact, an official and international framework.

Koç Holding's and the Group Companies' approach to social responsibility is based on the principle espoused by our founder Vehbi Koç: "I exist if my country exists'. Within this context, Koç Group seeks to create value for the society, in which it has grown and developed, through projects that will contribute to the development of the society. Every year, thousands of scholarships are extended to students and numerous projects are initiated in the fields of culture, art, environment and healthcare. In addition to projects in Turkey, Koç Group actively contributes to the promotion of Turkey in the international arena by sponsoring various exhibitions. The Vehbi Koç Foundation is now the sponsor of the Gallery for Ottoman Art in the Metropolitan Museum of Art, one of the world's most prominent museums. The two galleries within the Islamic Art section are currently under renovation and will open in 2011 and will bear the name of the Koç Family. Through a new strategic partnership in 2007, Koç Holding has become sponsor to the Istanbul Biennial for 10 years to support contemporary art, a branch of art which is directly related to and involved in social issues as well as representation of our country abroad. In 2009, where the Vehbi Koç Foundation celebrated its 40th year, Koç Family was honored with one of the most prestigious international awards of its kind, the Andrew Carnegie Medal of Philanthropy, for their philanthropic contributions.

Koç Group, which has been a pioneer in Turkey, has acted through the Vehbi Koç Foundation, to establish the first privately-owned museum, the first industrial museum and the first private student dormitory in Turkey, making it a leader in the area of corporate citizenship. Koç Holding and Koç Group companies contribute to the society with their projects in a common understanding and shared principles.

Koç Holding and Koç Group companies view the activities and investments relating to corporate citizenship, not as a duty, but as an integral part of doing business. Approaches to and studies on corporate citizenship are a way of doing business internalized by Koç Group and represent one of the basic foundations of the natural workflow. Koç Group has assumed an important social mission, not just in terms of the large number of people it employs, the economic value it creates and the taxes it pays, but also through its philosophy of corporate citizenship. Koç Group Corporate Citizenship Reports reflecting this approach are posted on the website of Koç Holding since 2006.

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

18.1. Structure of the Board of Directors
Koç Holding is one of the leading Turkish companies to appoint internationally respected non-Turkish professionals to its BoD. The structure of our BoD conforms to CMB principles. On the BoD, all members with the exception of Dr. Bülent Bulgurlu, CEO and Ali Y. Koç, President of Corporate Communications and IT Group, are non-executives. Currently, 3 out of the 13 Board members, are in overall compliance with the independence criteria stipulated by the Principles. 1 member also complies with the independence criteria except the term.

18.2. Current Members of Board of Directors
The names and titles of our current BoD members are given below:

Rahmi M. Koç	Honorary Chairman - non-executive
Mustafa V. Koç	Chairman - non - executive
Suna Kıraç	Honorary Chairman - non-executive
Temel Atay	Honorary Chairman - non-executive
Ömer M. Koç	Honorary Chairman - non-executive
Semahat Arsel	Member - non-executive
Dr. Bülent Bulgurlu	Member- CEO
İnan Kıraç	Member - non-executive
Ali Y. Koç	Member, President of Corporate Communications and IT Group
Prof. Dr. John H. McArthur	Member - Independent
Sanford I. Weill	Member - Independent
Prof. Dr. Heinrich Von Pierer	Member - Independent
Peter D. Sutherland	Member - Independent

18.3. Changes in Board of Directors Members
There were no events in 2009 which would revoke the independence of current independent members. Following the General Assembly Meeting in which Board members are selected, the Chairman and Vice-Chairmen are appointed upon the division of duties. If a seat on the Board is vacated during the term, clause 315 of the TCC is invoked. Within this scope, further to the resignation of our BoD member Prof. Dr. Atilla Aşkar, who was appointed in the General Assembly Meeting dated 15 April 2009, Peter Dennis Sutherland was appointed as a BoD member in our BoD meeting dated 1 June 2009.

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18.4. Assignment of Members of Board of Directors to Duties outside the Company
There is no restriction on members taking on other employments or functions. Due to the significant contribution made to the Board by the work experience and knowledge of independent members, no such restriction was considered necessary.

19. Qualification of Members
The BoD is structured in a way that will maximize its effectiveness and efficiency. The basic qualifications of the BoD members meet CMB Principles, Section 4, articles 3.1.1, 3.1.2, 3.1.3, 3.1.4 and 3.1.5. Koç Holding BoD members are always selected from among highly qualified, knowledgeable and skillful candidates, with specific work experience and background.

The Curriculum Vitaes of our Board members are available on our website and annual report. Curriculum Vitaes for new candidates proposed for BoD membership are provided at the General Assembly Meetings.

20. Company Vision and Strategic Principles

20.1. Company Vision and Strategic Principles
The strategic objectives defined within the context of Koç Group's vision are assessed and approved by the BoD. These objectives and strategies are made public through the annual report, our website and press releases. Our strategy, the main highlights of which have been cited below, is explained in more detail in the relevant part of our annual report and website.

Our Strategic Principles:
- Focus on those sectors where we can create a differential competitive advantage
- Grow in sectors where we can leverage our strong brands and technological prowess
- Derive maximum benefits from economies of scale by being the market leader or a close second in every business we operate
- Achieve the optimum portfolio diversification, where we can balance out and minimize sector and geography-specific risks

These principles offer rapid and profitable growth opportunities in Turkey and the neighboring countries which promise a strong growth potential with their lucrative and underpenetrated markets and sectors. In addition to geographic proximity and benefits of the Customs Union, our strong organization and market positioning allows us to follow a profitable and sustainable growth strategy in Europe.

20.2. Strategic Planning Process
Every year Koç Group companies prepare their strategic plans in line with the principles and methods defined by Koç Holding's strategic plan and the Group objectives approved by the BoD. Following the evaluation of these strategic plans, strategies and financial projections are consolidated and, if necessary, the Group strategic plan is revised and the final strategic plan and financial plan are submitted to the BoD for approval. The BoD may approve the strategic plan and financial plan as they are submitted or they may request changes. At the end of the year, in line with the strategic plan and financial plan approved by the BoD, companies prepare an annual budget that is consistent with the methods and principles defined by Koç Holding. After being approved by Executive Management, the budgets submitted by the companies are consolidated and submitted to the BoD for approval. The BoD may approve the budgets as they are submitted or they may request changes. To ensure effective implementation of strategic plans and budgets, annual scorecards for top managers and companies are prepared according to the strategic plans and budgets that have been prepared by the companies and approved by the BoD. Koç Holding's strategic objectives such as economic profit, company value, growth and employee, dealer and customer satisfaction are integrated in all scorecards.

20.3. Evaluating Performance in Achieving Strategic Goals
Koç Holding BoD and Executive Management monitor the performance and operations of companies against their budgets and targets in periodic meetings throughout the year. At the quarterly Planning and Coordination Council meetings attended by the Chairman of the Board, CEO and Koç Holding Executive Management, the financial performance, developments in business segments and the actual performance of Koç Holding Executive Management and companies are assessed and measured against targets and budgets. Potential measures are discussed in case of any deviations.

The BoD meets every three months to review the quarterly financial performance of Koç Group against the budget, monitor strategic developments and make recommendations.

21. Risk Management and Internal Control Mechanisms
The responsibility for Risk Management and Reporting is shared among Koç Holding Presidents depending on the source of risk. Risks are investigated and assessed in detail at periodic meetings.

The main risks that Koç Holding is exposed to are monitored under three main categories, namely financial risks (credit, FX, interest, liquidity and capital risk), operational risks and legal risks. Detailed information on risk management can be found in the relevant section of the annual report.

Koç Holding has given utmost importance to internal control since the establishment of the Company. To date, there has always been an Internal Control unit operating under various names. In line with the principle of "separation of management and audit functions" the Audit Group President charged with this duty has been reporting directly to the BoD since 1.1.2004. Our Group companies periodically undergo process, risk, financial, operational and fraud audits. The executive management of Koç Holding and the respective Group company as well as the President and members of the Audit Committee are updated on the audit results on a regular basis.

22. Authority and Responsibilities of the Board of Directors and the Managers
The authority and responsibilities of the members of the BoD have been clearly defined in the Company's Articles of Association. The authorities have been indicated in detail in the Company Signature Circular.

23. Fundamental Activities of the Board of Directors
Activities of the BoD are managed as per the TCC and the Articles of Association.

23.1. Determining the Agenda and Convening a Meeting
Matters which are subject to the decision of the BoD as per the Company's Articles of Association are notified to the executive management and BoD members by the relevant departments. These will be included in the agenda for Board Meetings. In the event that any one of the members of the BoD notifies Company Executive Management about a decision that must be taken about a certain matter, the agenda of the meeting is drawn up accordingly.

Matters that are to be discussed at the Company's BoD meeting are collected at the General Secretariat to be included on the agenda.

23.2. Board of Directors Secretariat
Koç Holding General Secretariat has been assigned the duties of determining the agenda for the Koç Holding BoD Meetings, preparing Board decisions within the scope of the provisions of TCC 330/II, making disclosures to the BoD and ensuring the flow of communication.

23.3. Number of Board of Directors Meetings
The BoD meets as many times as business dictates. In 2009, the Board met 4 times, and the number of decisions taken within the year, including the decisions made under Article 330 of the TCC, is 31.

23.4. Opposing Votes at Board of Directors Meetings
Differences of opinion and grounds for opposing votes and specific questions raised by members of the BoD at Board Meetings are recorded in the Resolution Book. Since no opposition or difference of opinion has been declared recently, no public announcement has been made in this regard.

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23.5. Active Attendance to Board Meetings by the Members
The Articles of Association of the Company stipulate a majority quorum for any decision regarding participation in a new company or the disposal of shares of an existing subsidiary. In relation to subject matters which are not particularly cited in the Articles of Association, but are included in the CMB Corporate Governance Principles under Section IV. Article 2.17.4, active attendance is attained.

23.6 Weighted Vote - Veto Right
No weighted voting right and/or negative veto right has been vested in members of the BoD under the Articles of Association. Each member is entitled to 1 vote.

24. Prohibition of engaging in transactions and competing with the company
According to Articles 334 and 335 of the TCC, approval of the General Assembly should be sought in order for the Chairman and the members of the BoD, directly or indirectly, to engage in the transactions covered by the scope of activities of the Company and to become shareholders in companies performing such transactions. No problem has been faced within the period in relation to permissions given to members of the BoD in this regard.

25. Ethical Rules
Throughout its 80 years of history, Koç Group's culture has given priority to honesty, respect, ethical behavior and compliance with all laws and regulations.

Koç Group made further progress in terms of both corporate citizenship and corporate governance and ethical rules by signing the United Nations Global Compact.

Committed to ensuring customer satisfaction and a healthy development with its employees, supplying products and services in universal quality and standards, thereby becoming a hallmark of safety, continuity and esteem for its country, customers, shareholders, dealers and by-industries, Koç Group Values lead the way to follow in attaining these goals, and are shared with the public through the internet site.

Furthermore, the Personnel Regulation covering the ethical rules applicable to the Company employees notes the issues which the personnel have to comply with in their activities.

26. Number, Structure and Autonomy of the Committees Formed by the Board of Directors
Board Committees are formed at our Company with the aim of ensuring that the BoD is able to fulfill its duties and responsibilities more effectively, and these committees work under certain procedures.

Activities carried out by our committees are regularly recorded. Decisions taken by the committees following independently-performed activities are presented to the BoD as a proposal, and the final decision is made by the BoD.

These committees work under the following principles:

26.1. Management Committee
The Management Committee members are nominated by the members of the BoD and are approved by the BoD. As the reason for establishing this Committee is the challenges encountered in convening BoD meetings whenever desired and urgent, the BoD assigns its duties and authorities to this Committee except certain restrictions set forth in its job description. The evaluation and approval procedure of the Committee's decisions at the Board are undertaken in accordance with the Company Articles of Association.

In principle, the Committee may not take decisions or make revisions about matters previously decided upon by the BoD or on subjects that are contrary to the Strategic Plan. The Committee shall bring the decisions it has taken between Board Meetings to the next meeting of the Board and have them approved.

The Management Committee is chaired by the Chairman of the BoD, and CEO is a member of this committee. While the Management Committee may meet in such frequency as necessitated by the developments, it may meet whenever it is deemed proper by the Chairman. In addition, when the Chairman of the BoD deems it necessary, it attends general and private disclosure or evaluation meetings related to the Group's activities (Planning Council, Annual Budget and ad hoc meetings, etc.).

The Management Committee is comprised of five persons including Honorary Chairman, Chairman, two Vice-Chairmen and the CEO.

26.2. Audit Committee
The Audit Committee fulfills the functions stipulated in the Capital Market Regulations for the audit committee. Within this frame, it conducts the disclosure and independent audit of the accounting system and financial information of our Company and the supervision of the operation and efficiency of the internal control system of the Company. Selection of the independent audit company, preparation of independent audit contracts and initiation of independent audit process, and supervision of the studies of the independent audit company at every stage are all carried out under the supervision of the audit committee.

The Audit Committee meets at least four times a year or more when necessary as it has to submit a written report to the BoD containing its assessments and the views of the responsible executives of the Company and of the independent auditors in relation to the truth, accuracy and compliance of annual and interim financial statements to be disclosed to public with the accounting principles adopted by the Company.

The responsibility of the Audit Committee and of Company management is to not only undertake internal and external auditing, but also to ensure that records, procedures and reporting is in accordance with the laws, rules and regulations, and with the principles set forth by the CMB and IFRS. This Committee is comprised of the Chairman of the Committee and non-executive members.

26.3. Corporate Governance Committee
This Committee oversees compliance to Corporate Governance Principles, assesses the reasons behind non-compliance in some areas, and proposes improvements to the BoD.

The Committee consists of 3 members including the Chairman of the Committee and meets at least two times a year and more frequently when the need arises. Chairman of the Committee is an independent member of the BoD and President of the Strategic Planning Group, who is responsible from Investor Relations is a member of the Committee.

26.4. Human Resources Committee
This Committee evaluates and supervises the implementation of policies related to salaries and bonuses. It evaluates the human resources requirement of the Company through senior management succession plans and development programs. The Committee comprises of four people including the Chairman of the BoD.

27. Financial Benefits Granted to the Board of Directors
The financial benefits granted to the members of the BoD are determined at the General Assembly Meeting, which is open to the press and announced to the public by means of Meeting minutes and in the footnotes to our financial statements.

No transaction which might lead to conflict of interests such as the lending of funds or disbursement of loans by the Company to members of the BoD or executives has been undertaken.

Board of Director's Report

Dear shareholders,

Welcome to the 46th General Assembly Meeting of Koç Holding.

We hereby present for your evaluation the Koç Holding Annual Report for 2009. The first section of the report provides general information about Koç Holding, its goals, strategies and operations in 2009, while the succeeding pages detail developments in our core business segments. The second part of the report contains audited financial statements and accompanying notes as of December 31, 2009 and other disclosures required by the Capital Markets Board (CMB).

The consolidated financial statements presented in this report have been prepared on a consolidated basis in compliance with International Financial Reporting Standards and CMB Decree Serial XI, No. 29 and related announcements. However, in accordance with the CMB decree dated March 17, 2005, inflation accounting has not been applied since 2005. Other than amounts originating in foreign currencies such as export revenues, convenience translation of the items of the income statement in TL (including net income for the period) into foreign currency have been converted using the average annual exchange rates, while the balance sheet items have been converted using the year-end exchange rates.

Dear shareholders,

I would now like to share our main assessments on the fiscal year ending 31 December 2009 on behalf of Koç Holding Board of Directors.

Overview of 2009
2009 was a year where the impact of the crisis was felt heavily both at home and in the world. Despite measures introduced by governments around the world in an effort to incentivize the markets, demand for almost all products and markets contracted.

We had shared with you in last year's meeting that Koç Group entered the crisis with an extremely strong standing in terms of its cash position, portfolio structure and other operational indicators. Proactive risk management, stringent cost-cutting and efficiency focus and diversification of export markets in an effort to minimize revenue contraction were diligent measures that we continued to implement during the year. As a result of these measures, despite the inevitable decline in our revenues, our profitability, when adjusted for the one-off capital gains recorded from the sale of our subsidiaries in 2008, increased significantly and there has not been any negative impact on our financial standing.

Our consolidated revenues declined by 19% compared to 2008, and reached TL44.8 billion. In addition to the contraction in the domestic and international markets which I previously mentioned, the decline in the prices of oil and fuel products were the main culprits behind this decline. Despite the fall in our revenues, our operating profit, when adjusted for the one-off capital gains recorded from the sale of our subsidiaries in 2008, increased by 3% to TL3.5 billion. Our profit before tax from continuing operations, when adjusted for the one-off capital gains recorded from the sale of our subsidiaries in 2008, increased by 125% to TL3.2 billion. Net income attributable to equity holders of the parent was TL1.4 billion. The decline in our net income was caused by the one-off capital gains recorded from the sale of our subsidiaries.

Developments in Koç Holding and Koç Group in 2009
Koç Holding continued fortify its domestic and international standing, and continued to rise in Fortune Global 500 to 172nd place with its 2008 results. The main activities of 2009 were as follows:

- Our energy companies completed the year with high profitability despite the challenging market conditions. In the face of contracting market demand, Tüpraş was one of the first refineries in the world to pursue an optimal production policy and as a result of the effective measures taken, Tüpraş generated the highest operating profit per barrel among the global refineries in the last three quarters of the year. Aygaz continued its leadership of the domestic LPG market while consolidating all companies in Koç Group Energy Segment, except refining and fuel businesses, under its roof. Opet continued to increase its market share and strengthened its 3rd position in white products and 2nd position in black products.
- Our automotive companies continued to augment their undisputable market leadership. Our companies manufactured 443,000 vehicles in 2009, equal to 50% of Turkey's total production. Our total market share in domestic sales reached 31%, with Ford Otosan and Tofaş sharing the leadership position. Our exports fell by 30% to 306,000 units as a reflection of the contraction in our main export markets, especially in the light commercial vehicles segment. Our share in Turkey's total automotive exports increased to 48%. Ford Otosan, which is celebrating its 50th year, started exporting the Transit Connect model, which is developed by Turkish engineers and manufactured at the Kocaeli plant, to North America in May. Transit Connect was Turkey's first automobile export to the USA and a landmark achievement. Tofaş, which celebrated its 50th year in 2009 became the first factory in the Fiat universe to reach the silver level for safety and quality in production.
- Arçelik continued its strong leadership in the domestic market while also strengthening its market share and brand positioning in the international markets. Arçelik recorded one of the highest market share growth rates in Europe by entering new export markets and securing new distribution channels. Beko increased its unit sales by 50% in a contracting market while also becoming the brand that recorded the highest growth in France. Beko was among the top ten best household appliances brands in the world in 2009. In line with the restructuring efforts to increase the competitive power and profitability of the consumer electronics segment, Grundig Elektronik was merged into Arçelik in June.
- Yapı Kredi increased its profitability thanks to solid revenue growth and cost containment efforts, coupled with proactive credit risk management and focus on innovation. Throughout this period, Yapı Kredi invested in projects aimed at increasing commercial effectiveness and developing innovative new products and services so as to be best positioned for rapid growth when macroeconomic conditions normalize.

Koç Holding Consolidated Financial Results

(TL million)	2009	2008	Change %
Revenues (net)	44,832	55,548	-19
Operating profit	3,471	5,038	-31
Operating profit (adjusted)[1]	3,471	3,363	3
Profit before tax from continuing operations	3,159	3,081	3
Profit before tax from continuing operations (adjusted)[1]	3,159	1,406	125
Profit for the year	2,641	2,578	2
Profit for the year - attributable to equity holders of the parent	1,429	2,024	-29
Earnings per share (TL)	0.592	0.838	-29
Earnings before interest, taxes and amortization - EBITDA	4,396	5,853	-25
EBITDA (adjusted)[2]	4,396	4,178	5
Operating profit / Revenues (%)	7.7	9.1	-1.3 [3]
Operating profit (adjusted) / Revenues (%)	7.7	6.1	1.7 [3]
Total assets	66,386	64,890	2
Total liabilities	47,604	48,758	-2
Total equity	18,782	16,132	16
Shareholders' equity	11,170	9,749	15
Capital expenditures	1,444	1,633	-12
Depreciation and amortization	925	815	13
Revenues / Total assets	0.68	0.86	-0.18 [3]
Operating profit / Total assets (%)	5.2	7.8	-2.5 [3]
Operating profit (adjusted) / Total assets (%)	5.2	5.2	0.0 [3]
Current ratio	0.88	0.86	0.02 [3]
Total liabilities / Equity	2.5	3.0	-0.5 [3]

1) Operating profit excluding one-off capital gains from the sale of subsidiaries
2) EBITDA excluding one-off capital gains from the sale of subsidiaries
3) The changes in ratios are given as percentage point differences

Koç Holding A.Ş.

Board of Director's Report

Financial and Operational Results
Koç Group continued to achieve successful results in all business lines.

Koç Holding's combined revenues reached TL68,116 million in 2009. After TL16,739 million is deducted for proportional consolidation of joint ventures according to International Financial Reporting Standards and a further TL6,545 million is deducted in lieu of consolidation eliminations and adjustments, the net consolidated revenue of Koç Holding amounted to TL44,832 million.

Koç Holding's operating profit declined by 31% from a year ago to TL3,471 million. However the operating profit for 2008 included TL1,675 million one-off capital gains from the sale of our subsidiaries. When adjusted for these one-off gains, our normalized operating profit actually increased by 3% in 2009.

Profit before tax from continuing operations increased by 3% compared to 2008 and reached TL3,159 million. When adjusted for the one-off capital gains recorded from the sale of our subsidiaries in 2008, our profit before tax from continuing operations increased by 125%.

Consolidated net income for 2009 was TL2,641 million of which TL 1,429 million was attributable to equity holders of the parent.

Koç Holding's total assets increased by 2% to TL66.4 billion. Total shareholders' equity increased by TL1,420 million during the year with the net profit for the period and other capital movements, reaching TL11,170 million.

Capital expenditures for the year reached TL1,444 million. The highest capital expenditures were made in the energy sector for the refinery modernization, spec improvements and environmental investments as well as station investments, followed by new product investments in automotive and consumer durables.

Combined international sales reached $9.2 billion, declining by 38% compared to 2008. The main reasons behind the decline in our international sales figures are the contraction in the European automotive and consumer durables markets as well as the decline in export of fuel products.

Employment and labor relations
The total number of employees of Koç Holding, its subsidiaries and joint ventures was 68,057 as of the end of 2009.

On a sectoral basis, the highest number of employees was in the automotive sector with 27% of total Group employees, followed by consumer durables with 26% and finance with 25%.

In our 6 companies (Tüpraş, Aygaz, Ditaş, Tat Konserve, RMK Marine and Yapı Kredi) where the collective employment agreements expired in 2009, the agreements covering approximately 14,500 unionized workers were renewed amicably conserving the work peace.

Dividend proposal
According to the financial reports for the fiscal year January 1, 2009 to December 31, 2009, prepared in accordance with International Financial Reporting Standards by Koç Holding A.Ş. and audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers), after a deduction of 5% as legal reserve fund (a sum equal to TL12,600,008.55) in line with Article 466 of the Turkish Commercial Code, a distributable profit of TL1,416,609,991.45 was generated according to the Capital Markets Board's regulations. After addition of TL182,592.00 granted to tax-exempt foundations and associations, a first level dividend base of TL1,416,792,583.45 was generated.

On the basis of the financial reports prepared in line with the legal records, after deduction of 5% as legal reserve fund (TL12,600,008.55), in accordance with Article 466 of the Turkish Commercial Code the distributable profit amounted to TL239,400,162.46. Furthermore, with the addition of TL1,319,274,730.00 extraordinary legal reserves that may be subject to distribution, the total amount of distributable profit as per the legal records reached TL1,558,674,892.46.

