www.koc.com.tr

This report has been published using recycled paper and environment-friendly technologies.

KOÇ HOLDİNG 2010 ANNUAL REPORT

KOÇ HOLDİNG 2010 ANNUAL REPORT

Koç

BEING ONE

Koç Group is Turkey's largest conglomerate in terms of revenues, exports and share in the Istanbul Stock Exchange market capitalization.
Working as one common mind towards one common goal, we are Turkey's biggest family with 73,000 employees.

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

Use early warning indicators and our unmatched customer database to proactively manage risks and make the best use of potential opportunities

Main Competitive Advantages

We stand as a symbol of trust and achievement

Our powerful brands command strong recognition

We have leading positions in sectors with low penetration levels and high growth potential

We own Turkey's largest distribution network and customer database, facilitating strong CRM capabilities

We provide the highest quality sales and after-sales service

We have long-standing international partnerships

We hold leadership positions in global markets

Energy

Turkey's sole refining company, providing 65% of domestic fuel demand

7th largest refinery in Europe

3rd in fuel distribution in Turkey with 17% market share

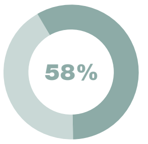
Leader in LPG distribution in Turkey with 29% market share

5th largest LPG distributor in Europe

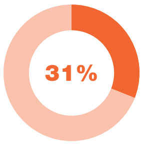
Main Companies
Tüpraş[1]
Aygaz[1]
Opet
Mogaz
Entek
Demir Export

International Alliances
AES Mont Blanc Holdings B.V.

Share in Consolidated Revenues



Share in Operating Profit



Automotive

52% of Turkey's total automotive production

50% of Turkey's total automotive exports

Leader in Turkey with:

31% of total automotive sales

20% of passenger car sales

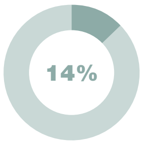
48% of commercial vehicle sales

52% of farm tractor sales

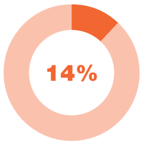
Main Companies
Ford Otosan[1]
Tofaş[1]
Türk Traktör[1]
Otokar[1]
Otokoç Otomotiv

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

Share in Consolidated Revenues



Share in Operating Profit



Consumer Durables

Leader in white goods, televisions and air conditioners in Turkey

3rd largest household appliances company in Europe

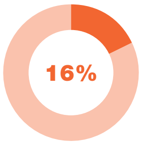
2nd largest market player in the UK

Main Companies
Arçelik[1]
Arçelik-LG Klima

International Alliances
LG Electronics (in air conditioning)

Share in Consolidated Revenues

Share in Operating Profit



Finance

4th largest private bank (asset size)

Leader in credit cards with 19% market share in outstanding volume

Leader in leasing with 19% market share

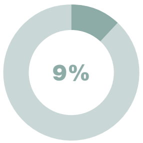
Leader in factoring with 23% market share

2nd in asset management with 18% market share

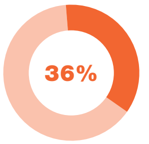
Main Companies
Koç Finansal Hizmetler
Yapı Kredi Bankası[1]
Yapı Kredi Finansal Kiralama[1]
Yapı Kredi Sigorta[1]
Yapı Kredi Yatırım Ortaklığı[1]
Yapı Kredi Koray[1]
Yapı Kredi Emeklilik
Yapı Kredi Faktoring
Yapı Kredi Yatırım
Yapı Kredi Portföy Yönetimi
UniCredit Menkul Değerler
Koçfinans

International Alliances
UniCredit

Share in Consolidated Revenues



Share in Operating Profit



Other

Leader in tomato products in Turkey

Leader in DIY retailing in Turkey

Turkey's highest marina capacity

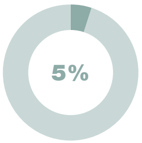
Leader in tourism in Turkey

Leader in IT in Turkey

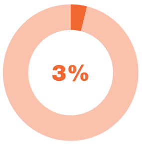
Main Companies
Tat Konserve[1]
Düzey
Koçtaş
Setur
Setur Marinaları
Mares[1]
Divan
Koç Sistem
Koç.net
Bilkom
RMK Marine

International Alliances
B&Q
Kagome Sumitomo
Kaneka Seeds

Share in Consolidated Revenues



Share in Operating Profit



(1) Listed companies

Disclaimer

The Board of Directors' Report, Auditors' Report, Consolidated Financial Statements and Independent Audit Report regarding the operations and financials of the year 2010, included in this Annual Report ("Report"), is prepared in accordance with the legal requirements for the Ordinary General Assembly which will be held on 7 April 2011, Thursday 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.

All information contained in this Report was believed to be accurate at the time of writing. Koç Holding does not accept any responsibility for any spelling or printing errors occurred during its preparation.

For further information

Koç Holding A.Ş.
Nakkaştepe Azizbey Sok. No: 1
Kuzguncuk 34674 Istanbul Turkey
E-Mail : iletisim@koc.com.tr
Phone : +90 216 531 0000
Fax : +90 216 531 0099

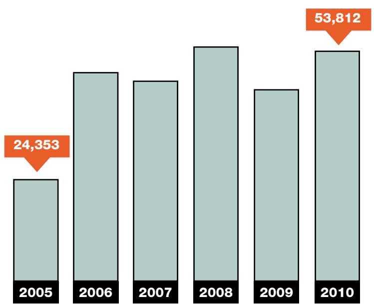
Corporate Communications
Oya Ünlü Kızıl, Director
E-Mail : oyau@koc.com.tr
Phone : +90 216 531 0381
Fax : +90 216 343 1537

Investor Relations
Funda Güngör Akpınar, Coordinator
E-Mail : fundag@koc.com.tr
investorrelations@koc.com.tr
Phone : +90 216 531 0535
Fax : +90 216 531 0099

PRODUCED BY FINAR KURUMSAL © 2011
WWW.FINARKURUMSAL.COM • TEL +90 212 269 37 20

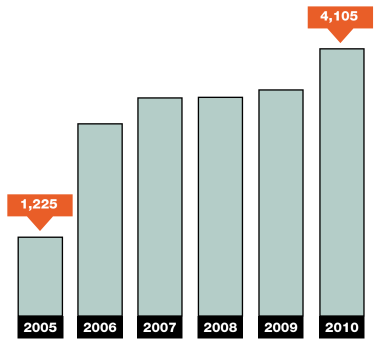
Koç Group at a Glance

Consolidated Revenues (TL million)



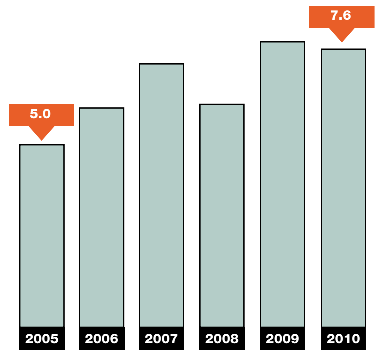
17% average compound revenue growth per annum in the last five years

Operating Profit(1) (TL million)



27% average compound operating profit growth per annum in the last five years

Operating Margin (%)



2.6 points increase in operating margin in the last five years

(1) Pre-2007 figures have been adjusted according to the CMB's new reporting format.

Koç Holding A.Ş. Key Performance Indicators

	2010(1)	2009(2)	2010(1)	2009(2)	2010	2009	Change (%)		
	USD million		EUR million		TL million		USD	EUR	TL
Revenues	**35,865**	**28,984**	**27,050**	**20,851**	**53,812**	**44,841**	**24**	**30**	**20**
Non-Finance Sectors	32,540	25,505	24,542	18,349	48,822	39,459	28	34	24
Finance Sector	3,326	3,479	2,508	2,503	4,990	5,382	-4	0	-7
Operating Profit	**2,736**	**2,247**	**2,063**	**1,616**	**4,105**	**3,476**	**22**	**28**	**18**
Non-Finance Sectors	1,760	1,631	1,327	1,173	2,640	2,523	8	13	5
Finance Sector	976	616	736	443	1,465	954	58	66	54
Profit Before Tax From Continuing Operations	**2,590**	**2,042**	**1,953**	**1,469**	**3,886**	**3,159**	**27**	**33**	**23**
Net Income	**2,092**	**1,707**	**1,578**	**1,228**	**3,138**	**2,641**	**23**	**28**	**19**
Attributable to:									
Minority Interest	936	783	706	563	1,404	1,211	20	25	16
Equity Holders of the Parent	1,156	924	872	665	1,734	1,429	25	31	21
Total Assets	**52,485**	**44,090**	**39,599**	**30,730**	**81,143**	**66,386**	**19**	**29**	**22**
Total Equity	**13,569**	**12,474**	**10,238**	**8,694**	**20,978**	**18,782**	**9**	**18**	**12**
Minority Interest	5,436	5,056	4,101	3,524	8,404	7,612	8	16	10
Shareholders' Equity	8,133	7,418	6,136	5,171	12,574	11,170	10	19	13

(1) Convenience translation with 2010 average exchange rates (TL1.9894 = EUR1 and TL1.5004 = USD1) for income statement items (including net income) and 2010 year-end exchange rates (TL2.0491 = EUR1 and TL1.5460 = USD 1) for balance sheet items.
(2) Convenience translation with 2009 average exchange rates (TL2.1505 = EUR1 and TL1.5471 = USD1) for income statement items (including net income) and 2009 year-end exchange rates (TL2.1603 = EUR1 and TL1.5057 = USD1) for balance sheet items.

Succeeding as one... from 1926 to 2010

KOÇ HOLDING: 85 YEARS OF BUILDING

Acting as one common mind, in one common strength, towards one common purpose and creating one common legacy for 85 years, we continue our journey which began in 1926, following a growth strategy that pursues bigger investments in our core business lines for sustainable profitability.

Koç Holding is Turkey's largest industrial and services group in terms of revenues, exports, market capitalization and number of employees. Following an average annual growth rate of 23% in U.S. dollar terms between 2002-2010, Koç Holding ranks as the 71st largest publicly traded company in Europe and 273rd largest company in the world. Koç Holding has leading positions with strong competitive advantages in energy, automotive, consumer durables and finance sectors, which offer strong long term growth potential.

Strong growth potential and benefits of economies of scale

Focus on sustainable profitability and maximizing shareholder value

Resilient portfolio structure against economic volatility and risks

Leading positions in core sectors and lucrative investments

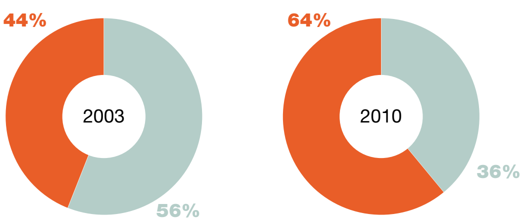
Strong commitment to corporate governance and corporate social responsibility

Common targets, mutual accomplishments

2002-2010

OUR GOALS	OUR ACHIEVEMENTS		
Strong and sustainable growth in revenues	**We outperformed our growth targets** through our efficiency focused growth strategy and portfolio restructuring.	Average compound revenue growth per annum, USD terms **23%**	Average compound international sales growth per annum, USD terms **18%**
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.	Average compound operating profit growth per annum, USD terms **38(1)%**	Average compound net income growth per annum, USD terms **62%**
Higher return on investment and shareholder value maximization	**We generated higher returns on larger investments** through a more focused growth approach and a proactive divestiture policy	Proceeds through proactive disposals **$3.0(2) billion**	Acquisitions in core sectors **$6.6 billion**
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 decreasing the share of the sectors that are sensitive to domestic interest rate volatility and growth.		

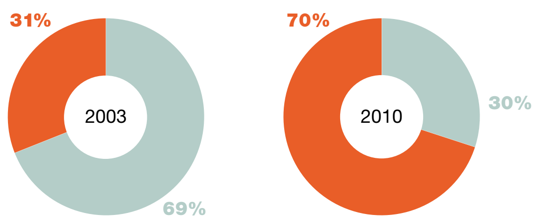
Revenues



TL revenues

Foreign currency denominated or linked revenues(3)

Operating Profit



Businesses with high sensitivity to interest rates and growth(4)

Other businesses

(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

Awards celebrate our achievements, which rest on our common culture.

AWARDS AND ACHIEVEMENTS

Koç Holding is **the only Turkish company in "Fortune Global 500" list** (273rd place in the 2009 rankings).

Koç Group companies generated **11.5% of Turkey's tax revenues** in 2010.

Koç Holding is Europe's **71st largest public company** according to Handelsblatt (2009 rankings).

Koç Holding ranked **among Turkey's three most transparent companies** consecutively according to the annual "Turkish Transparency and Disclosure Survey" conducted between 2005-2008 by Sabancı University Corporate Governance Forum in collaboration with Standard and Poor's.

Koç Group continues to create value for Turkey, generating **combined revenues corresponding to 7% of Turkey's GDP** in 2010.

Koç Holding generated **10% of Turkey's total exports** in 2010.

Koç Holding remains **Turkey's largest industrial conglomerate.** According to Istanbul Chamber of Industry's "Turkey's Top 500 Industrial Enterprises 2009" listing, **five of the top ten companies** are Koç Group companies.

Four of the top ten companies in Turkish Exporters' Assembly's "Top 1000 Exporters of Turkey" listing in 2009 are Koç Group companies.

Koç Holding **"For My Country"** project was awarded the **"Environment Service Award - 2009"** by Akdeniz University.

Koç Holding was listed **among the top 23 new global challengers** on Boston Consulting Group's "2011 BCG Global Challengers: Companies on the Move: Rising Stars from Rapidly Developing Economies Are Reshaping Global Industries" report.

Koç Holding was **listed among the world's top 1000 companies** by **R&D investment** according to the "EU Industrial R&D Investment Scoreboard" for five consecutive years rising to 506th place in 2010. Of the three Turkish companies on the list, two are Koç Group companies.

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 to the society.

Koç Holding was **rated as "One of the international companies with the most competitive power in China"** according to the China International Institute of Multinational Corporations (CIIMC).

Koç Holding was the **first Turkish company in the annual list of "World's Most Admired Companies"** by the Hay Group and Fortune magazine.

The "Vocational Education: a Crucial Matter for the Nation" project received numerous national and international awards

Koç Holding was garnered **a silver award** in 2009 Magellan Awards by League of American Communications Professionals LLC (LACP).

Koç Holding received an award in **"The Best Volunteer Project"** category of the "Awards from the Heart 2009" organization held by the Corporate Volunteer Association.

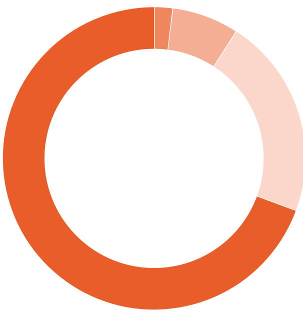
Koç Holding was awarded as **distinguished honoree** in the Company/Organization Awards category of **"Corporate Social Responsibility Program of the Year in Europe"** section of the "International Business Awards" held by Stevie Awards.

Koç Holding received the **"CSR Program of the Year in Europe" award** in "2009 Sabre Awards" organized by the Holmes Group.

We endeavor to maximize the value we create for our shareholders.

INVESTOR RELATIONS

Koç Holding and its 14 publicly traded subsidiaries comprise 15% of the total market capitalization of the Istanbul Stock Exchange as of 2010-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

- Koç Family **68.51%**
- Free Float **22.35%**
- Vehbi Koç Foundation **7.15%**
- Koç Holding Pension & Assistance Foundation **1.99%**

Stock Information

ISE Code	: **KCHOL**
Reuters Code	: **KCHOL.IS**
Bloomberg Code	: **KCHOL.TI**
Date of initial public offering	: **10 January 1986**
Share of foreign ownership in free float	: **78% (As of 31 December 2010)**

Koç Holding's Value Added to its Investors

- ✓ 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 resilient to economic volatility and risks
- ✓ Superior and sustainable improvement in operating performance
- ✓ Detection of early warning indicators through diversified business lines to proactively manage risks
- ✓ Extensive customer database and strong CRM capabilities to facilitate up and cross-selling

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 strengthen 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

2010 Investor Relations Activities and Awards

Koç Holding Investor Relations

- ✓ Attended 12 roadshows and 1-on-1 conferences in Turkey and abroad
- ✓ Held 300+ meetings with existing and potential investors
- ✓ Hosted regular webcasts to discuss quarterly financial results with the attendance of senior management
- ✓ Received recognition in Turkey's 2nd Investor Relations Awards:
  "Investor Relations Website" - Winner
  "Annual Report" - 2nd place
  "Communication of Financial Results" - 3rd place

Funda Güngör Akpınar
Koç Holding
Investor Relations Coordinator

Ahmet Çimenoğlu
Koç Holding
Economic Research Coordinator

Şeniz Akan
Koç Holding
Corporate Communications Manager

Nevin İmamoğlu İpek
Koç Holding
Finance Coordinator

Premium/Discount to Net Asset Value

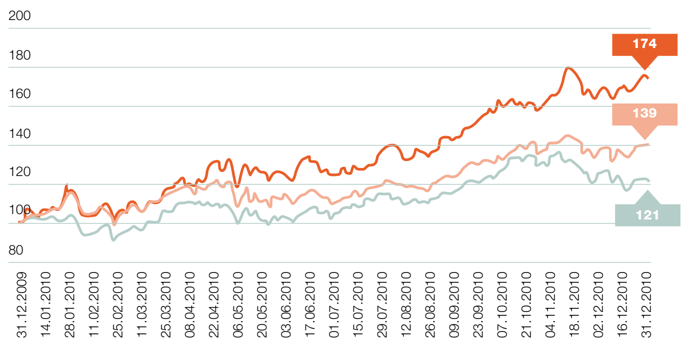
Majority of Koç Holding's Net Asset Value (NAV) is composed of listed companies. However, as a strong testimony of the value it creates for its shareholders, Koç Holding's average discount to NAV has consistently been the lowest among the holding companies in Turkey.

Yearly average	2006	2007	2008	2009	2010
Koç Holding	+1%	-15%	-22%	-16%	-11%
Peer Group Average	-25%	-31%	-42%	-46%	-43%

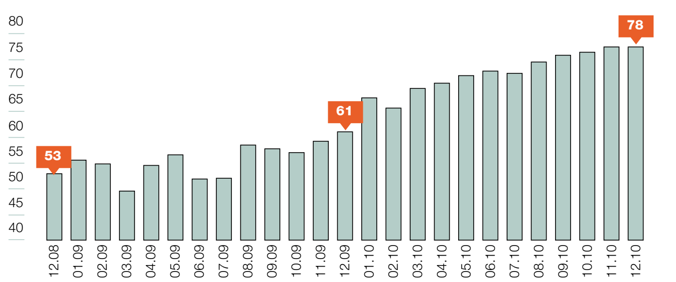
As the largest conglomerate in Turkey, Koç Holding is named as the best proxy to the growing Turkish market.

Share Price Performance

Koç Holding ISE Holdings Index ISE-30



Foreign Ownership in Koç Holding's Free Float (%)



MILESTONES

85 years of innovation and common values fuel our growth.

Murat Tomruk
Koç Holding
Strategic Planning Coordinator

Aytaç Börklüoğlu
Arçelik
Assembly Operator

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; 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.

Institutionalization of social responsibility: Vehbi Koç Foundation
Vehbi Koç Foundation, which is the first and largest foundation in Turkey, is established to enrich life and accelerate Turkey's development.

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

First R&D center
Turkey's first R&D center is established in 1975 by Koç Holding, which today ranks among the world's top companies by R&D investment.

First private museum
Sadberk Hanım museum, which currently has a collection of over 18 thousand artifacts, is established as Turkey's first private museum in 1980.

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.

1926 | 1930 | 1940 | 1950 | 1960 | 1970 | 1980 | 1990

Uğur Yalçınkaya
Ford Otosan
Dealer

Başak Tekin
Tofaş
Budget, Planning & Commercial
Control Manager

Ayşe Abamor Bilgin
Aygaz
LPG Supply Manager

Turkey's largest industrial and services group... One of the most admired companies in the world...

Koç Group today is Turkey's largest industrial and services group in terms of revenues, exports, market capitalization and number of employees. Koç Holding, as the driving force of the Turkish economy and the world's 273rd 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.

Acting as one common mind, in one common strength, towards one common purpose and creating one common legacy for 85 years, we continue our journey which began in 1926, following a growth strategy that pursues bigger investments in our core business lines for sustainable profitability.

February 25, 1996: The end of an extraordinary life

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

UN World Population Planning Award

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

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.

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.

2005-2006: Large investments in energy and finance

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 Family is awarded the Carnegie Medal

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 to the society.

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.

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.

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

We illuminate the future with our values.

KOÇ GROUP CORPORATE VALUES

The corporate values set by our founder Vehbi Koç will continue to lead our Group in the future, just like they have in the past.

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; to be the most lucrative 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.

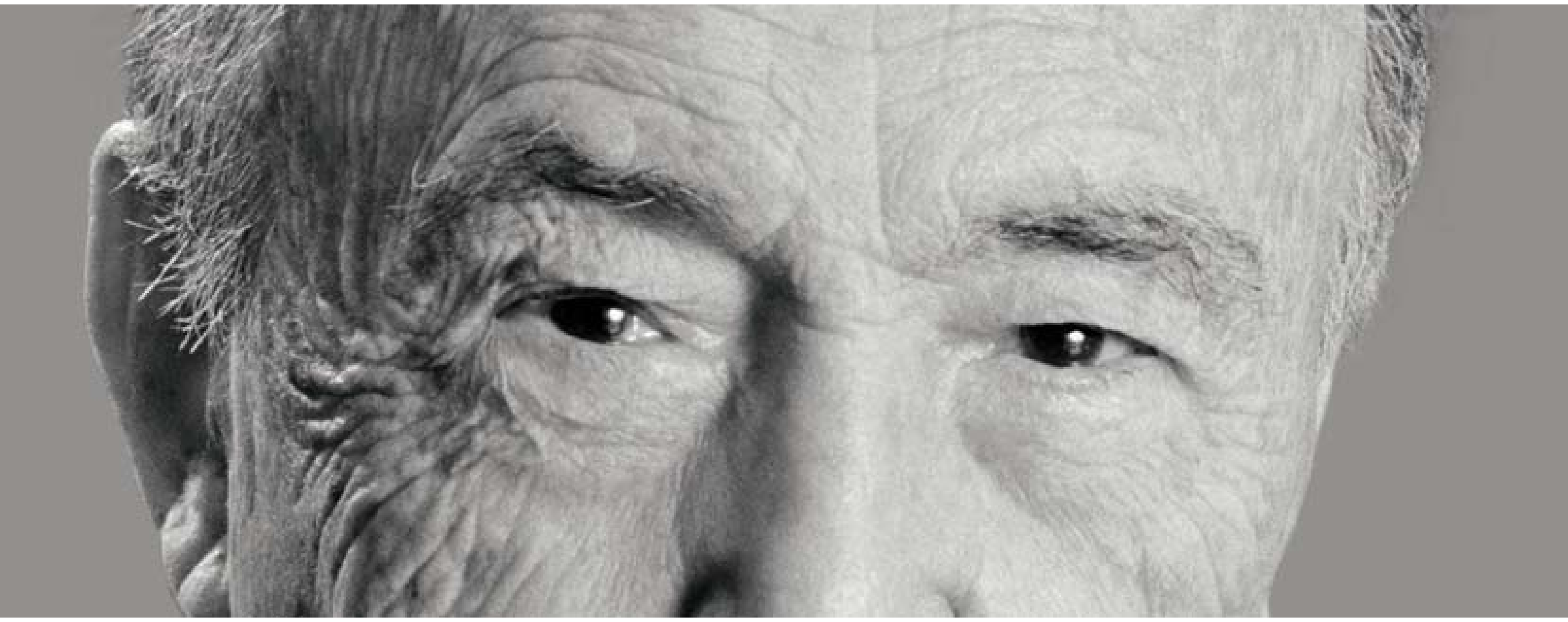
We aspire to strengthen the Turkish economy from which we derive our own strength.

Our most important asset is our people.
The quality of our products and services is based on the quality of our human resources. For the continuity of the Koç Group, we follow a policy of recruiting the best professionals, and providing opportunities for development and advancement. To fully utilize the talents, strength, and creativity of our employees, 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 employees and our society. Therefore, creation of value, elimination of waste, and efficient utilization of all resources are our key objectives.

Honesty, integrity, and superior business ethics are the foundations of our behavior.
We conduct our business in good faith and manage all our business relations ensuring mutual benefit and fair treatment. 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.

Vehbi Koç
Founder of Koç Holding (1901 - 1996)



This is my code: I live and prosper with my country. As long as democracy exists and thrives, so do we. We shall do our utmost to strengthen our economy.

As our economy prospers, so will democracy and our standing in the world.

We continue to lead the private sector, setting the benchmarks.

HONORARY CHAIRMAN'S MESSAGE

In 2011, Koç Holding will continue its vigorous policy of investing in our companies so as to maximize productivity and profitability, while also pursuing an active approach to evaluating new investment opportunities. We will spare no effort to raise our competitiveness through technological improvements in our sectors of operation and to emphasize innovation, environmental awareness, and energy-efficient products.

Dear Shareholders,

Welcome to our Ordinary General Assembly. We are pleased to submit for your approval the results of our successful performance in 2010, following a prolonged period of global economic turmoil.

Global measures taken to combat the crisis yielded positive results

We approached 2010 with great trepidation, coming as it did hard on the heels of two years of crisis and prevailing pessimism. Most assessments of the global economic state of affairs stressed how difficult it would be to overcome the crisis and warned of fluctuations in the year ahead. However, many countries, in collaboration with international financial institutions, took measures to combat the crisis, and these efforts and reorganizations began to bear fruit, albeit slowly.

Developing countries functioned as locomotives of world economic recovery

Unlike the precedent crises, the recent economic turbulence had a relatively mild effect on developing countries compared with the havoc it played with economically developed western countries. Some developing countries-Brazil, Russia, India and China-which posted favorable growth rates, were foreseen to function as locomotives of world economic recovery. Turkey, Mexico and South Korea also joined this group due to their high growth potential.

Turkish economy is growing rapidly

The Turkish economy's outstanding rebound from its contraction in 2009 and the fast growth that followed was a significant achievement. Lessons learned from previous mistakes and the uncompromising application of corrective measures by the government played a vital role in this.

Similarly, the real sector implemented successful management strategies, both financially and operationally. Emphasis on risk management, efficiency and flexibility - which are even more vital during such critical periods - complemented government implemented policies designed to strengthen the economy. As a result, the resilience, flexibility and competitive strength of the Turkish economy improved.

Koç Group's performance further enhanced while emerging from the turbulance

Koç Holding's share and leading and exemplary role in Turkey's private sector should not be underestimated. Our Group adheres to a management philosophy that emphasizes preparedness for all possible risks. Our preparedness not only equipped us to weather the crisis but enabled us to enhance our performance in all the sectors we lead while emerging from the turbulence.

Koç Holding occupies a central position in Turkey's private sector. Koç Group's combined revenues are equivalent to 7% of the Turkish GDP, we export 10% of the national total, our companies make up an important 15% of the market capitalization of the Istanbul Stock Exchange, and we employ 73,000 people. We are fully mindful of our importance to Turkey's economy and our consequent responsibilities and we will make every endeavor to remain so.

We embark upon the new year with a spirit of optimism. We have seen many developments in the international economy as the impacts of the economic turbulence subside. Currency wars, rising inflation, protectionism, and the like are high on the agenda while the possibility of fluctuations caused by aftershocks of the crisis warrant discussion.

Those overseeing the economy and operating in the real sector must remain proactive and ready to take whatever measures are necessary in a timely manner. We are optimistic that we can overcome emerging difficulties, whatever their manifestation, by adhering to our policies. The economic, political and social reforms our government has been addressing must be continued.

Our plans and objectives for the future

In 2011, Koç Holding will continue its vigorous policy of investing in our companies so as to maximize productivity and profitability, while also pursuing an active approach to evaluating new investment opportunities. We will spare no effort to raise our competitiveness through technological improvements in our sectors of operation and to emphasize innovation, environmental awareness, and energy-efficient products. We will endeavor to minimize the impact of regional economic fluctuations by diversifying our export markets.

While striving to further improve our operational and financial performance, we aim to achieve even higher standards in such areas as corporate governance, investor relations and customer satisfaction. We continue our social responsibilities in the fields of education, health and culture under the auspices of the Vehbi Koç Foundation. One of our newest and most important enterprises is the founding of the Koç University Medical Faculty and its affiliated Research and Training Hospital, through which we aim to provide Turkey with much needed doctors with competencies of international standards.

85 years of operations

As we enter our 85th year of operations, I offer my sincere appreciation to our shareholders for their untiring support, and to our customers, dealers, suppliers, industry and business partners, unions, managers and employees for their loyalty, and I wish them the best in the year to come.

Rahmi M. Koç
Honorary Chairman

We endeavor to maximize Koç Group synergies and demonstrate solidarity at the highest level.

CHAIRMAN'S STATEMENT

As Koç Holding we were able to emerge from the 2008-2009 crisis as a stronger entity because of our focused strategy, preventative measures, innovation and creativity. In 2010, we achieved a significant 20% growth, with consolidated revenues reaching TL54 billion and net profit of TL1.8 billion.

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

In 2010 we emerged from the aftermath of an unprecedented global crisis and entered into a new period of economic activity. At the beginning of the year, anxiety regarding the speed and depth of the recovery continued to prevail. However, it soon became apparent that the measures taken had prevented the widely feared contraction in global commerce, production, and capital movements. Nevertheless, there is still a need for serious measures to make the present system more resistant to the factors that precipitated the crisis.

Remarkable growth in the Turkish economy

The Turkish economy has maintained its positive outlook despite global developments, in particular the difficulties experienced in the European Union. Turkey achieved remarkable growth of nearly 8% in 2010, emerging from the crisis at an acclaimed pace that gained international recognition. Without a doubt, focus on stronger balance sheets in both banks and the real sector and increasing productivity and flexibility played a crucial role in this success. The Turkish economy recovered quickly at the beginning of the year as the global economy began to show signs of emerging from the crisis. The stock market mirrored this success: The Istanbul Stock Exchange main index increased by nearly 25%, ranking among the world's top-earning exchanges in 2010.

This economic energy is pushing Turkey into a new period of high growth momentum. Indicators point to a continued growth trend, particularly in the first half of 2011. While 2010 was marked by low inflation and high growth, developing countries may well witness higher inflation and decelerating growth in 2011. Still, we believe that even if the pace of Turkey's economic growth slows down relatively, it will be able to maintain a level of growth above the global average.

Finding ways to minimize the impact of adverse developments in global markets on the Turkish economy will be of critical importance in the upcoming period. Turkey must open the way to rapid, sound and sustainable growth in the intermediate and long-term by emphasizing advanced technology and high value-added sectors, giving priority to R&D and innovation and increasing market diversity.

As Turkey's largest private sector company, Koç Holding has vital responsibilities in attaining these goals.

Koç Group in 2010

As Koç Holding we were able to emerge from the 2008-2009 crisis as a stronger entity because of our focused strategy, preventative measures, innovation and creativity. In 2010, we achieved a significant 20% growth, with consolidated revenues reaching TL54 billion and net profit of TL1.8 billion. We created 5,000 new jobs through new investments and increases in capacity utilization, increasing the number of employees to 73,000 people, while we maintained our successful financial and operational performance. We invested TL2 billion in 2010, reaching a total of TL11 billion in five years, excluding acquisitions.

Our 2011 targets

In 2011, our aim is to strengthen our global standing and enhance our success. Accordingly, if the right conditions are achieved, we will seek to enter new areas through partnerships and investment opportunities in the domestic and international markets. We formed a new partnership in the energy sector in 2010 with the ambitious goal of replicating the leadership we enjoy in petroleum and LPG products in electricity. We will closely monitor energy generation opportunities, especially privatizations, in 2011 in order to reach these goals. We will continue to work on new projects to boost our production and exports in automotive. We will accelerate our international acquisition efforts in consumer durables. We will also endeavor to sustain our strong growth in banking.

In order to secure sustainable increases in competitiveness, we place great importance on R&D investments and are fully committed to preserving natural resources in all our processes. In 2010, our companies invested TL74 million to reduce the environmental impact. A significant portion of our TL450 million R&D expenditure was spent on research to make our products more efficient and environment friendly. Last year, our companies increased their energy efficiency by nearly 5%. By recycling waste water, we achieved water savings of close to 14 million m^3, a figure equivalent to one years' water consumption of 100,000 people at European standards.

Koç Group as a good corporate citizen

Koç Holding continues to be an exemplary corporate citizen. Our nationwide Vocational Education project - initiated in collaboration with the Ministry of Education and with the support of the Vehbi Koç Foundation - has reached 8,000 students in 264 schools and 81 provinces across Turkey in five years. We are rightly proud that our first scholars are graduating and the employment component of the project has begun. "For My Country" project focused on health in 2010. In a joint campaign with the Turkish Red Crescent, we raised awareness on the importance of donating blood and spread voluntary blood donation in Turkey. Through the synergy of our 46 companies and 128 dealers countrywide, we obtained 33,000 units of donated blood-which was the highest amount on record donated to the Turkish Red Crescent by a corporation. Our expression of social responsibility is based on a concept enshrined by our founder, the late Vehbi Koç, "If my country exists, I exist". With this motto as our guiding light, we will continue to support our commercial achievements with comprehensive projects that address social problems.

Being one...

The theme we have chosen for our annual report this year is "Being one".

We understand "Being One" in two ways: being "Number One" in the sectors and businesses in which we operate, and as "Acting as one in Unity'-in other words, taking the Group's internal synergy to the highest level.

In the year ahead, we expect that we will need the favorable impact of these two concepts as global economic conditions deepen competition. To prevail, we must not only sustain but consolidate our position and demonstrate the highest level of mutual solidarity.

I express my heartfelt thanks to our shareholders, customers, dealers, suppliers, industry and business partners, labor unions, managers and employees for their unwavering support on our way to success.

Mustafa V. Koç
Chairman

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. He was the President of the International Chamber of Commerce between 1995-1996. 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, Honorary Member of the Foreign Policy Association, Honorary Member of the NY Metropolitan Museum Board of Trustees and Member of Allianz AG International Advisory Board.

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, Board of Trustees of Turkish Volunteers for Education Foundation, Advisory Board of Kuwait International Bank, Rolls-Royce Advisory Board and JP Morgan International Council. He also serves as the Honorary Consul General of Finland for İstanbul.

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 was appointed 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, Chairman of the Board of Directors of Suna - İnan Kıraç Foundation, Member of the Board of Trustees of Koç University, Turkish Educational Foundation, Turkish Family Health and Planning Foundation and Robert College. She is also 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

He graduated from Rice University in Business Administration and completed his MBA degree at 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 was the President of Corporate Communications and Information Technology Group between 2006-2010. He was appointed as a Member of Koç Holding Board of Directors on 30 January 2008.

Osman Turgay Durak
Member - 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 2007-2009. Durak was appointed Koç Holding's Deputy CEO in May 2009 and became CEO and Board Member in April 2010. He was the Chairman of the Board of Directors of Automotive Manufacturers' Association between 2004 - 2010.

Prof. Dr. John H. McArthur
Member

He graduated from the University of British Columbia and received his MBA and doctorate from the Harvard Business School. He became a professor at the Harvard Business School in 1962 and served as Dean between 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.

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 Group in 1990 and worked at Gazal A.Ş. He held various senior positions at Koç Holding including Finance Coordinator, Vice President and President of Energy Group. 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 and Geyre Foundation and Chairman of Yapı Kredi Kültür Sanat Yayıncılık Board of Directors and 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, Chairman of Semahat Arsel Nursing Education and Research Center and Second Chairman of Florance Nightingale Foundation. She is also the Founder of Koç University School of Nursing.

Dr. Bülent Bulgurlu
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 was Koç Holding CEO between May 2007 - April 2010. He is a Member of Koç Holding Board of Directors since 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.

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.

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.

Mansur Özgün
Alternate Auditor

He graduated from Ankara Faculty of Economic and Commercial Sciences Business Administration and Finance department. He started working at General Directorate for Foundations in 1958. He worked as a tax auditor at the Ministry of Finance between 1963 - 1971. He joined Koç Holding in 1971 as assistant manager in the Finance department. He worked as Assistant General Manager at Ormak A.Ş., a subsidiary of Koç Holding, between 1974 - 1983 and as Finance Coordinator at Koç Holding between 1984 - 1999. He retired from Koç Holding in December 1999 and worked as a certified public accountant between 2000 - 2004. He was appointed alternate Auditor of Koç Holding Board of Directors in April 2010.

We are one with all of our stakeholders by acting with a team spirit.

CEO'S LETTER

As Koç Group, our top priority is to achieve and maintain continuous leadership in all of our businesses and in each sector where we operate, while maximizing intra-group synergies. These two priorities guide us and demonstrate the power inherent to our organization.

Dear Shareholders,

We have left behind a year that was scene to important developments for the world and for Turkey. The global crisis forced many countries to take new economic measures and to review the structural components of their economies, while Turkey's bright performance distinguished it among other countries. Koç Group, continued its successful financial and operational performance against this backdrop of strong growth.

Timely measures and correct strategies played a key role in Koç Group's success

Undoubtedly, the timely steps we have taken and the strategies we implemented in the previous years played a significant role in our achievements. The focused strategy that we initiated well before the financial crisis hit the markets in 2008 and our portfolio restructuring, which we completed when the asset prices were at their peak, enabled us to confront the crisis with a strong net cash position. We concentrated on increasing efficiency and applying stringent cost management throughout the crisis. While diversifying our export markets to minimize the impact of the contraction, we continued our investments to increase our competitive edge. As a result, we were able to weather even the darkest days of the crisis and responded with dynamism as the markets began to expand early in 2010.

Koç Holding's market capitalization reached $12 billion

Koç Holding posted consolidated revenues of TL54 billion in 2010, representing an increase of 20%, while our profit before tax reached TL4 billion, increasing by 23%. Our consolidated international sales rose by 26% to $8.3 billion. We continued to create shareholder value through our publicly traded companies. With a market capitalization of $12 billion as of 2010-end, Koç Holding became the holding company with the highest market capitalization at the Istanbul Stock Exchange. Foreign ownership of Koç Holding's free float reached 78%, the highest in our history.

Koç Group synergies are an important part of our success

We owe this success to our employees, who aim to be the best in everything they do, our companies that endeavor to achieve excellence in their fields, and the collaboration of our staff, suppliers and dealers in the face of intense competition. As Koç Group, our top priority is to achieve and maintain continuous leadership in all of our businesses and in each sector where we operate, while maximizing intra-group synergies. These two priorities guide us and demonstrate the power inherent to our organization. Therefore, we chose "Being One" as our theme this year. Being one means being one with all of our stakeholders, maximizing synergies by acting with a team spirit, and coming first in our sectors, our products and our services. Leadership in our operations has been an indisputable fact of Koç Group for many years and in 2010 our companies continued to further reinforce their positions.

Koç Group is the unrivaled leader in petroleum and LPG products

We have an unrivaled superiority in petroleum and LPG products in the energy sector, which, given its enormous growth potential, is one of the world's most strategic sectors. Tüpraş, the seventh largest refinery in Europe, continued to outperform its international peers due to its operational flexibility, driven by its powerful infrastructure and strong financial standing. Tüpraş meets about 65% of Turkey's fuel demand and is working on the Residuum Upgrading Project, which is expected to be completed in 2014 with an estimated $2 billion investment, to create added value. Aygaz Group continued to lead its market with around 30% market share. Opet, which owns Turkey's biggest storage capacity in the fuel distribution sector, raised its market share to 17% and remained the sector leader in customer satisfaction for the fifth consecutive year.

Our target in electricity generation is market leadership

We took an important step in electricity generation in 2010 by signing a partnership agreement with the American company AES to operate jointly in this field. Our target is to become one of this market's leading players by raising our installed generation capacity from 300MW to 3000MW through acquisitions and greenfield investments.

We are leading the automotive sector with our companies

Our automotive companies were once again the driving force of the sector, accounting for 52% of total automotive production and 50% of Turkish automotive exports. Ford Otosan, market leader for the ninth consecutive year with a market share of 15.6%, announced a $630 million investment plan for the New Transit series. Tofaş, second in the light vehicle market with a 14.6% share, launched the New Fiat Doblo, for which it owns the full intellectual property rights. With the new agreements signed with Opel and Vauxhall, Tofaş is now producing its models for five different global brands. We are expecting an additional production of 40,000 units per annum within the scope of this agreement. Türk Traktör increased its sales in a rapidly growing market by 188%, thereby taking a 52% share and continuing its clear leadership. Otokar, the prime contractor of Turkey's first national tank project, has completed the first phase of the project that will last 6.5 years.

Arçelik: A global player

Arçelik is the indisputable leader of the Turkish consumer durables sector and was once again one of the best performing companies in its global peer group in 2010. The Company continued to grow, particularly in developing countries and raised its market share in many regions. Arçelik increased its UK market share to 16.4%, reinforcing its second market position, while continuing to lead the market in Romania with 34% market share. Arçelik has created many innovative products through its R&D emphasis and it launched the world's least water and energy consuming products in 2010. Beko was once again among the world's top ten best-selling consumer durables brands. Arçelik-LG celebrated its tenth year with a 51% market share, which it achieved through its innovation, strong technological infrastructure and extensive distribution and service network.

Yapı Kredi recorded the highest return on average equity in the sector

As a result of its strategy focused on growth, customer satisfaction, commercial effectiveness and profitability, Yapı Kredi increased its net income by 45%, despite the low interest rate environment, recording the highest increase among the four big private banks. Yapı Kredi outperformed the sector, achieving a 40% growth in loans and a 27% increase in deposits, without compromising its commitment to profitability and recording the highest growth among its peers. Yapı Kredi's return on average equity increased by 400 basis points to 27%, the highest level among private banks.

Koç Group leads the way in innovation and technology in its businesses and continues to focus on delivering innovative, environment friendly and energy-efficient products and services.

In 2010, Koç Group's R&D investments totaled TL450 million, more than any other group in Turkey. In an EU study on R&D investment, based on 2009 results, our consolidated €118 million R&D investment put us in 355th position among non-EU countries.

Koç Group is Turkey's patent leader with over 200 applications filed annually

Koç Group makes a significant contribution to industrial and technological development by applying for over 200 patents each year. In 2010, our companies' patent applications exceeded 250, constituting 8% of all the applications made by local companies and individuals.

Being one with our country and society

Fundamental to our success is the confidence we derive from being one big family with our country, customers, dealers, suppliers, stakeholders and shareholders. This is an attribute that gives us strength in a highly competitive setting.

This characteristic gives us, as one of Turkey's leading companies in social responsibility, the ability to positively change habits and values through our work. Leveraging this capacity and the impetus it creates for social change, we make significant contributions to solving problems in the country. We will continue to work in unity and develop synergies in support of social development with projects such as the "Vocational Education: A Crucial Matter for the Nation" project, which was selected as Turkey's best employee volunteer project and will represent Turkey at the Europe 2010 Awards, and "For my Country" project.

As we enter our 85th year, I have full confidence that, with our values, we will transform new developments around the world into opportunities, continue to be a driving force of the Turkish economy and strengthen our position among the companies that will shape the future of the world. The potential and knowledge our long history has created will continue to provide the strength and self-confidence we need.

Osman Turgay Durak
CEO & Member of the Board of Directors

EXECUTIVE MANAGEMENT*

Osman Turgay Durak (1)
CEO
Board Member

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 2007-2009. Durak was appointed Koç Holding's Deputy CEO in May 2009 and became CEO and Board Member in April 2010. He was the Chairman of the Board of Directors of Automotive Manufacturers' Association between 2004 - 2010.

Tayfun Bayazıt (2)
President, Banking and Insurance Group

He graduated from Southern Illinois University (USA) in Mechanical Engineering followed by Finance and International Business at Columbia University (USA). He began his career at Citibank in 1983 and was the CEO of Interbank, Banque de Commerce et de Placements S.A. (Switzerland) and Dışbank/Fortis between 1995-2007. 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, and Chairman of the Board of Directors of Yapı Kredi Bank, Koç Financial Services and its subsidiaries since April 2009.

Cenk Çimen (3)
President, Automotive Group

He graduated from Istanbul Technical University in 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.

Tamer Haşimoğlu (4)
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.

Kudret Önen (5)
President, Defense Industry, Other Automotive and IT 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 was the President of Defense Industry and Other Automotive Group at Koç Holding between 2006-2010. He has been serving as the President of Defense Industry, Other Automotive and IT Group at Koç Holding since 2010.

(*) As of the Ordinary General Assembly meeting on 7 April 2011, Ömer Bozer, President of Tourism, Food and Retailing Group will retire, Tamer Haşimoğlu, President of Strategic Planning will become the President of Tourism, Food and Retailing Group and Strategic Planning Group will report to Ahmet Ashaboğlu, CFO.

Erol Memioğlu (6)
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.

Levent Çakıroğlu (7)
President, Consumer Durables Group

He graduated from Ankara University School of Political Science in Business Administration and completed his MBA at the University of Illinois. He began his career at the Ministry of Finance as junior accountant in 1988. Between 1997-1998, he worked as part-time lecturer at Bilkent University and as Vice President of Financial Crimes Investigation Board at Ministry of Finance. He joined Koç Holding in 1998 as Finance Group Coordinator. He was the CEO of Koçtaş between 2002 - 2007 and Migros between 2007 - 2008. After becoming the CEO of Arçelik in 2008, he was also appointed as the President of Consumer Durables Group at Koç Holding in April 2010.

Ahmet Ashaboğlu (8)
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.

Ömer Bozer (9)
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.

Ali Tarık Uzun (10)
President, Audit Group

He graduated from Ankara University in Faculty of Political Science with a B.A. in Economics and earned his 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 Audit and Finance Group. He served as Coordinator between 1969-2003 and has been serving as the President of Audit Group at Koç Holding since 2004.

We are a strong team and a big family of 73,000 people.

HUMAN RESOURCES

Koç Group aims to be an organization employing the most successful professionals who create added value that results in sustainable growth. Our goal is to be the most preferred employer, and an ideal organization each employee is proud of which to be a part.

As of the end of 2010, Koç Group employed 73,063* people, of which 68,379 work in Turkey and 4,684 abroad. Koç Group aims to be an organization employing the most successful professionals who create added value that results in sustainable growth. Our goal is to be the most preferred employer, and an ideal organization that each employee is proud of which to be a part. 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 are used to implement the Company's human resources policies via a single interface. This platform, where employee data is managed, provides transparency on the policies and applications 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 through competency assessments.

Salary Management System

Koç Group's 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.

LiderSensin "You are the leader" Program

Koç Group companies define career paths for employees at all levels based on their competencies. In addition, successful employees with leadership skills are identified and included in a special program as potential senior managers.

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. In total, 3,844 managers participated in these training programs during the last eight years.

* Total number of employees in consolidated subsidiaries.

KoçKariyerim

Koç Group employees have priority when filling vacant positions that are available at the Group companies. KoçKariyerim is a portal that is used to announce all available positions within the Group and enables our employees to actively participate in shaping their career paths.

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 his/her own progress.

Work Environment Evaluation Survey

The Work Environment Assessment Survey is conducted every year to measure the loyalty, satisfaction and enthusiasm of our employees. Group companies are given goals on employee satisfaction and the results are closely monitored.

KoçAilem

KoçAilem program provides various advantages, similar to a loyalty program, in using the products and services of Koç Group and external companies, participating to the program. 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. KoçAilem has 83,000 members.

Industrial Relations

The Industrial Relations Department deals with seven different trade unions on behalf of Koç Group in seven different industry branches, coordinating collective labor agreements and organizing periodic meetings to establish and protect labor peace during the negotiations. Industrial Relations is responsible from establishing and developing a sustainable, proper and constructive social dialogue with the labor unions within the context of Turkish regulations, EU regulations and the UN Global Compact.

Occupational Health and Safety (OHS) Board

Koç Group Occupational Health and Safety Board aims to ensure a healthy and safe work environment for Koç Group employees and to improve the safety levels of companies and procedures. The Board's objective is to achieve widespread implementation and reach a common standard for OHS practices throughout Koç Group. The total amount of training given at the Koç Group companies on occupational health and safety in 2010 was 214,705 man-hours.