In line with Capital Markets Board regulations and the provisions of the Company's Articles of Association, it has been decided to allocate the distributable profit as follows:

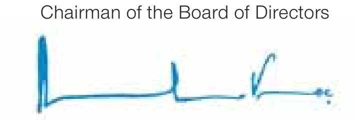
TL 283,358,516.69	As first level dividend to shareholders
TL 10,838,360.99	To Koç Holding Pension and Assistance Foundation, in accordance with article 32/c of our Articles of Association (1% with the payment made during the year)
TL 38,875,588.24	To holders of dividend right certificates, in accordance with article 32/d of our Articles of Association,
TL 26,641,483.31	As second dividend to shareholders.

We propose the following to the General Assembly's approval:

- Payment of total TL310,000,000.00 gross=net cash dividends (TL283,358,516.69 first dividend and TL26,641,483.31 second dividend),
- TL113,621,705.33 to be expended from exceptional current year profits
- TL196,378,294.67 to be expended from exceptional earnings of extraordinary legal reserves
- Expend the payment for holders of dividend right certificates from the exceptional current year profits
- Expend the payments for Koç Holding Pension and Assistance Foundation from the other current year profits
- To allocate TL76,064,507.89 remaining from current year legal profit after the payment of dividends to shareholders, holders of dividend right certificates and Koç Holding Pension and Assistance Foundation as extraordinary legal reserves
- And the dividend distribution to begin on May 3, 2010.

Dear Shareholders,
On behalf of our Board of Directors, I thank you, our valued shareholders and customers for their continued trust and support, and our employees, for their dedication and outstanding contribution.

Chairman of the Board of Directors



Mustafa V. Koç

Koç Holding A.Ş.

Auditor's Report

To the Shareholders' Meeting of Koç Holding A.Ş.

The findings of our audit covering the 2009 accounting year are presented below:

1. The audit was carried out by examining the records of Koç Holding A.Ş. which are kept in accordance with the provisions of the Taxation Procedures Law (VUK) and the Capital Markets Law (SPK), attending the meetings of the Board of Directors of Koç Holding A.Ş, conducting an actual count and verifying the amount of cash and securities held by the company.

2. The company's compulsory books as required by the Turkish Commercial Code (TTK), Taxation Procedures Law and Capital Markets Law were properly kept; its records were substantiated by supporting documents; decisions taken by the Board of Directors were entered into its registry books; and the financial statements accurately reflect the consolidated financial statements of Koç Holding A.Ş.

3. In my opinion, the consolidated financial statements that were prepared in accordance with Decree No. 29 Series XI of the Capital Markets Board "Communiqué Regarding Accounting Standards in the Capital Markets" and, in accordance with the decree 11/367 issued by the Capital Markets Board on March 17, 2005 that states that inflation accounting shall not be applied as of January 1, 2005, accurately reflect the consolidated financial position of the Company on December 31, 2009 and the consolidated results of its operations for the period.

4. The proposal of the Board of Directors for distribution of dividends is in accord with the relevant Capital Market Board regulations.

As a result of the audit of Koç Holding A.Ş. 2009 accounts and operations, performed in accordance with generally accepted accounting principles, the Turkish Commercial Code, Capital Markets Legislation and the company's Articles of Association, I hereby submit for approval the annual report and financial tables presented to the Shareholders' Meeting and deem it appropriate that the Board of Directors be absolved with regard to its activities in 2009.

Respectfully yours,
26 March 2010

K. Çelebican

Auditor
Kutsan Çelebican

PRICEWATERHOUSECOOPERS

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Caddesi
No: 48 B Blok Kat 9 Akaretler
Beşiktaş 34357 İstanbul-Turkey
www.pwc.com/tr
Telephone +90 (212) 326 6060
Facsimile +90 (212) 326 6050

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Koç Holding A.Ş.

1. We have audited the accompanying consolidated financial statements of Koç Holding A.Ş. ("Koç Holding"), its subsidiaries and its joint-ventures (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2009 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards accepted by the Capital Markets Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the CMB. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement.

   An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

   We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Koç Holding A.Ş. as of 31 December 2009, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards accepted by the CMB.

Emphasis of Matter

5. As explained in Note 2 to the consolidated financial statements, the consolidated financial statements include the accounts of the parent company, its subsidiaries and joint ventures. Subsidiaries are companies in which Koç Holding has power to control the financial and operating policies for the benefit of Koç Holding through the exercise of voting power relating to the shares held by Koç Holding and its subsidiaries together with the voting power which Koç Holding effectively exercises relating to the share held by Koç family members and enterprises controlled by them. Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Koç Holding and its subsidiaries (through the "control basis") and one or more other parties. In effect the Koç family members allow Koç Holding to exercise the voting power in respect of their shares held in these companies. In the accompanying consolidated financial statements, the shares held by Koç family members are treated as minority interest.

Additional paragraph for Euro ("EUR") and US Dollar ("USD") translation

6. As explained in Note 2 to the consolidated financial statements, EUR and USD amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira ("TRY"), as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2009 for the consolidated balance sheet, and the official EUR and USD average CBRT bid rates of the year 2009 for the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement, and do not form part of these consolidated financial statements.

Additional paragraph for convenience translation into English

7. The accounting principles described in Note 2 to the consolidated financial statements (defined as "CMB Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Baki Erdal, SMMM
Partner

Istanbul, 12 March 2010

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	2009 (*) EUR'000	2009 (*) USD'000	2009 TRY'000	2008 TRY'000
ASSETS					
Current assets:					
Cash and cash equivalents	6	4,674,639	6,706,928	10,098,622	8,329,395
Financial assets	7	912,528	1,309,248	1,971,334	732,529
Trade receivables	8	2,182,708	3,131,636	4,715,305	5,055,995
Loans and advances to customers	9	5,487,910	7,873,768	11,855,533	13,108,729
Inventories	10	1,555,802	2,232,184	3,361,000	3,645,752
Derivative financial instruments	19	115,800	166,144	250,163	251,782
Other current assets	22	624,273	895,671	1,348,614	1,509,891
		15,553,660	22,315,579	33,600,571	32,634,073
Assets held for sale	31	7,066	10,138	15,265	48,644
Total current assets		**15,560,726**	**22,325,717**	**33,615,836**	**32,682,717**
Non-current assets:					
Financial assets	7	2,793,569	4,008,067	6,034,947	6,859,844
Trade receivables	8	39,643	56,878	85,641	118,593
Loans and advances to customers	9	4,510,121	6,470,887	9,743,214	8,972,926
Investment property	11	55,707	79,926	120,344	75,428
Property. plant and equipment	12	4,920,399	7,059,533	10,629,539	10,383,655
Intangible assets	13	610,977	876,598	1,319,893	1,185,989
Goodwill	14	1,628,413	2,336,362	3,517,860	3,533,680
Deferred tax assets	17	240,017	344,364	518,509	370,835
Derivative financial instruments	19	58,363	83,736	126,082	31,406
Other non-current assets	22	312,256	448,009	674,567	675,010
Total non-current assets		**15,169,465**	**21,764,360**	**32,770,596**	**32,207,366**
Total assets		**30,730,191**	**44,090,077**	**66,386,432**	**64,890,083**
LIABILITIES					
Current liabilities:					
Deposits	15	9,547,967	13,698,926	20,626,473	20,615,877
Financial liabilities	16	3,930,955	5,639,930	8,492,043	9,387,366
Trade payables	8	1,890,216	2,711,984	4,083,434	3,422,458
Other payables	18	689,009	988,554	1,488,466	1,393,791
Derivative financial instruments	19	62,249	89,312	134,477	75,197
Insurance technical reserves	20	28,808	41,332	62,234	145,928
Current income tax liabilities	17	66,685	95,676	144,059	102,111
Other current liabilities	22	1,443,880	2,071,605	3,119,215	2,930,531
		17,659,769	25,337,319	38,150,401	38,073,259
Liabilities held for sale	31	3,355	4,813	7,247	34,039
Total current liabilities		**17,663,124**	**25,342,132**	**38,157,648**	**38,107,298**
Non-current liabilities:					
Deposits	15	159,762	229,218	345,133	276,089
Financial liabilities	16	2,975,595	4,269,228	6,428,177	8,190,795
Derivative financial instruments	19	115,676	165,965	249,894	103,503
Insurance technical reserves	20	171,814	246,509	371,169	271,672
Provisions for employee benefits	21	353,499	507,182	763,664	680,389
Deferred tax liabilities	17	383,663	550,460	828,828	761,936
Other non-current liabilities	22	212,875	305,421	459,873	366,741
Total non-current liabilities		**4,372,884**	**6,273,983**	**9,446,738**	**10,651,125**
Total liabilities		**22,036,008**	**31,616,115**	**47,604,386**	**48,758,423**
Equity:					
Paid-in share capital	23	1,117,966	1,603,999	2,415,141	2,012,618
Adjustment to share capital	23	447,756	642,417	967,288	967,288
Total share capital		1,565,722	2,246,416	3,382,429	2,979,906
Share premium		4,298	6,167	9,286	9,286
Revaluation funds	23	(6,565)	(9,420)	(14,183)	(92,942)
Currency translation differences		23,935	34,341	51,707	52,312
Restricted reserves	23	1,050,693	1,507,480	2,269,812	501,537
Prior years' income	23	1,870,896	2,684,264	4,041,695	4,275,837
Profit for the year		661,579	949,200	1,429,210	2,023,555
Shareholders' equity		5,170,558	7,418,448	11,169,956	9,749,491
Minority interest	23	3,523,625	5,055,514	7,612,090	6,382,169
Total equity		**8,694,183**	**12,473,962**	**18,782,046**	**16,131,660**
Total liabilities and equity		**30,730,191**	**44,090,077**	**66,386,432**	**64,890,083**
Commitments and contingent liabilities	30				

(*) Euro ("EUR") and US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2009, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

These consolidated financial statements as of and for the year ended 31 December 2009 have been approved for issue by the Board of Directors ("BOD") on 12 March 2010 and signed on its behalf of BOD by CFO (Chief Financial Officer), Ahmet F. Ashaboğlu and by Accounting Director, Emine Alangoya. These consolidated financial statements will be definitive following their approval in the General Assembly.

The accompanying notes form an integral part of these consolidated financial statements.

Koç Holding A.Ş.

CONSOLIDATED INCOME STATEMENTS AND CONSOLIDATED STATEMENTS OF COPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	2009 (*) EUR'000	2009 (*) USD'000	2009 TRY'000	2008 TRY'000
Continuing operations:					
Revenue	24	18,344,714	25,499,520	39,450,308	49,683,405
Interest. fee. commission and similar income	5	2,502,568	3,478,619	5,381,772	5,864,304
Total revenue	**5**	**20,847,282**	**28,978,139**	**44,832,080**	**55,547,709**
Cost of sales (-)	25	(15,603,007)	(21,688,493)	(33,554,267)	(43,664,270)
Interest. fee. commission and similar expenses (-)		(1,112,951)	(1,547,025)	(2,393,402)	(3,581,233)
Total costs	**5**	**(16,715,958)**	**(23,235,518)**	**(35,947,669)**	**(47,245,503)**
Gross profit non-finance		2,741,707	3,811,027	5,896,041	6,019,135
Gross profit finance		1,389,617	1,931,594	2,988,370	2,283,071
Gross profit	**5**	**4,131,324**	**5,742,621**	**8,884,411**	**8,302,206**
Marketing. selling and distribution expenses (-)	25	(955,471)	(1,328,124)	(2,054,740)	(2,143,103)
General administrative expenses (-)	25	(1,105,304)	(1,536,395)	(2,376,957)	(2,335,345)
Research and development expenses (-)	25	(43,551)	(60,536)	(93,656)	(115,986)
Other income	26	131,943	183,403	283,743	1,962,563
Other expense (-)	26	(544,869)	(757,377)	(1,171,741)	(632,404)
Operating profit		**1,614,072**	**2,243,592**	**3,471,060**	**5,037,931**
Financial income	27	837,251	1,163,796	1,800,509	3,267,881
Financial expense (-)	27	(982,338)	(1,365,469)	(2,112,517)	(5,225,127)
Profit before tax from continuing operations		**1,468,985**	**2,041,919**	**3,159,052**	**3,080,685**
Income tax expense from continuing operations		**(241,090)**	**(335,120)**	**(518,464)**	**(586,077)**
- Taxes on income (-)	17	(278,180)	(386,676)	(598,227)	(523,764)
- Deferred tax income/(expense)	17	37,090	51,556	79,763	(62,313)
Profit from continuing operations		**1,227,895**	**1,706,799**	**2,640,588**	**2,494,608**
Discontinued operations:					
Profit from discontinued operations		-	-	-	83,373
Profit for the year		**1,227,895**	**1,706,799**	**2,640,588**	**2,577,981**
Attributable to:					
Minority interest	23	563,301	782,999	1,211,378	554,426
Equity holders of the parent		**664,594**	**923,800**	**1,429,210**	**2,023,555**
Earnings per share	**34**			**0.592**	**0.838**
Profit for the period		**1,227,895**	**1,706,799**	**2,640,588**	**2,577,981**
Other comprehensive income:					
Fair value gains/(losses) on financial assets (net)		29,977	41,669	64,466	(27,745)
Cumulative gains/(losses) on hedging (net)		15,484	21,523	33,298	(119,049)
Revaluation differences on non-current assets (net)		334	465	719	53,709
Currency translation differences		(3,211)	(4,465)	(6,906)	113,952
Other comprehensive income (after tax)		**42,584**	**59,192**	**91,577**	**20,867**
Total comprehensive income		**1,270,479**	**1,765,991**	**2,732,165**	**2,598,848**
Attributable to:					
Minority interest		569,251	791,271	1,224,175	621,505
Equity holders of the parent		**701,228**	**974,720**	**1,507,990**	**1,977,343**

(*) EUR and USD amounts presented above have been translated from TRY for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2009, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Capital			Revaluation funds				Restricted reserves		Retained earnings			
	Paid-in share capital	Adjustment to share capital	Share premium	Financial assets fair value reserve	Cumulative gains/ (losses) on hedging	Non-current assets revaluation fund	Currency translation differences	Legal reserves	Special reserves	Profit for the period	Prior years' income	Minority interest	Total equity
Balances at 1 January 2008	**1,745,700**	**967,288**	**8,068**	**22,969**	**(9,477)**	**-**	**(7,537)**	**54,579**	**163,708**	**2,295,419**	**2,611,345**	**7,206,319**	**15,058,381**
Transfers	-	-	-	-	-	-	-	37,366	230,625	(2,295,419)	2,027,428	-	-
Capital increases	261,855	-	-	-	-	-	-	-	-	-	(261,855)	262,205	262,205
Dividends paid	-	-	-	-	-	-	-	-	-	-	(40,981)	(786,973)	(827,954)
Transactions with minority interests	5,063	-	1,218	-	-	-	-	14,151	1,108	-	(60,473)	7,941	(30,992)
Sale of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(928,828)	(928,828)
Total comprehensive income	-	-	-	(21,504)	(103,089)	18,159	59,849	-	-	2,023,555	373	621,505	2,598,848
Balances at 31 December 2008	**2,012,618**	**967,288**	**9,286**	**1,465**	**(112,566)**	**18,159**	**52,312**	**106,096**	**395,441**	**2,023,555**	**4,275,837**	**6,382,169**	**16,131,660**
Balances at 1 January 2009	**2,012,618**	**967,288**	**9,286**	**1,465**	**(112,566)**	**18,159**	**52,312**	**106,096**	**395,441**	**2,023,555**	**4,275,837**	**6,382,169**	**16,131,660**
Transfers	-	-	-	-	-	-	-	34,121	1,734,154	(2,023,555)	255,280	-	-
Capital increases	402,523	-	-	-	-	-	-	-	-	-	(402,523)	164,589	164,589
Dividends paid	-	-	-	-	-	-	-	-	-	-	(71,628)	(363,312)	(434,940)
Transactions with minority interests	-	-	-	-	-	-	-	-	-	-	(15,897)	204,469	188,572
Total comprehensive income	-	-	-	51,044	27,414	301	(605)	-	-	1,429,210	626	1,224,175	2,732,165
Balances at 31 December 2009	**2,415,141**	**967,288**	**9,286**	**52,509**	**(85,152)**	**18,460**	**51,707**	**140,217**	**2,129,595**	**1,429,210**	**4,041,695**	**7,612,090**	**18,782,046**

The accompanying notes form an integral part of these consolidated financial statements.

Koç Holding A.Ş.

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	2009 (*) EUR'000	2009 (*) USD'000	2009 TRY'000	2008 TRY'000
Profit before tax from continuing operations		1,468,985	2,041,919	3,159,052	3,080,685
Profit before tax from discontinued operations	31	-	-	-	100,580
Adjustments to reconcile net cash generated:					
Depreciation and amortisation	5	429,973	597,672	924,658	855,213
Changes in provisions	5,35	449,846	625,295	967,394	501,753
Net interest income	35	(754,586)	(1,048,890)	(1,622,737)	(852,516)
Finance sector interest income	5,35	1,838,849	2,556,037	3,954,445	4,011,708
Finance sector interest expense	5,35	(914,062)	(1,270,564)	(1,965,690)	(2,580,763)
Exchange losses on borrowings (net)		(7,315)	(10,167)	(15,730)	(1,318,752)
Gain on sale of investments	26	-	-	-	(1,675,064)
Gain on sale of property. plant and equipment (net)	26	(4,364)	(6,066)	(9,385)	(61,428)
		2,507,326	**3,485,236**	**5,392,007**	**2,061,416**
Net changes in operating assets and liabilities	35	703,013	977,203	1,511,830	(2,366,992)
Income taxes paid		(258,674)	(359,562)	(556,279)	(618,417)
Cash flows from operating activities		**2,951,665**	**4,102,877**	**6,347,558**	**(923,993)**
Investing activities:					
Purchases of property. plant and equipment and intangible assets	5	(671,418)	(933,284)	(1,443,884)	(1,679,939)
Sales of property. plant and equipment and intangible assets		57,581	80,039	123,829	180,342
Acquisition of subsidiary. net of cash acquired (net)	3	(6,614)	(9,194)	(14,224)	(56,850)
Sales of subsidiaries (net)		-	-	-	1,847,222
Sales of investments		-	-	-	29,237
Transactions with minority interests (net)		93,767	130,338	201,646	(30,992)
Cash flows from investing activities		**(526,684)**	**(732,101)**	**(1,132,633)**	**282,020**
Financing activities:					
Share capital increases		76,535	106,385	164,589	262,205
Dividend payments		(202,251)	(281,132)	(434,940)	(827,954)
Increase/(decrease) in short-term borrowings (net)		(388,767)	(540,394)	(836,043)	2,549,904
Increase/(decrease) in long-term borrowings (net)		(744,244)	(1,034,514)	(1,600,497)	1,777,198
Non-finance sector interest income	27	178,791	248,522	384,489	350,976
Non-finance sector interest expense	27	(348,992)	(485,106)	(750,507)	(929,405)
Cash flows from financing activities		**(1,428,928)**	**(1,986,239)**	**(3,072,909)**	**3,182,924**
Cumulative gains/(losses) on hedging		14,113	19,618	30,351	(130,176)
Currency translation differences		203	280	432	50,093
Net increase in cash and cash equivalents		1,010,369	1,404,435	2,172,799	2,467,868
Cash and cash equivalents at the beginning of the year		2,850,015	3,961,575	6,128,955	3,661,087
Cash and cash equivalents at the end of the year	35	**3,860,384**	**5,366,010**	**8,301,754**	**6,128,955**

Koç Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Koç Holding A.Ş. ("Koç Holding") was established on 11 December 1963 in Turkey as a corporation to coordinate the activities of, and liaise between, companies operating in different fields including trade, manufacturing, agriculture, finance and retailing.

As of 31 December 2009, the number of people employed by Koç Holding, Subsidiaries and Joint Ventures (collectively referred as the "Group") is 68.057.

The registered address of Koç Holding is as follows:

Nakkaştepe Azizbey Sok. No: 1

Kuzguncuk-İSTANBUL

Koç Holding shares are registered with the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 10 January 1986. As of 31 December 2009, the principal shareholders and their respective shareholding rates in Koç Holding are as follows:

	%
Companies owned by Koç Family members	42.49
Koç Family members	26.87
Vehbi Koç Vakfı	7.15
Koç Holding Emekli ve Yardım Sandığı Vakfı	1.99
Other	21.50
	100.00

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Koç Holding is organised mainly in Turkey in five main business segments:

- Energy
- Automotive
- Consumer durables
- Finance (1)
- Other (2)

(1) The finance segment includes three main groups; banking, insurance and consumer finance. In the segmental presentation of the accompanying consolidated financial statements, banking, leasing, factoring, portfolio management, custody and brokerage services are included in the banking sector.

(2) Other operations of Koç Holding mainly comprise of food, retail, tourism, information technologies and construction, none of which are of a sufficient size to be reported separately.

The subsidiaries ("Subsidiary") and the joint ventures ("Joint Venture") of the Group, their country of incorporation, nature of business and their respective business segments are as follows:

Energy Sector

Subsidiaries	Country of incorporation	Nature of business
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. ("Akpa")	Turkey	Trading
Aygaz A.Ş. ("Aygaz")	Turkey	LPG
Aygaz Doğal Gaz İletim A.Ş. ("Aygaz İletim") (1)	Turkey	LNG
Aygaz Doğal Gaz Toptan Satış A.Ş. ("Aygaz Toptan Satış") (1)	Turkey	LNG
Beykoz Tankercilik A.Ş. ("Beykoz Tankercilik") (2)	Turkey	Petroleum Shipping
Damla Denizcilik A.Ş. ("Damla Denizcilik")	Turkey	Petroleum Shipping
Demir Export A.Ş. ("Demir Export")	Turkey	Mining
Deniz İşletmeciliği ve Tic. A.Ş. ("Ditaş")	Turkey	Petroleum Shipping
Enerji Yatırımları A.Ş. ("Enerji Yatırımları")	Turkey	Investment
Entek Elektrik Üretimi A.Ş. ("Entek")	Turkey	Power Generation
Kadıköy Tankercilik A.Ş. ("Kadıköy Tankercilik") (2)	Turkey	Petroleum Shipping
Mogaz Petrol Gazları A.Ş. ("Mogaz")	Turkey	LPG
Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş")	Turkey	Production and Trading of Petroleum Products
Üsküdar Tankercilik A.Ş. ("Üsküdar Tankercilik")	Turkey	Petroleum Shipping

Opet Aygaz B.V. ("Opet Aygaz BV") has been liquidated in 2009.

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Opet Gıda ve İhtiyaç Mad. Tur. San. İç ve Dış Ticaret A.Ş. ("Opet Gıda") (3)	Öztürk Family	Turkey	Food Distribution
Opet International Limited ("Opet International")	Öztürk Family	The UK	Petroleum Products Trading
Opet Petrolcülük A.Ş. ("Opet")	Öztürk Family	Turkey	Petroleum Products Trading
Opet Trade B.V. ("Opet Trade BV")	Öztürk Family	The Netherlands	Petroleum Products Trading
Opet Trade (Singapore) Pte. Ltd. ("Opet Singapore")	Öztürk Family	Singapore	Petroleum Products Trading
Opet Trade Ireland ("Opet Trade Ireland") (3)	Öztürk Family	Ireland	Petroleum Products Trading

TBS Denizcilik ve Petrol Ürünleri Ticaret A.Ş. ("TBS Denizcilik") has been sold in 2009.

(1) Included in the scope of consolidation in 2009 (Note 3).
(2) Established in 2009.
(3) In the process of liquidation.