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 employment and retirement periods.

Our most important asset is our people.

Furkan Aşkın
Koç Holding
Performance&Compensation
Management Specialist

Berrak Koca
Koç Holding
Recruitment Specialist

Tolga Hasanbeşoğlu
KoçAilem
System Manager

Burcu Ertekin Ülker
Koç Pension Fund
Accounting Officer

Koç Group spends more than any other corporation in Turkey on R&D.

RESEARCH & DEVELOPMENT

Koç Holding is the world's 506th company by R&D investment according to the EU Industrial R&D Investment Scoreboard 2010 with consolidated R&D investments of €118 million made in 2009.

Koç Group aims to enhance its core competencies by leading technology and innovation in its business lines and focuses on developing innovative, environment-friendly, energy-efficient products and services.

Koç Group increased its R&D investments from TL70 million in 2002 to over TL500 million in 2008 and continued to make the highest R&D investments in Turkey compared to any other corporation with over TL450 million spent in 2009 and 2010. Koç Group's share in private sector R&D investments in Turkey is 12-15% each year.

Koç Group continued to make the highest R&D investments in Turkey compared to any other corporation with over TL450 million spent in 2009 and 2010.

Koç Holding is the world's 506th company by R&D investment according to the EU Industrial R&D Investment Scoreboard 2010 with consolidated R&D investments of €118 million made in 2009. The ratio of annual R&D spending to net revenues of all companies that carry out R&D activities at Koç Group is 1.5%, placing the Group at par with global standards.

Koç Holding fortifies its strengths with its R&D culture and the Company has 13 R&D centers certified by the Ministry of Industry and Commerce. Koç Technology Board was established in 2005 with the objective to transfer know-how on technology management, spread the use of best practices within the Group and to develop joint R&D projects among Group companies in order to expand their R&D and technology management capabilities. 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

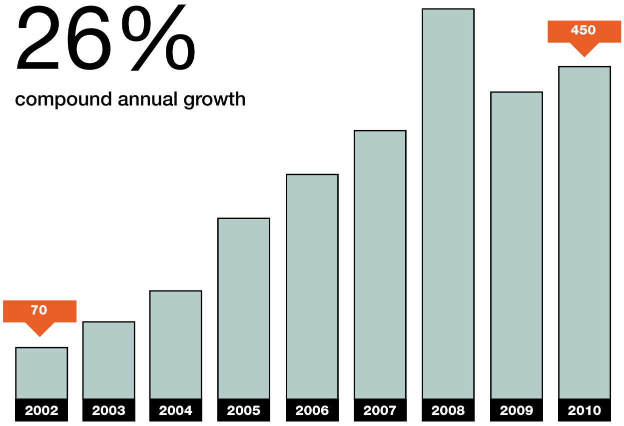
Ford Otosan is the first company to initiate R&D activities in Turkey. Today, the Company owns the technological capability to assume the end-to-end product development of a vehicle and exports the models that it develops to 70 countries in 5 continents.

Tofaş R&D center is Fiat's 2nd largest in Europe and 3rd largest in the world. The Company fully owns 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 4-6%, Tofaş has exceeded global standards in terms of R&D investments.

Koç Group Total R&D Expenditures
(TL million)

26%

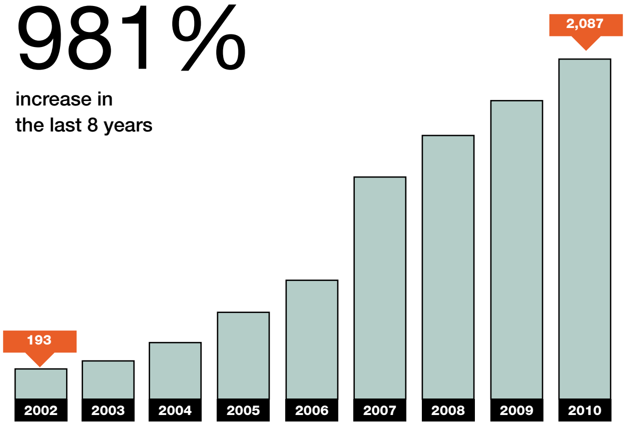
compound annual growth



Koç Group Companies' Patent Portfolio
(Cumulative)

981%

increase in the last 8 years



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 140 filings every year. Arçelik is the first and only Turkish company to be listed among the World Intellectual Property Organization's 2008 list of top 500 companies with the highest patent applications. The Turkish Patent Institute awarded Arçelik in 2010 for the **highest number of patent application filings**, **highest number of patent registrations,** and **highest number of international patent applications** made in 2009. Ford Otosan was also awarded and ranked **3rd in the number of patent application filings** and **number of patent registrations**.

In 2010, Koç Group submitted over **250** patent applications, where Arçelik took the lead with **142** applications, followed by Ford Otosan with **50**, Tofaş with **20** and Türk Traktör with **18** applications. Consequently, Koç Group submitted 8% of the total number of patent applications received by the Turkish Patent Institute in 2010.

With over 250 filings, Koç Group submitted 8% of the total number of patent applications received by the Turkish Patent Institute in 2010.

We create value by managing our risks astutely.

RISK MANAGEMENT

Koç Group uses risk management and capital allocation processes that improve transparency and encourage a more systematic risk approach when taking investment and business decisions at all levels.

As we leave the crisis behind, a proactive and disciplined approach to risk is still critical. Therefore, we are still vigilant towards risks and we maintain a strong asset quality and capital structure. However, we also need to selectively accept risks where they drive growth and create value on a risk-adjusted basis. Therefore, we continue to tighten our risk controls and processes, while maintaining flexibility for business leaders to capture opportunities in their respective markets.

The only way to ensure that we are creating sustainable shareholder value is to maintain awareness of the risks that we take to generate profits. Koç Group has historically followed a conservative approach in this regard. We are now building on this heritage by developing even stronger risk management and capital allocation processes that improve transparency and encourage us to consider risks more systematically as an integral part of investment and business decisions at all levels.

At Koç Group, risks are managed with the oversight of the Board of Directors, under the leadership of Finance Group, in coordination with all Group Presidents. The Group emphasized its commitment to risk management by appointing a Risk Coordinator reporting to the CFO and establishing an Enterprise Risk Management Function to further develop the Group's risk policies, limits and review mechanisms. Our risk function leverages the risk infrastructures in each of our businesses, which have adopted an approach that is aligned with the Group's overall risk policies and limits. Our risk infrastructure is designed to identify, evaluate and mitigate risks within each of the following categories:

Financial

Financial risks relate to our ability to meet financial obligations and mitigate effects of market volatility, in five categories:

> The only way to ensure that we are creating sustainable shareholder value is to maintain awareness of the risks that we are taking to generate our profits. We remain vigilant towards risks and maintain high asset quality and a strong capital structure.

Exchange rate: Koç Group protects itself from exchange rate volatility through keeping exposures under limits approved by the Board of Directors. Derivative transactions are used when required by this strategy.

Liquidity: Our policy is to continue to diversify our funding sources and maintain a sufficient level of cash and cash equivalent assets. We also balance our cash and cash equivalent assets with the short term liabilities to meet any sudden cash need.

Credit: We manage this risk with credit assessments, setting limits for each counterparty and obtaining the highest possible guarantee. We leverage the Group's credit intelligence across different markets using an internally developed program called E-risk, which tracks trade receivables risk on a daily basis.

Interest rate: 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.

Commodity price: We take commodity exposures where they are part of our core business and avoid or reduce exposure where possible through a variety of hedging mechanisms.

Strategic

Strategic risks relate to the demand for our products and services, market regulations as well as factors that drive market share such as competition, technological changes, consumer trends and product innovation. These risks are managed by each company and monitored by the Group through budget, strategic plan and business result review processes. In addition, macroeconomic and sector specific developments are monitored centrally by the president of each group. Koç Group's strong presence and diversified business lines in the national economy enable us to recognize market changes early and coordinate responses rapidly.

Operational

Operational risks include incidents that affect our operations such as earthquakes, fires and environmental accidents, as well as the integrity of our internal systems and processes. Insurable risks are frequently re-assessed and transferred out of the Group based on a cost-benefit analysis. Since its foundation, Koç Group placed great emphasis on internal control. In this regard, the Audit Group Presidency operates under the Chairman of the Board of Directors in accordance with the principle of separating administration and audit tasks. Audit Group Presidency performs audits of financial and operational processes and for potential risks and frauds at Koç Group companies.

Legal

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

Risks identified through our risk management processes are prioritized depending on the probability and severity of the risk. We ensure that the most important risks have responsible business leaders at company and/or Group level. We have general response strategies for managing risks, which categorize risks according to whether the company will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable Board of Directors tolerance levels.

Erol Değim
Koç Holding
Risk Coordinator

Esra Karakaşlı
Koç Holding
MIS Manager

Gökhan Dizemen
Koç Holding
Finance Coordinator

Eda Seyhan
Koç Holding
EU&Competition
Specialist

United, we shape Turkey's energy future.

Özge Uyar
Tüpraş İzmir Refinery
Human Resources Manager

Ergün Top
Aygaz
Dealer

Turkey's sole refining company, providing 65% of domestic fuel demand

7th largest refinery in Europe

3rd in fuel distribution in Turkey with 17% market share

Leader in LPG distribution in Turkey with 29% market share

5th largest LPG distributor in Europe

Özay İpek
Opet
Station Attendant

Havva Karakuş Çakın
Entek
Finance Specialist

A year with rising energy demand in line with economic growth

ENERGY

2010 was a year when energy demand picked up with the global economic recovery. World demand for crude oil increased by 2.8 million barrels/day to reach 87.8 million barrels/day, and demand pushed refinery capacity utilization rates close to pre-crisis levels.

Developments in the energy sector in 2010

Energy demand picked up in 2010 with the global economic recovery. World demand for crude oil increased by 2.8 million barrels/day to reach 87.8 million barrels/day, and demand pushed refinery capacity utilization rates close to pre-crisis levels. In addition to rising demand, OPEC cutbacks in crude oil production imposed since September 2008 continued, despite the temporary seasonal loosening. Reduction in floating stocks and higher demand from developing countries contributed to the rise in petroleum prices in 2010. In the first half of the year, the European debt problem weakened the Euro, thus making the US dollar, which is the currency used for all commodity transactions, more expensive. However European banking sector stress tests carried out during the summer restored a degree of trust and brought relief with respect to the financial system. Moreover, the US's monetary expansion policies had a positive impact on the continent's growth indicators and global energy demand in the last quarter of the year. Unfavorable developments remained limited to weak European countries with debt problems. Relatively strong growth in Asia and developing countries elsewhere were major factors shaping global energy demand. The price of crude oil reached $79.5 per barrel in 2010 with an increase of 18%.

In 2010, rising fuel oil production resulting from the global increase in refinery capacity utilization rates and expanding stocks of natural gas, an alternative to fuel oil, balanced 2009's upward trend in fuel oil prices. This led to an increase in the price differential of light and heavy crude oil.

In 2010, the world GDP rose by approximately 5% and despite continuing regional instability in product demand and high inventories, Mediterranean refinery margin rose by 49% to $2.89. This was largely due to the combined impact of growth driven demand increase for naphtha and middle distillate (diesel and jet fuel) and the positive impact of increasing heavy crude oil price on the margin. While the high middle distillate inventories continuing from 2009 occasionally suppressed margins, growth and increasing industrial production had a positive impact on naphtha and middle distillate demand. Rising demand balanced the pressure resulting from the increase in capacity due to the entry of new refineries. The marketing and production flexibility of refinery companies was an important factor to maintain profitability in 2010 in the face of increasing competition.

Fuel sector developments

While Turkey's GDP grew by 8% in 2010, according to Turkish Petroleum Industry Association data, total fuel consumption (black and white products) dropped by 4% to 17 million tons. Total white product (gasoline and diesel) consumption rose by 1% to 19 million tons. The contraction in black products (fuel oil and heating oil) reached 44%, dropping to 1.1 million tons. Total consumption of automotive fuels (gasoline, diesel and autogas) rose to 18.4 million tons, an increase of 2%.

One of the most significant developments in 2010 was the renewal of more than half of the fuel dealership agreements as the exemption on the Turkish Competition Authority's decision to impose a five-year term on usufruct agreements and leases of fuel and LPG stations expired on 18 September 2010.

LPG sector developments

Use of LPG in homes and industry was limited by the increasing use of natural gas worldwide, but autogas use continued to expand in 2010. Excluding use in the petrochemical sector, total LPG consumption in Turkey, which is Europe's 2nd largest LPG market, grew by 2.1% to 3.7 million tons. The consumption of cylinder gas and bulk gas declined by 8% and 13%, respectively, while the autogas market grew by 8% to 2.5 million tons. The consumption of autogas surpassed the gasoline consumption by 400,000 tons.

Due to the Turkish Competition Authority's decision to impose a five-year limit on usufruct agreements and leases of fuel and LPG stations, LPG retailers also went through a contract renewal process in 2010, similar to the fuel sector.

While Turkey's GDP grew by 8% in 2010, according to Turkish Petroleum Industry Association data, total fuel consumption (black and white products) dropped by 4% to 17 million tons.

Electricity sector developments

New power plants with a total capacity of approximately 3,900 MW - comprised of 2,400 MW thermal plants and 1,500 MW hydroelectric and other renewable resources, such as wind became operational in Turkey in 2010. This increase represents about 9% of the total installed capacity in the country. Meanwhile, electric energy consumption in Turkey increased by 7.9% as the effects of the global crisis subsided. In 2010, the Energy Market Regulatory Authority of Turkey issued new generation licenses totaling 3,500 MW, 2,300 MW of which was for thermal plants.

The influx of new sources outpaced demand while the rainfall throughout the year led to an increase in production from hydroelectric power plants. The supply and demand balance tilted in favor of supply. This led to a drop in prices in the system repository, where independent producers and wholesalers began selling to the independent consumer via bilateral agreements.

Electricity Market Balancing and Settlement Code was updated and the Day-Ahead Planning and Stabilization Power Market were put into effect. Through this new system, the balance between supply and demand is maintained through hourly production and consumption data provided the day before and proposed prices which are also stipulated on a per hour basis.

With the completion of electricity generation privatization tenders, the consumption procured by private distribution companies reached 50%.

The law pertaining to the amendments to the Law on Utilization of Renewable Energy Sources for the Purpose of Generating Electrical Energy was enacted. With this change, incentives have been introduced for renewable energy sources and additional incentive prices, varying according to the level of Turkish equipment used in production, have come into effect.

Natural gas sector developments

The Turkish natural gas market grew by 8% in 2010, with domestic natural gas consumption rising to approximately 38 billion m^3. Limited progress was made on the liberalization of the market. The proportion of domestic demand met by the private sector climbed from 11% to 17% in 2010.

Private companies play an active role in importing natural gas, which also contributes to the development of domestic wholesale business. In 2010, roughly 16 wholesale-licensed private companies provided natural gas to users having independent consumer status.

Koç Holding Energy Segment

Koç Group is Turkey's energy sector leader and owns the entire refining capacity of the country via Tüpraş, which meets approximately 65% of total domestic fuel demand. Tüpraş continued its operational flexibility and proactive stock management policy in 2010 and achieved high profitability despite the market volatility. Tüpraş was granted an investment incentive for the Residuum Upgrading Project, which will add significant value to Turkey's refining technology. Tüpraş and Opet own over 70% of the country's total storage capacity for petroleum products and crude oil.

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

Aygaz, which is among the top five LPG companies in Europe, maintained its leadership of the Turkish LPG sector.

Koç Group signed a partnership agreement with AES in 2010 as part of their strategy to become one of the leading players in electricity generation.

We are Turkey's sole and Europe's 7th largest refining company.

TÜPRAŞ

Total Revenues
$**17,413** million

Domestic Market Position
Turkey's sole refining company
61% share in fuel products, excluding industrial products

International Position
Europe's **7th**,
World's **30th** largest refining capacity

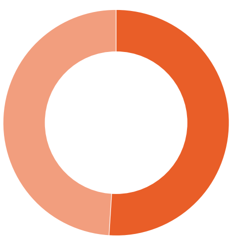
Share of International Revenues
14.8%

EBITDA
$**834** million

Net Refining Margin
$**4.51**/barrel

Shareholder Structure

Enerji Yatırımları A.Ş.	**51.00%**
Free Float	**49.00%**



www.tupras.com.tr

Tüpraş is Turkey's sole refining company, operating four oil refineries in İzmit, İzmir, Kırıkkale and Batman, 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 7th largest refining company in Europe. With its large market share, corporate reliability, production facilities and partnerships with Opet and Ditaş, Tüpraş operates in refining, retailing, petrochemicals and sea transportation of crude oil and petroleum products.

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 2010, the Company sold 47.1% of its products to distribution companies, 21.4% to export markets, 2.1% to the military, 3.7% to LPG customers, 11.2% to direct customers and 12.3% to asphalt customers.

Operational flexibility in addition to optimum production and sales policy drive profitability

Tüpraş retained its operational flexibility and proactive stock management throughout the market volatility in 2010. In order to maximize the utilization of the conversion units which increase the high value added white product yield, Tüpraş used semi-finished products which are more cost efficient operationally.

In the first quarter, the Company achieved 54% capacity utilization rate by keeping stocks low and producing only enough to meet domestic demand in consideration of the slim export margins and the risk posed by maintaining large inventories. The capacity utilization rate climbed to 70.6% in the second quarter of the year, reflecting the higher price differential between heavy and light crude oil, the start of the driving season in May and the increase in middle distillate ratios. A growth in demand in the third and fourth quarters driven by the macroeconomic recovery raised the annual capacity utilization rate to 77%.

As a result, the Company's crude capacity utilization came in at 69.6%, and total capacity utilization rate including the semi-finished products was 77.1%. Total sales for the year increased by 4.1% on domestic sales of 17.2 million tons and exports of 4.8 million tons.

Tüpraş generated the second highest operating profit per barrel from refining and marketing activities during the year among the refineries operating in Europe and the United States.

Approximately 70% of Turkey's storage capacity

Tüpraş owns 40% of Opet, Turkey's third largest fuel distribution company. Tüpraş and Opet control approximately 70% of Turkey's total storage capacity.

80 projects have been completed between 2007 and 2009 at all four Tüpraş refineries to achieve operational excellence, generating $234 million additional EBITDA and further increasing the profitability and operational strength of Tüpraş. Additionally, 15 new projects are underway which aim to further enhance operational excellence by improving refinery energy efficiency, increasing profit margins, ensuring availability, and bringing occupational safety to par with the best in the sector. In 2010, energy efficiency projects generated savings of $61.6 million. Fuel optimization accounted for almost 29% of these savings.

New "cracking" catalyst in the MQD unit

Tüpraş demonstrated its leadership in refinery R&D in 2010 by implementing a new "cracking" catalyst technology, as a first in the world, which raises cold flow in the diesel sulfur removal unit at the MQD (Maximum Quality Distillate) İzmit Refinery. This marks the first time that "cracking" a catalyst has been used in a diesel sulfur removal unit. By raising the boiling point of the unit charge by 95%, more diesel is obtained from the crude oil units. This allows the intermediate products that go into fuel oil to be processed in the diesel sulfur removal unit. The increase obtained in the production of 10 ppm diesel fuel has generated an additional income of approximately $50 million per year.

R&D focus

Tüpraş is committed to sustainable success and to this end cooperates with domestic and foreign universities, research institutions, European Union R&D projects, and other industrial enterprises. The Company continues to contribute to the development and management of research projects on innovative technologies and the dissemination of these new ideas throughout Turkey. In 2010, Tüpraş applied to The Scientific and Technological Research Council of Turkey (TÜBITAK) Technology and Innovation Support Program Directorate for six R&D projects with a budget totaling TL10 million. As these applications were accepted the projects, which focus on sustainability of the Company's success, have began.

Tüpraş decided in 2010 to carry out its R&D activities through a separate unit within the organizational structure of the Company. Tüpraş İzmit R&D Center was established on 2 August 2010 after having received the necessary approvals.

Operating in full accordance with international standards, Tüpraş has received CE certification for its EU-standard fuel products. The Company successfully completed the CE certification for its asphalt products and began using the CE certificate as of the end of 2010.

Residuum Upgrading Project takes an important step forward

Tüpraş has initiated the Residuum Upgrading Project at the İzmit Refinery with the basic engineering stage in 2008 to increase the Company's value-added by converting 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. An agreement was signed with the Spanish company Technicas Reunidas, as the main contractor, on 17 December 2009.

The Residuum Upgrading Project is estimated to cost approximately $2 billion and is estimated to be completed in 2014. Upon completion of the investment, 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 7.8 to 14.5. The Project will optimize the Izmit Refinery, while also increasing capacity utilization by utilizing raw materials at Izmit sourced from the other refineries, and increase product flexibility and maximization at all refineries. With the current assumptions, the project is estimated to generate additional revenues of around $1 billion and EBITDA of $500 million.

Tüpraş obtained an Investment Incentive Certificate valued at TL3.9 billion in 2010 from the Undersecretariat of the Treasury General Directorate of Incentive and Implementation for the Residuum Upgrading Project that will be constructed at the İzmit Refinery. The Project, classified as a "Large-scale Investment', includes VAT and customs exemptions, reduced corporate tax and support for the employer's insurance premium contribution for two years.

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.

Strengthening Corporate Governance

Tüpraş increased its corporate governance rating from 8.34 to 8.56 and is among the pioneer companies of the ISE Corporate Governance Index since 2007.

Safe working environment to international standards

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 2010, 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 1.7 and 57 respectively.

We are Turkey's fastest growing fuel distribution company.

OPET

Total Revenues
$**7,041** million

Domestic Market Position
3rd in white products, with **16.9%** market share
2nd in black products, with **15.5%** market share

Distribution Network
1,224 stations (including Sunpet)

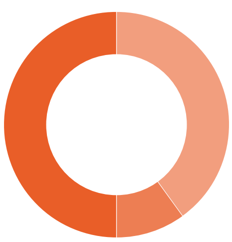
EBITDA
$**248** million

Gross Profit Margin
5.8%

Operating Profit Margin
3.0%

Shareholder Structure

Tüpraş	**40.00%**
Other Koç	**10.00%**
Öztürk Group	**50.00%**



www.opet.com.tr

Continued increase in market shares
Opet was founded in 1992 and became part of Koç Holding in 2002, when the Group acquired a 50% share. Engaging in retail and wholesale activities in the fuel distribution sector, Opet produces and markets lubricants, sells jet-fuel and engages in international trade of petroleum products. Opet has focused on infrastructure investments since its establishment and aims to be the consumer's first choice in Turkey's fuel distribution sector.

The Company continued to raise its market share in 2010, maintaining its third place with a 16.9% share in white products (gasoline and diesel) and second place in black products (fuel oil and heating fuel) with a 15.5% share. Despite limited growth in the white products market, Opet raised its white product sales by 3.2%. In contrast, sales in black products declined by 66.6%, in tandem with the market's overall contraction.

In line with the Competition Authority's decision of 12 March 2009 to set a five-year term on usufruct agreements and leases of stations, the contracts with 538 Opet and 495 Sunpet dealers expired on 18 September 2010. Agreements with 449 Opet and 300 Sunpet dealers were renewed. Opet decided not to renew the contract of a significant number of Sunpet stations that had low sales volumes. In addition, 72 rival stations were transferred to Opet. The number of stations declined from 1,324 at the end of 2009 to 1,224 by the end of 2010. 830 of these stations operate under Opet and 394 under Sunpet brands.

Highest storage capacity in the fuel distribution sector
Opet has a storage capacity of 1.1 million m^3. Together with Tüpraş, Opet owns approximately 70% of Turkey's total storage capacity for petroleum products and crude oil.

Opet continued to sign storage service agreements in 2010 at its Marmara Ereğlisi Terminal with international companies engaged in trade and supply in the petroleum sector. As of the end of 2010, it had leased out 270,000 m^3 to international companies.

Unrivaled leader in customer satisfaction for five consecutive years
Opet has been declared the sector leader in the Turkish Society for Quality's Turkish Customer Satisfaction Index survey in 2010 for the fifth consecutive year. Opet attained its leadership in 2006 and is well positioned to remain a leader in customer satisfaction, given the importance it places on its customers.

Respect for the environment and society
Opet is a company that makes decisions that are compatible with ethical conduct and the heightened sense of responsibility it has towards its stakeholders. Opet has made social responsibility a part of its corporate culture and carried out many successful social responsibility projects since its foundation.

2011 and beyond
Opet has made competitive superiority the basis of its mission and strategy in the new period. It aims to conduct differentiating campaigns and projects, raising service quality and improving the infrastructure of customer relations management. In conclusion, the goal is to increase market share and achieve growth while maintaining customer satisfaction.

We are Turkey's indisputable market leader in LPG for 50 years.

AYGAZ

Total Revenues
$**3,104** million

Domestic Market Position
(including Mogaz)
Leader in the LPG sector since its establishment in 1961

Market shares
39.2% in cylinder LPG
23.2% in autogas
29% in total LPG

Distribution network
(including Mogaz)
3,312 total sales points:
2,086 cylinder LPG dealers
1,226 autogas stations

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

Share of International Revenues
8%

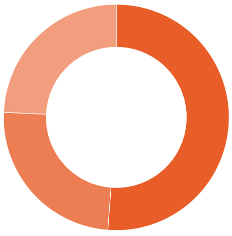
EBITDA
$**204** million

Gross Profit Margin
11%

Operating Profit Margin
5%

Shareholder Structure

Koç Holding	**51.2%**
LPGDC	**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. 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. A flagship company of Koç Holding, Aygaz has 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.

Aygaz signed a partnership agreement in 2010 with AES, one of the world's leading energy companies, to cooperate in electricity generation. This joint venture was formed through the sale of 49.62% share of Entek Elektrik Üretimi A.Ş., a subsidiary of Aygaz, to AES. The goal is to become one of the top five players in the market in electricity generation within the next five years by investing in natural gas, coal, hydro and other renewable resources.

Aygaz is Turkey's 8th largest private-sector industrial company according to Istanbul Chamber of Industry's "Turkey's Top 500 Industrial Enterprises 2009" listing and is Turkey's first and only publicly-traded LPG company. Aygaz is one of the few enterprises in the world where its name has 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.

Strong distribution network and sound product quality
Aygaz provides services in all 81 provinces in Turkey through its 2,086 cylinder gas dealers and 1,226 autogas stations in its endeavor to become the "company closest to the consumer". On account of its extensive distribution network, Aygaz cylinder LPG reaches 100,000 homes everyday and more than 1 million automobiles run each day on Aygaz Euro LPG+, the Aygaz autogas brand.

Aygaz, the front runner not only in the sector as a whole but also in all of its sub-segments since its establishment, maintained a clear lead in 2010 with 29% market share. Reinforcing its leading position in the autogas segment, Aygaz increased its autogas sales by 5% parallel to the growth in the market in 2010. Aygaz extended its dealership network by transferring new dealers throughout the contract renewal period in September.

Aygaz, the front runner not only in the sector as a whole but in all of its sub-segments since its establishment, maintained a clear lead in 2010 with 29% market share.

Despite a general contraction in the cylinder LPG market, Aygaz has raised its market share in this segment. According to data from the Energy Market Regulatory Authority, Aygaz, including Mogaz, had 39.2% share of the cylinder LPG market and 23.2% share of the autogas market in 2010.

Energy Market Regulatory Authority's data put total sales of cylinder LPG, bulk LPG and autogas for the Aygaz Group at 1 million tons. The Company's total sales including domestic sales, wholesale, other companies, exports and transit sales, reached 1.6 million tons. In 2010, Aygaz generated $3.1 billion revenues and $240 million exports and transit sales.

Aygaz and its subsidiaries spent $58 million for investments in 2010.

Superior procurement and logistic strength

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 LPG filling plants via pipeline, ship or tanker trucks. The LPG stored by Aygaz is made available as cylinder LPG, bulk LPG and autogas at the same level of quality everywhere in the country through dealers.

Aygaz has five sea terminals and 16 filling plants, which it operates at international standards. It has Turkey's largest LPG storage capacity with 170,000 m^3 and an annual filling capacity of 1 million tons. The LPG cylinders, tanks, valves and regulators manufactured at the Aygaz Gebze Plant are exported to 16 countries in Europe, the Middle East and Africa.

Aygaz Euro LPG+ an improved formula

Aygaz maintained its drive to dominate the autogas market in 2010 by diversifying its products and services and offering options to meet consumer needs. Continuous investment in R&D brought an improved formula of Aygaz Euro LPG+ , which Aygaz launched in 2009, thereby ensuring its supremacy in the autogas market. The improved Aygaz Euro LPG+ formula has excellent pulling power and gives more miles with less fuel.

In another pioneering step, Aygaz has established the Aygaz Converter's Club, for all official autogas conversion centers having the Turkish Standards Institute's Service Adequacy Certificate, and their customers.

Aygaz Ekspres - a technological difference in service

From the beginning, Aygaz has differentiated itself from its competitors and its cylinder LPG has become the consumers' product of choice. Aygaz aims to be a brand synonymous with service. To this end, it launched the Aygaz Express System, an order system faster than a satellite, with an extensive advertising campaign with the concept "Cylinder LPG in Space".

Aygaz also holds LPG Awareness Training Sessions to raise consumer awareness on the use of LPG and to ensure that it is used in a safe, problem-free and efficient way.

Achievements affirmed by awards

Aygaz became 1st in "Performance Management" at the 2010 Human Resources Management Awards" held by the Turkish Personnel Management Association (PERYÖN).

Aygaz has led in customer satisfaction in the cylinder LPG sector on the Turkish Customer Satisfaction Index, constructed jointly by KalDer and Ka Research since 2005.

Corporate Governance

Aygaz corporate governance rating has been confirmed as 8.46, the seventh highest score in Turkey among the companies that are part of the Istanbul Stock Exchange Corporate Governance Index.

2011 and beyond

Aygaz strives to pioneer energy solutions, especially in the areas of LPG and natural gas, in Turkey and other potential markets. In the short and intermediate-term, Aygaz aims to maintain its leadership by expanding its market share in all its segments of operation and to increase its profitability. In the long term, Aygaz seeks to broaden its energy pool by creating alternative projects to meet Turkey's energy needs.

MOGAZ

Mogaz is Koç Holding's second company, operating with Aygaz, in the LPG sector. Mogaz distributes under the Mogaz and Lipetgaz brands and is the 6th largest in the Turkish LPG market among 65 companies with a total annual sales volume of 209 thousand tons. The Company ranks 4th in cylinder gas, 3rd in bulk gas and 8th in autogas segments.

Mogaz maintained its strong position in the sector in 2010 through the additions of cylinder LPG and autogas dealerships, the recently started direct sales system in Gaziantep and the leadership position it attained in the odorless LPG market. The Company's market share climbed to 5.7%.

In 2011, Mogaz intends to expand its direct sales system, raise its share of the cylinder LPG market by opening new dealerships, maintain its leadership position in the odorless gas segment, and sustain its competitiveness in the autogas segment.

Entek plans to invest in alternative resources, to establish large, powerful and highly efficient generation plants, and to utilize renewable energy sources in the upcoming period. Accordingly, a 50-50% joint venture partnership was formed with AES of the US in 2010.

ENTEK AND ELTEK

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 2010, Entek has a 5% share of Turkey's private sector production, putting it in 6th place among private sector electricity producers.

Eltek, which was founded as a subsidiary of Entek in 2003, has sold approximately 980 million kwh of electricity through bilateral agreements in the market in 2010.

Entek has managed to maintain its commercial advantage by implementing flexible operational processes and achieving optimum capacity utilization rates at its plants. Entek's main strengths vis-à-vis the crisis were its customers directly connected via a transmission line to the Kocaeli plant, steam sales and the employment of flexible operating methods.

Eltek aims to increase its competitiveness by signing purchasing agreements with companies producing energy through alternative sources.

It is expected that the share of the private sector will exceed 30% of the total market in 2011.

In order to maintain its market share, Entek plans to invest in alternative resources, to establish large, powerful and highly efficient generation plants, and to utilize renewable energy sources that pose no input price uncertainty.

In line with this objective Koç Group signed an agreement on 1 December 2010 to establish a joint venture partnership with AES of the US by selling 50% of Entek shares. AES is an international energy company that operates in generation and distribution businesses. A Fortune 500 company, AES is active in five continents and 29 countries with 130 generation and 15 distribution operations. AES provides sustainable energy with a variety of thermic and renewable plants. In line with Koç Group's objective to become one of the leading players in the sector, the generation privatizations, which are expected to start in 2011, as well as other potential alternatives in the market will be closely monitored.

AYGAZ DOĞAL GAZ

Aygaz Doğal Gaz is active in the natural gas market, selling and transporting liquefied natural gas (LNG) and compressed natural gas (CNG). On 1 January 2010, it began supplying natural gas through pipelines to users having the status of independent consumers. The Company is working to develop its domestic wholesale operations through imports. Accordingly, it obtained a 10-year import license (spot LNG) on 20 May 2010 from the Energy Market Regulatory Authority. Aygaz Doğal Gaz increased its volumes by 113% in 2010 and registered TL120 million revenues from the gas segment, representing a 78% increase over 2009.

AKPA

Akpa carries out LPG distribution, wholesale fuel marketing and wholesale consumer durables. The Company has dealers in Bursa, Eskişehir, Antalya, Ankara, İzmir and Denizli and generated TL250 million revenues in 2010.

DEMİR EXPORT

Demir Export is Turkey's second largest private-sector producer of coal for thermal power plants. It extracts iron, chrome and copper ores and is an exporter of copper and chrome. In addition to its operating efficiency-oriented production activities, Demir Export continued its intensive mining operations for coal, base minerals and precious metals in 2010 in order to expand its product range.

Demir Export places great importance on quality, the environment, occupational health and safety in all of its activities and is the first and only coal producer in Turkey to have the ISO-9001 Quality, ISO-14001 Environment, and the OHSAS 18001 Occupational Health and Safety Administration Systems certificates.

In 2010, Demir Export registered an annual increase of 36% in revenues and 74% in profit before tax. The Company is planning to participate in the coal production tenders that are expected to take place in the upcoming years.

We work hard to make Turkey a strong production and distribution hub.

Begüm Ellialtıoğlu
Ford Otosan
Product Development & Design Engineer

Umut Tanış
Tofaş
Assembly Worker

52% of Turkey's total automotive production

50% of Turkey's total automotive exports

Leader in Turkey with:

31% of total automotive sales

20% of passenger car sales

48% of commercial vehicle sales

52% of farm tractor sales

Beril Gönüllü
Otokar
Corporate Communications Manager

Tolga Demirekler
Otokoç
Sales Representative

Ali Şenvarıcı
Türk Traktör
Inspector, Quality

A record-breaking year in sales

AUTOMOTIVE

In 2010, total light vehicle sales in the domestic market increased by 38%, reaching 761,000 units, an all-time high.

Developments in the global automotive sector in 2010

Government incentives in the United States and Europe encouraged higher automotive sales in the first half of 2010. However, sales began to fall in the second half of the year as these incentives expired. Germany was the first country in Europe to end incentives, followed by France and the UK, leading to a major contraction in these large markets, which had enjoyed significant increases in the first half of 2010 compared with that of 2009. Sales plunged in Spain and Germany and stagnated in Italy, while France saw some recovery as the year progressed.

Record sales in the Turkish automotive sector

There was an expectation at the beginning of 2010 that the automotive market would contract for the entire year as the incentives that had been introduced in 2009 ended. Experience showed that it takes four years on average for the domestic market to recover after a crisis period and plans were made according to this scenario. Surprisingly, sales in the Turkish automotive sector in 2010 reached an all-time record, defying expectations. This surge in sales was primarily due to rising consumer confidence, strong Turkish Lira which made imported vehicles more affordable, lower interest rates that supported a higher volume of bank loans, expansion of the car rental sector, strong economic recovery and the renewal period. Taken together, all of these factors contributed to a rapid recovery and domestic sales reached an all-time high level.

Domestic sales of passenger cars and light commercial vehicles in 2010 grew by 38% to 761,000, with passenger car sales rising 38% to reach 510,000 and light commercial vehicle sales increased by 34% to reach 251,000, according to the Automotive Distributors Association.

162% growth in the farm tractor market

The Turkish agricultural sector showed great resilience to the global crisis. Favorable weather, agricultural subsidies, and interest-free credit in the livestock industry had a positive influence on the agricultural sector in 2010. Severe contraction in the sector in 2009 created a low base year which, combined with favorable purchasing conditions, caused the tractor market to skyrocket by 162% in 2010, and reach the highest level since 2006.

Automotive sector ranks first in Turkey's exports

Total vehicle production in Turkey increased by 26% in 2010, rising to 1.1 million units, according to data from the Automotive Manufacturers' Association. Automotive exports were Turkey's leading export in 2010. Exports of vehicles climbed by 20% to 754,000 units while the value of exports made by vehicle and component manufacturers increased by 9% to $16 billion.

Koç Holding remained the undisputed leader of the Turkish automotive sector in 2010, manufacturing a total of 585,000 vehicles. Koç automotive companies accounted for 52% of all domestic automotive production, 50% of automotive exports and 31% of domestic sales.

Koç Holding Automotive Segment

Koç Holding remained the undisputed leader of the Turkish automotive sector in 2010. Koç automotive companies accounted for 52% of all domestic automotive production, 50% of automotive exports and 31% of domestic sales. Total production of the Group's automotive companies was 585,000 units. Koç automotive exports grew by 24% to reach 379,000 units. Koç Group's leadership of the domestic market was nowhere stronger than in the commercial vehicle segment with production of 90%, corresponding to 441,000 units and 92% of Turkey's commercial vehicle exports.

Ford Otosan, leader of the automotive market in 2010 for the 9th consecutive year, announced its investment plan for the New Transit series.

Tofaş achieved its highest sales level ever. The Company also launched the New Fiat Doblo, for which it has the full ownership of intellectual property rights.

Otokar continued to grow despite the unfavorable conditions in its market segments. The Company received new defense industry orders from export markets and continued R&D investments to expand its design capability.

Türk Traktör maintained its leadership in the rapidly growing market with a 52% share. The Company widened its product range and made new investments in order to better meet customer needs.

We continued our leadership in total automotive sales for the 9th consecutive year.

FORD OTOSAN

Total Revenues
$**5,098** million

Domestic Market Position
Market leader in total automotive for the **9th** consecutive year

15.6% total market share

Distribution network
211 dealers and
117 main sales points

International Position
Manufacturer of Ford commercial vehicles, sale of Ford passenger and commercial vehicles in Turkey

Commercial vehicle exports, predominantly to North American and European countries

Share of International Revenues
56%

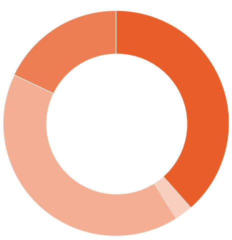
EBITDA
$**523** million

Gross Profit Margin
13%

Operating Profit Margin
8%

Shareholder Structure

Koç Holding	**38.46%**
Other Koç	**2.58%**
Ford Motor Co.	**41.04%**
Free Float	**17.93%**



www.fordotosan.com.tr

Pioneer of the Turkish Automotive Market

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

Today, Ford Otosan manufactures Transit and Transit Connect commercial vehicles at its Kocaeli Plant and Cargo trucks at its İnönü Plant under the Koç Holding and Ford Motor Company partnership. 123,802 vehicle sales gave the Company a 15.6% market share, making Ford Otosan the leader of the Turkish automotive market for the 9th consecutive year, in a period that recorded the highest volume of sales to date. Ford Otosan's Ford brand vehicles are the top sellers in 63 provinces in Turkey. The Company reached its highest sales figure in December 2010 and the largest passenger car market share in its history, climbing to the 2nd place in the market. It maintained its traditional leadership in commercial vehicles and its Transit model achieved a higher share of the market than the combined shares of the next five leading brands. Ford Otosan continued to increase its share in the heavy commercial vehicle market by launching new products in the Cargo truck, tow truck and construction segments. As a result of this successful performance, Turkey surpassed the UK among the European markets and became the country where Ford has the largest market share.

Record increase in exports

Ford Otosan celebrated its 50th anniversary in 2010 during which it manufactured 242,000 vehicles, representing a 40% more than the previous year. Exports rose by 37% to 177,000 units. With export revenues exceeding €2 billion, Ford Otosan became one of Turkey's top three exporting companies in 2010.

New models strengthen the product range

In 2010, Ford Otosan increased its passenger car market share by around 2 pps to 10.8% and become the 2nd best-selling brand in this segment. To meet consumer expectations, Ford expanded its product range throughout 2010, with five significant launches in the passenger car market in the last quarter of the year.

Its commercial vehicle product range was expanded with offerings of special series and options for Transit Connect and Transit models. Ford was the bestselling brand in the medium commercial vehicle segment and the second bestselling brand in the light and heavy commercial vehicle segments in 2010.

Transit Connect receives "Truck of the Year" award

Transit Connect received the North American International Auto Show's prestigious "North American Truck of the Year" award.

Financing alternative with Ford Options

Ford Options, a consumer financing model, was made available to Ford customers in 2010. F-Kasko, a specially designed comprehensive insurance policy, was offered to all Ford vehicle owners.

Investments to enhance competitive advantages

Ford Otosan announced a $630 million investment plan for the production of the new Transit series as a sign of its confidence in the continuous growth.

Ford Otosan invested nearly TL85 million in 2010 on capacity expansion, modernization and product development projects.

Strong dividend play

Ford Otosan has distinguishing itself with its steady profit margins, cash-generation capacity and dividend yields. In 2010, the Company maintained its maximum dividend distribution policy, dispersing TL400 million to its shareholders. As a result, total dividends distributed since 2004 exceeded TL2.6 billion.

Excellence focused R&D

Ford Otosan pioneered R&D in Turkey and continues to maintain a strong R&D culture. It produced Anadol, Turkey's first automobile in 1966, and ERK, Turkey's first domestic diesel engine, in 1982. Today, Ford Otosan exports vehicles it has developed to nearly 70 countries on five continents. The Company has the largest R&D staff in the Turkish automotive sector, with over 800 engineers, and plans on further expansion.

Ford Otosan is one of Ford Motor Co.'s R&D hubs. It conducted the engineering studies for the Transit Connect model, which it began exporting to North America in 2009.

Ford Otosan has two R&D locations in Kocaeli and Gebze and many new technologies are being developed in collaboration with the industry, universities and Scientific and Technological Research Council of Turkey (TÜBITAK) at the Company's Gebze Engineering Facility which is located in a Technopark area. This center offers R&D services to the Ford Motor Company and to many major companies abroad. One of the results of this effort, the Hybrid Commercial Vehicle Project, which was developed in cooperation with TÜBITAK and Istanbul Technical University, ranked 1st in the Product Category at the 8th Technology Awards. The Company also has a number of applications for patents and new models.

Awards

Ford Otosan maintained both its leadership in the Turkish automotive sector and strong business performance in 2010. Its continued success was recognized by awards in the areas of employment, R&D, and Occupational Health and Safety.

Ford Otosan received two awards for Let's Remove Obstacles, a project that improves the working environment and social lives of its disabled employees and develops their skills. The project won the "Valuing a Diverse Workforce Award" as part of the Chairman's Leadership Award for Diversity (CLAD), a Ford Europe initiative encompassing all Ford factories in Europe, now in its 10th year. In addition, the project won an award in the "Leveraging a Diverse Workforce" category at the 2010 Corporate Diversity and Inclusion Summit, competing against 500 Ford companies worldwide.

Ford Otosan is a four-time winner of the Kocaeli Chamber of Industry Şahabettin Bilgisu Award, which is awarded to enterprises for their environment-friendly practices in production, products and services.

The Kocaeli Plant was the first to receive Ford Europe's Ford 2010 Environment Leadership Award for its Mud-drying Purification Facility Project, which reduces waste costs by 87% and puts the reduced waste to good use.

Ford Otosan won İŞKUR Kocaeli's Social Responsibility and Employment Support Award for a project that resulted in the hiring of 179 mostly hearing-impaired people and the training in sign language of a significant number of its employees so as to improve communication.

2011 targets

Ford Otosan's goals for 2011 are to increase capacity utilization and enhance export volume as well as maintaining its leadership in the Turkish automotive sector for the 10th consecutive year by retaining its market share through its strong product portfolio.

Ford Otosan is among Turkey's largest industrial and exporter companies. It has been the sector leader for the past nine years. The Company aims to continue its leadership in the Turkish automotive market and to become Ford Europe's production hub by providing the most appropriate automotive products to customers and meeting their expectations.

In 2011, Ford Otosan will continue its investments within the scope of the $630 million new Transit project. The Company aims to continue its dividend policy in the upcoming period.

Social responsibility

Ford Otosan proudly opened the Vehbi Koç Foundation Ford Otosan Cultural Center in Gölcük, a recreational and cultural center containing an auditorium, sports complex, observation tower and art studio, built on 27,000 m^2 land.

Ford Otosan celebrated its 50th anniversary in 2010 during which it manufactured 242,000 vehicles, representing a 40% more than the previous year. Exports rose by 37% to 177,000 units. With export revenues exceeding €2 billion, Ford Otosan became one of Turkey's top three exporting companies in 2010.

We lead the sector in production volume with 312,000 units.

TOFAŞ

Total Revenues
$**4,272** million

Domestic Market Position
2nd in the light vehicle market (PC & LCV) with **14.6%** share

Leader in the light commercial vehicle segment with **25.8%** share

Distribution Network
110 sales points, **73** of which are main distributors

International Position
Manufacturing and export center of Doblo, MiniCargo and Linea models

One of Fiat's **3** largest R&D centers in the world

Production for **5** global brands including Fiat, Peugeot and Citroen in the Minicargo project and Opel and Vauxhall in the New Doblo project

Share of International Revenues
59%

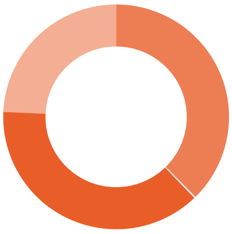
EBITDA
$**436** million

Gross Profit Margin
11%

Operating Profit Margin
6.1%

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

Production for five global brands in the Bursa plant

Established in 1968 by Koç Holding's founder Vehbi Koç, Tofaş is a joint venture between Koç Holding and Fiat S.p.A. Today Tofaş is proud to be one of Fiat Auto's three strategic production centers worldwide. Tofaş has indisputable value and power in the Turkish automotive sector. Its Bursa plant manufactures for five global brands: Fiat, Citroen and Peugeot under its Minicargo project and Opel and Vauxhall as part of the New Fiat Doblo project. Tofaş is a global player and, with its compact sedan model, the Fiat Linea, the only company producing a passenger car that is exported to the entire world from Turkey.

A record-breaking year in sales

Tofaş ranked 1st in the Turkish automotive sector in terms of its production volume of 312,000 vehicles in 2010, representing 29% of total manufacturing of the Turkish automotive sector. Tofaş sold around 110,000 passenger cars and light commercial vehicles in the domestic market, increasing its share of the passenger car segment to 9%. Fiat was the top selling brand in the light commercial vehicle segment, with a 25.8% share. With 14.4% share of the light vehicle market, Tofaş was the second bestselling brand in Turkey in 2010.

Tofaş is the only domestic manufacturer of both passenger cars and light commercial vehicles and can respond immediately to sudden increases in demand due to its highly flexible production capacity. These two attributes are the main reasons behind Tofaş's successful performance.

Tofaş sales reached record high levels in 2010. Turkey became Fiat's 3rd highest selling market in the world after Brazil and Italy and 2nd highest in Europe, putting Turkey ahead of such countries as France, the UK and Germany.

In 2010, Tofaş exported 194,000 vehicles, which constituted 25.6% of Turkey's automotive exports and put Tofaş second in Turkey's automotive exports. Total export revenues were $2.3 billion.

Over 50% increase in profitability

The domestic automotive market outperformed all expectations in 2010, positively impacting Tofaş's financials. The Company's revenues grew by 29% to $4,272 million compared to 2009 and export revenues reached $2.3 billion, paralleling developments in European markets.

Growth in revenues and effective cost management led to a 55% increase in operating profit, which reached $259 million. Operating profit margin was 6.1%. Increase in operating profit and financial income positively impacted the pre-tax profit, which rose by 50% and reached $261 million.