Automotive Sector

Subsidiaries	Country of incorporation	Nature of business
Beldesan Otomotiv Yan Sanayii ve Tic. A.Ş. ("Beldesan")	Turkey	Production
Beldeyama Motorlu Vasıtalar San. ve Tic. A.Ş. ("Beldeyama")	Turkey	Production
Otokar Otobüs Karoseri Sanayi A.Ş. ("Otokar")	Turkey	Production
Otokoç Otomotiv Tic. ve San. A.Ş. ("Otokoç")	Turkey	Trading
Tasfiye Halinde Otoyol Sanayi A.Ş. ("Otoyol") (1)	Turkey	Trading

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Fer Mas Oto Ticaret A.Ş. ("Fer-Mas")	Fiat Auto S.p.A.	Turkey	Trading
Ford Otomotiv Sanayi A.Ş. ("Ford Otosan")	Ford Motor Co.	Turkey	Production
Mekatro Araştırma Geliştirme A.Ş. ("Mekatro") (1)	Fiat Auto S.p.A.	Turkey	Research and Development
Platform Araştırma Geliştirme Tasarım ve Tic. A.Ş. ("Platform")	Fiat Auto S.p.A.	Turkey	Research and Development
Tofaş Türk Otomobil Fabrikası A.Ş. ("Tofaş")	Fiat Auto S.p.A.	Turkey	Production
Türk Traktör ve Ziraat Makinaları A.Ş. ("Türk Traktör")	CNH Trade NV	Turkey	Production

(1) In the process of liquidation.

Koç Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Consumer Durables Sector

Subsidiaries	Country of incorporation	Nature of business
Archin Limited ("Archin") (*)	China	Sales and Service
Arçelik A.Ş. ("Arçelik")	Turkey	Production
Arctic Pro SRL ("Arctic Pro") (*)	Romania	Sales and Service
Ardutch B.V. ("Ardutch")	The Netherlands	Holding
Beko Cesko ("Beko Cesko") (*)	Czech Republic	Trading
Beko Deutschland GmbH ("Beko Deutschland")	Germany	Trading
Bekodutch B.V.("Bekodutch")	The Netherlands	Production
Beko Elektronik Llc ("Beko Russia") (*)	Russia	Production
Beko Electronics Espãna S.L. ("Beko Espana")	Spain	Trading
Beko France S.A. ("Beko France")	France	Trading
Beko Italy SRL ("Beko Italy")	Italy	Trading
Beko Llc ("Beko Llc")	Russia	Production
Beko Magyarorszag K.F.T. ("Beko Magyarorszag") (*)	Hungary	Trading
Beko Plc. ("Beko Plc")	The UK	Trading
Beko S.A. ("Beko Polska")	Poland	Trading
Beko S.A. Czech Republic ("Beko Czech")	Czech Republic	Trading
Beko Shanghai Trading Company Ltd. ("Beko Shanghai")	China	Trading
Beko S.A. Hungary ("Beko Hungary") (*)	Hungary	Trading
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Trading
Blomberg Vertriebsgesellschaft GmbH ("Blomberg Vertrieb") (*)	Germany	Distribution
Blomberg Werke GmbH ("Blomberg Werke") (*)	Germany	Production
Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China")	China	Trading
Elektra Bregenz AG ("Elektra Bregenz")	Austria	Trading
Fusion Digital Technology Ltd. ("Fusion Digital") (*)	The UK	Technology Application
Grundig AG ("Grundig AG") (*)	Switzerland	Sales and Service
Grundig Benelux B.V. ("Grundig Benelux") (*)	The Netherlands	Sales and Service
Grundig Ceska Republika S.r.o ("Grundig Ceska") (*)	Czech Republic	Sales and Service
Grundig Danmark A/S ("Grundig Denmark") (*)	Denmark	Sales and Service
Grundig España S.A. ("Grundig Espana")	Spain	Sales and Service
Grundig Intermedia Ges.m.b.H ("Grundig Austria")	Austria	Sales and Service
Grundig Intermedia GmbH ("Grundig GmbH")	Germany	Sales and Service
Grundig Italiana S.p.A. ("Grundig Italy")	Italy	Sales and Service
Grundig Magyarország Kft. ("Grundig Hungary") (*)	Hungary	Sales and Service
Grundig Multimedia B.V. ("Grundig Multimedia")	The Netherlands	Holding
Grundig Norge AS ("Grundig Norway")	Norway	Sales and Service
Grundig OY ("Grundig Finland ") (*)	Finland	Sales and Service
Grundig Polska Sp. z o.o. ("Grundig Polska")	Poland	Sales and Service
Grundig Portuguesa Lda ("Grundig Portugal") (*)	Portugal	Sales and Service
Grundig Slovakia s.r.o. ("Grundig Slovakia") (*)	Slovakia	Sales and Service
Grundig Svenska AB. ("Grundig Sweden")	Sweden	Sales and Service
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")	Turkey	Foreign Trade
Raupach Wollert GmbH ("Raupach")	Germany	Holding
SC Arctic SA ("Arctic")	Romania	Production

Grundig Elektronik A.Ş. ("Grundig Elektronik") merged with Arçelik on 30 June 2009 by acquiring related assets and liabilities as a whole and Grundig Elektronik was dissolved.

Grundig S.A.S. ("Grundig France") merged with Beko France.

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Arçelik-LG Klima San. ve Tic. A.Ş. ("Arçelik LG")	LG Electronics Inc.	Turkey	Air Conditioner Production

(*) Ceased its operations.

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Finance Sector

Subsidiaries	Country of incorporation	Nature of business
Koç Tüketici Finansmanı A.Ş. ("Koç Finans")	Turkey	Consumer Finance
Otokoç Sigorta Aracılık Hizmetleri A.Ş. ("Otokoç Sigorta") (1)	Turkey	Insurance

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Koç Fiat Kredi Tüketici Finansmanı A.Ş. ("Fiat Finans")	Fiat Auto S.p.A.	Turkey	Finance
Koç Finansal Hizmetler A.Ş. ("Koç Finansal Hizmetler" or "KFS")	UniCredit S.p.A.	Turkey	Holding
Stiching Custody Services YKB ("Stiching Custody")	UniCredit S.p.A.	The Netherlands	Custody
UniCredit Menkul Değerler A.Ş. ("UniCredit Menkul")	UniCredit S.p.A.	Turkey	Brokerage
Yapı Kredi Azerbaijan C.J.S.C. ("Yapı Kredi Azerbaycan")	UniCredit S.p.A.	Azerbaijan	Banking
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi Bankası")	UniCredit S.p.A.	Turkey	Banking
Yapı Kredi Holding B.V. ("Yapı Kredi Holding")	UniCredit S.p.A.	The Netherlands	Financial Consulting
Yapı Kredi Invest LLC. ("Yapı Kredi Invest")	UniCredit S.p.A.	Azerbaijan	Brokerage
Yapı Kredi Nederland N.V. ("Yapı Kredi Nederland")	UniCredit S.p.A.	The Netherlands	Banking
Yapı Kredi Diversified Payment Rights Finance Company ("Yapı Kredi SPC") (2)	UniCredit S.p.A.	Cayman Islands	Special Purpose Company
Yapı Kredi Emeklilik A.Ş. ("Yapı Kredi Emeklilik")	UniCredit S.p.A.	Turkey	Life Insurance
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	UniCredit S.p.A.	Turkey	Factoring
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Finansal Kiralama")	UniCredit S.p.A.	Turkey	Leasing
Yapı Kredi Bank Moscow ("Yapı Kredi Moscow")	UniCredit S.p.A.	Russia	Banking
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	UniCredit S.p.A.	Turkey	Portfolio Management
Yapı Kredi Sigorta A.Ş. ("Yapı Kredi Sigorta")	UniCredit S.p.A.	Turkey	Insurance
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	UniCredit S.p.A.	Turkey	Brokerage
Yapı Kredi Yatırım Ortaklığı A.Ş. ("Yapı Kredi Yatırım")	UniCredit S.p.A.	Turkey	Investment Trust

(1) Established in 2009.
(2) Although Yapı Kredi Bankası has no shareholding interest in the company, the special purpose company established for Yapı Kredi Bankası's securitisation transactions is included in the scope of consolidation.

Other Sectors

Subsidiaries	Country of incorporation	Nature of business
Ayvalık Marina ve Yat İşletmeciliği San. ve Tic. A.Ş. ("Ayvalık Marina")	Turkey	Tourism
Bilkom Bilişim Hizmetleri A.Ş. ("Bilkom")	Turkey	Trading
Bozkurt Tarım ve Gıda San. ve Tic. A.Ş. ("Bozkurt")	Turkey	Agriculture
Düzey Tüketim Malları Sanayi Pazarlama A.Ş. ("Düzey")	Turkey	Trading
Harranova Besi ve Tarım Ürünleri A.Ş. ("Harranova Besi")	Turkey	Agriculture and Food
Koçnet Haberleşme Teknoloji ve İletişim Hizm. A.Ş. ("Koçnet")	Turkey	Information Technology
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	Turkey	Technology
Koç Yapı Malzemeleri Ticaret A.Ş. ("Koç Yapı Malzeme")	Turkey	Trading
Marmaris Altınyunus Turistik Tesisleri A.Ş. ("Mares")	Turkey	Tourism
Palmira Turizm Ticaret A.Ş. ("Palmira")	Turkey	Tourism
RMK Marine Gemi Yapım Sanayi ve Deniz Taş. İşl. A.Ş. ("RMK Marine")	Turkey	Ship Construction
Setur Servis Turistik A.Ş. ("Setur")	Turkey	Tourism
Setur Yalova Marina İşletmeciliği A.Ş. ("Yalova Marina") (*)	Turkey	Tourism
Tat Konserve Sanayi A.Ş. ("Tat Konserve")	Turkey	Food
Tat Tohumculuk A.Ş. ("Tat Tohumculuk")	Turkey	Agriculture
Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş. ("Tek-Art Marina")	Turkey	Tourism
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer Ticaret")	Turkey	Trading

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Koçtaş Yapı Marketleri Ticaret A.Ş. ("Koçtaş Yapı Market")	Kingfisher Plc	Turkey	Retail
Netsel Turizm Yatırımları A.Ş. ("Netsel")	Torunlar GYO A.Ş.	Turkey	Tourism
Ultra Kablolu Televizyon ve Telekomünikasyon San. ve Tic. A.Ş. ("Ultra Kablo")	Doğan Yayın Holding A.Ş.	Turkey	Media and Communication

For the purposes of segment information in these consolidated financial statements, Koç Holding's stand-alone financial statements have been included within the "Other" segment (Note 5).

(*) Included in the scope of consolidation in 2009.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Financial reporting standards

The CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

The consolidated financial statements are prepared within the framework of Communiqué XI, No:29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the financial reporting standards accepted by the CMB ("CMB Financial Reporting Standards") which are based on IAS/IFRS. The consolidated financial statements and the related notes are presented in accordance with the formats recommended by the CMB including the compulsory disclosures.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting year commencing 1 January 2005.

Koç Holding and its Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in TRY in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies and banking law, accounting principles and instructions promulgated by the Banking Regulation and Supervision Agency ("BRSA") for banks and accounting principles issued by the CMB for listed companies. The foreign Subsidiaries and Joint Ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

2.1.2 Comparatives and restatement of prior periods' financial statements

The current consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements. The reclassifications performed are not material to the consolidated financial statements.

2.1.3 EUR and USD amounts presented in the financial statements

EUR and USD amounts shown in the consolidated balance sheet prepared in accordance with CMB Financial Reporting Standards have been translated from TRY, as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the CBRT on 31 December 2009 of TRY2.1603 = EUR1 and TRY1.5057 = USD1, respectively and EUR and USD amounts shown in the consolidated income, comprehensive income and cash flow statements have been translated from TRY, as a matter of arithmetic computation only, at the average EUR and USD bid rates calculated from the official daily bid rates announced by the CBRT for year ended 31 December 2009 of TRY2.1505 = EUR1 and TRY1.5471 = USD1, respectively, and do not form part of these consolidated financial statements.

2.1.4 Convenience translation into English of consolidated financial statements

The accounting principles described in Note 2.1 to the consolidated financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January and 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

2.2 Amendments in International Financial Reporting Standards

Standards, amendments and interpretations effective from 1 January 2009

- IFRS 1 (Amendment) "First-time Application of IFRS" and IAS 27 "Consolidated and Separate Financial Statements (1)
- IAS 1 (Amendment), "Presentation of Financial Statements" (2)
- IAS 19 (Amendment), "Employee Benefits" (1)
- IAS 23 (Amendment), "Borrowing Costs" (1)
- IAS 28 (Amendment), "Investment in Associates" (and accordingly, amendments in IAS 32 "Financial Instruments: Presentation" and in IFRS 7 "Financial Instruments Disclosures") (1)
- IAS 32 (Amendment), "Financial Instruments: Presentation" (1)
- IAS 36 (Amendment), "Impairment of Assets" (1)
- IAS 38 (Amendment), "Intangible Assets" (1)
- IAS 39 (Amendment), "Financial Instruments: Recognition and Measurement" (1)
- IFRS 2 (Amendment), "Share Based Payment" (1)
- IFRS 8, "Operating Segments" (1)
- IFRIC 15, "Agreements for the Construction of Real Estate" (1)
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation" (1)

(1) No significant effect to the consolidated financial statements.
(2) Applied in line with the changes in formats recommended by the CMB.

Amendments and interpretations effective from 1 January 2010

- IAS 27 (Amendment), "Consolidated and Separate Financial Statements"
- IAS 31 (Amendment), "Interests in Joint Ventures"
- IFRS 3 (Amendment), "Business Combinations"
- IFRS 5 (Amendment), "Non-current Assets Held for Sale and Discontinued Operations"
- IFRIC 17, "Distributions of Non-cash Assets to Owners"
- IFRIC 18, "Transfers of Assets from Customers"

The aforementioned amendments and interpretations have not been early adopted by the Group.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Restatement and Errors in the Accounting Policies and Estimates

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.4 Summary of Significant Accounting Policies

Accounting policies used in the preparation of consolidated financial statements, consistent with the prior periods, are summarised below:

2.4.1 Group accounting

a) The consolidated financial statements include the accounts of the parent company, Koç Holding, its Subsidiaries and its Joint Ventures (collectively referred to as the "Group") on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with CMB Financial Reporting Standards and the application of uniform accounting policies and presentation.

b) Subsidiaries are companies over which Koç Holding has the power to control the financial and operating policies for the benefit of Koç Holding, either (a) through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of ownership interest owned directly and indirectly by itself, and/or as a result of agreements by certain Koç Family members and companies owned by them whereby Koç Holding exercises control over the ownership interest of the shares held by them; or (b) although not having the power to exercise more than 50% of the ownership interest, otherwise has the power to exercise control over financial and operating policies.

The table below sets out all Subsidiaries included in the scope of consolidation and shows their ownership and effective interests (%) as of 31 December 2009 and 2008:

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total Ownership interest	
Subsidiaries	2009	2008	2009	2008	2009	2008	2009	2008
Akpa	40.68	40.68	100.00	100.00	-	-	100.00	100.00
Archin	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Arctic	39.18	37.84	96.71	96.68	-	-	96.71	96.68
Arctic Pro	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Arçelik	40.51	39.14	40.51	39.14	11.42	12.63	51.93	51.77
Ardutch	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Aygaz	40.68	40.68	40.68	40.68	10.53	10.53	51.21	51.21
Aygaz İletim	39.89	-	100.00	-	-	-	100.00	-
Aygaz Toptan Satış	39.89	-	100.00	-	-	-	100.00	-
Ayvalık Marina	49.34	49.34	95.57	95.57	4.43	4.43	100.00	100.00
Bekodutch	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Beko Cesko	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Beko China	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Beko Czech	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Beko Deutschland	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Beko Espana	40.51	39.13	100.00	100.00	-	-	100.00	100.00
Beko France	40.49	39.12	99.96	99.96	-	-	99.96	99.96
Beko Hungary	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Beko Italy	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Beko Llc	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Beko Magyarorszag	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Beko Plc	20.26	19.57	50.00	50.00	50.00	50.00	100.00	100.00
Beko Polska	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Beko Russia	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Beko Shangai	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Beko Slovakia	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Beldesan	91.77	79.13	91.81	79.13	5.34	14.75	97.15	93.88
Beldeyama	91.77	76.57	100.00	96.76	-	-	100.00	96.76
Beykoz Tankercilik	34.13	-	80.00	-	-	-	80.00	-
Bilkom	82.29	82.27	99.94	99.94	0.06	0.06	100.00	100.00
Blomberg Vertrieb	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Blomberg Werke	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Bozkurt	73.99	73.92	83.89	83.89	16.11	16.11	100.00	100.00
Damla Denizcilik	34.13	34.15	80.00	80.00	-	-	80.00	80.00
Demir Export	2.34	2.34	2.34	2.34	50.48	50.48	52.82	52.82
Ditaş	34.13	34.15	80.00	80.00	-	-	80.00	80.00
Düzey	31.65	31.65	32.28	32.27	61.11	60.89	93.39	93.16
Elektra Bregenz	40.51	39.14	100.00	100.00	-	-	100.00	100.00
Enerji Yatırımları	83.66	83.71	96.50	96.50	-	-	96.50	96.50
Entek	34.99	39.88	86.09	88.61	13.14	-	99.23	88.61
Fusion Digital	40.51	32.50	100.00	100.00	-	-	100.00	100.00

Koç Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total Ownership interest	
Subsidiaries	2009	2008	2009	2008	2009	2008	2009	2008
Grundig AG	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Austria	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Benelux	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Ceska	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Denmark	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Elektronik	-	32.50	-	83.03	-	-	-	83.03
Grundig Espana	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Finland	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig France	-	32.50	-	100.00	-	-	-	100.00
Grundig GmbH	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Hungary	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Italy	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Multimedia	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Norway	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Polska	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Portugal	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Slovakia	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Grundig Sweden	40.51	32.50	100.00	100.00	-	-	100.00	100.00
Harranova Besi	41.95	31.69	74.62	64.36	15.38	25.64	90.00	90.00
Kadıköy Tankercilik	34.13	-	80.00	-	-	-	80.00	-
Koçnet	100.00	100.00	100.00	100.00	-	-	100.00	100.00
Koç Finans	64.71	63.57	94.50	94.50	5.50	5.50	100.00	100.00
Koç Yapı Malzeme	43.18	43.18	43.18	43.18	46.34	46.34	89.52	89.52
Koç Sistem	41.11	41.11	41.11	41.11	53.17	53.17	94.28	94.28
Mares	36.81	36.81	36.81	36.81	33.46	33.46	70.27	70.27
Mogaz	39.83	39.82	97.90	97.90	-	-	97.90	97.90
Opet Aygaz BV	-	30.00	-	100.00	-	-	-	100.00
Otokar	44.90	44.90	44.92	44.92	-	-	44.92	44.92
Otokoç	96.42	96.42	96.57	96.57	3.43	3.43	100.00	100.00
Otokoç Sigorta	48.22	-	50.02	-	49.98	-	100.00	-
Otoyol	53.95	53.95	53.95	53.95	10.18	10.18	64.13	64.13
Palmira	9.85	9.85	20.78	20.78	79.22	79.22	100.00	100.00
Ram Dış Ticaret	57.70	57.24	83.44	83.44	14.66	14.66	98.10	98.10
Raupach	40.51	39.14	100.00	100.00	-	-	100.00	100.00
RMK Marine	53.82	53.82	66.84	66.84	33.12	33.16	99.96	100.00
Setur	47.38	47.38	81.07	81.07	18.87	18.87	99.94	99.94
Tat Konserve	43.82	43.82	44.07	44.07	7.12	7.12	51.19	51.19
Tat Tohumculuk	16.15	16.15	33.00	33.00	3.00	3.00	36.00	36.00
Tek-Art Marina	50.50	50.50	51.94	51.94	47.46	47.46	99.40	99.40
Tüpraş	42.67	42.69	51.00	51.00	-	-	51.00	51.00
Üsküdar Denizcilik	34.13	34.15	80.00	80.00	-	-	80.00	80.00
Yalova Marina	47.63	-	100.00	-	-	-	100.00	-
Zer Ticaret	39.00	39.00	39.00	39.00	60.00	60.00	99.00	99.00

The balance sheets and income statements of the Subsidiaries are consolidated on line-by-line basis and the carrying value of the investment held by Koç Holding and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Koç Holding and its Subsidiaries are eliminated during the consolidation. The cost of, and the dividends arising from, shares held by Koç Holding in its Subsidiaries are eliminated from equity and income for the period, respectively.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases. Where necessary, accounting policies for Subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Koç Holding and one or more other parties. Koç Holding exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly by itself and/or as a result of written agreements by certain Koç Family members and companies, whereby Koç Holding exercises control over the voting rights of the shares held by them. The Group's interest in Joint Ventures is accounted for by way of proportionate consolidation. According to this method, the Group includes its share of the assets, liabilities, income and expenses of each Joint Venture in the relevant components of the financial statements.

The table below sets out the Joint Ventures and shows their ownership and effective interests (%) as of 31 December 2009 and 2008:

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total Ownership interest	
Joint Ventures	2009	2008	2009	2008	2009	2008	2009	2008
Arçelik LG Klima	23.23	22.61	50.00	50.00	-	-	50.00	50.00
Fer-Mas	37.36	37.36	37.86	37.86	-	-	37.86	37.86
Fiat Finans	37.59	37.59	37.86	37.86	-	-	37.86	37.86
Ford Otosan	38.46	38.46	38.46	38.46	2.58	2.58	41.04	41.04
Koç Finansal Hizmetler	40.21	38.44	44.12	44.84	5.88	5.16	50.00	50.00
Koçtaş Yapı Market	42.64	42.64	49.92	49.92	0.08	0.08	50.00	50.00
Mekatro	36.46	36.46	37.86	37.86	-	-	37.86	37.86
Netsel	27.78	27.78	50.00	50.00	-	-	50.00	50.00
Opet	17.59	19.32	41.33	50.00	8.67	-	50.00	50.00
Opet Gıda	17.59	19.32	50.00	50.00	-	-	50.00	50.00
Opet International	17.59	19.32	50.00	50.00	-	-	50.00	50.00
Opet Trade BV	17.59	19.32	50.00	50.00	-	-	50.00	50.00
Opet Trade Ireland	17.59	19.32	50.00	50.00	-	-	50.00	50.00
Opet Trade Singapore	17.59	19.32	50.00	50.00	-	-	50.00	50.00
Platform	37.21	37.21	37.86	37.86	-	-	37.86	37.86
Stiching Custody	32.89	31.44	50.00	50.00	-	-	50.00	50.00
TBS Denizcilik	-	9.66	-	25.00	-	-	-	25.00
Tofaş	37.59	37.59	37.59	37.59	0.27	0.27	37.86	37.86
Türk Traktör	37.50	37.50	37.50	37.50	-	-	37.50	37.50
Ultra Kablo	41.13	40.53	50.00	50.00	-	-	50.00	50.00
UniCredit Menkul	39.42	38.44	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Azerbaycan	32.89	31.44	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Bankası	32.89	31.44	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Emeklilik	30.90	29.53	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Faktoring	32.88	31.43	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Finansal Kiralama	32.80	31.37	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Holding	32.89	31.44	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Invest	32.89	31.44	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Menkul	32.88	31.43	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Moscow	32.89	31.44	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Nederland	32.89	31.44	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Portföy	32.87	31.42	50.00	50.00	-	-	50.00	50.00
Yapı Kredi SPC	-	-	-	-	-	-	-	-
Yapı Kredi Sigorta	30.90	29.53	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Yatırım	18.44	17.62	50.00	50.00	-	-	50.00	50.00

d) Available-for-sale financial assets in which the Group together with Koç Family members, have ownership interests below 20%, or over which the Group does not exercise a significant influence or which are immaterial and do not have quoted market prices in active markets and whose fair values cannot be reliably measured, are carried at cost, less any provision for diminution in value.

Available-for-sale financial assets, in which the Group together with Koç Family members, have ownership interests below 20% or which the Group does not exercise a significant influence and that have quoted market prices in active markets and whose fair values can be reliably measured, are carried at fair value in the consolidated financial statements.

e) The minority shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated balance sheets and income statements as "minority interest". Certain Koç Family members and companies controlled by them have interests in the share capital of certain Subsidiaries. In the consolidated financial statements, these interests of Koç Family members and companies controlled by them are treated as minority interest and are not included in the Group's net assets and profits attributable to shareholders of Koç Holding.

f) All balances and transactions of/with the Joint Ventures in the notes to the consolidated financial statements are presented with the total ownership interest of the Group in the Joint Ventures.

2.4.2 Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. As the sectors merged under "Other" do not meet the required quantitative thresholds to be a reportable segment, these have been merged for the purpose of segment reporting.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

2.4.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each Subsidiaries and Joint Ventures of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TRY, which is Koç Holding's functional and presentation currency.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated financial statement as interest, fee, commission and similar income by the Group companies operating in the finance sector and as financial income or expense by the Group companies operating in non-finance sectors.

Financial statements of foreign subsidiaries and joint ventures

The assets and liabilities, presented in the financial statements of foreign Subsidiaries and Joint Ventures prepared in accordance with the Group's accounting policies, are translated into TRY at the exchange rate at the date of that balance sheet whereas income and expenses are translated at the average exchange rates. Exchange differences resulting from using the exchange rates at the balance sheet date and the average exchange rates are recognised as the "currency translation differences" under the equity.

2.4.4 Discontinued operations and non-current assets (or disposal groups) held for sale

Discontinued operation is a major line of business or geographical area of operations that is part of a single co-ordinated plan to dispose of or is held-for-sale.

Net assets related with the discontinued operations are measured at fair value less cost to sell. A single amount on the face of the income statements comprising the total of the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the disposal of the assets constituting the discontinued operation is disclosed. Also, the net cash flows of the discontinued operations associated with the operating, investment and financing activities are specified in the related note.

Group of assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Liabilities directly associated with those assets are also classified similarly. Disposal group assets are measured at the lower of its carrying amount after deduction of the liabilities directly associated with those assets and its fair value less costs to sell.

2.4.5 Related parties

For the purpose of these consolidated financial statements, shareholders, Koç Holding A.Ş. key management personnel and BOD members, their families and the companies over which these related parties exercise control and significant influence, subsidiaries and joint ventures excluded from the scope of consolidation are considered and expressed as "related parties".

2.4.6 Financial assets

The appropriate classification of financial assets is determined at the time of the purchase and re-evaluated by management on a regular basis.

"Financial assets at fair value through profit or loss" are either acquired for generating a profit from short-term fluctuations in price or dealers' margin, or included in a portfolio in which a pattern of short-term profit making exists. Financial assets at fair value through profit or loss are initially recognised at cost and are subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in the income statement.

Debt securities with fixed maturities, where management has both the intent and the ability to hold to the maturity excluding the financial assets classified as originated loans and advances to customers are classified as "held-to-maturity financial assets". Held-to-maturity financial assets are carried at amortised cost using the effective yield method.

"Available-for-sale financial assets" are non-derivatives that are not designated in financial assets at fair value through profit or loss, held-to-maturity financial assets or loans and receivables. These are included in non-current assets unless management has the intention of holding these investments for less than 12 months from the balance sheet date, or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Available-for-sale financial assets are subsequently measured at fair value. Available-for-sale financial assets that are quoted in active markets are measured based on current bid prices. If the market for a financial asset is not active the fair value is determined by using valuation techniques such as discounted cash flow analysis and option pricing models. Debt securities that are quoted in an active market but have trading volumes considerably lower compared to their issue amounts are valued using the indicative prices announced by the CBRT.

Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are deferred to the equity net of tax under "financial assets fair value reserve" until the financial asset is sold, collected or otherwise disposed of. Unrealised gains and losses arising from changes in the fair value of available-for-sale debt securities are the differences between the fair value of such securities and their amortised costs at the balance sheet date. When available-for-sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement. If the difference between the amortised cost and the fair value of the available-for-sale securities is permanent, gains and losses are carried in the income statement.

"Available-for-sale financial assets" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "cash and cash equivalents", "trade receivables" and "loans and advances to customers".

2.4.7 Repurchase and resale transactions

Securities sold subject to linked repurchase agreements ("repo") are classified in the consolidated financial statements as held-to-maturity or available-for-sale financial assets with the counter party liability included in deposits. The portion of the difference between the sale and repurchase price of these agreements in the current period is treated as interest expense and accrued over the life of the repurchase agreement.

Securities purchased under agreements to resell ("reverse repurchase agreements") are recorded as cash and cash equivalents in the consolidated financial statements. The difference between the purchase and resale price of these repurchase agreements is treated as interest income and accrued over the life of the reverse repurchase agreement.

2.4.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of 3 months or less.

2.4.9 Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is recognised if there is objective evidence for the inability to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.10 Loans and advances to customers

Loans originated by the Group by providing money directly to the borrower are categorised as loans and advances to customers and are carried at amortised cost, less any provision for loan losses.

All loans and advances are recognised in the consolidated financial statements when cash is advanced to borrowers.

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all the amounts due. The amount of the provision for impaired loans and loans under legal follow-up is the difference between the carrying amount and the recoverable amount. The recoverable amount is the net present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

The provision for loan impairment also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the internal credit risk rating of the borrowers and the current economic climate in which the borrowers operate. The level of provision is also in line with the applicable Banking Legislation.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a loan or receivable is uncollectible, it is written off against the allowance account for loans or receivables. Subsequent recoveries of amounts previously written off are credited against related account in the income statement.

2.4.11 Credit finance income/expenses

Credit finance income/expenses represent imputed finance charges on credit sales and purchases. Such income and expenses are recog nised using the effective yield method over the period of credit sales and purchases, and included under financial income and expenses.

2.4.12 Inventories

Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The cost of inventories for merchandise stocks is determined by the weighted average method. Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.4.13 Investment property

Land and buildings that are held in the production or supply of goods or services or for administrative purposes or for long-term rental yields or for capital appreciation or both rather than for the sale in the ordinary course of business are classified as “investment property”. Investment properties are carried at cost less accumulated depreciation (except for land).

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

2.4.14 Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation in each case. Depreciation is provided for property, plant and equipment on a straight-line basis. Land is not depreciated as it is deemed to have an indefinite useful life.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

Buildings	10 - 50 years
Land improvements	10 - 50 years
Machinery and equipment	4 - 25 years
Furniture and fixtures	4 - 15 years
Motor vehicles	4 - 15 years
Leasehold improvements	Lease period or useful lives
Other property, plant and equipment	4 - 10 years

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or fair value less cost to sell.

Repairs and maintenance are charged to the income statements during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related assets.

Machinery and equipment are capitalised and amortised when their capacity is fully available for use and their physical situations meet the determined production capacities.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate.

2.4.15 Intangible assets and related amortisation

Intangible assets comprise of expenditures to acquire usage rights, brands, development costs, information systems and other identified rights. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are not amortised, however are tested for impairment annually. Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

The amortisation periods for intangible assets, which approximate the economic useful lives of such assets, are as follows:

Rights	5 - 10 years
Brand	10 years
Development costs	2 - 10 years
Other intangible assets	5 - 13 years

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.16 Leases

a) The Group as the lessee

Finance leases

Leases of property, plant and equipment where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are included in the property, plant and equipment at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset. An impairment loss is recognised when a decrease in the carrying amount of the leased property is identified. Interest expenses and foreign exchange losses related to the finance lease liabilities are accounted in the income statement. Lease payments are deducted from finance lease liabilities.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

b) The Group as the lessor

Finance leases

Assets held under a finance lease are presented in balance sheet as a receivable at an amount equal to the present value of lease payments. Interest income is determined over the term of the lease using the net investment period, which reflects a constant periodic rate of return and the deferred financial income on the transaction date is recognised as unearned finance income.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised in the consolidated income statement on a straight-line basis over the lease term.

2.4.17 Business combinations and goodwill

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in the scope of IFRS 3.

The cost of a business combination is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill. In business combinations, the acquirer recognises identifiable assets, intangible assets and/or contingent liabilities which are not included in the acquiree's financial statements and which can be separated from goodwill, at their fair values in the consolidated financial statements. The goodwill previously recognised in the financial statements of the acquiree is not considered as an identifiable asset.

Any excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

The carrying value of goodwill is reviewed annually at the same time for impairment and the impairment provision, if any, is immediately recognised in the consolidated income statements.

Legal mergers arising between companies controlled by the Group are not considered within the scope of IFRS 3. Consequently, there is no recognition of any goodwill in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are eliminated in the preparation of the consolidated financial statements.

Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

2.4.18 Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. A provision is recognised for the current period tax liability based on the period results of the Group at the balance sheet date.

Deferred income tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

2.4.19 Financial liabilities and deposits

Financial liabilities and deposits are measured initially at fair value, net of transaction costs incurred. These financial liabilities are subsequently stated at amortised cost using the effective interest method. Financial liabilities subject to hedging are accounted within the framework of hedge accounting.

2.4.20 Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.4.21 Employee benefits

a) Provision for employment termination benefits

The provision for employment termination benefits, as required by Turkish Labour Law, is recognised in these financial statements as they are earned. The total provision represents the present value of future probable obligation of the Group arising from the retirement of its employees regarding the actuarial projections.

b) Pension rights

Personnel of Yapı Kredi Bankası, a Joint Venture of the Group, are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law No. 506. The technical financial statements of the Fund are audited in accordance with the Article 38 of the Insurance Supervision Law and the "Regulation regarding the Actuaries" by a registered independent actuary.

Temporary article 23 paragraph one of the Banking Act published in the Official Gazette dated 1 November 2005 numbered 25983 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the published date of the article.

Law article related to the transfer was cancelled (pursuant application by the President on 2 November 2005) by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated 22 March 2007) published in the Official Gazette No. 26479 dated 31 March 2007, and the effect of the law article stopped from the date of the publication of the decision.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated 15 December 2007, numbered 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" numbered 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

In the New Law, it has been decided to form a committee whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organisation, BRSA and Saving Deposit Insurance Fund representing the Fund and one member representing the Fund members. This committee is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% taking into consideration the excess of salaries and income in accordance with the SSI arrangements over the income and expense of the insurance branches of the Funds related to the members of the Fund as of the date of the transfer including the members who have left the scheme and salaries and income of whom were paid by the Funds. In accordance with the New Law, the social rights and payments of Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will be provided by the Fund and the employers of the Fund members.

The main opposition party has applied to the Constitutional Court at 19 June 2008 for cancellation of some articles and requested them to be ineffective until the case of abrogation is finalised. As of the date of the publication of the financial statements, there is no decision of the Constitutional Court announced regarding the court case of abrogation. The Bank provided provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

2.4.22 Insurance technical reserves

Life mathematical reserves

Life mathematical reserves consist of actuarial mathematical reserves (with minimum income guarantee to the policyholders) and life profit share reserves and represent the total liability of the Subsidiaries and Joint Ventures of the Group in the insurance sector to the policyholders in the life branch.

Life mathematical reserves are provided for future compensations the payments of which are guaranteed by the Subsidiary and Joint Venture of the Group operating in the life insurance branch. In accordance with the Insurance Law, the remaining amount of life branch premiums that are collected in accordance with life insurance agreements, after deduction of expense charges, mortality risk premium and commissions are accounted for as life mathematical reserves. The approval of mathematical reserves is made by the actuaries based on current mortality tables that are valid for Turkish insurance companies and prepared by considering the mortality statistics prepared abroad. The life profit share, calculated in accordance with collections from life insurance premiums, is reserved in respect of the income generated from investments financed with these reserves.

Outstanding claims provision

Full outstanding claims provision is recorded for the estimated ultimate cost of settling claims incurred as of the balance sheet date, less amounts already paid in respect of these claims. Claim provisions are accounted for based on reports of experts or initial assessments of policyholders and experts. Additional outstanding claims provision is booked for all claims that are notified after, but occurred before the balance sheet date (IBNR).

Unearned premium reserve

Unearned premium reserve is calculated as the unearned portion of the premiums on a daily basis in respect of all policies in force as of balance sheet date.

Liability adequacy test

At each balance sheet date, the Subsidiaries and Joint Ventures of the Group in the insurance sector perform liability adequacy tests to ensure the adequacy of the contract liabilities related to the issued policies in force as of balance sheet date. In performing these tests, current best estimates of future contractual cash flows are used. Any deficiency is immediately charged to consolidated income statement.

2.4.23 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

2.4.24 Revenue recognition

Revenues include the invoiced amounts of goods and services sold. Revenues are recognised on an accrual basis at the time deliveries are made, risks and benefits related to the product are transferred, income amount is reliably measured and when it is highly probable that the Group will obtain future economic benefits. Interest income is realised according to the cut-off basis and accrued income is determined through taking into consideration the effective interest rate and the rate effective until maturity date. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as financial income.

Contract revenue and costs related to the projects are recognised when the amount of revenue can be reliably measured and the increase in the revenue due to change in the scope of the contract related with the project is probable. Contract revenue is measured at the fair value of the consideration received or receivable. Projects are fixed priced contracts and revenue is recognised in accordance with the percentage of completion method. The portion of the total contract revenue corresponding to the completion rate is recognised as contract revenue in the relevant period.

Banking

Interest income and expenses are recognised in the income statement on an accrual basis. When loans and advances to customers are considered doubtful of collection by management, they are written down to their recoverable amount, and interest income is thereafter recognised based in the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. Interest income includes coupons earned on fixed income investment securities and amortised discount and premium on treasury bills and government bonds.

Banking service income is registered as income in the period during which it is collected, other fee and commission income and expenses are recognised on an accrual basis.

Insurance

Premium income represents premiums on policies written during the year, net of cancellations.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.25 Offsetting

Each material class of similar items according to their nature or function are presented separately in the financial statements. If a line item is not individually material, it is aggregated with other similar items according to their nature or function. If the essence of the transaction and events requires offsetting, presentation of these transactions and events at their net values or following up of the assets at their amounts after the deduction of impairment, is not evaluated as a breach of the non-deductibility rule.

2.4.26 Dividends

Dividend income is recognised by the Group at the date the right to collect the dividend is realised. Dividend payables are recognised as a result of profit distribution in the period they are declared.

2.4.27 Research and development costs

Research and development costs are recognised and expensed in the income statement in the period in which they are incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over their estimated useful lives (2-10 years).

2.4.28 Warranties

Warranty expenses are recorded as a result of repair and maintenance expenses for products produced and sold, authorised services' labour and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the period.

2.4.29 Government grants

Government grants along with investment, research and development grants are accounted for on an accrual basis for estimated amounts expected to be realised under grant claims filed by the Group. These grants are accounted for as deferred income in the consolidated balance sheet and are credited to consolidated income statement on a straight-line basis over the expected lives of related assets.

2.4.30 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly the income statement.

2.4.31Derivative financial instruments, embedded derivatives and hedging activities

Derivative financial instruments are initially recognised in the consolidated balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading.

In addition, on the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognised asset or liability ("fair value hedge"), or a hedge of a forecasted transaction or of a firm commitment ("cash flow hedge").

Changes in the fair value of derivatives that are designated as being and qualify as cash flow hedges and are highly effective, are recognised in equity as "cumulative loss on hedging". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously booked under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts booked under equity are transferred to the consolidated income statement and classified as revenue or expense in period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

The portion of the gain or loss on the hedging instrument of a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit or loss.

The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognised directly in equity is recognised in profit or loss on disposal of the foreign operation.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed or forecasted transaction ultimately is recognised in the income statement. However, if a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

2.4.32 Earnings per share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

2.4.33 Events after the balance sheet date

The Group adjusts the amounts recognised in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

2.4.34 Cash flow

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements. Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.5 Significant Accounting Estimates and Assumptions

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS

Business combinations in 2009

Aygaz, a Subsidiary of the Group, acquired 50% shares of Koç Statoil Gaz Toptan Satış A.Ş. and Koç Statoil Gaz İletim A.Ş. from Statoil Hydra ASA, its joint venture partner on 9 January 2009. Thus, the shares of the Group in related companies increased to 100%. Following the acquisition, the company names have been changed and registered as Aygaz Doğal Gaz İletim A.Ş. and Aygaz Doğal Gaz Satış A.Ş., respectively.

The details of the net assets acquired and the goodwill are as follows:

Acquisition cost	17,224
Net assets acquired	(19,887)
Negative goodwill	**(2,663)**

The fair values of identifiable assets and liabilities arising from the acquisition (50%) are as follows:

Cash and cash equivalents	3,000
Trade receivables	5,088
Inventories	218
Other assets	859
Property. plant and equipment	15,205
Intangible assets	137
Trade payables	(3,324)
Deferred tax liabilities	(564)
Other liabilities	(732)
Net assets acquired	**19,887**
Acquisition cost	(17,224)
Cash and cash equivalents - acquired	3,000
Cash outflow on acquisition (net)	**(14,224)**

Business combinations in 2008

i) Grundig Elektronik, a Subsidiary of the Group, acquired 50% shares of Grundig Multimedia B.V., a Joint Venture of the Group, from Alba Europe Ltd, its joint venture partner on 31 March 2008. Thus, the shares of Grundig Elektronik in Grundig Multimedia B.V. increased to 100%.

The details of the net assets acquired and the goodwill are as follows:

Acquisition cost (1)	70,849
Liabilities attributable to the acquisition (2)	13,595
Total acquisition cost	84,444
Net assets acquired	(73,891)
Goodwill	**10,553**

(1) Costs directly attributable to the acquisition were included.
(2) The portion of the purchase consideration was determined as certain percentages of revenue earned under the Grundig brand in United Kingdom and Ireland between the years 2008 - 2012 and will be paid in five yearly installments. The percentages are 4% for the years 2008 - 2010 (the consideration will not exceed EUR2,000,000 for the year 2008 and EUR3,000,000 for the years 2009 and 2010, per annum) and 2% for the years 2011 and 2012.

The fair values of identifiable assets and liabilities arising from the acquisition (50%) are as follows:

Cash and cash equivalents	15,603
Trade receivables	92,092
Inventories	60,509
Financial assets	36
Investment property	4,170
Property. plant and equipment	1,047
Intangible assets	94,301
Other current and non-current assets	4,640
Financial liabilities	(11,304)
Trade payables	(113,746)
Deferred tax liabilities	(21,612)
Other liabilities	(51,845)
Net assets acquired	**73,891**
Acquisition cost	(70,849)
Cash and cash equivalents - acquired	15,603
Cash outflow on acquisition (net)	**(55,246)**

ii) Koç Finansal Hizmetler, a Joint Venture of the Group, acquired all the shares of San Menkul Değerler A.Ş. on 15 August 2008. Following the acquisition, the company's name has been changed and registered as UniCredit Menkul Değerler A.Ş.

The details of the goodwill are as follows:

Acquisition cost	1,604
Net assets acquired	(489)
Goodwill	**1,115**

Koç Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 4 - INTEREST IN JOINT VENTURES

The aggregate amounts of assets, liabilities and profit/loss of the Joint Ventures, which are proportionately consolidated in the consolidated financial statements, before consolidation adjustments are as follows:

	2009	2008
Current assets	20,974,484	20,341,826
Non-current assets	19,267,879	18,888,753
Total assets	**40,242,363**	**39,230,579**
Current liabilities	28,944,324	29,145,267
Non-current liabilities	4,893,507	4,743,814
Equity	6,404,532	5,341,498
Total liabilities and equity	**40,242,363**	**39,230,579**

	2009	2008
Total revenue	13,727,725	14,835,796
Operating profit (net)	1,451,952	1,357,289
Profit for the year (net)	1,060,968	950,965

NOTE 5 - SEGMENT REPORTING

Segment information, prepared under the management approach, is presented below:

a) Revenue

	2009	2008
Energy	24,488,346	34,370,139
Automotive	5,942,984	6,434,925
Consumer durables	6,809,509	6,952,812
Finance	5,381,772	5,864,304
Other	2,209,469	1,925,529
	44,832,080	**55,547,709**

b) Operating profit

	2009	2008
Energy	1,347,584	1,556,962
Automotive	400,855	466,390
Consumer durables	635,429	445,916
Finance	953,644	867,046
Other (*)	133,548	1,701,617
	3,471,060	**5,037,931**

(*) Gain on sale of investment realised in 2008 amounting to TRY 1,654,211 thousand has been disclosed under the "other" sector in which Koç Holding is classified.

c) Segment analysis

1 January - 31 December 2009	Energy	Automotive	Consumer Durables	Finance	Other	Elimination	Total
External revenue	24,488,346	5,942,984	6,809,509	5,381,772	2,209,469	-	44,832,080
Inter segment revenue	103,225	174,497	132,498	41,790	139,422	(591,432)	-
Revenue	**24,591,571**	**6,117,481**	**6,942,007**	**5,423,562**	**2,348,891**	**(591,432)**	**44,832,080**
Total cost	**(22,329,515)**	**(5,323,799)**	**(4,717,755)**	**(2,435,191)**	**(1,702,824)**	**561,415**	**(35,947,669)**
Gross profit	**2,262,056**	**793,682**	**2,224,252**	**2,988,371**	**646,067**	**(30,017)**	**8,884,411**
Operating expenses							
Marketing and distribution	(405,793)	(225,959)	(1,132,363)	(37,244)	(253,381)	-	(2,054,740)
General administrative	(558,138)	(144,596)	(336,926)	(1,104,159)	(272,937)	39,799	(2,376,957)
Research and development	(2,108)	(40,547)	(50,843)	-	(158)	-	(93,656)
Other income/expenses (net)	51,567	18,275	(68,691)	(893,324)	13,957	(9,782)	(887,998)
Operating profit	**1,347,584**	**400,855**	**635,429**	**953,644**	**133,548**	**-**	**3,471,060**

1 January - 31 December 2008	Energy	Automotive	Consumer Durables	Finance	Other	Inter Segment Elimination	Total
External revenue	34,370,139	6,434,925	6,952,812	5,864,304	1,925,529	-	55,547,709
Inter segment revenue	61,838	65,194	117,691	119,329	87,731	(451,783)	-
Revenue	**34,431,977**	**6,500,119**	**7,070,503**	**5,983,633**	**2,013,260**	**(451,783)**	**55,547,709**
Total cost	**(31,952,225)**	**(5,540,223)**	**(5,059,238)**	**(3,642,501)**	**(1,472,327)**	**421,011**	**(47,245,503)**
Gross profit	**2,479,752**	**959,896**	**2,011,265**	**2,341,132**	**540,933**	**(30,772)**	**8,302,206**
Operating expenses							
Marketing and distribution	(420,801)	(265,239)	(1,184,001)	(61,432)	(211,630)	-	(2,143,103)
General administrative	(519,070)	(161,051)	(318,404)	(1,084,924)	(290,888)	38,992	(2,335,345)
Research and development	(2,398)	(57,177)	(56,394)	-	(17)	-	(115,986)
Other income/expenses (net)	19,479	(10,039)	(6,550)	(327,730)	1,663,219	(8,220)	1,330,159
Operating profit	**1,556,962**	**466,390**	**445,916**	**867,046**	**1,701,617**	**-**	**5,037,931**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 5 - SEGMENT REPORTING (Continued)

d) Assets and liabilities

	2009	2008
Total assets		
Energy	16,844,623	15,440,875
Automotive	3,673,645	3,528,236
Consumer durables	5,909,858	6,208,600
Finance	35,829,066	35,745,811
Other	3,595,466	3,547,082
Segment assets	**65,852,658**	**64,470,604**
Assets held for sale	15,265	48,644
Deferred tax assets	518,509	370,835
Total assets	**66,386,432**	**64,890,083**
Total liabilities		
Energy	9,114,680	9,099,123
Automotive	2,235,064	2,000,777
Consumer durables	3,490,457	4,665,200
Finance	30,482,233	30,891,547
Other	1,301,818	1,203,690
Segment liabilities	**46,624,252**	**47,860,337**
Liabilities held for sale	7,247	34,039
Deferred tax liabilities	828,828	761,936
Current income tax liabilities	144,059	102,111
Total liabilities	**47,604,386**	**48,758,423**

e) Capital expenditures, depreciation and amortisation

	2009	2008
Capital expenditures		
Energy	497,268	725,694
Automotive	375,456	390,139
Consumer durables	211,633	267,248
Finance	102,643	114,632
Other	256,884	135,304
Segment capital expenditures	**1,443,884**	**1,633,017**
Discontinued operations	-	46,922
Total capital expenditures	**1,443,884**	**1,679,939**
Depreciation and amortisation		
Energy	353,695	314,906
Automotive	196,310	183,196
Consumer durables	190,294	174,768
Finance	92,122	85,077
Other	92,237	57,345
Segment depreciation and amortisation	**924,658**	**815,292**
Discontinued operations	-	39,921
Total depreciation and amortisation	**924,658**	**855,213**

f) Non-cash expenses/(income)