> Tofaş is the only domestic manufacturer of both passenger cars and light commercial vehicles and can respond immediately to sudden increases in demand due to its highly flexible production capacity. These two attributes are the main reasons behind Tofaş's successful performance.

Fiat Doblo EV: The first electric car developed with Turkish R&D

New Fiat Doblo was launched in February 2010. Tofaş owns the full intellectual property rights of this light commercial vehicle, which is the next generation of award-winning Fiat Doblo that is exported to many countries. Tofaş is rightly proud of the fact that the one millionth Fiat Doblo was produced in 2010.

The Fiat Doblo EV, the electric version of the Doblo, was developed in two short months by Tofaş engineers, in time to be unveiled at the 2010 Istanbul Autoshow Fair. The Fiat Doblo EV represents a major step forward in the future of the Doblo project.

Investments totaling €145 million

Tofaş invested €145 million in 2010. A significant €85 million portion of this was allocated to the New Doblo model, launched at the beginning of the year. In addition to this, Tofaş invested €35 million in its existing products allocated to the new engine and versions of the MiniCargo and Linea as well as for technical modifications that will be made for the entire lifetime of the vehicles. Tofaş's investments in plant infrastructure modernization continued apace, with €25 million allocated in 2010.

International Van of the Year Award to the New Fiat Doblo

The New Fiat Doblo was granted "2011 International Van of the Year" award, the most prestigious international prize in the commercial vehicle category.

Turkey's most efficient automotive plant: Tofaş

Tofaş's Bursa plant became 2nd second in the general category of the Industry Energy Efficiency competition held by the Electrical Power Resources Survey and Development Administration's Second National Energy Efficiency Forum. The plant was also named the "Most Efficient Automobile Plant in Turkey".

Increase in corporate governance rating

Tofaş has placed significant importance on implementing the principles of corporate governance. Its corporate governance rating within the scope of Istanbul Stock Exchange's Corporate Governance Index rose to 8.42. This is the fourth time since 2007 that Tofaş's score has been increased and as of 2010, Tofaş ranks among the top three companies that achieved the highest increase in their ratings.

2011 and beyond

Due to the positive developments in 2011 and the additional volumes that will be generated by the agreement concluded between Fiat and Opel on the production of a new light commercial vehicle which will be developed on the New Fiat Doblo platform, Tofaş is planning to transition to three shifts at the end of the first quarter of 2011.As a result of this development, the Company expects to increase its workforce by 1,200 new recruits by the end of the year.

Tofaş will manufacture and export 6,000 units in the last few months of 2011 under the agreement concluded between Fiat and Opel. This will push the total quantity of vehicles produced on the New Fiat Doblo platform during the life-time of the project from one million to 1.3 million units. As a result of this important agreement between Fiat and Opel, Tofaş expects to increase the New Fiat Doblo's annual production capacity to 160,000 as of 2012.

Tofaş will continue to work on increasing its active role in international markets in 2011.

Tofaş's vision is to become Turkey's pioneering automotive company and Fiat's preferred regional R&D and production hub. Within this context, Tofaş aims to exceed customer expectations regarding quality, satisfaction, and cost competitiveness; spread the "World Class Production" culture, where Tofaş is attaining a better position every year, within the Company and in the value chain; reach technological self-sufficiency and increase Turkey's technological strength through the continuous development of capabilities, and ensure sustainable and profitable growth for shareholders by consolidating its domestic competitive position and its export capacity.

Tofaş's performance in the domestic market and its export projects demonstrate that it has the momentum necessary to achieve its growth and profits targets.

KOÇ FİAT KREDİ

Koç Fiat Kredi provides financial solutions under the Tofaş umbrella for brands sold by the Fiat Group. The Company financed 40% of Tofaş's retail sales in 2010 by issuing 33,290 loans. As of the end of the year, its credit portfolio reached TL637 million, the largest portfolio in its history.

In 2010, Koç Fiat Kredi issued TL180 million worth of financial instruments.

Koç Fiat Kredi is an integrated financial services group with its financial solution options and services it offers at 140 sales points nationwide.

We are Turkey's largest farm tractor manufacturer.

TÜRK TRAKTÖR

Total Revenues
$**795** million

Domestic Market Position
Market leader with **52%** share

Distribution Network
98 tractor dealers under the NH brand
84 spare part dealers
16 CASE IH 3S dealers

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

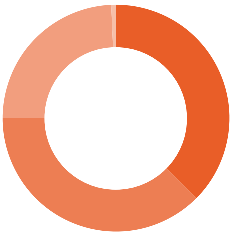
Share of International Revenues
26%

EBITDA
$**151** million

Gross Profit Margin
26.7%

Shareholder Structure

Koç Holding	**37.50%**
CNH Group	**37.50%**
Free Float	**24.93%**
Other	**0.07%**



www.turktraktor.com.tr

Türk Traktör is a joint venture of Koç Holding and CNH Group, one of the world's largest farm tractor and agricultural equipment manufacturers. Founded in 1954, Türk Traktör is the first manufacturer in the Turkish automotive industry. Türk Traktör's vision is to be the driving force for modern agriculture. It is Turkey's largest tractor producer, with an annual production capacity of 35,000 tractors and 25,000 engines. The Company is a global production and engineering hub for New Holland TD & Case IHJX tractors and exports the products it designs to 65 countries. Türk Traktör aims to improve and diversify its products and services to meet the expectations of farmers to the greatest extent possible.

Market leader with 52% share

Türk Traktör increased its sales volume by 84% in 2010 to achieve a market share of 52%, thereby maintaining its lead in the market. The Company took advantage of its industrial capacity and its experience of pioneering the sector to maximize its share of stronger-than-expected demand. Türk Traktör also finished the year as market leader in the combine harvester and cotton harvesting machine sectors. The all time record high sales of the New Holland and Case IH brands resulted from their high brand prestige, buoyant second-hand value, and forward delivery campaigns conducted in 2010.

Products designed to meet consumer expectations

Increased demand for more affordable and smaller tractors created a need for a separate vehicle design aimed at this segment. To meet changing customer expectations, Türk Traktör decided to develop and produce completely new, economical and environment-friendly tractors. The emission levels of eight engine types in the 50-98HP segment were developed in line with the regulations.

The project will be implemented through 48 models sold in the domestic and foreign markets as of January 2011. In addition to this, two new imported tractors were launched in the Turkish market.

Technology-focused investments

Türk Traktör made an investment of over $100 million at the end of the 1990s in the "Flexible Production System", which is widely used in the automotive sector, but not so common in farm tractor production. Given the existing market conditions and capacity utilization rates, the Company does not anticipate any significant additional investment requirement in the next five years. In 2010, modernization investments in computerized assembly lines to maintain flexibility in production were completed. Two new transmission assembly lines were added to increase product diversification. Investments in new technologies to maximize the Company's ability to meet customer needs will also continue in the upcoming years. Türk Traktör's capital expenditures reached TL35 million in 2010.

Strong financial performance

Türk Traktör's domestic revenues increased by 155% in 2010, reaching TL878 million. The Company exported 8,938 tractors and 5,280 transmissions, generating export revenues of TL315 million. The Company achieved high productivity ratios in 2010 through its stringent cost management policies, effective working capital management and optimal capacity utilization ratios.

Leader in Ankara patent applications

Türk Traktör applied for the most patents in the province of Ankara between 2000 and 2009. During Ankara's Hacettepe University 2010 Teknokent Days, the Company got the 1st prize in the "Patent That Brings Mind and Technology Together" category.

Integrated Management Systems Certificate

The independent international certification board TÜV Rhineland certified Türk Traktör under Integrated Management Systems, which encompasses occupational health and safety and environment categories.

Targets and strategies for 2011

Türk Traktör aims to maintain its leadership of the market and, by further developing its CASE IH brand, expand its distribution coverage. By improving service and after-sales support services, the Company aims to introduce new products and services to the Turkish farmer. Moreover, it plans to grow through young professionals who can implement new ideas and adapt to change.

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 since 1963. Operating in a 552,000 m^2 plant in Sakarya, the Company is also the prime contractor for the Altay National Tank Project.

Otokar is the largest private company in the Turkish defense industry and continued to grow in 2010 despite the unfavorable market conditions. Otokar was the leading bus manufacturer in 2010 and ended the year with TL517 million revenues and exports of $46 million exports.

Leader of the bus segment

The bus segment was the only contracting segment in the Turkish automotive sector in 2010, when it declined by 11%. The European market, which is Otokar's target market, experienced a more severe contraction. Despite this unfavorable set of circumstances, Otokar became the Turkish market leader in the 25-passenger-and-above capacity class of buses in 2010. Its leadership in the minibus market, which it has held for years, continued. The Company added minibuses to its export products to Europe in 2010, when it exported its first minibus to Spain. Otokar was also the top-selling company in the refrigerated and tanker trailer segments in Turkey.

R&D investments to increase design capabilities

Otokar spent TL20 million in 2010 on R&D investments to raise its commercial and military vehicle design capabilities. It introduced the Dynamometric Acclimation Test Chamber, which is found in very few automotive companies around the world.

New products that increase competitive power

Among Otokar's new products launched in 2010, two vehicles were of significance: the ARMA family of armored combat vehicles and the 12-13-meter bus series TERRITO developed for the European market. In addition, the Company also revamped the design and specifications of the Sultan, the most popular bus in Turkey.

ARMA's first international order

Otokar services the armies of close to 20 countries. The Company entered the multi-wheeled armored combat vehicle market in June 2010 with its ARMA series, which completes its range of armored tactical vehicles. The first order for 6x6 ARMA armored combat vehicles came from abroad, even before it entered the Turkish Armed Forces' inventory.

Award-winning design "KENT"

The KENT LF received the "Best Design" award at the 2010 "Design Turkey Awards". The KENT LF is a low-floored bus suitable for transporting disabled people, which Otokar launched at the end of 2009.

First step in national tank

Otokar is the prime contractor on Turkey's first national tank project, the Altay Project. The Company completed the first phase of the three-step project, which is expected to last 6.5 years, in 2010 and began working on the detailed designs.

2011 and beyond

Otokar maintains the national character of its products through developing its own technology and the Company aims at the sustainable satisfaction of its customers, employees and shareholders through a philosophy of excellence.

In 2011, Otokar will focus on delivering its 2010 defense industry orders, phase two of the Altay National Tank Project, commercial vehicle product development, and maintaining its market leadership.

OTOKOÇ OTOMOTİV

Otokoç Otomotiv operates in automotive retailing under Birmot and Otokoç brands at 31 locations and car-rental with Avis and Budget brands at 78 locations. It provides sales and after-sales services to Ford and Volvo under Otokoç and to Fiat, Alfa Romeo and Lancia under Birmot. The Company leads the automotive retail sector with an 8.5% market share. Avis maintained its lead in the short-term car rental market and Budget stood at number three.

In 2010, Otokoç Otomotiv accounted for 27.7% of Ford Otosan sales and 29.1% of Tofaş sales, becoming the 4^{th} largest automotive sector retailer after Ford, Fiat and Renault. The Company sold 66,900 vehicles, 37% higher than 2009 and opened locations in Adana and Konya under the Volvo brand.

Avis grew by 15% to maintain its lead in the car rental sector while Budget increased its revenues by 30% to draw closer to 2^{nd} place. With investments of $120 million in daily and operational rentals, Otokoç Otomotiv opened Avis offices in Adıyaman, at Konya Airport and in Elazığ, at the international terminal of Istanbul Atatürk Airport and Budget offices in Van and İzmit.

Otokoç Otomotiv increased its revenues by 27% to reach TL2.2 billion.

Avis Turkey has been the leader in customer satisfaction ratings for the past four years in Europe, Africa, the Middle East and Asia. Budget Turkey was chosen as the "Most Successful Country of the Year" among countries in the Europe, the Middle East, and Africa region.

Otokoç Otomotiv plans to expand its service network by investing in locations that carry a potential, renewing existing facilities, and transforming locations, where appropriate, into ones offering multiple brands. It also aims to maintain its share of the brands it represents in the automotive retail sector. Otokoç plans to double its size and maintain its leadership in the short-term rental market over the next three years with the Avis brand, and move up in the market rankings with Budget from third to second place in the next two years. The Company will begin to implement its strategy of tripling its operations in long-term vehicle leasing in five years. It will reinforce its leading position and reach its targets through investments of TL185 million, mostly in vehicles.

We are here to simplify the lives of our customers.

Feriha Sertçelik Birol
Arçelik
R&D Specialist

Mehmet Cakcak
Arçelik
Dealer

Leader in white goods, televisions and air conditioners in Turkey

3rd largest household appliances company in Europe

2nd largest market player in the UK

Hande Sarıdal
Arçelik
Treasury Manager

Selçuk Gülman
Arçelik LG Klima
Assembly Management
Maintenance Operator

A year of growth

CONSUMER DURABLES

The economic developments of 2010 benefited Western and Eastern Europe, Arçelik's main markets. The white goods sector grew by 2.8% in Western Europe and 8.6% in Eastern Europe.

Important developments in the sector in 2010

The effects of the global economic crisis were largely overcome in 2010 as consumer confidence indices returned to the pre-crisis levels of early 2008.

This recovery reflected positively on the white goods sector as sales increased compared to the previous year. Commodity prices, which had fallen with the contraction in global demand, resumed their rise parallel to the economic recovery. Another important development of 2010 was the consolidation of the sector through mergers and acquisitions.

The economic developments of 2010 benefited Western and Eastern Europe, Arçelik's main markets. The white goods sector grew by 2.8% in Western Europe and 8.6% in Eastern Europe. In Turkey, the white goods market bounced back after the contraction in 2009. Turkish White Goods Association figures show that domestic white goods sales rose by 8.2% in 2010, while exports climbed by 9%.

Continued growth in consumer electronics

The global LCD television market continued to expand in 2010 and reached $100 billion, representing an increase of 19%. On a unit-basis the increase was 31%, where the total sales reached 190 million units.

In the Western European market, LCD television sales increased 18% to 39 million sets, with revenues reaching $21 billion.

The conversion from traditional CRT televisions to LCD televisions continued in Turkey in 2010.

Koç Group Consumer Durables Segment

Koç Group companies in the consumer durables sector maintained their leading positions in 2010. Providing the most extensive sales and after-sales service network in the country, they remain the leader in household appliances, with a market share of 50%. The Consumer Durables Group companies are frontrunners not only in household appliances, but also in televisions and air-conditioners in Turkey.

Koç Group has production facilities in Turkey, Russia, Romania and China and rank the 3rd largest household appliances company in Europe. Koç Group companies account for 46% of Turkish exports of household appliances and 15% of televisions.

Koç Group companies in the consumer durables sector maintained their leading positions in 2010. Providing the most extensive sales and after-sales service network in the country, they remain the leader in household appliances, with a market share of 50%. The Consumer Durables Group companies are frontrunners not only in household appliances, but also in televisions and air-conditioners in Turkey.

We provide products and services to over 100 countries worldwide.

ARÇELİK

Total Revenues
$**4,623** million

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

Distribution Network
Turkey's most extensive service network with **3,600** authorized dealers and **590** after-sales service points

Global Network
19,000 employees

11 production facilities in **4** countries

International sales and marketing organization

Products and services in more than **100** countries

International Position
2nd in the UK with a **16.4%** market share in six main household appliance groups

Market leader in Romania with a **34%** market share

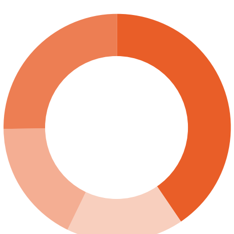
Share of International Revenues
51%

EBITDA
$**553** million

Operating Profit Margin
9.24%

Shareholder Structure

Koç Holding	**40.51%**
Other Koç	**16.69%**
Burla Group	**17.61%**
Free Float	**25.19%**



www.arcelikas.com.tr

56 years of experience

Founded in 1955, Arçelik today has 11 production facilities in Turkey, Russia, Romania and China. Arçelik's international distribution and marketing companies sell its products and services under ten brands. The Company has approximately 3,600 authorized dealerships and 590 after-sales service points, endowing Arçelik with the most extensive service network in Turkey. In 2010, it retained its lead in the household appliance sector, where built-in products are rapidly becoming more popular, as well as in the LCD television and air-conditioning markets.

Arçelik was one of the best-performing companies in the international consumer durables sector in 2010. Having increased its market share in many regions, the Company secured new distribution channels and higher visibility. In addition, an improvement in product mix raised the average sales price.

Arçelik is one of the most profitable companies in the sector. Having retained a superior level of profitability compared to its peers in 2010 Arçelik expects to maintain higher profit margins than the sector average in the years ahead. In addition, Arçelik forecasts growth rapidly in the developing markets in the coming years, making it one of the fastest growing companies in the sector.

Arçelik posted one of the highest market share increases in the sector by securing new distribution channels, especially in Western Europe and its main export markets. The Company increased its UK market share in the six main household appliance groups to 16.4%, reinforcing its market position in the 2nd rank. It continued to be the market leader in Romania with a 34% market share. Arçelik doubled its market share in Spain while becoming one of the fastest growing companies in the French market.

Unsurpassed brand strength

Arçelik was the "Brand with the Highest Recognition" and the "Brand the Consumer Feels Closest to" in 2010 for the 12th consecutive year, according to Nielsen's Brand Research survey of all sectors.

Leading holder of patents

Arçelik aims to protect the environment and preserve natural resources. Its environmentally sound policies, which are based on the principle of sustainable development, emphasize energy-efficient products that use fewer resources.

Arçelik is the first and the only Turkish company to be listed in World Intellectual Property Organization's 2008 top-500 list of companies with the highest patent applications. The Company has more intellectual property and patent applications than any other Turkish company and applied for 142 patents in 2010.

The Turkish Patent Institute awarded Arçelik in 2010 for filing the highest number of patent applications, having the highest number of patent registrations and submitting the highest number of international patent applications in 2009.

The world's most energy and water efficient products

Arçelik believes that management principles should include preserving and sustaining natural resources and aims to develop and offer consumer products that are compatible not only with today's standards, but also with those of the future.

Arçelik's countless innovations have enabled it to manufacture the most energy-efficient products in each class. For example, the Ekonomist washing machine, which consumes 50% less power than A class standards, is the most energy efficient product of its type in the world. It also outperforms A+++, the most energy-efficient class according to new energy label regulations, which became effective at the end of 2010.

Similarly, the new Black Orbital has the lowest energy consumption level in its class in the world and it is the first A+++ No-Frost refrigerator, consuming 60% less energy than existing A-class No-Frost products of the same capacity. The new Ecologist is not only the world's least water-consuming dishwasher as it uses just six liters of water per cycle, but also the world's fastest.

Awards and achievements

The design of Arçelik's household appliances and LCD televisions have received "Plus X" awards in the areas of ease of use, ecology and technology. "Which?", a leading independent consumer product magazine in the UK chose the Company's products as "Best Buys".

Arçelik was one of the three finalists in the "Management" category in the European Union Environment Awards 2010-Europe Program. It is the first time since these awards began in 1987 that a non-EU company has become a finalist.

Beko Plc was named as the "Best Consumer Durables Company" and "Fastest Growing Household Appliance Company" in the UK on the basis of its commercial and financial performance. Beko LLC received the "Best Company Producing Energy Saving Products" award at the "Save the Energy!" ceremony in Moscow, in which companies working in the energy saving field are acknowledged by the Russian Energy Commission.

Arçelik's Eskişehir refrigerator plant received the "TPM Special Award for Total Efficiency Management" from the Japan Institute of Plant Maintenance, becoming the first business in the household appliance sector in the world to receive this award.

Arçelik in the future

In 2005, Arçelik declared its vision to become "one of the top ten world brands in 2010". It has achieved this vision two years earlier than targeted and attained a powerful and competitive position in the international arena. In order to achieve a competitive position on a global scale, Arçelik has adopted a new vision to take the Company forward: "Respects the Globe, Respected Globally". To attain this vision, Arçelik focused on maintaining sustainable and profitable growth, increasing market share in all segments, providing innovative solutions and becoming a truly global organization.

In order to achieve a competitive position on a global scale, Arçelik has adopted a new vision to take the company forward: "Respects the Globe, Respected Globally". To attain this vision, Arçelik focused on maintaining sustainable and profitable growth, increasing market share in all segments, providing innovative solutions and becoming a truly global organization.

ARÇELİK-LG KLİMA

Arçelik-LG began operations in 2000 with a production capacity of 300,000 units and 261 employees. Today, the Company enjoys an annual production capacity of 2 million units and a workforce of 1,500 people. It is the first air-conditioner manufacturer in Turkey and currently the largest one in the Near East and Europe. Arçelik-LG's innovative approach, strong technological infrastructure and extensive distribution and service network have made it the domestic market leader with a 51% market share. It currently exports to more than 50 countries, mainly in Europe, the Middle East and the CIS.

Domestic and international unit sales increased in 2010 and this trend is expected to continue in 2011. Particularly in the commercial air-conditioner segment, which Arçelik-LG entered in 2008, revenues are expected to reach TL70 million in 2011, increasing by TL20 million, in line with market share growth.

Energy-saving products are shaping the air-conditioner market

Arçelik-LG is striving to meet consumer expectations while it places great importance on developing environment friendly products, in line with its environmental awareness and sense of social responsibility.

Arçelik-LG is the largest manufacturer of household and commercial air-conditioners in Turkey and, as part of its 2010 growth strategy, it has raised the efficiency of its technologically advanced products and increased its market strength. Maintaining a clear lead in the sector, the Company has instigated, under its growth strategy, air-conditioning and engineering systems, renewable energy and total solution services as new lines of business.

New strategies target sustainable growth

In 2010, which marks the 10th anniversary of its founding, Arçelik-LG set its target to be a global power in the sector and "to be the first choice in air-conditioning" as stated in its vision. To support these targets and maintain continuous growth, the Company is determined to maintain supremacy in the domestic home air-conditioner market and grow in export markets by focusing on air-conditioning and engineering systems, renewable energy and total solution services.

We endeavor to maximize returns.

Ayşegül Özel
Yapı Kredi Bankası
Private Banking Portfolio Manager

Erdoğan Yücel
Yapı Kredi Emeklilik
Sales Manager

4^{th} largest private bank (asset size)

Leader in credit cards with 19% market share in outstanding volume

Leader in leasing with 19% market share

Leader in factoring with 23% market share

2^{nd} in asset management with 18% market share

Güneş Özdemir
Yapı Kredi Yatırım
Research Manager

Fikret Özata
Yapı Kredi Sigorta
Insurance Agency

Strong growth in volumes driven by economic recovery

FINANCE

Macroeconomic recovery and increasing loan demand resulted in a strong growth of 34% in banking sector loans in 2010.

The banking sector in 2010*

As the effects of the 2009 global crisis began to subside in 2010 and macroeconomic indicators improved, the Turkish banking sector, which had stagnated during the crisis, regained its growth focus. Strong volume growth and improving asset quality continued to fuel the sector profitability, despite the sustained low interest rate environment and fierce competition. Turkish banking sector maintained its sound capital, liquidity and funding structure.

Strong volume growth

The banking sector recorded a strong loan growth of 34% in 2010, with total loans reaching TL501 billion. Total deposits increased by 21%, reaching TL611 billion and the strong funding structure was maintained. Banking Regulation and Supervision Agency completed the regulatory framework on TL bond issues during the year, paving the way for diversification of funding in the upcoming period. Capital adequacy ratio in the sector was 18%.

Sector's average return on equity at 20%

Sustainable low interest rates and increasing competition led to a decline in net interest income and a compression of net interest margins in 2010. On the other hand, total revenues remained stable, driven by a 6% increase in net fee and commission income and strong collections. Total costs in the sector increased by 15%, as the banks sustained their branch expansion plans. The increase in asset quality led to a 39% decline in loan provisions. All-in-all, profitability of the banking sector increased by 9% and average return on equity was 20%.

*Banking sector data excludes participation banks.

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.

Yapı Kredi provides credit cards, consumer banking, SME banking, corporate and commercial banking, private banking and asset management services to six million active customers with its customer-focused service model, strong competitive advantages and extensive distribution network. With total consolidated assets of TL92.8 billion as of 2010-end, Yapı Kredi is the 4th largest private bank in Turkey. Yapı Kredi is the leader in the credit card market and holds leading positions in asset management, leasing, factoring, private pension funds and non-life insurance through its subsidiaries. Yapı Kredi also has banking operations abroad in the Netherlands, Russia and Azerbaijan.