	2009					
Changes in provisions	**Energy**	**Automotive**	**Consumer Durables**	**Finance**	**Other**	**Total**
Customer premiums	-	(492)	3,475	-	-	2,983
Warranty and assembly provision	-	(11,442)	14,924	-	7,737	11,219
Insurance technical reserves	-	-	-	15,803	-	15,803
Provision for loans and trade receivables	6,456	6,954	11,934	832,599	6,570	864,513
Provision for the Fund	-	-	-	44,847	-	44,847
Employee termination benefits	4,762	2,282	25,304	3,056	2,934	38,338
Impairment on property. plant and equipment	-	-	1,626	-	2,777	4,403
Impairment on inventories	(67,497)	2,890	50,000	-	(105)	(14,712)
	(56,279)	**192**	**107,263**	**896,305**	**19,913**	**967,394**

	2008					
Changes in provisions	**Energy**	**Automotive**	**Consumer Durables**	**Finance**	**Other**	**Total**
Customer premiums	-	(3,257)	10,268	-	-	7,011
Warranty and assembly provision	(206)	(6,755)	(10,945)	-	(174)	(18,080)
Insurance technical reserves	-	-	-	89,510	-	89,510
Provision for loans and trade receivables	5,764	8,431	28,105	189,390	2,436	234,126
Provision for the Fund	-	-	-	85,044	-	85,044
Employee termination benefits	1,904	4,886	4,148	(3,233)	(3,285)	4,420
Impairment on property. plant and equipment	-	18,349	-	926	11,297	30,572
Impairment on inventories	68,211	-	2,278	-	(1,339)	69,150
	75,673	**21,654**	**33,854**	**361,637**	**8,935**	**501,753**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 5 - SEGMENT REPORTING (Continued)

g) Finance sector operating results

	2009	2008
Net revenue		
Interest income	3,954,445	4,011,708
Fee and commission income	1,260,597	1,673,831
Other operating income	166,730	178,765
	5,381,772	**5,864,304**
Operating expenses		
Interest expense	(1,965,690)	(2,580,763)
Fee and commission expense	(424,433)	(942,409)
Provision expense for loan impairment losses	(808,263)	(211,609)
Other operating expenses	(1,229,742)	(1,262,477)
	(4,428,128)	**(4,997,258)**
Operating profit	**953,644**	**867,046**

NOTE 6 - CASH AND CASH EQUIVALENTS

	2009			2008		
	Banking	**Other**	**Total**	**Banking**	**Other**	**Total**
Cash in hand	326,424	2,114	328,538	301,977	2,112	304,089
Cheques received	92	149,779	149,871	186	147,625	147,811
Due from banks						
- Demand deposits	132,969	525,076	658,045	261,888	524,977	786,865
- Time deposits	835,516	5,492,154	6,327,670	1,221,039	3,655,049	4,876,088
Money markets	790,730	-	790,730	113,981	-	113,981
Central banks						
- Reserve requirements	1,429,277	-	1,429,277	1,610,037	-	1,610,037
- Other balances	357,609	-	357,609	444,425	-	444,425
Other	1,265	55,617	56,882	1,880	44,219	46,099
	3,873,882	**6,224,740**	**10,098,622**	**3,955,413**	**4,373,982**	**8,329,395**

As of 31 December 2009, total long-term bank balances amount to TRY90,524 thousand (2008: TRY203,964 thousand).
As of 31 December 2009, total blocked deposits amount to TRY289,945 thousand (2008: TRY398,547 thousand).

Reserve deposits at the central banks

	2009	2008
Central Bank of the Republic of Turkey	1,329,487	1,546,541
Other central banks	99,790	63,496
	1,429,277	**1,610,037**

In accordance with the CBRT regulations, banks operating in Turkey are required to provide obligatory provisions at the CBRT equal to 5% of local currency obligations (2008: 6%) and 9% of foreign currency obligations (2008: 9%). These funds cannot be used for financing the daily operations of the banks.

Balances with the central banks other than reserve requirements represent funds deposited to various central banks in an interest free demand account for liquidity

NOTE 7 - FINANCIAL ASSETS

	2009			2008		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Financial assets at fair value through profit or loss	199,551	-	199,551	214,480	-	214,480
Available-for-sale financial assets	293,610	835,329	1,128,939	229,965	794,904	1,024,869
Held-to-maturity financial assets	1,478,173	5,199,618	6,677,791	288,084	6,064,940	6,353,024
	1,971,334	**6,034,947**	**8,006,281**	**732,529**	**6,859,844**	**7,592,373**

a) Financial assets at fair value through profit or loss

	2009			2008		
	Banking	Other	Total	Banking	Other	Total
Debt securities:						
Government bonds	9,492	23,365	32,857	17,724	22,140	39,864
Eurobond	50,054	16,644	66,698	77,370	16,248	93,618
Treasury bills	54,031	-	54,031	32,921	-	32,921
Other	8,155	26,444	34,599	17,793	21,490	39,283
	121,732	66,453	188,185	145,808	59,878	205,686
Equity securities:						
Listed	11,366	-	11,366	8,771	23	8,794
	133,098	**66,453**	**199,551**	**154,579**	**59,901**	**214,480**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 7 - FINANCIAL ASSETS (Continued)

b) Available-for-sale financial assets

	2009			2008		
	Banking	Other	Total	Banking	Other	Total
Debt securities:						
Government bonds	308,634	146,906	455,540	244,157	176,505	420,662
Eurobond	321,287	147,008	468,295	176,521	149,907	326,428
Treasury bills	24,627	-	24,627	34,389	1,063	35,452
Other	52,860	-	52,860	123,694	-	123,694
	707,408	293,914	1,001,322	578,761	327,475	906,236
Equity securities:						
Listed	12,142	36,773	48,915	26,644	9,943	36,587
Unlisted	41,869	36,833	78,702	43,137	38,909	82,046
	761,419	**367,520**	**1,128,939**	**648,542**	**376,327**	**1,024,869**

The list of equity securities and the shareholding rates are as follows:

	2009		2008	
		(%)		(%)
Listed:				
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A,Ş,	11,090	15.22	15,677	15.22
Altınyunus Çeşme Turistik Tesisler A,Ş,	35,692	30.00	9,451	30.00
Türk Traktör ve Ziraat Makinaları A,Ş,	1,081	0.22	492	0.22
Mastercard Incorporated	958	0.03	5,724	0.03
Visa Incorporated	-	0.01	5,191	0.01
Other	94		52	
	48,915		**36,587**	
Unlisted:				
Banque de Commerce et de Placements S,A,	29,470	15.34	27,797	15.34
Tanı Pazarlama ve İletişim Hizmetleri A,Ş,	9,652	88.00	5,876	88.00
Takas ve Saklama Bankası A,Ş,	6,190	2.43	6,190	2.43
Koç Bilgi ve Savunma Teknolojileri A,Ş,	5,180	92.23	5,180	92.23
Promena Elektronik Ticaret A,Ş,	5,000	50.00	5,000	50.00
Körfez Hava Ulaştırma A,Ş,	4,000	100.00	-	-
Koç Statoil Gaz Toptan Satış A,Ş, (Note 3)	-	-	12,554	50.00
Koç Statoil Gaz İletim A,Ş, (Note 3)	-	-	3,291	50.00
Other	19,210		16,158	
	78,702		**82,046**	

Available-for-sale financial assets that do not have a quoted fair value or fair value cannot be reliably measured through alternative methods, are measured at cost less any impairment.

Subsidiaries, joint ventures or associates that are not material, in which the Group, together with Koç Family members, have attributable interests of 20% or more, are not included to the scope of consolidation and classified as available-for-sale financial assets. These are measured at fair value or carried at cost less provision for diminution in value when fair value cannot be reliably measured. The effect on the consolidated financial position and financial performance of the subsidiaries and joint ventures that are not included in the scope of consolidation is below 1%.

Provision for impairment of unlisted financial assets amounts to TRY81,198 thousand as of 31 December 2009 (2008: TRY81,904 thousand).

c) Held-to-maturity financial assets

	2009			2008		
	Banking	Other	Total	Banking	Other	Total
Debt securities:						
Government bonds	3,428,381	-	3,428,381	3,397,059	-	3,397,059
Eurobond	3,126,931	-	3,126,931	2,955,965	-	2,955,965
Treasury bills	104,684	-	104,684	-	-	-
Other	-	17,795	17,795	-	-	-
	6,659,996	**17,795**	**6,677,791**	**6,353,024**	**-**	**6,353,024**

The details of debt securities that are pledged under repurchase agreements are as follows:

	2009	2008
Held-to-maturity financial assets	696,718	372,482
Financial assets at fair value through profit or loss	33,327	53,227
Available-for-sale financial assets	-	9,320
	730,045	**435,029**

The details of debt securities that are blocked in favour of the Turkish Treasury by the Subsidiary and Joint Venture of the Group in the insurance sector are as follows:

	2009	2008
Available-for-sale financial assets	291,025	260,733
Financial assets at fair value through profit or loss	11,288	33,832
	302,313	**294,565**

Koç Holding A.Ş.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Trade receivables	**2009**	**2008**
Trade receivables	3,419,910	3,582,627
Notes and cheques receivables	1,436,784	1,629,036
Less: Provision for doubtful receivables	(191,094)	(159,180)
Due from related parties (Note 28)	135,346	122,105
	4,800,946	**5,174,588**
Short-term trade receivables	4,715,305	5,055,995
Long-term trade receivables	85,641	118,593
	4,800,946	**5,174,588**
Movement of provision for doubtful receivables is as follows. Begining of the period 1 January		
Increase during the period	42,892	43,782
Collections	(10,978)	(6,833)
Transfers [1]	-	(1,166)
Disposals from the scope of consolidation [2]	-	(23,079)
Acquisitions	-	8,025
End of the period - 31 December	**191,094**	**159,180**

(1) Transferred to assets held for sale.
(2) Related to the sale of Koç Allianz Sigorta and Koç Allianz Hayat in 2008.

Trade payables	**2009**	**2008**
Trade payables	3,895,608	3,270,501
Notes payables	16,736	7,065
	3,912,344	3,277,566
Due to related parties (Note 28)	171,090	144,892
	4,083,434	**3,422,458**

NOTE 9 - LOANS AND ADVANCES TO CUSTOMERS

2009	**Corporate and commercial loans**	**Consumer loans**	**Credit card receivables**	**Leasing receivables**	**Factoring receivables**	**Total**
Performing loans	11,243,896	4,253,524	3,541,553	855,954	484,979	20,379,906
Watch listed loans	740,949	182,333	205,750	164,333	-	1,293,365
Loans under legal follow-up	620,376	357,011	401,944	142,117	4,087	1,525,535
Gross	**12,605,221**	**4,792,868**	**4,149,247**	**1,162,404**	**489,066**	**23,198,806**
Less: Provision for impairment	(731,846)	(260,078)	(518,632)	(80,708)	(8,795)	(1,600,059)
Net	**11,873,375**	**4,532,790**	**3,630,615**	**1,081,696**	**480,271**	**21,598,747**
Short-term loans and advances						11,855,533
Long-term loans and advances						9,743,214
						21,598,747

2008	**Corporate and commercial loans**	**Consumer loans**	**Credit card receivables**	**Leasing receivables**	**Factoring receivables**	**Total**
Performing loans	11,863,614	4,041,507	3,525,316	1,224,500	482,782	21,137,719
Watch listed loans	406,664	125,318	197,454	83,086	-	812,522
Loans under legal follow-up	444,894	199,005	246,931	91,549	2,492	984,871
Gross	**12,715,172**	**4,365,830**	**3,969,701**	**1,399,135**	**485,274**	**22,935,112**
Less: Provision for impairment	(464,350)	(102,290)	(224,623)	(56,838)	(5,356)	(853,457)
Net	**12,250,822**	**4,263,540**	**3,745,078**	**1,342,297**	**479,918**	**22,081,655**
Short-term loans and advances						13,108,729
Long-term loans and advances						8,972,926
						22,081,655

Movement of provision for impairment on loans and advances to customers is as follows:

	2009	**2008**
Beginning of the period - 1 January	**853,457**	**1,017,653**
Provisions for loan losses	1,352,086	449,580
Recoveries of amounts previously provided	(519,487)	(253,569)
Write-off during the period as uncollectible	(85,350)	(179,050)
Disposals due to sale of non-performing loan portfolio	-	(181,234)
Currency translation differences	(647)	77
End of the period - 31 December	**1,600,059**	**853,457**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 9 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Net investment in finance leases is shown below:

	2009	2008
Gross investment in finance leases	1,062,310	1,480,115
Less: Unearned finance income	(206,356)	(255,615)
	855,954	**1,224,500**

Leasing receivables consist of rentals over the terms of leases. The rentals according to their maturities are as follows:

	2009	2008
2009	-	605,860
2010	446,839	401,347
2011 and over	615,471	472,908
Less: Unearned finance income	(206,356)	(255,615)
	855,954	**1,224,500**

NOTE 10 - INVENTORIES

	2009	2008
Raw materials and supplies	1,205,073	1,513,497
Finished goods	1,044,102	987,293
Merchandise	877,528	925,149
Work in progress	326,919	326,703
Other inventories	13,174	13,618
Less: Provision for impairment	(105,796)	(120,508)
	3,361,000	**3,645,752**

Movement of provision for impairment on inventories is as follows:

	2009	2008
Beginning of the period - 1 January	**120,508**	**51,358**
Increase during the period	79,050	81,225
Realised due to sale of inventories	(93,533)	(13,642)
Reversal of provisions	(581)	(7,439)
Currency translation differences	352	4,070
Acquisitions (1)	-	6,336
Transfers (2)	-	(1,400)
End of the period - 31 December	**105,796**	**120,508**

(1) Related to the acquisition of Grundig Multimedia.
(2) Transferred to assets held for sale.

NOTE 11 - INVESTMENT PROPERTY

	2009	2008
As of 1 January		
Cost	115,662	53,285
Accumulated depreciation	(40,234)	(4,712)
Net book value	**75,428**	**48,573**
Net book value at the beginning of the year	**75,428**	**48,573**
Acquisitions (Note 3)	-	4,170
Additions	-	70
Disposals	-	(2,473)
Transfers (*)	49,091	31,513
Disposals from the scope of consolidation	-	(6,378)
Currency translation differences	69	1,230
Provision for impairment	(2,777)	-
Current period depreciation	(1,467)	(1,277)
Net book value at the end of the year	**120,344**	**75,428**
As of 31 December		
Cost	171,830	115,662
Accumulated depreciation	(51,486)	(40,234)
Net book value	**120,344**	**75,428**

(*) Transferred from property, plant and equipment.

The fair value of the investment property has been determined as TRY164,275 thousand as of 31 December 2009 (2008: TRY87,058 thousand).

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
1 January 2009								
Cost	2,623,787	2,429,673	10,161,438	848,551	958,424	593,343	348,288	17,963,504
Accumulated depreciation	(193,045)	(1,112,399)	(5,124,327)	(297,619)	(681,121)	-	(171,338)	(7,579,849)
Net book value	**2,430,742**	**1,317,274**	**5,037,111**	**550,932**	**277,303**	**593,343**	**176,950**	**10,383,655**
Opening net book value	**2,430,742**	**1,317,274**	**5,037,111**	**550,932**	**277,303**	**593,343**	**176,950**	**10,383,655**
Acquisitions (Note 3)	535	40	12,386	1,498	199	114	433	15,205
Additions	7,701	30,968	186,151	146,658	96,124	675,741	20,155	1,163,498
Disposals	(3,176)	(17,754)	(15,246)	(59,726)	(13,754)	(830)	(727)	(111,213)
Transfers (1)	124,997	9,314	482,703	52,065	85,870	(831,459)	27,419	(49,091)
Addition to the scope of consolidation (2)	535	40	12,386	1,498	199	114	433	15,205
Currency translation differences	(179)	(3,814)	(4,942)	(1,015)	695	152	67	(9,036)
Impairment	-	(1,626)	-	-	-	-	-	(1,626)
Current period depreciation	(52,434)	(62,786)	(475,210)	(75,473)	(77,421)	-	(33,734)	(777,058)
Closing net book value	**2,508,721**	**1,271,656**	**5,235,339**	**616,437**	**369,215**	**437,175**	**190,996**	**10,629,539**
31 December 2009								
Cost	2,753,981	2,375,064	10,668,614	934,765	1,100,254	437,175	383,634	18,653,487
Accumulated depreciation	(245,260)	(1,103,408)	(5,433,275)	(318,328)	(731,039)	-	(192,638)	(8,023,948)
Net book value	**2,508,721**	**1,271,656**	**5,235,339**	**616,437**	**369,215**	**437,175**	**190,996**	**10,629,539**

(1) TRY49,091 thousand have been transferred between property, plant and equipment and investment property. Other transfers have been realised between constructions in progress and other line items within property, plant and equipment.
(2) TRY15,205 thousand is related with the addition of Aygaz Toptan Satış and Aygaz İletim to the scope of consolidation.

Total mortgages on property, plant and equipment amount to TRY55,335 thousand as of 31 December 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
1 January 2008								
Cost	2,505,807	2,492,756	9,624,504	705,409	891,423	511,125	265,525	16,996,549
Accumulated depreciation	(149,957)	(1,145,370)	(4,778,579)	(273,607)	(670,067)	-	(143,574)	(7,161,154)
Net book value	**2,355,850**	**1,347,386**	**4,845,925**	**431,802**	**221,356**	**511,125**	**121,951**	**9,835,395**
Opening net book value	**2,355,850**	**1,347,386**	**4,845,925**	**431,802**	**221,356**	**511,125**	**121,951**	**9,835,395**
Acquisitions (Note 3)	-	242	342	162	205	96	-	1,047
Additions	7,136	9,197	164,242	129,867	120,975	908,337	49,840	1,389,594
Disposals	(14,107)	(6,463)	(13,485)	(48,947)	(14,352)	(8,355)	(1,933)	(107,642)
Transfers [1]	135,712	60,883	490,547	78,700	35,839	(818,024)	45,091	28,748
Disposals from the scope of consolidation [2]	(9,285)	(30,755)	(4,196)	(1,266)	(5,295)	(918)	(155)	(51,870)
Currency translation differences	778	12,734	14,848	588	546	1,405	(105)	30,794
Impairment	-	(11,798)	(17,250)	-	(855)	(323)	(346)	(30,572)
Current period depreciation	(45,342)	(64,152)	(443,862)	(39,974)	(81,116)	-	(37,393)	(711,839)
Closing net book value	**2,430,742**	**1,317,274**	**5,037,111**	**550,932**	**277,303**	**593,343**	**176,950**	**10,383,655**
31 December 2008								
Cost	2,623,787	2,429,673	10,161,438	848,551	958,424	593,343	348,288	17,963,504
Accumulated depreciation	(193,045)	(1,112,399)	(5,124,327)	(297,619)	(681,121)	-	(171,338)	(7,579,849)
Net book value	**2,430,742**	**1,317,274**	**5,037,111**	**550,932**	**277,303**	**593,343**	**176,950**	**10,383,655**

(1) TRY28,748 thousand have been transferred between property, plant and equipment, assets held for sale, investment property and intangible assets. Other transfers are realised from constructions in progress to other line items within property, plant and equipment.
(2) Related to the sales of Koç Allianz Sigorta, Koç Allianz Hayat, Otomotiv Lastikleri and Opet Aygaz Bulgaria.

Total mortgages on property, plant and equipment amount to TRY12,689 thousand as of 31 December 2008.

Koç Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 13 - INTANGIBLE ASSETS

	Rights	Brand	Development costs	Other	Total
1 January 2009					
Cost	751,220	276,156	619,401	71,116	1,717,893
Accumulated amortisation	(263,243)	(26,501)	(195,845)	(46,315)	(531,904)
Net book value	**487,977**	**249,655**	**423,556**	**24,801**	**1,185,989**
Acquisitions (Note 3)	137	-	-	-	137
Additions	71,455	-	191,099	17,832	280,386
Disposals	(2)	-	(2,998)	(231)	(3,231)
Addition to the scope of consolidation (*)	137	-	-	-	137
Currency translation differences	2,469	-	-	139	2,608
Current period amortisation	(65,161)	(8,154)	(64,541)	(8,277)	(146,133)
Closing net book value	**497,012**	**241,501**	**547,116**	**34,264**	**1,319,893**
31 December 2009					
Cost	823,739	276,156	798,341	86,784	1,985,020
Accumulated amortisation	(326,727)	(34,655)	(251,225)	(52,520)	(665,127)
Net book value	**497,012**	**241,501**	**547,116**	**34,264**	**1,319,893**

(*) Related with the addition of Aygaz Toptan Satış and Aygaz İletim to the scope of consolidation.

Total research and development expenditures incurred as of 31 December 2009 amount to TRY254,602 thousand (2008: TRY300,621 thousand).

Intangible assets with indefinite useful lives consist of brands and amount to TRY194,702 thousand.

	Rights	Brand	Development costs	Other	Total
1 January 2008					
Cost	722,551	110,526	448,393	65,973	1,347,443
Accumulated amortisation	(245,715)	(18,347)	(157,072)	(45,473)	(466,607)
Net book value	**476,836**	**92,179**	**291,321**	**20,500**	**880,836**
Acquisitions (1)	-	93,929	-	372	94,301
Fair value differences (1)	-	71,701	-	-	71,701
Additions	34,103	-	199,818	9,432	243,353
Disposals	(723)	-	(136)	(652)	(1,511)
Transfers (2)	756	-	(15,418)	(136)	(14,798)
Disposals from the scope of consolidation (3)	(2,300)	-	-	-	(2,300)
Currency translation differences	15,606	-	778	199	16,583
Current period amortisation	(36,301)	(8,154)	(52,807)	(4,914)	(102,176)
Closing net book value	**487,977**	**249,655**	**423,556**	**24,801**	**1,185,989**
31 December 2008					
Cost	751,220	276,156	619,401	71,116	1,717,893
Accumulated amortisation	(263,243)	(26,501)	(195,845)	(46,315)	(531,904)
Net book value	**487,977**	**249,655**	**423,556**	**24,801**	**1,185,989**

(1) As a result of the Grundig acquisition (the 50%) realised in 2004, the corresponding 50% of intangible assets have been accounted for. According to the Grundig acquisition realised in 2008 (the other 50%), all the intangible assets with the net book value amounting to TRY45.200 thousand have been accounted for with their total fair value determined as TRY188,602 thousand (Grundig brand: TRY173,446 thousand, trademark license: TRY13,061 thousand and other: TRY2,095 thousand) in accordance with IFRS 3. Consequently, the portion related to the acquisition in 2008 (50%: TRY94,301 thousand) has been accounted for as the acquisition, and the difference between the portion related to the acquisition realised in 2004 (50%: TRY94,301 thousand) and the net book value (50%:TRY22,600 thousand) has been accounted for as fair value gain (TRY71,701 thousand).

(2) Transferred to property, plant and equipment.