With 927 branches at the Group level (including subsidiaries) and 868 branches at the bank level spread across more than 70 provinces, Yapı Kredi has the 4th largest branch network in the Turkish banking sector. Yapı Kredi provides seamless banking services to its customers through its alternative distribution channels, consisting of 2,530 ATMs, the 5th largest network in Turkey, two call centers, internet banking that has 1.8 million customers, and mobile banking.

We have recorded above sector growth and profitability.

YAPI KREDİ

Domestic Market Position
4th among private sector banks in asset size

Leader in credit cards with **19.3%** market share in outstanding and **21.4%** market share in acquiring volume

Leader in leasing with **19.2%** market share and factoring with **23.1%** market share

2nd in asset management with **18.4%** market share

3rd in brokerage services with **5.9%** market share and in private pension funds with **15.5%** market share

Network
4th largest branch network with **927** branches at Group level and **868** branches at Bank level

5th largest ATM network with **2,530** ATMs

6 million active customers

7.8 million credit cards*

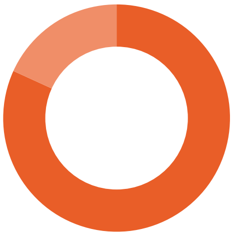
Total Loans**
$**36** million

Capital Adequacy Ratio
16.1% (Bank), **15.4%** (Group)

Total Revenues
$**4,411** million

Total Assets
$**62** million

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



www.yapikredi.com.tr

(*)Including virtual cards
(**) Total loans indicates performing loans

2010 highlights

Yapı Kredi was one of the best performing banks in the sector in 2010 in terms of both volume and profitability. By concentrating on customer satisfaction, commercial effectiveness and profitability, the Bank achieved the highest growth in net profit among the top four private banks, lowest cost growth among peers despite the new branch openings, highest improvement in asset quality and the highest growth rates in assets, loans and deposits.

Yapı Kredi increased its commercial effectiveness by focusing on simplification of its processes, significantly improving the response times, focusing on customer acquisition and product penetration. The Bank continued to expand its network by opening net 30 branches (39 new branches). As part of its efforts to increase customer satisfaction, Yapı Kredi also continued to invest in alternative delivery channels and the share of alternative delivery channels in total banking transactions reached 78% in 2010.

Customer-focused business approach and commercial effectiveness fuel above-sector growth

Yapı Kredi recorded above sector loan growth of 40%, driven by consumer, SME and medium-term commercial lending on the local currency side and project finance loans on the foreign currency side. Throughout 2010, Yapı Kredi focused especially on the energy sector, providing financing to over 100 projects and contributing $2 billion to the economy.

A positive trend in asset quality

Asset quality in the banking sector showed a positive performance in 2010 at the backdrop of improving macroeconomic conditions. As a result of the slowdown in new NPL inflows, strong collections, NPL portfolio sales and credit infrastructure enhancements, Yapı Kredi recorded a strong improvement in its asset quality and the NPL ratio declined to 3.4% in 2010 from 6.3% at the end of 2009. Specific coverage to NPL ratio was 77% while general provision to NPL ratio was 40%.

Strong capital, liquidity and funding position

Yapı Kredi maintained its strong capital position in 2010, while further strengthening and diversifying its liquidity and funding position. The Bank successfully secured two new syndicated loans totaling $2.25 billion, at much favorable terms compared to the previous year. Yapı Kredi also secured a loan participation note of $750 million with a maturity of five years through international debt capital markets. As of 2010-end capital adequacy ratio was 15.4% at the Group level and 16.1% at the Bank level.

Strong focus on customer satisfaction, continued cost discipline and increased efficiencies lead to successful financial performance

Yapı Kredi recorded TL2,255 million net income in 2010, which represents a 45% increase and indicates the highest net profit growth among the four largest private banks. Yapı Kredi also has the highest return on average equity among private banks with 26.9%.

Yapı Kredi increased its revenues by 10%, driven by strong fee and commission performance, disciplined approach in net interest margin and retail focused business model. Total operating costs increased in line with inflation at 7% despite the ongoing investments on the back of continuous cost discipline and successful efficiency initiatives. Cost/income ratio was 40.5%.

Sustainability in every area

With system enhancements, increased training and development activities and innovative approach, Yapı Kredi has taken important steps in its endeavor to create sustainable value for its customers and employees.

Yapı Kredi Banking Academy training catalog has been enhanced with new courses, and the Bank has developed a training plan for every employee. Yapı Kredi Banking Academy received the Best Organization Award in 2010 from the American Society of Training and Development.

Focus on innovation

Yapı Kredi has strengthened its position as one of the leading innovative banks in the sector and was the first bank in 2010 to launch product bundles. Within this context, Yapı Kredi launched five different product bundles to serve different needs of SMEs, retail and mortgage customers. The Bank also launched two new credit cards (Adios Premium and Taksitçi), two credit card protection insurance programs through its insurance subsidiaries, nine capital guaranteed funds and three B-type funds. Yapı Kredi combined innovation with social responsibility and launched keyboard ATMs and specially-designed ATMs for the hearing impared customers. The Bank also opened a call center in the province of Samsun in addition to its existing call center in Istanbul.

Commitment to corporate governance

Yapı Kredi is the only bank among its peers that is included in the Istanbul Stock Exchange Corporate Governance Index. The Bank's corporate governance rating was upgraded to 8.78 in 2010 largely due to solid developments it made in various segments as well as a strengthening of its overall adherence to corporate governance.

2011 targets

Yapı Kredi aims at sustaining healthy above-sector growth in 2011. Going forward, the Bank will remain committed to its approach to prioritize the retail and SME segments, commercial effectiveness increases, branch expansion strategy, cost and efficiency improvements, innovation, customer and employee satisfaction.

Yapı Kredi aims especially at further customer acquisition and penetration by launching new products and services and simplification of systems.

Yapı Kredi's subsidiaries

Yapı Kredi revised its organizational structure in 2009 in order to improve the performance of its subsidiaries and businesses segments, develop a customer-centric service model, and use the synergies more effectively. Accordingly, the Bank placed leasing and factoring as well as its foreign banking operations in Russia, Azerbaijan and the Netherlands under corporate and commercial banking, while portfolio management and investment companies started to be managed by the private banking and asset management segment.

By increasing commercial effectiveness and customer focus, Yapı Kredi recorded above sector growth of 40% in loans and 30% in deposits, representing the highest growth rate among the four private banks.

Effective use of synergies and potential business opportunities created between leasing, factoring, foreign banking operations and Yapı Kredi resulted in channeling more of the Bank's customers to its subsidiaries. This led to a apparent increase in new customer acquisitions in 2010 to more than 2,500, an average increase of 65%.

Yapı Kredi launched 15 new investment funds in 2010, a development made possible by the transfer of its portfolio management and investment subsidiaries' products management to Yapı Kredi. The new structure contributed an additional TL450 million to the Bank's fund size and the total number of customers of the subsidiaries increased by 23,000 to 125,000.

Yapı Kredi's financial services subsidiaries

Yapı Kredi Portföy Yönetimi (Asset Management)

Yapı Kredi Portföy Yönetimi offers a wide-range of products tailored to its customers' risk preferences. It has an M2+(Tur) asset rating, which is the highest portfolio management score of any company in Turkey. It is also the only portfolio management company in the sector to manage the funds of two pension fund companies. At the end of 2010, the Company ranked second in the investment fund market with a market share of 18.4%, and it reported a return on equity of 141%.

Yapı Kredi Yatırım (Investment)

Established in 1989 and owned 99.98% by Yapı Kredi, Yapı Kredi Yatırım offers capital market products, brokerage, corporate financing, derivatives and investment advisory services to Yapı Kredi customers. Under a revamp of its service model in 2010, the Company now provides a service closer to its customers through the establishment of investment centers at Yapı Kredi branches in ten provinces. At the end of 2010, Yapı Kredi Yatırım was the sector leader in total transaction volume with 18% market share. It accounted for 5.9% of equity transaction volumes, which put it in third place. Yapı Kredi Yatırım's return on equity was 43%.

Yapı Kredi B-tipi Yatırım Ortaklığı (B-type Investment Trust)

Yapı Kredi B-tipi Yatırım Ortaklığı is Turkey's 2nd largest investment trust. Founded in 1995, the Company is traded at the Istanbul Stock Exchange and had a market capitalization of TL45 million.

Yapı Kredi Leasing

Established in 1987 and owned 98.85% by Yapı Kredi, Yapı Kredi Leasing provides rapid and effective service to its customers. In 2010, the Company created an SME model to offer better services to that segment. The Company is the sector leader with a 19.2% share in total leasing receivables. Yapı Kredi Leasing had a market capitalization of TL1,934 million at 2010-end, and a return on equity of 14%.

Yapı Kredi Faktoring (Factoring)

Established in 1999 and owned 99.96% by Yapı Kredi, Yapı Kredi Faktoring has led the sector since 2001. For the past three years, it has been one of the leading companies in the "Best Factoring Companies" list by Factors Chain International's ranking of companies from around the world. Yapı Kredi Faktoring reported a return on equity of 34% at the end of 2010 and is the market leader with 23.1% share in factoring receivables.

International subsidiaries

Yapı Kredi Nederland

A wholly owned subsidiary of Yapı Kredi, Yapı Kredi Nederland provides correspondent, corporate and private banking services to Turkish and Dutch customers resident in the Netherlands. The Bank capitalizes on the synergies created by Yapı Kredi on structured commodity financing and foreign trade financing areas. As of 2010-end, the Bank's total assets were TL3.5 billion while its return on equity reached 20%.

Yapı Kredi Bank Moscow

Established in 1988 and owned 99.90% by Yapı Kredi, Yapı Kredi Bank Moscow is the first Turkish bank to operate in Russia. The Bank's objective is to support Turkish corporate and commercial customers operating in Russia and contribute to Turkish-Russian commercial ties. The Bank has made system infrastructure improvements in 2010 and ended the year with total assets of TL289 million and a return on equity of 1%.

Yapı Kredi Bank Azerbaijan

Owned 99.90% by Yapı Kredi, Yapı Kredi Bank Azerbaijan makes an important contribution to Yapı Kredi in this developing and dynamic country by supporting domestic and international customers who operate in Azerbaijan. The Bank opened a new branch in 2010, giving it a total of eight branches. As of 2010-end, its total assets were TL391 million while its return on equity was 17%.

Insurance subsidiaries

Yapı Kredi Sigorta (Insurance)

Established in 1943 and owned 93.94%, directly and indirectly by Yapı Kredi, Yapı Kredi Sigorta benefits from Yapı Kredi's branch network in addition to its 905 employees and 993 agents. In 2010, Yapı Kredi Sigorta increased its emphasis on bancassurance products and developed joint products with Yapı Kredi based on the synergies created by the Bank. Yapı Kredi Sigorta's return on equity was 20% and its market capitalization was TL1,128 million.

Yapı Kredi Emeklilik (Pension)

Founded in 1991 and wholly owned by Yapı Kredi, Yapı Kredi Emeklilik focuses strongly on bancassurance and offers an extensive range of individual pension and life insurance products and services, supporting its operations through Yapı Kredi's branch network. In 2010, the Pension Monitoring Center selected the Company as one of the most successful in informing its customers. The Company's return on equity was 21% for the year.

Other subsidiaries

Banque de Commerce et de Placements (BCP)

Estanblished in 1963 and owned 30.67% by Yapı Kredi, BCP offers premium services to customers in the areas of foreign trade finance, private banking, treasury transactions and correspondent banking.

Note: Data pertaining to shareholder structures is based on both direct and indirect holdings of Yapı Kredi.

KOÇFİNANS

Koçfinans is the first consumer finance company in Turkey. With 19.3% market share, TL877.5 million loan volume and 49,500 loans, it is the market leader. Of the total loans, TL831.5 million was for cars and TL46 million for consumer durables and mortgages.

Koçfinans is the only financing company providing loans in such diverse segments as mortgage, heating-cooling, furniture, consumer durables, motorcycles and education. The Company successfully completed TL505 million corporate bond issue, including TL200 million IPO, in 2010, directly meeting 51% of its liquidity requirement.

Koçfinans, also provided insurance brokerage services in connection to the loans extended to its customers.

United by a broad vision, we cooperate with our business partners to create new brands in food, DIY retailing, tourism and IT.

Marcos Bekhit
Divan Group
CEO

Gönül Şamdan
Tat Konserve
Weighing Operator in Packing Unit

Leader in tomato products in Turkey

Leader in DIY retailing in Turkey

Turkey's highest marina capacity

Leader in tourism in Turkey

Leader in IT in Turkey

Ceyhun Yıldam
Koçtaş
Assistant Store Manager

Deniz Dedeoğlu
RMK Marine
Electrical Maintenance Foreman

Burcu Özüiyi
Koç IT Group
Human Resources Specialist

We are one of Turkey's largest food companies.

TAT KONSERVE

Total Revenues
$**525** million

Domestic Market Position
Leader in the tomato paste, tomato products, premium pasta, and ketchup markets

2nd in the mayonnaise and pasteurized milk markets

3rd in the delicatessen market

International Position
Exports to **32** countries

Share of foreign revenues
6%

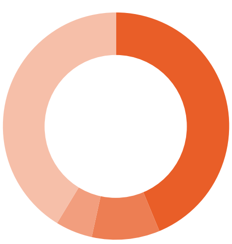
EBITDA
$**39** million

Gross Profit Margin
18.3%

Operating Profit Margin
5.3%

Shareholder Structure:

Koç Holding	**43.65%**
Other Koç	**9.69%**
Foreign Partner	**5.26%**
Free Float	**41.2%**



www.tat.com.tr

Tat Konserve is one of Turkey's largest food companies. Founded in 1967, the Company has consolidated Tat, Sek, Maret and Pastavilla brands under a single roof in 2003.

Important Developments in the sector in 2010

The Law on "Veterinary Services, Plant Health, Food and Animal Feed" (No. 5996) went into effect in June 2010. The enactment of this Law was one of the preconditions for negotiations with the European Union on the "Food Safety, Plant and Animal Health Chapter", the 12th of 35 chapters that Turkey and the EU are negotiating under Turkey's full EU membership process. All responsibility for ensuring end-to-end food safety now lies with the producer, as is required by the EU harmonization process. The new Law requires technological upgrading and is expected to increase the tendency towards packaged foods in the market, indicating that food producers will require additional investments and packaging suppliers will have to invest in raising their capacity and in new technology. Unfair competition and black market production will be reduced as the primary sector increases its economies of scale and emphasizes industrial production. Turkish food exports to the EU as well as to the countries that import based on EU standards, are expected to get easier.

The food sector became an issue in Turkey in 2010 as price increases in milk spread to red meat. Prices fell with the import of live animals and meat.

Tat began making investments in recent years so as to best position itself amid these developments while it provides well-processed packaged products to a market that is expected to grow significantly.

The support of Harranova reinforces Tat's position

A decline in tomato harvest yields in 2010 caused tomato and tomato paste prices to rise. The Harranova company's tomato and tomato paste production provided Tat with significant support in domestic and export markets.

In 2010, Tat increased its revenues by 13% to reach TL787 million. Gross profit increased by 3% to reach TL144 million, while Tat's shareholders' equity continued to rise and reached TL233 million.

Tat continued to increase its domestic market shares in 2010, raising its revenue in the markets it already leads-tomato products, tomato paste, ketchup and premium pasta products-and expanding its market share of dairy products-milk, UHT milk and yoghurt-areas in which it aims for leadership.

In 2011, Tat plans to introduce new products, particularly SEK-branded ones, and to make innovation in other product categories.

DÜZEY

Düzey was established in 1975 for marketing perishable goods and became one of the leading companies in its sector by continuously expanding its distribution network, increasing its revenues, profits and enhancing its operations. Düzey operates its own sales and distribution network in six regions and complements its network with 50 distributors in the areas where it does not have its own operations. With over 35 years of experience, strong distribution network and infrastructure, Düzey reaches 50,000 customers countrywide. Its portfolio contains an average of 970 products, including Tat, Maret, Sek and Pastavilla brands.

We are the leading DIY retailer in Turkey.

KOÇTAŞ

Koçtaş is a major player in the Turkish DIY market with a total sales area of 160,000 m^2. Its 30 stores in 18 provinces offer consumers a wide variety of products procured from more than 1,000 domestic and foreign suppliers. The Company has changed its market positioning to "home renovation and improvement" and it now meets customer needs from a single service point.

2010 highlights

Koçtaş has been expanding its new shopping center projects in Anatolia, aiming to benefit from the first-mover advantage and reinforce its market leadership position. Four new stores were opened in 2010, in Afyon, Gebze, Bursa and Adapazarı. The Company's Bodrum store, which opened in 1999, relocated in February 2010. This move brought an expansion in both store sales area and car parking capacity. Overall, new and bigger stores increased Koçtaş's total sales area by 24,000 m^2 in 2010 to reach 160,000 m^2 and contributed to a 21% growth in revenue and a 14% growth in number of customers to 8.8 million.

Koçtaş's brand awareness reached a phenomenal 99% as a result of broadening geographical reach and intensive advertising. The Company encourages consumer spending by marketing an extensive range of products at affordable prices with such messages as "homes that become beautiful for less" and "small price, big change". In a study conducted in September with the collaboration of Shopping Center Investor Association and GfK on shopping center visitors, Koçtaş was named "The most Liked and Preferred Brand in Shopping Centers" in the furniture - decoration category. An international jury named Koçtaş a "Superbrand" in their research on Turkey's super brands, conducted in June 2010.

Koçtaş restructured its Turn-Key Home Improvement Services organization in 2010 and extended this service to Antalya and Bodrum, after Istanbul, Ankara and Izmir. In late 2010, the Company added insulation services to those it already offered for bathroom-kitchen renovation and tile-and parquet-laying.

Koçtaş's internet sales channel grew significantly in 2010. Established in 2007, the company website received five million visits in 2010 and handled 30,000 sales transactions.

2011 and beyond

Koçtaş differentiates itself from its competitors by working with foreign partners to introduce new products to the Turkish market and through the knowledge it has acquired over many years of Turkish consumers' habits. In the same vein, the Company aims to increase the use of in-store presentation of trends using its extensive product range.

Koçtaş plans new store openings in 2011 as part of its nationwide expansion strategy to raise its brand awareness. An important component of the Company's strategy is maintaining high levels of customer satisfaction by offering an extensive product range at reasonable prices. Koçtaş intends to expand projects which were initiated in 2010, that target university students and newlyweds.

Koçtaş plans to open eight new stores in 2011 and aims to increase its revenues by 30%, reaching TL1 billion.

As the leader in home improvement retailing, Koçtaş's goal is to enlarge Turkey's home improvement market and to retain its leadership in this growing market. The Company plans to reach this goal by offering consumers a variety of innovative options, by making home improvement affordable for every pocketbook, and by expanding nationwide.

Koçtaş plans to open eight new stores in 2011 and aims to increase its revenues by 30%, reaching TL1 billion.

We are the leaders of our sectors.

The sector leader, with a 27% market share in 2010, Setur Marinas had an occupancy rate of 109% at its marinas.

SETUR

Setur Turizm has been Turkey's premier travel agency since 1973. Its range of activities included airline ticketing, domestic and international tour operations, incoming services, congress and seminar organizations, on-line travel services, cruise travel, study abroad, and visa services.

Setur is the Turkish representative of BCD Travel, which provides corporate ticketing services from over 1,300 offices in 96 countries. Setur is also the Turkish representative office for Abercrombie and Kent, the international brand leader in luxury travel, and for Orient Express, Uniglobal and Costa.

In Turkey, Setur provides services at nearly 150 locations, with five agents, 24 authorized agents, more than 100 BookinTurkey virtual agents and five offices offering British visa services. Setur also provides services in 29 countries with 59 partner agents.

In 2010, Setur received recognition from Superbrands as a "Super Brand", one more time and garnered other awards such as Capital magazine's "Best Travel Agency", and the Skåll Association's "Best Travel Agency", "Best International Tours Travel Agency" and "Best On-line Travel Portal".

Setur aims to expand its call center which was developed to provide travel services for banks through new agreements and to become the leader in this sector. Furthermore, the Company intends to increase its domestic market share in the BookinTurkey internet agency by expanding internationally. In addition, Setur plans to grow in the personal travel market through a new system that went into operation in 2010.

Duty-Free shops

The impact of the economic crisis in Europe continued in the duty-free shopping sector in 2010. However, the Turkish market delivered positive results because of favorable developments in tourism and the Turkish economy, despite the negative effects of duty-free limits and a number of natural disasters.

In 2010, the Company's operations were performed at 18 centers-six airports, six border gates, and six ports-with 534 personnel.

Setur will continue its international projects in 2011. The Company was among one of four companies chosen to tender for the operation of duty-free shops at Lyon Airport in France and it submitted its proposal on 15 February 2011. Efforts are under way to open a store in Erbil, Iraq and the project will be completed in 2011.

SETUR MARINAS

Leader of the Turkish marina sector with a 27% market share

Setur Marinas provide world-class service around Turkey's coasts. The sector leader, with a 27% market share in 2010, the Company had an occupancy rate of 109% at its marinas, which are in Kalamış and Fenerbahçe in Istanbul, Yalova, Ayvalık, Çeşme, Kuşadası, Marmaris and Finike. In July 2010, the Company opened its Yalova Marina.

2011 and beyond

Setur Marinas aims to acquire at least one marina abroad and to become an international brand while maintaining its leading position in Turkey by increasing its market share. The Company has a strong financial structure and it is closely following marinas that are available for sale in Turkey and abroad.

At the beginning of the 2011 season, Setur Marinas, in conjunction with the Mak-Yol Group, plans to open Kaş Marina which has 450 berths and a 150-vessel dry dock capacity. The first phase of Kuşadası Marina modernization project has already started. Discussions regarding new projects are on-going.

DİVAN GROUP

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 concluded a “soft branding” agreement with the Preferred Hotel Group in 2010, a year marked by pioneering steps. This agreement is intended to raise brand awareness, accessibility, and the competitiveness of its hotels internationally. The Divan Group attended the most important fairs in the sector for the first time in 2010 as a means to enhance awareness of the hotel chain internationally. These fairs include the World Travel Market (WTM) in London and EIBTM in Barcelona.

Divan was responsible for food and beverage catering at the Formula 1 racing at Istanbul Park in 2010, as it has been in the previous years, serving about 45,000 people. Divan Çorlu hotel was opened in Tekirdağ and the Group’s second hotel in Ankara, the 19-room boutique hotel Divan Çukurhan, was also opened in 2010.

Divan Istanbul is an Istanbul landmark and the flagship of the Divan brand. The hotel will re-enter service in the second half of 2011, following a complete rebuilding to replace the original 1950s structure. Divan Bursa and Divan Erbil will also be opened in the first half of 2011. An agreement for Divan Altunizade Hotel has been signed while another for the Divan Diyarbakır Hotel is imminent, and these hotels are scheduled to be opened towards the end of 2011. The agreement for Divan Adana Hotel is also about to be signed and it is scheduled to be opened in 2013. The lease for Divan Mares Hotel has been renewed for three years.

Targets and strategies for 2011

Divan Group has set its 2011 sights on expanding its operations in urban hotel management and on opening more new hotels. The Company also plans to increase its exports through distributorships in various countries, particularly in the Middle East.

Divan Group aims to grow in the hotel management sector by incorporating new hotels within its organizational structure by creating a nationwide chain of preferred hotels through management and leasing agreements in city centers. The Group also plans to open hotels abroad by promoting the Divan brand in hotel management internationally.

RAM DIŞ TİCARET

Leading foreign trade for 40 years

Ram Dış Ticaret A.Ş. celebrated its 40th anniversary in November 2010. Its extensive experience in foreign trade over the years makes the Company the first name in foreign trade. Founded in 1970, it is proud to be called the “school of foreign trade” and has made major contributions to the development of Turkish exports through its own exports and through the innumerable personnel it has trained.

Ram conducts its operations in compliance with Koç Group’s ethical rules and principles. The Company’s compliance is confirmed since 2009 through inspections by the international organization Trace International, which has certified Ram’s success.