(3) Related to the sales of Koç Allianz Sigorta, Koç Allianz Hayat, Otomotiv Lastikleri and Opet Aygaz Bulgaria.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 14 - GOODWILL

	2009	2008
Opening net book value - 1 January	**3,533,680**	**3,524,486**
Acquisitions	-	11,668
Disposals [1]	(13,074)	(332)
Change in contingent liabilities [2]	(2,807)	(2,799)
Currency translation differences	61	657
Closing net book value - 31 December	**3,517,860**	**3,533,680**

(1) As a result of the transactions with minority interests, partial disposal of goodwill is realised.

(2) The increases or decreases from the re-determination of the contingent liabilities, determined at the date of acquisition, by taking into account the results realised in 2008 and 2009, are adjusted reciprocally with goodwill in compliance with IFRS 3.

The allocation of the goodwill is as follows:

	2009	2008
Tüpraş	2,736,463	2,736,463
Yapı Kredi Bankası	633,788	633,788
Opet	138,984	152,058
Other	8,625	11,371
	3,517,860	**3,533,680**

The recoverable amount of a cash generating unit is determined based on the value in use or fair value less cost to sell calculations. These calculations, use cash flow projections based on financial budgets approved by the management. The cash flow projections beyond the budgeted period are extrapolated using the estimated growth rates and discounted with the ratios stated below.

The budget period and key assumptions used in the calculations of recoverable amount are as follows:

Cash-generating unit	Method used	Period	Ratio 1	Ratio 2	Ratio 3
Tüpraş	Fair value. USD	10 years	6.6 - 8.3%	1%	9.5%
Yapı Kredi Bankası	Value in use. TRY	8 years	4.5 - 5.2%	2%	19.0-11.5%
Opet	Fair value. USD	10 years	4.0 - 5.8%	2%	9.5%

Ratio 1: Budgeted gross profit / budgeted net interest margin
Ratio 2: Growth rate used extrapolate cash flows beyond the budget period
Ratio 3: Discount rate applied to the cash flow projections.

NOTE 15 - DEPOSITS

	2009			2008		
	Demand	Time	Total	Demand	Time	Total
TRY deposits						
Saving deposits	720,134	6,971,791	7,691,925	522,046	7,393,889	7,915,935
Commercial deposits	985,944	2,218,551	3,204,495	700,467	3,170,922	3,871,389
Deposits from banks	66,739	143,129	209,868	56,352	48,753	105,105
Funds deposited under repurchase agreements	-	65,054	65,054	-	70,477	70,477
	1,772,817	**9,398,525**	**11,171,342**	**1,278,865**	**10,684,041**	**11,962,906**
Foreign currency deposits						
Saving deposits	1,038,468	4,105,931	5,144,399	877,317	4,210,098	5,087,415
Commercial deposits	1,088,905	2,560,737	3,649,642	884,688	2,520,641	3,405,329
Deposits from banks	71,706	380,226	451,932	59,967	63,860	123,827
Funds deposited under repurchase agreements	-	554,291	554,291	-	312,489	312,489
	2,199,079	**7,601,185**	**9,800,264**	**1,821,972**	**7,107,088**	**8,929,060**
			20,971,606			**20,891,966**
Short-term deposits			20,626,473			20,615,877
Long-term deposits			345,133			276,089
			20,971,606			**20,891,966**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 16 - FINANCIAL LIABILITIES

	2009	2008
Short-term financial liabilities		
Bank borrowings	8,048,831	9,158,904
Debt securities in issue	440,534	227,784
Leasing payables	2,678	678
	8,492,043	**9,387,366**
Long-term financial liabilities		
Bank borrowings	5,719,774	7,027,934
Debt securities in issue	704,443	1,158,927
Leasing payables	3,960	3,934
	6,428,177	**8,190,795**
	14,920,220	**17,578,161**

The details of the loans obtained in 2006 in order to finance the cost of acquisition of Tüpraş shares and to re-structure the Group's existing loans are given below:

- a loan from the consortium composed of JP Morgan Europe Limited and JP Morgan Chase Bank N.A. in an amount of USD950,000,000 with a maturity of 7 years which bears an interest rate of Libor+1.9;

- a loan from the consortium composed of Akbank T.A.Ş. Malta Branch, Türkiye Garanti Bankası A.Ş. Luxembourg Branch, Türkiye İş Bankası A.Ş. Bahrain Offshore Branch, Standard Bank Plc, Türkiye Vakıflar Bankası T.A.O. Bahrain Offshore Branch, Türkiye Halk Bankası A.Ş. in an amount of USD1,800,000,000 with a maturity of 10 years which bears an interest rate of Libor+2.3 until 2013 and an interest rate of Libor+2.8 afterwards.

Following the principal repayments regarding the loans detailed above, the borrowings decreased to USD1,502,192,354 as of 31 December 2009.

As of 31 December 2009, Yapı Kredi Bankası, a Joint Venture of the Group, has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to TRY871,880 thousand (31 December 2008: TRY983,149 thousand). The interest rate of this borrowing ranges between Euribor/Libor+0.18% and 0.35% and the maturity ranges between 7 and 8 years; the repayments will begin in the first period of 2010.

Yapı Kredi Bankası has obtained subordinated loans amounting to TRY1,112,012 thousand (31 December 2008: TRY1,110,301 thousand), (EUR525,000,000) with 10 years maturity and repayment option at the end of 5 years. These loans were borrowed from Merrill Lynch Capital Corporation (EUR250,000,000), Goldman Sachs International Bank (EUR175,000,000), and Citibank (EUR100,000,000) with UniCredit S.p.A. as guarantor. For the first 5 years, the interest rates of the loans are determined as Euribor+2%, Euribor+2.2% and Euribor+1.8%, respectively.

In 2009, Yapı Kredi Bankası provided syndication loans amounting to TRY322,726 thousand (USD68,000,000 and EUR105,300,000) and TRY716,056 thousand (USD198,750,000 and EUR199,750,000), which have interest rates of Libor+2.5% and Libor+2.25% respectively, with maturity dates in 2010.

Koç Holding obtained a loan in the amount of approximately USD770,000,000 in 2009, comprising two tranches of USD320,000,000 and EUR339,000,000, from a consortium including 14 financial institutions and to be used to meet various financing needs of Koç Group companies. The principal repayment of this loan, the USD-denominated part with 1-year maturity and the EUR-denominated part with 3-year maturity, will be due at maturity. For both the USD and EUR parts of the loan, interest payment options are available once every 3 or 6 months and interest rates are determined as Libor+2.50% for USD and Euribor+4.50% for EUR per annum. Following the principal repayments regarding the loans detailed above, the borrowings decreased to approximately USD742.000.000 as of 31 December 2009.

The details of collaterals, mortgages and pledges given related with the loans of the Group are disclosed in Note 30.

The redemption schedule of long-term bank borrowings is as follows:

	2009	2008
2010	-	2,486,749
2011	1,569,162	1,353,484
2012	1,430,144	980,448
2013	761,413	840,061
2014	683,637	755,442
2015 and over	1,983,821	1,774,611
	6,428,177	**8,190,795**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 17 - TAX ASSETS AND LIABILITIES

	2009	2008
Current income tax liabilities		
Domestic	589,549	496,974
Foreign	8,681	16,340
Less: Prepaid corporate tax	(454,171)	(411,203)
Current income tax liabilities (net)	**144,059**	**102,111**
Deferred tax liabilities		
Domestic	782,740	748,184
Foreign	46,088	13,752
	828,828	**761,936**
Deferred tax assets		
Domestic	(501,145)	(353,058)
Foreign	(17,364)	(17,777)
	(518,509)	**(370,835)**
Deferred tax liabilities (net)	**310,319**	**391,101**

Turkish tax legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return. Therefore, tax liabilities, as reflected in consolidated financial statements, have been calculated on a separate-entity basis.

Corporation Tax rate is 20% in Turkey. Corporation Tax is payable on the total income of the company after adjusting for certain disallowable expenses, exempt income and allowances.

Income tax expenses in the consolidated income statements are summarised as follows:

	2009	2008
Current period tax expense	598,227	523,764
Deferred tax expense /(income)	(79,763)	62,313
	518,464	**586,077**
Profit before tax	**3,159,052**	**3,080,685**
Domestic tax rate	20%	20%
Tax calculated at domestic tax rate	631,810	616,137
Tax effect of		
Income not subject to tax	(91,762)	(236,071)
Expenses not deductible	29,329	62,728
Carry forward tax losses	31,355	148,991
Utilizable investment incentives	(80,207)	-
Tax rate differences	(2,061)	(5,708)
Tax expense	**518,464**	**586,077**

Koç Holding, its Subsidiaries and Joint Ventures recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes.

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as of31 December 2009 are as follows:

Country	Tax rate	Country	Tax rate	Country	Tax rate
Germany	31.5	Finland	26.0	Italy	37.3
Australia	30.0	France	33.3	Hungary	16.0
Austria	25.0	The Netherlands	25.5	Norway	28.0
Azerbaijan	22.0	The UK	28.0	Poland	19.0
Czech Republic	21.0	Ireland	12.5	Romania	16.0
China	25.0	Spain	30.0	Russia	20.0
Denmark	28.0	Switzerland	24.0	Slovakia	19.0

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates, are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	2009	**2008**	**2009**	**2008**
Property. plant and equipment and intangible assets	4,492,635	4,302,833	(890,922)	(855,804)
Derivative financial instruments	21,753	115,201	(3,328)	(22,349)
Utilizable investment incentives	(1,277,235)	-	80,207	-
Provision for impaired loans	(514,681)	(368,761)	102,834	73,786
Provision for the Fund	(432,030)	(387,183)	86,406	77,437
Carryforward of unused tax losses	(334,261)	(508,665)	67,299	102,220
Provision for employment termination benefits	(328,002)	(290,523)	65,625	57,803
Warranty and assembly reserves	(202,809)	(212,624)	40,244	42,177
Unused research and development incentives	(135,067)	(84,204)	27,012	16,841
Inventories	(109,987)	(154,452)	21,964	30,890
Provision for lawsuits	(64,775)	(63,978)	12,955	12,796
Impairment of investments	(61,873)	(62,293)	12,230	12,314
Provision for unused vacation	(51,730)	(54,082)	10,279	10,817
Expense accruals (net)	(51,513)	(56,371)	10,303	11,277
Deferred income	(34,550)	(20,557)	6,910	4,112
Provision for credit card bonus	(24,235)	(28,337)	4,894	5,668
Unearned credit finance income (net)	(22,430)	(50,489)	3,723	9,966
Other (net)	(133,949)	(98,999)	31,046	18,948
Deferred tax assets /(liabilities) (net)			**(310,319)**	**(391,101)**

In the Subsidiaries' and Joint Ventures' financial statements prepared in accordance with CMB Financial Reporting Standards, net deferred tax assets and liabilities of the related companies are separately classified under deferred tax assets and liabilities accounts in Koç Holding's consolidated balance sheet. Temporary differences and deferred tax assets and liabilities presented above, which are prepared on the basis of gross amounts, show the net deferred tax position.

The details of carry forward tax losses and unused investment incentives which are not considered in the deferred tax calculation are as follows:

	2009	**2008**
Carry forward tax losses (1)	1,061,044	1,091,786
Unused investment incentives (2)	345,932	1,506,106

(1) The expiration schedule of carry forward tax losses is as follows:

	2009	**2008**
2009	-	17,546
2010	33,851	23,670
2011	152,971	177,554
2012	49,342	128,051
2013	667,438	744,965
2014	157,442	-
	1,061,044	**1,091,786**

(2) Three-year limitation has been executed for the investment incentive allowance with Law No. 5479 and for the investment incentives qualified as a result of prior period investment expenditures amounting to TRY1,506,106 as of 31 December 2008 have not been taken into consideration in the tax calculation starting from 1 January 2009.

The Constitutional Court, at the meeting on 15 October 2009, ruled for the cancellation of the expressions "2006, 2007 and 2008" included in the provisional article of the Income Tax Law related with the investment incentive. In accordance with the ruling by the court, the expiration of the investment allowance entitled to three years time as of 31 December 2005 was repealed (Note 36). Accordingly, Group's unused investment allowances became utilizable. The Group has prepared its consolidated financial statements by considering in the tax calculations the amount of investment incentives that are estimated to be utilized in the following periods. The Group has investment allowance amounting to TRY319,765 thousand subject to withholding and TRY26,167 thousand not subject to withholding that can be utilized in the following periods but not considered in the deferred tax calculation.

Movements of deferred tax assets and liabilities are as follows:

	2009	**2008**
Beginning of the period - 1 January	**(391.101)**	**(288.365)**
Charge to the income statement:		
- Continuing operations	79,763	(62,313)
Charge to the equity:		
- Financial assets fair value reserve	(540)	2,267
- Cumulative gains/(losses) on hedging	2,947	11,127
- Non-current assets revaluation fund	393	(18,129)
- Currency translation differences	(653)	(2,914)
Acquisitions (Note 3)	(564)	(21,612)
Additions to the scope of consolidation	(564)	-
Disposals from the scope of consolidation (*)	-	(11,162)
End of the period - 31 December	**(310,319)**	**(391,101)**

(*) Related with the sale of Koç Allianz Sigorta, Koç Allianz Hayat and Otomotiv Lastikleri shares in 2008.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 18 - OTHER PAYABLES

	2009	2008
Taxes and duties payable	1,444,928	1,370,546
Social security premiums payable	41,175	23,245
Rescheduled taxes payable	2,363	-
	1,488,466	**1,393,791**

NOTE 19 - DERIVATIVE FINANCIAL INSTRUMENTS

	2009		2008	
	Asset	Liability	Asset	Liability
Derivatives held for trading	311,929	161,765	271,717	109,875
Derivatives held for hedging	64,316	222,606	11,471	68,825
	376,245	**384,371**	**283,188**	**178,700**

Derivatives held for trading:

	2009			2008		
	Contract amount	Fair values Asset	Fair values Liability	Contract amount	Fair values Asset	Fair values Liability
Currency swaps	7,345,368	238,444	23,426	4,351,004	139,590	24,855
Currency forwards	2,457,284	23,193	29,401	2,387,000	70,544	32,944
Interest rate swaps	5,148,430	34,567	92,964	2,683,846	56,331	52,058
Option agreements	2,866,261	15,725	15,907	527,816	2,317	18
Commodity futures	4,062	-	67	27,539	2,935	-
	17,821,405	**311,929**	**161,765**	**9,977,205**	**271,717**	**109,875**

Derivatives held for hedging:

	2009			2008		
	Contract amount	Fair values Asset	Fair values Liability	Contract amount	Fair values Asset	Fair values Liability
Currency swaps	-	-	-	159.923	11.019	-
Currency forwards	511.537	-	2.053	513.693	165	5.211
Interest rate swaps	3.833.775	64.316	220.553	2.036.088	-	63.614
Option agreements	-	-	-	5.178	287	-
	4.345.312	**64.316**	**222.606**	**2.714.882**	**11.471**	**68.825**

NOTE 20 - INSURANCE TECHNICAL RESERVES

	2009	2008
Unearned premiums reserve - net of reinsurers' share	108,857	104,266
Claim provisions - net of reinsurers' share	55,815	41,662
Life mathematical reserves - net of reinsurers' share	268,731	271,672
	433,403	**417,600**
Short term insurance technical reserves	62,234	145,928
Long term insurance technical reserves	371,169	271,672
	433,403	**417,600**

The movement for insurance technical reserves is as follows:

	2009	2008
Beginning of the period - 1 January	**417,600**	**1,238,616**
Change in reserve for unearned premiums - net of reinsurance	4,591	50,043
Paid claims during the period	(27,593)	(84,545)
Life earned premium and income	84,031	97,658
Payments associated with the life insurance during the period	(68,405)	(71,908)
Disposals from the scope of consolidation (*)	-	(910,527)
Other increases in the provisions	23,179	98,263
End of the period - 31 December	**433,403**	**417,600**

(*) Related to the sales of Koç Allianz Sigorta and Koç Allianz Hayat.

Koç Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 21 - EMPLOYEE BENEFITS

	2009	2008
Provision for employment termination benefits	331,634	293,206
Provision for the Fund	432,030	387,183
	763,664	**680,389**

Provision for employment termination benefits:		
-Domestic	328,002	290,523
-Foreign	3,632	2,683
	331,634	**293,206**

Under the Turkish Labour Law, the Company and its Turkish Subsidiaries and Joint Ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

As of 31 December 2009, the amount payable consists of one month's salary limited to a maximum of TRY2,365.16 (2008: TRY2,137.18) for each year of service.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of Koç Holding and its Subsidiaries and Joint Ventures registered in Turkey arising from the retirement of employees.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRY2,427.04 effective from 1 January 2010 (1 January 2009: TRY2,260.04) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

CMB Financial Reporting Standards require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability:

	2009	2008
Discount rate (%)	5.92	6.26
Turnover rate to estimate the probability of retirement (%)	98	98

Movements in the provision for employment termination benefits are as follows:

	2009	2008
Beginning of the period - 1 January	**293,206**	**293,811**
Interest expense	15,878	18,393
Actuarial losses/(gains)	9,101	13,101
Increase during the period	75,831	53,472
Payments during the period	(62,400)	(82,481)
Currency translation differences	18	190
Disposals from the scope of consolidation	-	(3,280)
End of the period - 31 December	**331,634**	**293,206**

Provision for the Fund:

Yapı Kredi Bankası, a Joint Venture of the Group, accounted for a provision amounting to TRY432,030 thousand (Note 2.4.21) for the technical deficit based on the report prepared by a registered actuary as of 30 November 2009 in accordance with the technical interest rate of 9.8% determined by the New Law and CSO 1980 mortality table (2008: TRY387,183 thousand).

The amounts recognised in the income statement:

	2009	2008
Provision expenses for the Fund (Note 26)	44,847	85,044

Provision for the Fund is determined as follows:

	2009	2008
Transferrable pension benefits	538,982	518,069
Transferrable post-employment benefits	80,585	13,522
Present value of funded obligations	619,567	531,591
Fair value of plan assets	(187,537)	(144,408)
	432,030	**387,183**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 21 - EMPLOYEE BENEFITS (Continued)

Movements in the provision for the Fund are as follows:

	Pension benefit plans		Post-employment medical benefits	
	2009	2008	2009	2008
Beginning of the period - 1 January	**518,069**	**401,322**	**13,522**	**15,500**
Service cost	28,991	27,168	19,629	17,230
Interest cost	50,771	44,314	1,325	1,519
Contributions by plan participants	24,599	23,052	13,083	12,153
Actuarial losses/(gains)	(30,229)	69,706	50,166	(16,977)
Benefits paid	(53,219)	(47,493)	(17,140)	(15,903)
End of the period - 31 December	**538,982**	**518,069**	**80,585**	**13,522**

Movements in the fair value of the Fund assets are as follows:

	2009	2008
Beginning of the period - 1 January	**144,408**	**114,683**
Return on plan assets	42,758	26,997
Employer contributions	28,991	27,168
Employee contributions	24,599	23,052
Benefits paid	(53,219)	(47,492)
End of the period - 31 December	**187,537**	**144,408**

Plan assets are comprised as follows:

	2009		2008	
	Amount	(%)	Amount	(%)
Government bonds and treasury bills	90,259	48	72,104	50
Property and equipment	56,913	30	47,298	33
Bank placements	14,664	8	8,620	6
Short term receivables	13,454	7	3,831	3
Other	12,247	7	12,555	8
	187,537	**100**	**144,408**	**100**

The principal actuarial assumptions used are as follows:

	2009	2008
Discount rate (%)	9.80	9.80

Mortality rate:

Based on statistical data, the average life expectancy for men and women retiring at the ages of 64 and 63, respectively, is 15 years for men and 19 years for women.

NOTE 22 - OTHER ASSETS AND LIABILITIES

a) Other current assets

	2009	2008
Value added tax receivables	285,823	380,458
Prepaid expenses	208,570	240,003
Taxes and funds deductible	189,347	300,047
Deposits and guarantees given	134,882	67,812
Advances given	128,676	152,403
Precious metals	94,460	37,262
Assets held for sale	53,942	50,550
Prepaid taxes and funds	38,005	65,879
Payments for credit card settlements	32,557	22,041
Interbank cheque clearing account	8,977	16,025
Other	173,375	177,411
	1,348,614	**1,509,891**

b) Other non-current assets

	2009	2008
Spare parts and materials	327,807	280,587
Prepaid expenses	281,006	276,310
Advances given	54,736	107,464
Other	11,018	10,649
	674,567	**675,010**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 22 - OTHER ASSETS AND LIABILITIES (Continued)

c) Other current liabilities	**2009**	**2008**
Credit card payables	1,083,852	1,007,376
Advances received	205,914	215,654
Warranty and assembly provision	202,547	198,666
Payables to personnel and premium accruals	156,357	182,944
Blocked accounts	138,805	135,701
Provision for lawsuits	111,936	113,642
Provision for losses related to loan commitments (Note 30,a)	97,717	86,849
Interbank cheque clearing account	93,938	87,044
Accruals for sales and other marketing expenses	87,100	84,117
Deferred income	81,942	47,771
Import deposits and transfer orders	77,336	185,459
Provision for unused vacation	57,306	53,949
Collaterals obtained for derivative transactions	51,279	20,754
Transitory accounts	49,171	39,394
Deposits and guarantees received	27,848	14,501
Provision for credit cards and promotion campaigns	24,235	28,337
Export commitment accruals	19,131	20,248
Provision for the non-core assets option agreement	18,726	20,491
Accruals for license expenses	15,567	18,598
Accrual for Energy Market Regulation Authority participation share	13,407	13,631
Provision for the advertising publication agreement	6,076	14,049
Other	499,025	341,356
	3,119,215	**2,930,531**

d) Other non-current liabilities	**2009**	**2008**
Revenue share (*)	265,853	200,824
Warranty provision	58,970	51,632
Deposits and guarantees received	56,705	33,596
Government grants	56,703	52,924
Other	21,642	27,765
	459,873	**366,741**

(*) Revenue share, that is collected by Tüpraş, in accordance with Petroleum Market Law and Liquefied Petroleum Gas ("LPG") Market Regulation, is classified in "cash and cash equivalents" as demand deposits with special interest rates.

NOTE 23 - EQUITY

Share Capital

Koç Holding adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr1.

Koç Holding's registered and issued share capital is as follows:

	2009	**2008**
Limit on registered share capital (historical)	3,000,000	3,000,000
Issued share capital in nominal value	2,415,141	2,012,618

Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of free capital shares to existing shareholders.

The shareholding structures of Koç Holding are as follows:

	2009		2008	
	Share %	Amount	Share %	Amount
Temel Ticaret ve Yatırım A,Ş,	42.39	1,023,794	42.39	853,162
Semahat Arsel	6.42	154,947	6.42	129,123
Suna Kıraç	5.25	126,764	5.25	105,637
Rahmi M, Koç	5.23	126,311	5.23	105,259
Mustafa V, Koç	3.20	77,271	3.20	64,392
Ali Y, Koç	3.05	73,747	3.20	64,322
İpek Kıraç	1.93	46,558	1.93	38,798
Ömer M,Koç	1.79	43,298	2.80	56,442
Rahmi M, Koç ve Mahdumları Maden. İnşaat. Turizm. Ulaştırma. Yatırım ve Ticaret A,Ş,	0.10	2,532	0.10	2,110
Total Koç Family members and companies owned by Koç Family members	**69.36**	**1,675,222**	**70.52**	**1,419,245**
Vehbi Koç Vakfı	7.15	172,767	7.15	143,973
Koç Holding Emekli ve Yardım Sandığı Vakfı	1.99	48,049	1.99	40,041
Other	21.50	519,103	20.34	409,359
Paid-in share capital	**100.00**	**2,415,141**	**100.00**	**2,012,618**
Adjustment to share capital (*)		967,288		967,288
Total share capital		**3,382,429**		**2,979,906**

(*) "Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the CMB Financial Reporting Standards. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 23 - EQUITY (Continued)

The issued share capital of Koç Holding amounting to TRY2,012,618 thousand was increased by TRY402,523 thousand to TRY2,415,141 thousand through the transfer from reserves on 15 April 2009.