Ram has rapidly adapted to fluctuating market conditions in the face of the global financial problems and it maintained its profitability and growth in 2010. The Company has added new, culturally appropriate products and services to its portfolio through representatives and offices in Azerbaijan, Kazakhstan, Uzbekistan and Algeria. Apart from these, Ram is seeking success in new markets by working alongside consumers with a dynamic team that understands their needs and knows their culture.

Ram’s main operations in 2010 included exporting to neighboring countries, Boeing Commercial Aircraft and Air Cushion USA consultancy in the Turkic Republics, central procurement transactions of iron and steel, and providing services to Koç Holding and other suppliers in Azerbaijan, Algeria, Iraq, Kazakhstan and Uzbekistan, as well as offering business development, sales and marketing services in Central and South American markets. Key sectors Ram serviced in 2010 were energy, automotive, food, defense industry, iron-steel, aviation and general trade.

In 2010, energy remained the leading sector at Ram, as it was in the entire world. Ram successfully exported to neighboring countries the products of Tüpraş, Turkey’s only refinery. Exports of petroleum products -mainly diesel and unleaded gasoline -have been provided since 2008 and increased in 2010.

Activities in the food sector mostly comprised exports of fresh and dry food to neighboring countries and imports of fresh fruit from Argentina, Chile and Costa Rica. A similar project is being conducted for the export and transit markets. After the permission to import meat was granted in 2010 in Turkey, Ram began importing fresh meat from various European Union countries, an activity that it is stil continuing. In addition, research is underway into the possibility of importing livestock.

Under general commercial activities, the Company sells imported and/or local goods in domestic markets. The Company imports promotional materials used in the marketing of fast moving consumer goods.

Ram provides coordination services to Group companies and to their suppliers which operate in subsidiary industry in order to meet their iron and steel needs. Domestic central procurement of iron and steel products continued to benefit them.

In the aviation sector, sales and marketing consultancy services for Boeing passenger airplanes in Azerbaijan, Uzbekistan, Kazakhstan, Kirghizstan and Tajikistan was extended this year to include Turkmenistan.

RMK MARINE

Pioneer in ship and yacht construction

Founded in 1974 and named RMK Marine after joining Koç Holding in 1997, the Company provides ship and yacht construction, maintenance and repair services in Tuzla, Istanbul. One of the largest private shipyards in Turkey, RMK Marine sets its sights on quality and high value-added projects. It aims to compete in the international arena with its expertise and product range in building a diverse range of vessels including tankers, deep-sea service ships, tugboats, military vessels and super yachts.

RMK Marine became the first private Turkish shipyard to offer design and solutions within its own organization through its highly developed design and electronic systems departments.

RMK Marine is one of two military shipyards in Turkey to have received the "AQAP 2110 Industrial Quality, Safety and Inspection Certificate" under the Quality Management System. This certificate confirms RMK Marine as Turkey's first private sector shipyard to have its design proficiency certified.

Largest military vessel contract

RMK Marine won the Undersecretariat for Defense Industries' tender for the construction of four search and rescue vessels for the Coast Guard-the largest military vessel project ever awarded to the private sector in Turkey. The first ship, Dost, was launched in June 2010 and is scheduled for delivery in September 2011. The second ship, Güven, was launched in December 2010. Umut and Yaşam will be delivered in 2012.

The Defense Industry Undersecretariat Strategy Document described the RMK Marine shipyard having the capacity to "build every size of warship".

Revenues up 24%

Despite the impact of the economic crisis on the shipbuilding sector since 2008, RMK Marine's revenues increased by 24% to reach TL251 million in 2010.

World brand in super yacht

In what amounts to the international super yacht Oscars, the RMK Marine-built Nazenin V garnered the "Jury Special Prize" in the "Best Sailboat in the 45-m Class" category at the "World Super Yacht Awards" for its superior quality and craftsmanship of construction. RMK Marine has established itself as one of the most important shipyards in the world through applying its skills and high-tech know-how to all of the vessels that are launched and being manufactured.

RMK Marine is leading the way in Turkey with the continued construction of Oyster super yachts under a production agreement with the world-renown British Oyster Company in 2007. Delivery of the first yacht is planned for 2011.

2011 and beyond

The Company's strategy is to make RMK Marine the leading brand in Turkey's ship and yacht building sector and an internationally renowned shipyard, as well as confirming it as a successful contender in military ship tenders and a leading supplier to the defense industry.

KOÇSİSTEM

2010 IT solutions leader in outsourcing services and systems integration

Since 1945, KoçSistem has fulfilled its customers' IT needs through reliable, lasting and innovative partnerships and has met their sustainable growth goals by "creating a difference" and "providing end-to-end service" strategies.

According to the International Data Corporation's "Market Analysis: Turkey IT Services 2010-2014 Forecast and 2009 Vendor Shares" report, KoçSistem was the leader in Turkey in outsourcing services markets and 2nd in system integration.

KoçSistem closed 2010 with the highest revenue in its 65-year history. The Company grew by 45% on TL basis and 49% on US dollar basis.

KoçSistem enters the international arena

KoçSistem accelerated its investment in Pixage, new generation digital broadcasting software, in 2010. In addition to the 900 Arçelik and Beko dealers, Pixage is used by Fida Film in 46 movie theaters in various provinces. Eighteen English Premier and Championship League stadiums have also chosen the Pixage technology. KoçSistem will use Pixage at Galatasaray Sports Club's Türk Telekom Arena to operate score boards and pitch-side advertising panels and in the LCD televisions in the box seats.

KoçSistem developed the Sitelink solution, a first in the mobile telecom sector, in 2010. Sitelink is a smart system that facilitates remote monitoring of more than 20 environmental indicators, such as control and security camera systems, temperature, humidity and movement for the safety of GSM base stations, and allows immediate control and intervention.

Turkey's first self-service cloud informatics service

KoçSistem took the lead in cloud computing in 2010 by launching the Virtual Data Center, Turkey's first self-service cloud informatics service. The Company provides its clients with an alternative to a physical on-site server for their information processing and storage resources for a monthly fee. KoçSistem maintained its market leadership in the data center services field through new projects obtained in competition with international players. Growing by roughly 70% in this field, the Company is now in the same league with the global players.

Samsun Call Center

Callus, KoçSistem's call center outsourcing company, increased its revenues by 46% in 2010. The 500-seat Samsun Call Center, which was opened in May 2010, is running at 95% capacity. Further investment will be made in Samsun Call Center, to raise Callus's seating to 1,500, in the first quarter of 2011. Callus will provide about TL20 million annual revenues to the economy of Samsun

Callus is a sector leader for its certifications, which include ISO 9001 Quality Management System, ISO 10002 Customer Satisfaction-Complaint Management System and EN 15838 Call Center Procedures Management System certificates.

Certified standards at KoçSistem

KoçSistem is the sector leader in certifications. The Company holds ISO 10002 Customer Satisfaction-Complaint Management System, ISO 14001 Environment Management System and OHSAS Occupational Health and Safety System certifications, and, expanding its scope, the ISO 20000 IT Service Management certificates.

Business partners award KoçSistem

KoçSistem with its unique services and solutions that "create a difference" gained a competitive edge in 2010 and became the fastest growing company in the sector. The company garnered many awards in 2010, including the "IBM Outstanding Services Business Partner Award", the "Avaya Call Center Excellence Award", the "Cisco Corporate Customers Business Partner of the Year Award", the "Best HP Software Business Partner in 2010", the "2010 IBM System Integrator of the Year Award", the "Oracle Business Partner Achievement Award", the "IMI Istanbul Call Center Best Use of Call Center Technology Award", and the "SAP Forum 2010 Project of the Year Award". Turkey's first R&D center in IT KoçSistem R&D and innovation center is the first of its kind and aims to create competitive products at international standards.

KOÇ.NET

Integrated communication solutions

Koç.net aims to become Turkey's leading alternative telecom operator. In line with this goal, it offers integrated telecommunication solutions that meet the needs of its customers through its improved infrastructure, technology, expert team, high service quality, and an extensive service portfolio. Koç.net offers its customers telephone and data services (access and security services, hosting and ASP services, campus solutions, multimedia services, local, international and GSM services).

Koç.net works with Turkey's incumbent fixed line operators and all GSM operators as well as more than 100 international operators as part of its telephone services. To develop international business opportunities, the Company has operated the POP (Point of Presence) in Frankfurt since 2006 and has successfully maintained partnerships with such global giants as Tata, British Telecom, KPN (Royal Dutch Telecom), Global Crossing, and Bezeq.

Koç.net, which has served the corporate market since its establishment, began concentrating on the retail market and launched the BiRi brand in August 2008.

Largest independent operator in Turkey

Koç.net is the largest independent alternative operator in the corporate data market and in telephone services. Though it was last to enter the market, it obtained the highest market shares in the ADSL market and in the export-based total sales segment because of the increase in subscriptions to BiRi, in 2010.

Koç.net markets its corporate products through direct sales, Koç.net solution partners, and the Kobiline portal. BiRi brand individual products are sold by Koç.net, Arçelik, Beko, Keysmart, Apple Premium, Faturavizyon, Altus, Kredixshop and Index authorized dealers (roughly 4,500 in number).

New services in 2010

Koç.net concentrated on new developments in 2010 and extended its service range by launching group messaging, e-mail marketing, live broadcast and web-TV infrastructure services.

Regulatory developments in 2010 led Koç.net to concentrate on the infrastructure and integration needed for fixed telephone number allocation/transfer and ADSL. In response to demand from both individual and corporate customers, Koç.net began to allocate Koç.net telephone numbers to them. In addition, procedures for the transfer of customers' fixed line telephone numbers to the Koç.net network were initiated. The infrastructure for ADSL service was completed in 2010 and it will be offered to individual and corporate customers in 2011.

Koç.net obtained licenses in 2009 to offer "Cable Broadcast Service" and "Internet Mobile Network Service", and is working on developing related business models and partnerships in 2011. Koç.net's long-term strategy is to provide new technology and services paralleling current trends to the retail market as well as the rapidly growing SME market, in addition to providing its existing corporate services. Moreover, through convergence in telecommunication services, it aims to become a service provider with a full range of mobile and fixed line communication services, along with value-added services.

BİLKOM

Bilkom has been operating in the information technology sector for over 25 years. Through its "value-added distributor strategy", it has successfully provided all the marketing, sales, channel development and after-sales support of leading global IT brands in its own sector throughout Turkey.

Bilkom expanded its mobility focused product portfolio in 2010, thereby strengthened the Company's structure even further and increased revenues by 50%.

Bilkom is the only Apple-authorized dealer in Turkey; to conduct marketing and sales of Apple products, first and foremost being the portable and desktop Apple computers, iPad, and iPod products. The Company made important inroad in the Turkish IT market, as it introduced the revolutionary iPad tablet computers to Turkish consumers in December 2010.

In 2010, Bilkom became the authorized distributor of Adobe, a leading software brand.

Bilkom provides effective access to many segments through its 100 plus corporate business partners. Bilkom made nearly 20% of its 2010 Apple computer sales in the education segment and it conducted the largest distance-learning project in Europe using Apple "podcasting" technology.

Bilkom reaches its customers with more than 700 sales points.

The importance that Bilkom places on after-sales satisfaction is demonstrated by its top-notch after-sales service provided by its authorized service centers nationwide. It is continually expanding its service structure to ensure the availability of access points where the final user can get technical service and support.

ZER MERKEZİ HİZMETLER

Since 2003, Zer Merkezi Hizmetler has been providing marketing, services, supplies and logistics procurement to Koç Group companies and adding further value created by the synergies and scale of centralized procurement.

The Company operates in a framework of ensuring continuity in existing work, raising potential through maximizing use, increasing stakeholder satisfaction, and being a center of excellence.

Zer Merkezi Hizmetler was awarded the Istanbul Chamber of Commerce's "2009 Traditional Award to Successful Tax Payers".

We are one with our community in education, health and culture through primary and secondary education and research and development at home and abroad.

Erdal Yıldırım
Vehbi Koç Foundation
President

Burcu Gündüz
Koç Holding
Corporate Social
Responsibility Specialist

Nimet Yıldırım
Vocational Education Scholar
Istanbul Remzi Bayraktar
Vocational School
IT Technologies
12th Grade Student

Nil Arıca
Beyazıt Ford Otosan
Primary School
1st Grade Student

Orhan Alankuş
Koç Holding
Technology & Environment
Coordinator

Asst. Prof. Dr. Yiğit Sayın
Koç University
Law School

Our country's future is our future.

SOCIAL RESPONSIBILITY PROJECTS

Our founder, Vehbi Koç, established the Vehbi Koç Foundation as a bequest to the Turkish Nation that would last in perpetuity. In the trust deed for the Foundation, he wrote "I have based this endowment on a commercial entity that will be able to adapt itself to the requirements of the day".

Our approach, reinforced by such international initiatives and undertakings as the United Nations Global Compact, emphasizes corporate social responsibility awareness. In this way, the LEADERSHIP in the field of social responsibility that we inherited from our founder continues to grow through the synergy created by the UNITY of our Group over the years.

The strength of our UNITY is evident from the "For My Country" blood drive. With 33,000 units donated, this campaign generated the largest amount of blood orchestrated by a single institution in the history of the Turkish Red Crescent while also creating public awareness and change in behavior.

The "Vocational Education: A Crucial Matter for the Nation" project is one of the best examples of the LEADERSHIP our SYNERGY makes possible. This project acts as a springboard through the institutional support of 350 volunteers and Group companies. Its achievements have been acknowledged by three national and four international awards.

In the field of culture, the value we have created since 2006 in the International Istanbul Biennial, which we support as a strategic partner and sponsor, is quite impressive. The number of visitors to the Biennial, which was first held in 1987, has increased twofold under our sponsorship.

Institutions of the Vehbi Koç Foundation

EDUCATION

Koç High School (1988)

Koç University (1993)

Koç Primary Schools (1998-2008): In celebration of the 75th anniversary of the Republic, the Foundation opened 13 primary schools throughout the country. Four new schools were added to this project between 2006 and 2008, bringing the total to 17 schools.

HEALTH

Semahat Arsel Nursing Education and Research Center (SANERC, 1992)

VKV American Hospital (1995)

Koç University School of Nursing (1999)

CULTURE

Sadberk Hanım Museum (1980)

Vehbi Koç and Ankara Research Center (VEKAM, 1994)

Suna-İnan Kıraç Research Institute for Mediterranean Civilizations (AKMED, 1996)

Antalya Kaleiçi Museum (2000)

Koç University Research Center for Anatolian Civilizations (ANAMED, 2005)

ARTER (2010)

In 2010, Vehbi Koç Award was granted to Prof. Dr. Turgay Dalkara for his international achievements in cerebral and vascular diseases.

VEHBİ KOÇ FOUNDATION

Institutionalization for social development

Vehbi Koç Foundation was established in 1969. It is Turkey's first private foundation operating in the fields of education, health, culture and art. Vehbi Koç Foundation's objectives are to facilitate Turkey's development through institutions assuming administrative responsibilities in the areas of education, health and culture-the basic needs of life-and the projects and regular programs they support, to lead by example in all its activities, and to contribute to Turkey through sustainable and replicable models.

The Vehbi Koç Award

Vehbi Koç Award is granted every year to a person or institution that has made a major contribution to the development of Turkey in the areas of education, health or culture.

HEALTH

American Hospital

The Vehbi Koç Foundation American Hospital is a non-profit hospital run by the foundation. It provides quality healthcare service in every branch of medicine to more than 140,000 patients from all over Turkey and the world. The Hospital's international standards are maintained by the quality of its physicians and nurses and the care provided the diagnostic and treatment technology, and the administrative system and procedures. Held in high regard because of its standards, the Vehbi Koç Foundation American Hospital plays a key role in the development of the Turkish private health sector.

Koç University Medical Faculty

Koç University Faculty of Medicine, Turkey's newest medical faculty, enrolled its first students in the 2010-2011 academic year. Taking its place in a dynamic and innovative university, the Medical Faculty will embrace medical practices that are scientific and research-based. It will train doctors capable of engaging with and finding solutions to the medical issues of the twenty-first century using all that science has to offer.

Nursing Fund
The Nursing Fund was established in 1974 under the leadership of Semahat Arsel, Chairman of the Board of Directors of Vehbi Koç Foundation and Koç Holding Board Member, to support the development of nursing services in Turkey. The foremost objective of the fund is to contribute to the training of nurses who have the ethical values, knowledge and skills required by the nursing profession. To ensure the effective use of this fund, a Nursing Committee, consisting of Semahat Arsel, as Chairman, representatives of the Turkish Nursing Association, directors of nursing schools and representatives of the Ministry of Health, was established. The Committee provided educational material and text books to many nursing schools and scholarships to students and nursing teachers and supported activities such as congresses and symposia.

Semahat Arsel Nursing Education and Research Center (SANERC) and Nursing School
In 1992, the Semahat Arsel Nursing Education and Research Center (SANERC) was established under the auspices of the American Hospital. The purpose of SANERC is to upgrade the skills and knowledge of Turkish nurses to meet the demands of changing technology and information and train them to apply the knowledge they have acquired, thereby raising the quality of patient care. SANERC is the first education and training center for healthcare professionals in Turkey. Since its foundation, it has been a leading contributor to the development of the wellbeing of Turkish society through continuing education, research and professional counseling.

The Koç University School of Nursing was founded in 1999 and has since been a sound educational choice for persons who have chosen this profession. Its scholarships have also provided education support to successful students of limited means.

SANERC joined the Koç University School of Nursing in 2004 and it received international accreditation in post-graduate nursing education from the American Nurses Credentialing Center (ANCC) in 2010. The ANCC is the largest and most widely recognized nursing accreditation organization in the United States. SANERC's ANCC accreditation is valid for two years.

Koç University First Aid Education Center (KUİYEM)
The purpose of KUİYEM is to provide training in the proper use of first aid in situations requiring it. Training at KUİYEM is given by instructors who have the First Aid Training Certificate approved by the Ministry of Health. Successful participants receive a First Aid Certificate and a First Aid Identification Card valid for three years.

The Vehbi Koç Foundation has supported many health projects since its establishment, in addition to its own health institutions. For further information see: www.vkv.org.tr

EDUCATION

Koç University
Koç University's principle mission since its establishment in 1993 has been to graduate the most competent students at international standards who can think creatively, independently and objectively, to advance the frontiers of science, and to serve Turkey and humanity as an exemplar teaching and research institution. Acting on this mission, research conducted at Koç University will have a positive impact on scientific development in Turkey and the world and contribute to technological, economic and social development.

VKV Koç Private Primary School and High School
The Vehbi Koç Foundation founded the Koç Private High School in 1988. In 1998, a nursery school and an eight-year primary school were added to the institution, thereby becoming Koç Private Primary School and High School. The schools' student-centered program provides education in a multicultural setting. It places great importance interdisciplinary studies, projects and research supported by information-age technology.

Vocational Education: A Crucial Matter for the Nation project-supporting 8,000 students
The Vocational Education Project has reached 8,000 vocational high school students in 264 schools spread through all of Turkey's 81 provinces, facilitating internship supported scholarships, coaching and personal development opportunities. Further detailed information on the project can be found on page 73 of this report.

The Vehbi Koç Foundation has since its founding supported many projects in the field of education in addition to the educational institutions it runs or supports. For further information: www.vkv.org.tr

CULTURE

Sadberk Hanım Museum
The Vehbi Koç Foundation's cultural endeavors began in 1980 with the Sadberk Hanım Museum, Turkey's first private museum. The museum has a collection of selected Turkish and Islamic artworks and an archeological collection centered on artifacts from Anatolian Civilizations. The museum proudly celebrated its 30th anniversary in 2010 by hosting a very special exhibition that illuminated the latter periods of the Ottoman Empire entitled "Women's Costume of the Late Ottoman Era".

Vehbi Koç and Ankara Research Center (VEKAM)
VEKAM's studies have two main aims: First, to collect and classify visual and written documents pertaining to the founder, Vehbi Koç, and to make them available to researchers and second, to study the history and culture of Ankara and its environs and contribute to scientific research by collecting, organizing and publishing written, visual and audio documents.

VEKAM held two important symposia on museology in 2010. The objective of these symposia was twofold: to contribute to development of the museum and museology, which has played an influential role in European social and cultural life since the 18th century and in academia and praxis in Turkey; and to support research that can find solutions to the problems of Turkish museology, defined by "private museums", many of which have been established in recent years and are rapidly increasing in number.

Suna-İnan KIRAÇ Mediterranean Research Institute (AKMED)
AKMED is an international cultural institution that operates under the auspices of the Vehbi Koç Foundation for the purpose of encouraging and supporting scientific studies designed to research, document, preserve and restore that which has historical, archeological, ethnographic and cultural significance, particularly relating to Antalya and its environs, as well as the interpretation of relations throughout the Mediterranean basin. AKMED is the first and only research institution in Turkey that takes the Mediterranean as its subject.

International Sevgi Gönül Byzantium Studies Symposium II

The International Sevgi Gönül Byzantium Studies Symposium, another Vehbi Koç Foundation initiative, is held every three years to stimulate understanding of our Byzantine heritage. This symposium aims to provide an international platform for the sharing of academic studies from Turkey and abroad, to raise awareness of this cultural heritage through publications, to support research in this field, and to support young researchers of Byzantine culture. The 2nd International Sevgi Gönül Byzantium Studies Symposium, held 21-23 June 2010 at the Istanbul Museum of Archeology, had as its topic “The Byzantine Palace: a Source of Power and Culture”. The 1st International Sevgi Gönül Byzantium Studies Symposium publication is available at the Sadberk Hanım Museum souvenir shop.

ARTER

Opened in 2010, “ARTER-Space for Art” was established as a space to support artistic production and to contribute to its exhibition. Chief among the objectives of ARTER are supporting new creations and exhibiting them and forming a new platform through which artists and their works acquire visibility. Space will be provided to exhibitions consisting of works from the VKV Modern Art Collection, private collections and archives, as well as to joint projects orchestrated together with institutions abroad.

Metropolitan Museum

The Vehbi Koç Foundation is the sponsor of two new Ottoman Art Galleries at the Metropolitan Museum of Art in New York City. Unique artworks from the Ottoman’s 600-year history will be put on view in the Islamic Arts section for the millions of people from all over the world who visit the museum. These galleries, due to open in 2011 after renovation, will take the name of the Koç Family for 75 years.

The Vehbi Koç Foundation also supports major cultural projects that reflect significant firsts for Turkey. For further information: www.vkv.org.tr

OUR PROJECTS

Corporate solutions for social advancement

Our projects’ commonalities are unity, synergy and leadership established through our companies, employees and dealers.

“FOR MY COUNTRY” PROJECT

The “For My Country” project strives to implement projects that raise the quality of life. Now in its fourth year, the project encourages Koç Holding companies, employees, dealers and suppliers to join social responsibility projects and to tackle social problems by developing local initiatives and a participatory spirit.

In 2010, “For My Country” worked with the Turkish Red Crescent to create awareness of the importance of giving blood and to increase the number of volunteer blood donors. The experience and technical expertise acquired by “For My Country” over the last four years helped to transform the blood drive into a nationwide campaign.

Over the year, 38,498 people voluntarily gave blood, resulting in the collection of 32,580 units of blood. Blood donation campaigns and awareness-raising training will continue in 2011.

The Project’s past and future

Since “For my Country” began in 2006, initiatives to improve the quality of life have been carried out in all Turkey’s 81 provinces. In each province, a “For my Country Ambassador” was appointed and, under their leadership, 223 difference-making projects were completed in 2006. In addition to the activities conducted with the State Child Protective Services the range of projects included school repairs and the provision of equipment and supplies to them, health projects, building animal shelters, cleaning up the environment, building parks and fountains, providing assistance to villages, and encouraging habbit of reading by getting families to subscribe to newspapers.

In 2007, most of the 164 projects focused on education while others concentrated on the areas of health, culture, history and the environment, yielding a very successful year.

In 2008, the Project concentrated on a single area to create a greater impact and generate common solutions to contemporary problems. In collaboration with the Ministry of the Environment and Forestry and the TEMA Foundation, land equivalent to 1,750 soccer fields was made available across all of Turkey’s seven regions for planting 700,000 tree saplings. Awareness-raising education and information campaigns were also conducted.