The analysis of shares by group is as follows:

Group	Unit of shares	TRY'000	Nature of shares
A	64,645,087,838	646,451	Registered
B	176,869,012,162	1,768,690	Registered
	241,514,100,000	**2,415,141**	

The Articles of Koç Holding set out the following privileges for A-group shares:

1. In accordance with Article 11, pre-emptive rights not used by B-group shareholders, can be used by A-group shareholders within the terms of CMB Legislation.

2. In accordance with Article 25, A-group shareholders have two voting rights for each share owned at the General Assembly meeting (except for meetings with an agenda to change the Articles).

Revaluation Funds

Increases of carrying amounts as a result of revaluations recognised directly in the equity are followed in the headings below:

	2009	2008
Financial assets fair value reserve	52,509	1,465
Cumulative gains/(losses) on hedging	(85,152)	(112,566)
Non-current assets revaluation fund	18,460	18,159
Total revaluation funds	**(14,183)**	**(92,942)**

The movements in the revaluation funds are presented in the statements of changes in equity.

Restricted Reserves

The details of these restricted reserves are as follows:

	2009	2008
Legal reserves	140,217	106,096
Special reserves	2,129,595	395,441
Total	**2,269,812**	**501,537**

Within the scope of the Exemption for Sale of Participation Shares, the 75% portion of gains in statutory financial statements arising from the sale of investments was transferred to “Special Reserves” (Note 26).

Dividend Distribution

Quoted companies are subject to dividend requirements regulated by the CMB as follows:

In accordance with the CMB Decision dated 27 January 2010, concerning allocation basis of profit from operations of 2009, minimum profit distribution obligation will not be applied for the corporations in the traded stock exchange (2008: 20%). According to the Board's decision and Communiqué No: IV-27 issued by CMB regarding allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realised as cash, as bonus shares, partly as cash and bonus shares or the relevant amount can be retained within the company.

In addition, according to aforementioned Board Decision, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué IX No: 29, “Principles of Financial Reporting in Capital Markets” providing the profits can be met by the sources in their statutory records.

In accordance with Article 32 of the Company's Articles of Association, a contribution of a minimum 1% and maximum 2% (according to the decision of the General Assembly) of the amount remaining after the first legal reserves set aside over income before tax, financial obligations and initial dividends, is paid to Koç Holding Emekli ve Yardım Sandığı Vakfı . In addition, save for the first dividend determined according to the Capital Markets Law, 3% of the amount remaining after the first legal reserves, financial obligations and 5% of the paid-in capital are deducted from the income before tax, is allocated to share certificate owners. However, the share to be paid to the owners of the dividend shares may not be more than 1/10 of the amount remaining after the first legal reserves and first dividend calculated according to CMB regulations are deducted from the net profit.

The total amount of net income after the deduction of accumulated losses at statutory records and inflation adjustment difference that can be subject to dividend distribution is TRY1,558,698 thousand.

The allocation of the minority interest is as follows:

	2009	2008
Koç Family members	1,519,077	1,291,387
Other	6,093,013	5,090,782
	7,612,090	**6,382,169**

The allocation of profit attributable to minority interest is as follows:

	2009	2008
Koç Family members	224,145	38,501
Other	987,233	515,925
	1,211,378	**554,426**
Profit from continuing operations attributable to minority interest	1,211,378	513,423
Profit from discontinued operations attributable to minority interest	-	41,003
	1,211,378	**554,426**

Koç Holding A.Ş.

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NOTE 24 - OPERATING REVENUE

	2009	2008
Domestic sales	29,913,801	37,172,792
Foreign sales	10,570,259	13,741,492
Gross sales	**40,484,060**	**50,914,284**
Less: Discounts and returns	(1,033,752)	(1,230,879)
Operating revenue	**39,450,308**	**49,683,405**
Sales of goods	38,834,680	48,970,605
Sales of services	615,628	712,800
Operating revenue	**39,450,308**	**49,683,405**

Finance sector operating revenue is disclosed in Note 5.

NOTE 25 - EXPENSES BY NATURE

Expense by nature includes cost of goods sold, marketing, selling and distribution expenses, general administrative expenses and research and development expenses.

	2009	2008
Raw materials. supplies and merchandise	30,690,378	40,093,510
Changes in work in progress. finished goods and merchandise	(9,404)	242,402
Personnel expenses	2,407,676	2,384,109
Depreciation and amortisation charges	912,524	807,848
Transportation. distribution and storage expenses	570,965	631,445
Energy and utility expenses	423,455	493,949
Warranty and assembly costs	412,604	381,330
Advertisement and promotion expenses	350,510	388,747
Rent expenses	290,259	201,306
Maintenance and repair expenses	197,849	204,769
Taxes. duties and charges	116,579	122,336
Outsourcing expenses	106,050	136,546
Litigation and consultancy expenses	98,581	97,304
Sales. incentives and premium expenses	84,946	96,846
Information systems and communication expenses	83,796	86,849
Insurance expenses	74,178	72,104
Travel expenses	59,133	43,173
Royalty expenses	23,807	26,279
Grants and donations	23,324	30,996
Other	1,162,410	1,716,856
	38,079,620	**48,258,704**

The functional breakdown of amortisation, depreciation and personnel expenses is as follows:

	2009	2008
Depreciation and amortization charges		
Cost of sales	670,626	584,923
Marketing. selling and distribution expenses	45,479	38,060
General administrative expenses	176,933	175,849
Research and development expenses	30,153	15,183
Other expenses	1,467	1,277
Total	**924,658**	**815,292**
Personnel expenses		
Cost of sales	816,207	791,362
Marketing. selling and distribution expenses	344,748	329,581
General administrative expenses	1,211,588	1,220,222
Research and development expenses	35,133	42,944
Total	**2,407,676**	**2,384,109**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 26 - OTHER INCOME/EXPENSES

	2009	2008
Other income		
Income from incentives	44,783	26,799
Reversal of provisions	39,055	55,820
Rent income	34,645	22,750
Gain on sale of property. plant and equipment	22,200	86,913
Dividend income	4,228	23,966
Gain on sale of investments	-	1,675,064
Other	138,832	71,251
	283,743	**1,962,563**
Other expenses		
Provision expenses	(1,059,352)	(469,003)
Provision expenses for the Fund	(44,847)	(85,044)
Loss on sale of property. plant and equipment	(12,815)	(25,485)
Other	(54,727)	(52,872)
	(1,171,741)	**(632,404)**

Gain on sale of investments	**2008**
Migros Türk T.A.Ş.	1,148,348
Koç Allianz Sigorta A.Ş.	314,155
Koç Allianz Hayat ve Emeklilik A.Ş.	187,379
Opet Aygaz Bulgaria EAD	20,827
Demrad Döküm Ürünleri Sınai ve Tic. A.Ş.	4,329
Other	26
	1,675,064

A Share Transfer Agreement was signed on 13 February 2008 between Koç Holding and Moonlight Capital SA, controlled by the funds managed by BC Partners, regarding the transfer of 50.83% of Migros shares. Share transfer was concluded on 30 May 2008 following the obtainment of all required permission and the fulfillment of all other prerequisites. In accordance with the Share Transfer Agreement, a cash dividend in the amount of TRY53,626 thousand paid to Koç Holding by Migros in 2008 was deducted from the sales price, and a total balance of TRY1,922,440 thousand including the price adjustment effected to take into consideration the closing balance sheet of Migros, dated 31 May 2008, was paid to Koç Holding in cash.

Following the Share Transfer Agreement signed with Allianz SE on 20 April 2008 for the sale of 43.41% and 49.00% of shares owned by Koç Holding in Koç Allianz Sigorta and Koç Allianz Hayat, respectively; the share transfer was completed on 21 July 2008 after the necessary permissions were obtained and all other prerequisites were fulfilled. The entire share transfer amounts of EUR228,215,920 and EUR125,219,348, including price adjustments applied in the scope of the Share Transfer Agreement, were paid in cash to Koç Holding for the shares owned by Koç Holding in Koç Allianz Sigorta and Koç Allianz Hayat, respectively.

Within the scope of the Exemption for Sale of Participation Shares, the 75% portion of gains in statutory financial statements arising from the sale of investments in 2008 with the amount of TRY1.734.154 thousand classified in "Special Reserves" in the Equity (Note 23).

NOTE 27 - FINANCIAL INCOME/EXPENSES

	2009	2008
Financial income		
Foreign exchange gains	1,136,817	2,199,938
Interest income	384,489	350,976
Credit finance income	240,538	598,402
Gains on derivative financial instruments	32,104	102,913
Other financial income	6,561	15,652
	1,800,509	**3,267,881**
Financial expenses		
Foreign exchange losses	(1,201,321)	(3,809,192)
Interest expenses	(750,507)	(929,405)
Credit finance charges	(60,184)	(311,042)
Losses on derivative financial instruments	(69,515)	(155,302)
Other financial expenses	(30,990)	(20,186)
	(2,112,517)	**(5,225,127)**

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NOTE 28 - RELATED PARTY DISCLOSURES

(a) Related party balances

	2009			2008		
	Joint Ventures	**Other**	**Total**	**Joint Ventures**	**Other**	**Total**
Cash and cash equivalents	1,103,581	-	1,103,581	1,377,191	-	1,377,191
Trade receivables	107,427	27,919	135,346	78,972	43,133	122,105
Trade payables	141,968	29,122	171,090	92,664	52,228	144,892
Loans and advances to customers	26,400	13,958	40,358	10,550	3,707	14,257
Deposits	57,613	950,509	1,008,122	21,034	265,173	286,207
Financial liabilities	430,496	-	430,496	241,490	-	241,490

(b) Related party transactions

	2009			2008		
	Joint Ventures	**Other**	**Total**	**Joint Ventures**	**Other**	**Total**
Sales of goods and services	1,087,999	133,028	1,221,027	1,264,723	72,786	1,337,509
Purchases of goods and services	1,136,836	99,969	1,236,805	954,862	138,575	1,093,437

(c) Key management compensation

Total compensation provided to key management personnel by Koç Holding in 2009 amounts to TRY16,999 thousand (2008: TRY15,528 thousand). The amount is comprised of short-term employee benefits.

NOTE 29 - GOVERNMENT GRANTS

The Group is entitled by the following incentives and rights:

a) 100 % exemption from customs duty on machinery and equipment imported,
b) Exemption from VAT on investment goods supplied from home and abroad, exemption from taxes, duties and charges,
c) Incentives under the jurisdiction of the research and development law (100% corporate tax exemption, Social Security Institution incentives, etc.),
d) Inward processing permission certificates,
e) Cash refund from Tübitak-Teydeb for research and development expenditures,
f) Insurance premium employer share incentive,
g) Discounted corporate tax incentive,
h) Investment incentive allowance (Note 17).

NOTE 30 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

The summary of commitments regarding the non-finance sector companies is as follows;

	2009	**2008**
Guarantees given	3,669,744	2,456,862
Mortgages given	77,694	52,449
Guarantees taken	3,127,482	3,057,455
Mortgages taken	1,654,229	1,565,730

Collaterals, pledges and mortgages "CPM" given by the Parent Company, Koç Holding, as of 31 December 2009 and 2008 are as follows:

	2009	**2008**
A. CPM's given in the name of its own legal personality	170,626	339,509
B. CPM's given on behalf of the fully consolidated companies	608,750	548,728
C. CPM's given on behalf of third parties for ordinary course of business (*)	-	508,724
D. Total amount of other CPM's given	-	-
i) Total amount of CPM's given on behalf of the majority shareholder	-	-
ii) Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-
	1,288,100	**888,237**

(*)Includes the commitments given regarding to the loan obtained for the main operations of the Parent Company, Koç Holding, from a consortium including 14 financial institutions that is intended to meet various financing needs of Koç Group companies (Subsidiaries and Joint Ventures) (Note 16).

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 30 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Commitments - given:

a) Commitments - Banking

As of 31 December 2009, debt securities, amounting to TRY775,241 thousand (2008: TRY1,423,113 thousand), included in the financial assets are pledged;

- to the CBRT due to legal requirements,
- to Istanbul Menkul Kıymetler Borsası Takas ve Saklama Bankası A.Ş. due to stock exchange and money market operations and,
- to various banks , due to loan agreements as guarantees.

The summary of significant commitments and contingent liabilities related to banking sector companies is as follows:

Credit related commitments

	2009	2008
Letters of guarantee		
- Foreign currency	3,522,557	3,652,093
- TRY	2,900,668	2,752,364
Letter of credits	75,858	106,847
Acceptance credits	1,369,118	1,390,782
Other commitments and contingencies	219,171	335,155
	8,087,372	8,237,241
Less: Provision for losses on credit related commitments (Note 22.c)	(97,717)	(86,849)
	7,989,655	**8,150,392**

Custody services:

The Group's Joint Ventures in the finance sector provide custody services to third parties. The assets held in a fiduciary capacity are not included in these consolidated financial statements. As of 31 December 2009, the Group has custody accounts amounting to TRY12,811,713 thousand (2008: TRY12,289,814thousand).

b) Commitments - Energy

i) Koç Holding's shares in Arçelik and Aygaz, with the nominal values of TRY160,460 thousand and TRY10,000 thousand, respectively, were pledged as collateral against the loan amounting to USD950,000,000 taken from the consortium composed of JP Morgan Europe Limited and JP Morgan Chase Bank N.A., in addition shares in Tüpraş with the nominal value of TRY127.714 thousand were pledged as collateral against the loan amounting to USD1,800,000,000 taken by Enerji Yatırımları, a Subsidiary of the Group, from the consortium of Akbank T.A.Ş. Malta Branch, Türkiye Garanti Bankası A.Ş. Luxembourg Branch, Türkiye İş Bankası A.Ş. Bahrain Offshore Branch, Standard Bank Plc, Türkiye Vakıflar Bankası T.A.O. Bahrain Offshore Branch and Türkiye Halk Bankası A.Ş. The dividends and voting rights for these shares remain with Koç Holding (Note 16).

ii) Several financial and non-financial covenants exist with respect to the loans obtained in order to finance the cost of Tüpraş share purchase and to re-finance the Group's existing loans in 2006. In the event that these covenants are not fulfilled, the aforementioned creditors have the right to recall the outstanding loans (Note 16).

iii) National petroleum stock is provided through the obligation of refinery, fuel and LPG distribution licensees to keep a minimum of twenty times the average daily product supplied in their own storages or licensed storage facilities, whether as a whole or separately according to their status. According to the Petroleum Market Law, in order to ensure a sustainable oil market, to prevent the risks in crisis or extraordinary cases and to meet the requirements of international agreements, it is required to keep petroleum stock at an amount equal to at least ninety days of the net import in the previous year's average daily consumption, and refineries have been obliged to retain the complementary portion of the national petroleum stock.

iv) The Group is responsible for cleaning environmental pollution that could be caused as a result of its operations. There are no material lawsuits against the Group regarding environmental matters as of date of these consolidated financial statements. The environmental impact of the storage of chemical materials, environmental air quality and emission, collection and quality of waste water, garbage dump, surface and underground water and overall refinery operations have been analyzed by an expert advisor company of the Group. As a result of the evaluation regarding the expenditures to be made the Group management has the opinion that necessary expenditures have been completed as of 31 December 2009 and 2008.

c) Commitments - Automotive

i) In the scope of the borrowing agreements signed in 2007, Ford Otosan, a Joint Venture of the Group, is required to process its export proceeds up to an amount EUR8,208,000, EUR10,260,000 and EUR20,109,600 through deposit accounts at Garanti Bankası A.Ş., İş Bankası A.Ş. and Akbank T.A.Ş., respectively for the year 2009. In accordance with the borrowing agreements signed in 2009, Ford Otosan is required to process its export proceeds up to an amount of EUR61,560,000, EUR8,208,000 and EUR2,975,000 through deposit accounts at Garanti Bankası A.Ş., Ziraat Bankası A.Ş. and Türkiye İhracat Kredi Bankası A.Ş., respectively for the year 2009. Ford Otosan fulfilled its export commitments as of 31 December 2009.

ii) As of 31 December 2009, Tofaş, a Joint Venture of the Group, carried out an export transaction amounting to USD128,704,000 within the scope of an export incentive certificate, requiring an export commitment of USD481,957,800 to be fulfilled by 27 October 2010.

iii) As of 31 December 2009, the total amount of the guarantees given for the bank borrowing of Ford Otosan, a Joint Venture of the Group, amount to TRY99,471 thousand (2008: TRY109,718 thousand).

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 31 - DISCONTINUED OPERATIONS

a) Assets and liabilities held for sale

IFRS 5 has been applied for the purpose of the accounting for the assets and liabilities of the subsidiaries and joint ventures that are planned to be sold or liquidated.

A summary of information regarding assets and liabilities held for sale is as follows:

Assets held for sale	2009	2008
Cash and cash equivalents	12,878	12,108
Trade receivables	211	9,849
Inventories	-	362
Property. plant and equipment	1,222	1,399
Other assets	954	24,926
	15,265	**48,644**

Liabilities held for sale	2009	2008
Trade payables	292	3,232
Provision for employment termination benefits	83	173
Other liabilities	6,872	30,634
	7,247	**34,039**

b) Income from discontinued operations

IFRS 5 has been applied for the presentation of the Migros Group, which was considered as discontinued operation (Note 26).

	2009	2008
Revenue (net)	-	1,937,085
Cost of sales (-)	-	(1,425,259)
Gross profit	**-**	**511,826**
Marketing. selling and distribution expenses (-)	-	(309,316)
General administrative expenses (-)	-	(83,798)
Other income/expense (net)	-	(5,722)
Operating profit	**-**	**112,990**
Financial income/expense (net)	-	(12,410)
Profit before tax	**-**	**100,580**
Taxes on income (net)	-	(17,207)
Profit for the period	**-**	**83,373**

c) Summary of cash flow information related to discontinued operations

	2009	2008
Cash flow from operating activities	-	49,560
Cash flow from investing activities	-	171,682
Cash flow from financing activities	-	(231,900)

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments and Financial Risk Management

Financial Risk Management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group also uses derivative financial instruments to hedge risk exposures.

Financial risk management is carried out by the Subsidiaries and Joint Ventures of the Group under policies approved by their own Boards of Directors.

A) Credit Risk

Credit risk is the risk that a counterparty cannot fulfill its obligations in the agreements that the Group is party to. The Group monitors the credit risk by credit ratings and limitations to the total risk of a single counterparty. The credit risk is diversified as a result of the large number of entities comprising the customer bases and the entities' penetration to different business segments.

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit risk management procedures

Finance sector

Credit risk which is inherent in all products ranging from loans to customers and commitments to letters of credit is monitored through detailed credit policies and procedures by the management of companies operating in the finance sector.

Yapı Kredi Bankası identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and geographical and industry concentration and considering credit policies determined by Board of the Directors each year. The limits defined by the Board of Directors for each correspondent bank are followed up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each Treasury and Fund Management employee who is authorised for transactions in the market are controlled by the system. In the loan granting process, liquid collaterals are obtained to the greatest extent possible. Long-term projections of the companies are analysed both by financial analysis specialists and head office when granting long-term and project finance loans. Since credit and interest risks are higher in long-term commitments, their pricing is coordinated with Treasury Management.

Other sectors

The Group's non-finance sector companies are exposed to credit risk arising from their trade receivables, financial assets, derivative instruments and bank deposits.

A majority of the trade receivables stem from the dealers over which the Group exerts a significant control mechanism. Credit risk by dealer is followed up by taking into account the relevant customers' financial position, past experience and other related factors, and guarantees are obtained to the greatest extent possible. Moreover, the risk management program (E-risk), which enables the daily follow-up of trade receivables' risk arising from the Group's activities, aims to minimise the potential adverse effects of market fluctuations.

In financial asset management it is ensured that investments are made in highly liquid instruments with low level of volatility and financially strong banks are chosen for transactions.

Credit risk details

The maximum exposure of the Group's financial assets to credit risk is as follows:

31 December 2009	Trade receivables	Loans and advances to customers	Cash and cash equivalents	Financial assets	Derivative financial instruments
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	**4.800.946**	**21.598.747**	**10.098.622**	**7.867.298**	**376.245**
A. Net book value of neither past due nor impaired financial assets	4,092,957	19,584,535	10,098,622	7,867,298	376,245
B. Net book value of restructured financial assets	124,909	34,744	-	-	-
C. Net book value of past due but not impaired financial assets	539,175	2,053,993	-	-	-
D. Net book value of impaired assets	43,905	233,846	-	-	-
- Gross amount	234,999	1,525,534	-	-	-
- Impairment	(191,094)	(1,291,688)	-	-	-
- Secured with guarantees	43,469	379,075	-	-	-
E. Collective provision for impairment (-)	-	(308,371)	-	-	-

31 December 2008	Trade receivables	Loans and advances to customers	Cash and cash equivalents	Financial assets	Derivative financial instruments
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	**5,174,588**	**22,081,655**	**8,329,395**	**7,464,946**	**283,188**
A. Net book value of neither past due nor impaired financial assets	4,256,680	20,774,678	8,329,395	7,464,946	283,188
B. Net book value of restructured financial assets	42,315	15,744	-	-	-
C. Net book value of past due but not impaired financial assets	826,429	1,159,819	-	-	-
D. Net book value of impaired assets	49,164	377,764	-	-	-
- Gross amount	208,344	984,871	-	-	-
- Impairment	(159,180)	(607,107)	-	-	-
- Secured with guarantees	37,947	250,268	-	-	-
E. Collective provision for impairment (-)	-	(246,350)	-	-	-

As of 31 December 2009, neither past due nor impaired trade receivables amounting to TRY2,179,954 thousand (2008: TRY2,633,925 thousand) and past due but not impaired trade receivables amounting to TRY211,664 thousand (2008: TRY553,070 thousand) have been secured with guarantees.

As of 31 December 2009, the fair value of guarantees taken related to watch listed loans and loans under legal follow-up amount to TRY788,007 thousand (2008:TRY644,113 thousand).

Koç Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Trade receivables

a) Details of neither past due nor impaired or restructured trade receivables' credit quality:

	2009	2008
New customers (Less than 3 months)	165,629	278,756
Public institutions and corporations	117,762	97,916
Other customers with no payment defaults	3,648,198	3,615,024
Customers with prior collection delays	286,277	307,299
	4,217,866	**4,298,995**

b) Analysis of past due trade receivables:

Not impaired	2009	2008
0 - 1 month	189,432	216,162
1 - 3 months	231,972	213,351
3 - 12 months	81,452	362,744
Over 1 year	36,319	34,172
	539,175	**826,429**

As of 31 December 2009, past due but not impaired trade receivables amounting to TRY211.664 thousand are secured with guarantees (2008: TRY553.070 thousand).

Impaired	2009	2008
0 -3 months	47,695	12,932
3 - 6 months	7,315	13,570
Over 6 months	179,989	181,842
Less: Provision for loan losses	(191,094)	(159,180)
	43,905	**49,164**

All the impaired trade receivables of the Group are past due. As of 31 December 2009, impaired receivables amounting to TRY43,469 thousand are secured by guarantees (2008: TRY37,947thousand).

Loans and advances to customers

a) As of 31 December 2009, the details of neither past due nor impaired or restructured corporate and commercial loans credit quality are as follows:

	Rating Class	Concentration Level
Above average	1 - 4	30.3%
Average	5+ - 6	47.9%
Below average	7+ - 9	21.8%

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Details of the past due but not impaired loans and advances:

31 December 2009	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Total
Past due up to 30 days	385,215	225,887	299,832	5,199	916,133
Past due 30-60 days	33,881	109,134	95,027	503	238,545
Past due 60-90 days	705,467	82,495	110,750	603	899,315
Total	**1,124,563**	**417,516**	**505,609**	**6,305**	**2,053,993**

31 December 2008	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Total
Past due up to 30 days	260,445	212,862	248,466	6,310	728,083
Past due 30-60 days	82,585	99,517	137,818	4,874	324,794
Past due 60-90 days	20,174	26,829	59,641	298	106,942
Total	**363,204**	**339,208**	**445,925**	**11,482**	**1,159,819**

c) Sector-specific details of loans and advances to customers:

	2009	%	2008	%
Production	4,709,913	22	5,016,221	23
Consumer loans	4,532,792	21	4,263,537	19
Credit card receivables	3,630,616	17	3,745,078	17
Food and retail	959,127	4	1,013,632	5
Public sector	617,075	3	690,219	3
Financial institutions	655,573	3	486,368	2
Real estate	182,898	1	132,440	1
Other sectors	6,310,753	29	6,734,160	30
	21,598,747	**100**	**22,081,655**	**100**

Cash and cash equivalents

As of 31 December 2009 and 2008, no cash and cash equivalents are past due or impaired. A significant portion of the bank deposits that are classified under cash and cash equivalents are held in banks operating in Turkey.

Financial assets

As of 31 December 2009 and 2008, no debt securities classified under financial assets are past due or impaired.

The rating of debt securities is as follows:

	2009	2008
Moody's Credit Rating		
Aaa	45,262	18,079
Aa	8,668	82,426
Aa2	5,737	-
Ba2	50,451	-
Baa (*)	7,107,384	49,003
Ba3	529,329	7,254,601
Unrated	120,467	60,837
	7,867,298	**7,464,946**

(*)Securities consist of Republic of Turkey government bonds and treasury bills.

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NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

B) Market Risk

a) Foreign Exchange Risk

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities are defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Another important dimension of the currency risk is the changes of the exchange rates of different foreign currencies in "Net Foreign Currency Position" (cross currency risk).

Yapı Kredi Bankası, a Joint Venture of the Group, keeps the currency risk exposure within the related legal limits follows the currency risk on a daily basis and presents the results to the Asset and Liability Committee. The other Subsidiaries and Joint Ventures of the Group keep the currency risk exposure within the limits approved by their Board of Directors. Koç Holding, the parent company, continuously reviews the risk limits of the Subsidiaries and Joint Ventures, taking into account the overall economic conditions and developments in the market, hence determines new limits, when necessary. Futures contracts such as swaps, options and forwards are also employed as instruments for currency risk management, when needed for hedging purposes.

Assets and liabilities denominated in foreign currency held by the Group before consolidation adjustments are as follows:

	2009	2008
Assets	21,619,519	22,847,302
Liabilities	(25,219,656)	(26,077,144)
Net balance sheet position	**(3,600,137)**	**(3,229,842)**
Off-balance sheet derivative instruments net position	**968,225**	**(41,915)**
Net foreign currency position	**(2,631,912)**	**(3,271,757)**

Tüpraş, a Subsidiary of the Group, manages its foreign currency risk resulting from its net financial liabilities by reflecting the effects of the changes in foreign currencies to its selling prices of petroleum products. As of 31 December 2009, Tüpraş has raw materials and petroleum products amounting to TRY1,232,460 thousand (2008: TRY1,130,893 thousand).

In addition, the repayment obligation related to the loans of Tofaş, a Joint Venture of the Group, obtained for investment purposes, is guaranteed by Fiat Auto S.p.A and Peugeot Citroen Automobiles S.A. (the "Purchasers") through future purchases. Accordingly, the exposure to foreign exchange and interest rate risks are undertaken by the Purchasers. Therefore, the net foreign currency liability position should be considered lower by TRY340,223 thousand when assessing foreign exchange risk (2008: TRY316,649 thousand).

As of 31 December 2009 and 2008, if EUR and USD had appreciated/depreciated by 10% against TRY with all other variables held constant, profit before tax and minority interests would have been TRY263.191 thousand (2008: TRY327,175 thousand) lower/higher, mainly as a result of foreign exchange losses/gains on the translation of the foreign exchange position. The net effect of the mentioned foreign exchange losses/gains on net profit/equity is approximately TRY144,844 thousand.

31 December 2009	**USD**	**EUR**	**Other**	**Total**
Foreign currency net asset/liability	183,349	228,930	(52,265)	360,014
Hedged items	70,517	(179,216)	11,876	(96,823)
	253,866	**49,714**	**(40,389)**	**263,191**

31 December 2008	**USD**	**EUR**	**Other**	**Total**
Foreign currency net asset/liability	283,782	104,837	(65,635)	322,984
Hedged items	30,300	(54,477)	28,368	4,191
	314,082	**50,360**	**(37,267)**	**327,175**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	2009			
	USD	EUR	Other	Total
Assets:				
Cash and cash equivalents	2,800,382	2,314,322	320,165	5,434,869
Financial assets	3,502,079	723,770	72,042	4,297,891
Trade receivables	400,694	1,277,679	273,459	1,951,832
Loans and advances to customers	5,562,861	3,242,056	293,139	9,098,056
Inventories	44,210	158,527	169,392	372,129
Deferred tax assets	-	1,247	16,117	17,364
Other assets	133,996	196,999	116,383	447,378
Total assets	**12,444,222**	**7,914,600**	**1,260,697**	**21,619,519**
Liabilities:				
Deposits	6,350,918	3,796,218	468,559	10,615,695
Financial liabilities	4,974,282	5,423,287	106,337	10,503,906
Trade payables	2,394,094	571,760	57,290	3,023,144
Insurance technical reserves	132,468	27,757	-	160,225
Current income tax liabilities	-	1,105	13,578	14,683
Provisions for employee benefits	-	2,477	1,155	3,632
Deferred tax liabilities	-	37,820	8,268	46,088
Other liabilities	425,949	343,478	82,856	852,283
Total liabilities	**14,277,711**	**10,203,902**	**738,043**	**25,219,656**
Net balance sheet position	**(1,833,489)**	**(2,289,302)**	**522,654**	**(3,600,137)**
Derivative financial assets	5,607,509	2,208,629	177,119	7,993,257
Derivative financial liabilities	(6,312,676)	(416,473)	(295,883)	(7,025,032)
Off-balance sheet derivative instruments net position	**(705,167)**	**1,792,156**	**(118,764)**	**968,225**
Net foreign currency position	**(2,538,656)**	**(497,146)**	**403,890**	**(2,631,912)**
Net foreign currency monetary position	(2,582,866)	(655,673)	234,498	(3,004,041)
Fair value of currency derivatives held for hedging	1,925	128	-	2,053
Hedged foreign currency liabilities	273,771	8,195	-	281,966

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NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	2008			
	USD	EUR	Other	Total
Assets:				
Cash and cash equivalents	3,482,984	2,630,835	242,102	6,355,921
Financial assets	3,288,681	677,638	100,153	4,066,472
Trade receivables	477,498	1,296,038	291,737	2,065,273
Loans and advances to customers	5,605,260	3,451,845	312,793	9,369,898
Inventories	34,557	240,131	213,611	488,299
Deferred tax assets	-	5,138	12,639	17,777
Other assets	141,613	283,304	52,069	476,986
Assets held for sale	6,601	75	-	6,676
Total assets	**13,037,194**	**8,585,004**	**1,225,104**	**22,847,302**
Liabilities:				
Deposits	6,331,197	3,214,201	374,326	9,919,724
Financial liabilities	7,299,781	5,332,978	29,368	12,662,127
Trade payables	1,905,843	628,208	50,088	2,584,139
Insurance technical reserves	131,124	34,747	-	165,871
Current income tax liabilities	-	3,257	1,534	4,791
Provisions for employee benefits	-	2,021	662	2,683
Deferred tax liabilities	-	4,505	9,247	13,752
Other liabilities	207,066	413,225	103,533	723,824
Liabilities held for sale	-	233	-	233
Total liabilities	**15,875,011**	**9,633,375**	**568,758**	**26,077,144**
Net balance sheet position	**(2,837,817)**	**(1,048,371)**	**656,346**	**(3,229,842)**
Derivative financial assets	2,752,287	988,725	77,177	3,818,189
Derivative financial liabilities	(3,055,285)	(443,957)	(360,862)	(3,860,104)
Off-balance sheet derivative instruments net position	**(302,998)**	**544,768**	**(283,685)**	**(41,915)**
Net foreign currency position	**(3,140,815)**	**(503,603)**	**372,661**	**(3,271,757)**
Net foreign currency monetary position	(3,175,372)	(743,734)	159,050	(3,760,056)
Fair value of currency derivatives held for hedging	8,284	(2,023)	-	6,261
Hedged foreign currency liabilities	314,810	24,285	-	339,095

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Import and export details

Export	2009	2008
EUR	4,849,533	5,371,716
USD	3,702,560	7,121,683
Other	595,780	431,089
	9,147,873	12,924,488

Import		
EUR	2,943,918	3,483,563
USD	16,871,640	25,963,299
Other	1,548,414	26,213
	21,363,972	29,473,075

b) Interest Rate Risk

The Group is exposed to interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by offsetting interest-bearing assets and liabilities' residual terms of revaluation and by using derivative instruments for hedging purposes.

The monitoring of interest rate sensitive assets and liabilities and sensitivity analysis of Yapı Kredi Bankası, a Joint Venture of the Group, regarding the effect of interest rate fluctuations on the financial statements are performed by the Risk Management Department for all interest sensitive instruments. The results are presented monthly to the Asset and Liability Committee. By using sensitivity and scenario analyses, the possible loss effects on the equity are analysed due to the interest rate volatility not only within current year but also for the future periods. The effects of the volatility of market interest rates on positions and on cash flows are also closely monitored.

The weighted average effective annual interest rates (%) for the financial assets and liabilities of the Group are as follows:

	2009			2008		
	USD	EUR	TRY	USD	EUR	TRY
Assets						
Cash and cash equivalents	2.42	1.28	8.47	4.59	3.86	19.17
Financial assets						
- Assets at fair value	7.60	7.51	8.70	9.56	8.98	20.18
- Available-for-sale financial assets	7.40	7.30	11.97	6.42	7.74	15.38
- Held-to-maturity financial assets	6.81	5.40	11.51	10.85	5.50	19.02
Loans and advances to customers	6.04	6.43	17.74	6.30	7.77	25.24
Liabilities						
Financial liabilities	2.02	2.89	10.10	4.11	5.84	20.71
Deposits	1.90	1.84	7.87	4.41	3.36	20.15

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NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Group's financial assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates are as follows:

31 December 2009	Up to 3 months	3 months - 1 year	1 year - 5 years	5 years and over	Non-interest bearing	Total
Assets						
Cash and cash equivalents	8,140,212	77,595	73,084	6,951	1,800,780	10,098,622
Financial assets						
- Assets at fair value	71,940	41,676	31,512	8,550	45,873	199,551
- Available-for-sale financial assets	328,589	133,904	93,504	443,486	129,456	1,128,939
- Held-to-maturity financial assets	2,384,125	704,453	1,366,582	2,222,631	-	6,677,791
Loans and advances to customers	6,517,197	5,475,157	6,032,893	3,309,368	264,132	21,598,747
Total	**17,442,063**	**6,432,785**	**7,597,575**	**5,990,986**	**2,240,241**	**39,703,650**
Liabilities						
Deposits	15,564,487	877,841	489,424	67,019	3,972,835	20,971,606
Financial liabilities	7,145,049	6,564,672	1,162,395	36,367	11,737	14,920,220
Total	**22,709,536**	**7,442,513**	**1,651,819**	**103,386**	**3,984,572**	**35,891,826**

31 December 2008	Up to 3 months	3 months - 1 year	1 year - 5 years	5 years and over	Non-interest bearing	Total
Assets						
Cash and cash equivalents	6,098,864	149,331	83,640	126,097	1,871,463	8,329,395
Financial assets						
- Assets at fair value	28,025	69,683	66,165	20,301	30,306	214,480
- Available-for-sale financial assets	287,194	102,589	198,812	290,552	145,722	1,024,869
- Held-to-maturity financial assets	2,340,929	603,895	1,178,408	2,229,792	-	6,353,024
Loans and advances to customers	7,652,606	5,922,102	5,515,039	2,617,129	374,779	22,081,655
Total	**16,407,618**	**6,847,600**	**7,042,064**	**5,283,871**	**2,422,270**	**38,003,423**
Liabilities						
Deposits	16,778,416	692,132	226,789	49,302	3,145,327	20,891,966
Financial liabilities	6,488,984	9,341,369	1,573,774	171,253	2,781	17,578,161
Total	**23,267,400**	**10,033,501**	**1,800,563**	**220,555**	**3,148,108**	**38,470,127**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The interest rate position is as follows:

	2009	2008
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents	8,168,398	6,457,932
Assets at fair value through profit or loss	139,409	154,602
Assets held for sale	781,752	623,576
Loans and advances to customers	15,743,584	16,583,459
Total	**24,833,143**	**23,819,569**
Financial liabilities		
Deposits	16,995,200	17,746,639
Financial liabilities	4,545,202	7,234,820
Total	**21,540,402**	**24,981,459**
Floating interest rate financial instruments		
Financial assets		
Cash and cash equivalents	129,444	-
Assets at fair value through profit or loss	14,269	29,572
Assets held for sale	217,731	255,571
Loans and advances to customers	5,591,031	5,123,417
Total	**5,952,475**	**5,408,560**
Financial liabilities		
Deposits	3,571	-
Financial liabilities	10,363,281	10,340,560
Total	**10,366,852**	**10,340,560**

As of 31 December 2009, if the annual interest rate on TRY basis were 100 base points higher/lower, and all other variables remained constant, due to the changes in the carrying values of financial investments; the profit before tax would be TRY1,723 thousand (2008: TRY2,112 thousand) and due to its direct effect on equity, the equity would be TRY20,982 thousand (2008:TRY11,339 thousand) lower/higher.

C) Liquidity Risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified, and sufficient cash and cash equivalents are held. In order to meet instant cash necessities it is ensured that the cash and cash equivalent assets level does not fall below a predetermined portion of the short term liabilities.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2009 and 2008 the undiscounted contractual cash flows of the financial liabilities of the Group are as follows:

2009	Demand or up to 3 months	3-12 months	1-5 years	5 years and over	Total
Non-derivative financal instruments					
Financial liabilities	4,922,422	7,654,408	7,615,266	3,170,534	23,362,630
Deposits	19,626,813	1,078,055	307,388	82,368	21,094,624
Trade payables	5,619,061	441,749	-	-	6,060,810
Other liabilities	4,485,083	304,311	337,201	165,490	5,292,085
Derivative financial instruments					
Cash inflow	6,130,178	879,779	3,092,013	760,408	10,862,378
Cash outflow	(6,187,300)	(561,297)	(2,870,766)	(731,497)	(10,350,860)

2008	Demand or up to 3 months	3-12 months	1-5 years	5 years and over	Total
Non-derivative financial instruments					
Financial liabilities	4,593,472	5,529,722	6,868,779	2,626,615	19,618,588
Deposits	19,950,388	808,557	263,422	70,089	21,092,456
Trade payables	3,260,143	145,054	-	-	3,405,197
Other liabilities	4,322,231	91,081	366,741	-	4,780,053
Derivative financial instruments					
Cash inflow	3,620,942	1,709,583	1,009,927	164,323	6,504,775
Cash outflow	(2,452,703)	(1,563,907)	(2,023,192)	(164,323)	(6,204,125)

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net debt/total capital ratio. Net debt is calculated as total borrowings less cash and cash equivalents and tax liabilities (current period and deferred tax liabilities).

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Net debt/total capital ratio as of 31 December 2009 and 2008 is as follows:

	2009	2008
Total liabilities	46,631,499	47,894,376
Cash and banks	(8,669,345)	(6,719,358)
Net debt	37,962,154	41,175,018
Total equity	18,782,046	16,131,660
Total capital	56,744,200	57,306,678
Net debt/total capital ratio	**67%**	**72%**

NOTE 33 -FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Fair value of financial instruments

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair value of the financial instruments:

Financial assets

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their fair value.

Fair values of held to maturity financial assets are determined based on market price, or in the case where the price can not be determined, on market prices quoted for the securities of the same nature in terms of interest, maturity and other similar conditions.

The estimated fair value of loans and advances to customers are determined by calculating the discounted cash flows using the current market interest rates for loans with fixed interest rates. For loans with floating interest rates, it is assumed that the carrying value approximates to the fair value.

Financial liabilities

The fair values of short term borrowings and trade payables are assumed to approximate to their carrying values due to their short-term nature. The estimated fair values of long-term financial liabilities are determined by calculating the discounted cash flows, using the current market interest rates for the fixed interest loans.

Koç Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 33 -FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Continued)

The estimated fair value of demand deposits expresses the amount to be paid at the moment of withdrawal. The fair value of the overnight deposits indicates the book value. The estimated fair value of the fixed interest deposits is determined by calculating the discounted cash flows, using the market interest rates applied to similar loan and other debts. In case where the maturities are short, the carrying values are assumed to reflect the fair values.

In the framework of the methods and assumptions explained above, carrying and fair values of financial assets and liabilities as of 31 December 2009 and 2008 are presented in the following table:

	2009		2008	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Cash and cash equivalents	10,098,622	10,100,519	8,329,395	8,336,865
Held-to-maturity financial assets	6,677,791	7,009,532	6,353,024	6,241,359
Loans and advances to customers	21,958,747	21,646,954	22,081,655	22,231,004
Liabilities				
Deposits	20,971,606	21,081,078	20,891,966	20,891,974
Financial liabilities	14,920,220	14,877,542	17,578,161	17,508,705

Fair Value Estimation

The classification of the Group's financial assets and liabilities at fair value is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

The Group's assets and liabilities measured at fair value as of 31 December 2009 are as follows:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	199,456	95	-	199,551
Available-for-sale financial assets	1,021,430	2,981	104,528	1,128,939
Derivative financial instruments	-	376,245	-	376,245
Total Assets	**1,220,886**	**379,321**	**104,528**	**1,704,735**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments	-	384,371	-	384,371
Total Liabilities	**-**	**384,371**	**-**	**384,371**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 34 - EARNINGS PER SHARE

Earnings per share from continuing operations:	**2009**	**2008**
Profit from continuing operations	2,640,588	2,494,608
Profit from continuing operations attributable to minority interest (Note 23)	(1,211,378)	(513,423)
Profit from continuing operations attributable to equity holders of the parent	1,429,210	1,981,185
Weighted average number of shares with nominal value TRY1 each	2,415,141,000	2,415,141,000
Earnings per share from continuing operations (TRY)	**0.592**	**0.820**
Earnings per share from discontinued operations:		
Profit from discontinued operations (Note 31)	-	83,373
Profit from discontinued operations attributable to minority interest (Note 23)	-	(41,003)
Profit from discontinued operations attributable to equity holders of the parent	-	42,370
Weighted average number of shares with nominal value TRY1 each	2,415,141,000	2,415,141,000
Earnings per share from discontinued operations (TRY)	**0.000**	**0.018**
Earnings per share:		
Profit for the period	2,640,588	2,577,981
Profit attributable to minority interest	(1,211,378)	(554,426)
Profit attributable to equity holders of the parent	1,429,210	2,023,555
Weighted average number of shares with nominal value TRY1 each	2,415,141,000	2,415,141,000
Earnings per share (TRY)	**0.592**	**0.838**

The calculation of earnings per share of prior periods has been adjusted retrospectively due to the issuance of bonus shares.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 35 - SUPPLEMENTARY CASH FLOW INFORMATION

As of 31 December 2009 and 2008, supplementary information for the details included in the consolidated cash flow statements:

	2009	2008
Changes in reserves and provisions:		
Sales and customer premiums accruals	2,983	7,011
Provision for warranty and assembly	11,219	(18,080)
Insurance technical reserves	15,803	89,510
Provision for loans and trade receivables	864,513	234,126
Provision for the Fund	44,847	85,044
Provision for employment termination benefits	38,338	4,420
Provision for impairment on property. plant and equipment	4,403	30,572
Provision for impairment on inventories	(14,712)	69,150
	967,394	**501,753**
Add back net interest income:		
Non-finance interest income	(384,489)	(350,976)
Finance interest income	(3,954,445)	(4,011,708)
Non-finance interest expenses	750,507	929,405
Finance interest expenses	1,965,690	2,580,763
	(1,622,737)	**(852,516)**
Net changes in the operating assets and liabilities:		
Inventories	300,262	800,551
Trade receivables	361,543	718,706
Other assets	200,743	(680,305)
Trade payables	646,781	(1,167,150)
Other liabilities	341,670	294,797
Financial assets	19,506	287,211
	1,870,505	**253,810**
Changes in banking segment assets and liabilities:		
Cash and cash equivalents with original maturities of more than 3 months	113,440	(97,590)
Reserve deposits at the central banks and blocked deposits	289,362	(486,526)
Loans and advances to customers	(442,748)	(5,711,992)
Deposits	79,640	3,960,888
Financial assets	(398,369)	(285,582)
	(358,675)	**(2,620,802)**
	1,511,830	**(2,366,992)**
Cash and cash equivalents:		
Cash and cash equivalents	10,098,622	8,329,395
Cash and cash equivalents held for sale	12,878	12,108
Less: Long-term bank deposits	(90,524)	(203,964)
Less: Reserve deposits with the central banks	(1,429,277)	(1,610,037)
Less: Blocked deposits	(289,945)	(398,547)
	8,301,754	**6,128,955**

NOTE 36 - EVENTS AFTER THE BALANCE SHEET DATE

i) Koç Holding obtained a loan in the amount of approximately USD425,000,000, comprising two tranches of USD120,000,000 and EUR211,500,000 from a consortium including 21 financial institutions and to be used to meet various financing needs of Koç Group Companies in 2010. The principal repayment of this loan , the USD denominated part with 39-month maturity and the EUR denominated part with 27-month maturity, will be due at maturity. For both the USD and EUR parts of the loan, interest payment options are available monthly, quarterly and semi-annually and the interest rates are determined as LIBOR + 3.25% per annum for the USD portion and EURIBOR + 2.75% per annum for the Euro portion.

ii) Approximately USD720,000,000 of the loan, comprising of two tranches of USD320,000,000 and EUR339,000,000, obtained in 2009 from a consortium including 14 financial institutions (Note 16) has been paid in 2010.

iii) Law numbered 5479 established a restriction for the utilisation of investment incentives in three years' period. The Constitutional Court, at the meeting on 15 October 2009, ruled for the cancellation of the expressions "2006, 2007 and 2008" included in the provisional article of the Income Tax Law related with the investment incentive. In accordance with the ruling by the court, the expiration of the investment allowance qualified as of 31 December 2005 has been repealed with the promulgation of the decision in the Official Gazette on 8 January 2010.

For further information:

Address : Koç Holding A.Ş. Nakkaştepe Azizbey Sok. No: 1
Kuzguncuk 34674 İstanbul Turkey
E-Mail : iletisim@koc.com.tr
Phone : +90 216 531 0000
Fax : +90 216 531 0099

Corporate Communications

Oya Ünlü Kızıl, Director

E-Mail : oyau@koc.com.tr
Phone : +90 216 531 0381
Fax : +90 216 343 1537

Investor Relations

Funda Güngör, Coordinator

E-Mail : fundag@koc.com.tr
investorrelations@koc.com.tr
Phone : +90 216 531 0535
Fax : +90 216 531 0099

Disclaimer

The Board of Directors' Report, Auditors' Report, Consolidated Financial Statements and Independent Audit Report regarding the operations and financials of the year 2009, included in this Annual Report ("Report"), is prepared in accordance with the legal requirements for the Ordinary General Assembly which will be held on 21 April 2010, Wednesday at Koç Holding, Nakkaştepe, Azizbey Sokak No: 1 Kuzguncuk 34674, Istanbul.

This Report is prepared only for providing information to the shareholders and it is not intended to form the basis of any investment decision. The opinions and statements regarding estimated figures contained within this Report, are only reflecting the Company management's views with respect to certain future events; thus the actual results and developments may differ from those estimation depending on the variables and assumptions. Accordingly, none of Koç Group or their respective advisers, directors or employees shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this Report or in any other information or communications in connection with the Report.

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