In 2009, the Project worked in conjunction with TEMA to provide environmental education to primary school students in the country’s 81 provinces. Through this education and the child-targeted Save the World application on the project’s webpage, 18,000 children have embraced environmental awareness. Children visiting the Project’s webpage earned a “Child Who Saved the World” certificate by answering questions about small conservation measures that can be taken.

In 2010, health became the focus for spreading awareness of social responsibility and developing the concept of corporate citizenship among the Holding’s employees and dealers. Working in collaboration with the Turkish Red Crescent, “For My Country” spread awareness of the importance of giving blood and popularized donations.

Within the context of “For My Country” Project, 700,000 tree saplings were planted, 18,000 children embraced environmental awareness and 33,000 units of blood were donated.

VOCATIONAL EDUCATION: A CRUCIAL MATTER FOR THE NATION

The "Vocational Education: A Crucial Matter for the Nation" project was initiated in 2006 through collaboration between the Vehbi Koç Foundation and the Ministry of Education under the Technical Education and Vocational Training Incentive Program. The project mobilized the resources of Koç Holding to solve the problems of unemployment and lack of vocation in Turkey. Koç Holding's objectives are to create awareness throughout the society on the importance of vocational-technical education, sow the seeds of collaboration between the state and business by providing leadership in this area, and contribute to a qualified labor force by encouraging young people to take up vocational education.

Yesterday, today, tomorrow...

The project encourages the collaboration of business and schools using a "school-business pairing" model. With this model, more than 350 Koç Holding company employees act as Vocational High School Coaches who give students the opportunity to develop their vocational and personal skills. The coaches provide a communication nexus between vocational high schools, students, and companies.

Koç Holding makes a significant contribution to raising the quality of vocational education and the employability of youth through projects based on pairing schools with company resources such as the Fiat-Tofaş Laboratories, the Tüpraş Laboratories and the Ford Otosan Laboratories. The project holds competitions and communication campaigns every year to encourage young people to develop ambitious plans for the future, expand their horizons, concentrate on the positive aspects of studying at a vocational school, and to create awareness of vocational education among stakeholders.

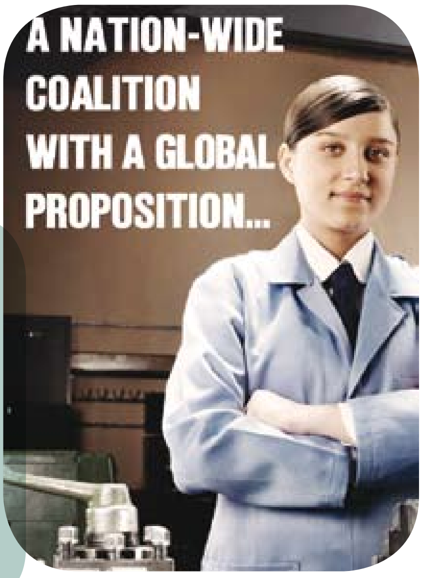
As of 2010, the "Vocational Education: A Crucial Matter for the Nation" project touched the lives of 8,000 students at 264 schools in 81 provinces.

As of 2010, the "Vocational Education: A Crucial Matter for the Nation" project touched the lives of 8,000 students at 264 schools in 81 provinces. Providing 80% of the internship cost of students, the project yielded its first graduates in 2010, and the employment stage has been kicked off.

The goal is to create by 2013 a model to strengthen cooperation between the state, private sector, NGOs, and schools, based on experience obtained from the "Vocational Education: A Crucial Matter for the Nation" project nationwide. As part of this, the Partnership for Quality in Vocational Education started with the Education Reform Initiative in 2010. While this partnership aims to recommend ways to raise the quality of vocational education generally in Turkey, it is particularly interested in encouraging and facilitating the public-private-civil society partnership.

School-Business Pairing Model

Fundamental to the model created under "Vocational Education: A Crucial Matter for the Nation" project is building bridges between the education and business circles through developing cooperation between vocational schools and businesses at the sector level. The project paired 20 Koç companies with vocational high schools providing sector-related training. Employees took on volunteer coaching roles and the companies provided curricular, supply and laboratory support to supplement the schools' infrastructure and course content and to help the schools and students to adapt to contemporary technology. This model can be easily implemented and generalized by large companies and holdings as well as SMEs.



INTERNATIONAL ISTANBUL BIENNIAL

Koç Holding acts through sponsorships to embrace meaningful projects that can leave a legacy to society. One of these sponsorships is the International Istanbul Biennial, a modern art event that is directly involved in social issues. The Holding's sponsorship of the Biennial, a project of the Istanbul Culture and Art Foundation, is for the ten-year period between 2007-2016.

This sponsorship's objective is to raise young people's awareness of modern art in Turkey and to create general interest in modern art through better promotion.

Koç Holding has made great contributions over the years to the development of young people through projects it has carried out in education and culture. The Biennial took important steps to encourage a museum- and gallery-going culture in young people and to encourage their interest in modern art. Free admission enabled university students to familiarize themselves with modern art at the Biennial. In addition, special projects sought to attract children to the colorful world of the Biennial.

Among all art events held in Turkey, the International Istanbul Biennial attracts the most attention and it is the most well known internationally. This means that any contribution to the Biennial is also a contribution to the Istanbul brand.

Koç Holding will continue to make significant contributions to the diversity and continuation of the International Istanbul Biennial.

Our environmentally sensitive approach safeguards the safety and security of future generations.

ENVIRONMENTAL POLICIES

Koç Group continually improves its environmental performance. The Group works to create common solutions to environmental threats to humanity by sharing its knowledge and experience locally and globally.

Koç Group has assumed its responsibility for preserving national and natural resources. We strive to use these resources in the most efficient way and minimize or recycle waste at the source.

Koç Group complies with national and international legal regulations and environmental standards in all of its activities. It aims to enhance its environmental performance by developing its employees' environmental awareness, sharing its experiences and seeking cooperative solutions to local and global environmental issues while remaining sensitive to the environmental, health and safety expectations of its stakeholders and the needs of society. Koç strives to be Turkey's leading industrial group in terms of its approach to environmental, health and safety standards. These commitments are in line with the environmental principles of the UN Global Compact, which Koç Group signed in 2006.

Koç Group invests in environment-friendly technology. It develops products that are compatible with future standards and supports community efforts to protect the environment.

Koç Group provided more than 20,000 man-hours of training to its employees and suppliers in 2010.

Koç Group companies invested TL74 million in 2010 to reduce environmental impact of their operations.

All Group companies abide by standards set out in the "Koç Group Environmental Policy and Vision". Koç Group has established an Environmental Coordination Board and Energy Efficiency Task Force to spread best practices throughout the Group and to develop joint long-term plans among Group companies.

The "Koç Group Environmental Policy and Vision" is posted on the Koç Group website, www.koc.com.tr, and detailed information about the Group's environment-friendly practices can be obtained from the Koç Group Corporate Social Responsibility Report.

The Audit Group and the Environmental Coordination Board conduct environmental audits in Group companies to increase awareness of environmental issues and detect potential risks. Areas for improvement identified by these audits are assigned by the CEO to the companies' executive management as performance targets. On a Group basis, environmental parameters are monitored using indicators of sustainability criteria.

Climate Change and Emission Management

Koç Group views the low carbon economy as an opportunity to create new and important business and employment, rather than seeing climate change prevention as a costly burden.

Koç Group developed its greenhouse emission calculation method in compliance with international norms, established a common data-entry system, calculated each Group company's greenhouse emissions and confirmed the method with the Turkish Statistical Institute.

The Group also drew up a greenhouse gas strategic plan for 2020 defining the Group companies' estimated greenhouse gas emission levels, reduction plans, and the associated investment requirements.

More than 100,000 saplings were planted for the environment by Koç Group companies in 2010.

Koç's Sustainability Management
Sustainability management is one of Koç Group's most important management processes. The sustainability management process gives priority to the environment, human resources, social responsibility, profitability and governance. It is organized by an executive-level Sustainability Team run by relevant chairmen. The Group introduced joint sustainability management software in 2010 to ensure uniformity of the in-house monitoring system.

Carbon Management and Respect for the Environment
Another aspect of Koç Holding's respect for the environment is the policies it implemented within its companies to counter global warming. To ensure that carbon management is performed to a uniform high standard in all Group companies, work began in 2010 on common carbon management software.

Koç Group companies' carbon emissions are calculated to international standards. Model companies and best practices are selected for use in setting criteria and comparison and improvement programs.

Respect for the environment takes center stage in all Group companies' production. An independent environment auditing system is in place in all Group companies that have a significant environmental impact.

Koç Group companies invested TL74 million in 2010 to reduce environmental impact of their operations. A significant portion of the Group's TL450 million R&D investments was spent on research to raise the efficiency of products and make them more environment-friendly.

Efficiency at Koç
Reducing the environmental impact of production is a priority for Koç Group companies. The Group took a further important step in fostering environmental awareness by providing more than 20,000 man-hours of training to Holding employees and suppliers in 2010. Koç Group companies made a significant contribution to the reduction of greenhouse emissions and protection of the environment by planting more than 100,000 saplings under various projects conducted over the year. Energy efficiency studies of all Koç Group companies' production systems continued apace during the year, yielding nearly 5% of savings. The amount of energy conserved is equivalent to the annual energy consumption of five automobile plants.

Koç Holding achieved water savings of close to 14 million m^3 in one year under its environmental impact reduction efforts. This figure is equal to annual consumption at European standards of approximately 100,000 persons.

Koç Group companies' awareness of the environment and sustainability makes them not only environment-friendly but also concerned about developing products to minimize energy costs. They continue to offer consumers environment-friendly products.

Koç Group made water savings of close to 14 million m^3-equivalent to the annual water consumption of 100,000 people.

Arçelik has pioneered many innovations in the consumer durables sector including international class-leaders for consuming the least amount of energy.

Tofaş manufactures and exports natural gas-powered vehicles. Tofaş, Ford Otosan and Otokar are conducting research in electric and hybrid vehicles in their endeavor to become one of the mass manufacturers.

Türk Traktör is developing environment-friendly products with its narrow orchard tractors using engines that meet stringent emission norms.

Awards
Arçelik was one of three finalists in the 2010 European Union Environment Awards management category, making the company the 1st non-EU company from a country outside the EU to make the finals since the Awards began in 1987. In 2010, the company received one of three awards at the "Ministry of Energy and Natural Resources" annual Industrial Energy Efficiency Project Competition (SENVER).

The Ford Otosan Kocaeli plant's Purification Plant Mud Drying project received Ford Europe's inaugural "Ford 2010 Environment Leadership Award". The project reduces disposal costs by 87% and recycles the reduced waste.

Tüpraş's Batman refinery took 1st place in the SEVAP1 category of the SENVER competition. In the same competition, Tofaş was chosen as Turkey's most efficient automotive plant and it came 2nd in the general division.

Energy efficiency activities by Koç Group companies yielded a 5% increase in energy efficiency in 2010-an amount equivalent to the annual energy consumption of five automobile plants.

Corporate Governance Alignment Declaration

Board of Director's Report

Auditor's Report

Consolidated Financial Statements and Independent Auditor's Report

Koç Holding A.Ş.
Corporate Governance Alignment Declaration

1. CORPORATE GOVERNANCE ALIGNMENT 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. In order to secure an effective position in the growing financial markets, it is important to reach a consistent and profitable growth performance despite the challenging competitive landscape, create shareholder value, focus on the internationally accepted compliance practices and implement a set of respective principles. It is of extreme importance to closely monitor and implement the international standards in order 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, especially in terms of raising management quality, reducing risks and increasing reliability and esteem in the financial and capital markets.

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 sustainable financial and operational performance.

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. Our Investor Relations website, which garnered the best IR website award in 2010, provides comprehensive and simultaneous information to investors and stakeholders alike, both on current and historical basis.

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 some principles that have been implemented, but have not yet been reflected to formal documents such as 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 2010 for Compliance with Corporate Governance Principles
In 2010, the Corporate Governance Committee continued to work actively and many activities have been conducted to improve compliance with the Principles by both the Holding company and publicly-traded Group companies.

Within this context, in an effort to establish ethical principles, the values and principles that have been part of the Koç culture since the establishment of Koç Holding have been collected under "Koç Group Ethical Rules and Principles" and shared with all Group employees.

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

Our Company website and annual report have been 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. 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 (IR) is responsible for liaising the relations between Koç Holding and the shareholders in coordination with other relevant departments.

2.1.1) IR is responsible for providing information, excluding 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 IR 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 vis-à-vis 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.

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, IR 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. IR 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. IR 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 IR, Finance Group and Legal Department.

2.1.8) IR 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 Akpınar
Tel : 0216 531 0535
Fax : 0216 531 0099
E- mail : fundag@koc.com.tr

Investor Relations Manager

Aslı Selçuk
Tel : 0 216 531 0537
Fax : 0 216 531 0099
E-mail : aslii@koc.com.tr

2.3. IR Activities in 2010
IR attended 12 roadshows and conferences in Turkey and abroad, holding one-on-one meetings with more than 300 existing and potential investors and 12 analysts, and answered over 600 telephone and e-mail inquiries in2010. 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 those 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 latest within one business day of 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 2010. To the best of our knowledge, there were also no administrative or legal proceedings regarding this subject.

3. Shareholders' Right to 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 section 10 of this report entitled "Internet Site and Contents".

3.2. Information Requests in 2010
Enquiries directed to IR, 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 2010 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 Auditor and Legal Auditors assigned at the general assembly. In the last general assembly meeting, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst & Young Global Limited) was appointed.

4. General Assembly Meeting
General Assembly Meetings are held in accordance with the procedure drawn up for the general rules for Koç Group companies taking into account the Turkish Commercial Code (TCC), Capital Market Legislation and the Corporate Governance Principles, and are organized to provide adequate information to and wide participation by the shareholders.

4.1. General Assembly Meetings Held in 2010
Ordinary General Assembly Meeting of Koç Holding was held on 21 April 2010 with 79.20% 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 our subsidiaries that are included in our Company's consolidation are also obliged to prepare consolidated financial statements. Nevertheless, we endeavor to shorten this period as much as possible. As a result of our efforts, the general assembly meetings of our Group companies that are open to public were held within the first three months of the year, while Koç Holding general assembly meeting was held in the third week of April. Furthermore, given the 14-week period stipulated by the Capital Market Regulations for the publication of annual financial statements by those partnerships 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 regulations 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 Code and Koç Holding's Articles of Association. The public is informed immediately of the BoD's decision to hold the General Assembly Meeting through the Public Disclosure Platform.

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 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.

4.4. Principles of Attendance to General Assembly Meeting
All Koç Holding shares are registered. Shareholders who wish to attend 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 is relied upon within the framework of the respective regulations. Shareholders who fail to get recorded in the Blockage List at CRA are by law not permitted to attend the meeting. The CRA list of blocked shares is issued on the evening of two business days 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, 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. It will suffice for our shareholders to get registered in the (CRA) "General Meeting Blockage List" two business days before 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
Regarding division and merger of shares which change the capital and management structure of the Company, decisions are taken in 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 BoD's 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 procedure applicable to General Assembly Meetings of the Group companies 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 notice of the General Assembly Meeting. In the years ahead, legal and sectoral developments will be monitored and activities will be continued to increase the effectiveness of General Assemblies according to other essentials specified in the Corporate Governance Principles, 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 amendments are required to the Articles of Association, A Group preferred shareholders meet and approve the 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
In our Company, applications that may complicate the use of voting rights are avoided; 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 such is the case, it should be documented in the legal representations in writing.

Within the Holding, no cross ownerships exist 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 by open ballot 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 2010. As Koç Holding has some 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. There are no privileges in dividend distribution between A and B type shareholders.

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.

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 as 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 A.Ş., 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 A.Ş.'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 A.Ş.'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 A.Ş. 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.

There was no change to our Disclosure Policy, which was updated in 2009 parallel to the changing market conditions and new provisions. Our Disclosure Policy which has been approved by our BoD was submitted for the information of our shareholders in our General Assembly Meeting held in 2010 and is announced on our company website.

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 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 A.Ş. 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 A.Ş. and Investor Relations Department meet frequently with intermediary institutions, analysts and investors to promote Koç Holding A.Ş.'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 A.Ş. 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 A.Ş. 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 A.Ş.'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 A.Ş.'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.

The number of material disclosures made by Koç Holding in 2010 was 15. 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 A.Ş. 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 current 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. The information stated in Section II article 1.11.5 of the CMB Corporate Governance Principles is available on our company website. 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 and
- Analyst reports
- 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
- Calendar

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.

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 A.Ş. 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 abuse. The list is updated as and when there are changes and the newly added people are asked to acknowledge their responsibility.

"Koç Group Ethical Rules and Principles" have taken measures to protect insider information and prevent a potential abuse by establishing principles that prevent employees from sharing information and documents that they obtain to due to their positions in the company, for whatever reason, with unauthorized people or authorities inside or outside the company; using the information, directly or indirectly, for speculative purposes; using non-public information regarding the company they work for, their customers, and other people and companies they conduct business with in any other way than what the information is intended for; and sharing information with third parties without obtaining the requisite approvals. In addition, insider trading has been forbidden by the principle which acknowledges that "using any kind of confidential information that belongs to the company where the employee works or Koç Group, or sharing it with third parties, directly or indirectly, or by gaining a commercial advantage, including executing stock exchange transactions, directly or indirectly is considered insider trading, constitutes a crime and employees must refrain from doing it".

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 A.Ş.

People with administrative duties at Koç Holding A.Ş. are defined as members of the management and audit bodies, people with regular access to insider information pertaining to Koç Holding A.Ş. and people who are authorized to take management decisions that will impact the future development and commercial targets of Koç Holding A.Ş. 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
İnan Kıraç	Member
Ali Y. Koç	Member
Osman Turgay Durak	Member - CEO
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
Mansur Özgün	Alternate Auditor

CEO	
Osman Turgay Durak	CEO

Group Presidents*	
Ahmet Ashaboğlu	CFO (Finance Group)
Ali Tarık Uzun	Audit Group
Cenk Çimen	Automotive Group
Erol Memioğlu	Energy Group
Kudret Önen	Defense Industry, Other Automotive Companies and IT Group
Levent Çakıroğlu	Consumer Durables Group
Ömer Bozer	Tourism, Food and Retailing Group
Tamer Haşimoğlu	Strategic Planning Group
Tayfun Bayazıt	Banking and Insurance Group

Legal Affairs	
Kenan Yılmaz	Chief Legal Advisor

Directors	
Emine Alangoya	Director (Accounting)
Mert Ş. Bayram	Director (Human Resources)
Oya Ünlü Kızıl	Director (Corporate Communications and International Relations)
Kemal Uzun	Director (Tax Management)

General Secretariat	
Tahsin Saltık	Secretary General

(*) As of the Ordinary General Assembly meeting on 7 April 2011, Ömer Bozer, President of Tourism, Food and Retail Group will retire, Tamer Haşimoğlu, President of Strategic Planning will become the President of Tourism, Food and Retail Group and Strategic Planning Group will report to Ahmet Ashaboğlu, CFO.

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. In addition, our companies also hold regular meetings with their dealership network to ensure a close relationship. A website has been developed to provide information, training and promotions to our dealership network and it is actively used by 7,705 registered dealers.

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 31.12.2010, Koç Group had a total of 75,896 employees, 71,210 of which are in Turkey and 4,686 of which are abroad. Number of employees in consolidated subsidiaries totaled 73,063.

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.

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.

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 3,844 of our managers attended the Group's Leadership Development Program between 2003-2010, which aims to improve the competency of our managers who can carry our Group into the future.

Koç Group employees have priority when filling vacant positions that are available at the Group companies. KoçKariyerim is a portal that is used to announce all vacant jobs within the Group and provides our employees to actively participate in shaping their career path.

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 26 brands in 20 sectors belonging to 12 Koç Group companies as well as 95 brands belonging to the competition. The results of the survey conducted with approximately 40,000 customers in 47 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 7th time this year by an independent research company among 5,500 dealers in 81 provinces 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 have been renovated and opened in 2011, bearing the name of the Koç Family. Koç Holding has become sponsor to the Istanbul Biennial for 10 years between 2007-2016, an important step to support contemporary art in Turkey. In 2009, where the Vehbi Koç Foundation celebrated its 40th year, Koç Family was honored with one of the most esteemed 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 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. The first report was covering a two-year period while the consequent reports were issued on an annual basis.

PART IV - BOARD OF DIRECTORS

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 Osman Turgay Durak, CEO, are non-executives. Currently, 3 out of the 14 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	İnan Kıraç	Member	non-executive
Mustafa V. Koç	Chairman	non - executive	Ali Y. Koç	Member	non-executive
Suna Kıraç	Vice-Chairman	non-executive	Osman Turgay Durak	Member	CEO
Temel Atay	Vice-Chairman	non-executive	Prof. Dr. John H. McArthur	Member	Independent
Ömer M. Koç	Vice-Chairman	non-executive	Sanford I. Weill	Member	Independent
Semahat Arsel	Member	non-executive	Prof. Dr. Heinrich Von Pierer	Member	Independent
Dr. Bülent Bulgurlu	Member	non-executive	Peter D. Sutherland	Member	Independent

18.3. Changes in Board of Directors Members
There were no events in 2010 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.

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

In line with these principles, we hold leadership positions in underpenetrated sectors that offer rapid and profitable growth opportunities. We aim to obtain a significant share in these markets. 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 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 Group's strategic objectives such as economic profit, company value, growth and employee, dealer and customer satisfaction are integrated in all scorecards in addition to targets vis-à-vis company strategies.

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 achievement of objectives 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 objectives and budgets. Potential measures are discussed.

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

During the year-end performance appraisal process, achievements vis-à-vis targets regarding the realization of company strategies are also measured as part of the overall performance and reward process.

21. Risk Management and Internal Control Mechanisms
The responsibility for Risk Management and Reporting is coordinated among Koç Holding Presidents under the leadership of the Finance Presidency. Risks are investigated and assessed in detail via periodic meetings and reporting.

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

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 have been made subject to the decision of the BoD in the Company's Articles of Association are determined through notification of executive management and BoD members by the concerned departments, who, in turn determine 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, which consolidates and places them on the agenda.

23.2. Board of Directors Secretariat
Koç Holding A.Ş. General Secretariat has been assigned the duties of determining the agenda for the Koç Holding A.Ş. 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 2010, the Board met 4 times, and the number of decisions taken within the year, including the decisions made under Article 330 section 2 of the TCC, is 21.

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.

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 85 years, 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.

In order to spread these principles effectively among all employees and ensure that they are transferred to the new generations, “Ethical Rules and Principles” have been announced to all Group companies and personnel as of 11 October 2010.

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.

Studies carried out by our committees are regularly recorded. Decisions taken by the committees following independently-performed studies 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 was established in order to prevent issues that may arise due to the fact that the BoD is unable to meet at the desired frequency or in case of an emergency and support the BoD to properly carry out their duties. The decisions taken by the Committee are evaluated and approved by the BoD 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 of the Board of Koç Holding A.Ş., Chairman of Koç Holding A.Ş., 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.

Currently, the Committee consists of two members including the Chairman of the Committee and meets at least two times a year and more frequently when the need arises. 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 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.

Koç Holding does not get involved in transactions that might lead to conflict of interest such as extending loans to members of the BoD or executives, or providing collateral on their behalf.

Koç Holding A.Ş. Board of Directors' Report

Dear Shareholders,

Welcome to the 47th General Assembly Meeting of Koç Holding.

We hereby present for your evaluation the Koç Holding Annual Report for 2010. The first section of the report provides general information about Koç Holding, its goals, strategies and operations in 2010, 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, 2010 and other disclosures required by the Capital Markets Board (CMB).

The 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 2010 on behalf of Koç Holding Board of Directors.

Overview of 2010

In 2010, the pace of global economic recovery beat the expectations and the growth rates in the emerging economies outperformed the developed economies. 2010 was a worrisome time especially for the Eurozone due to the issues invoked by the public deficits or the weak banking systems in some of the countries in the region. In the US, despite the strong support extended by the Government and FED to the economy, growth and unemployment rates failed to improve to the desired levels.

Emerging countries, including Turkey, decoupled positively from the developed countries, supported by the structural reforms they carried out before the financial crisis started and their dynamic domestic markets, acting as a locomotive of the world economic recovery.

Focus on stronger balance sheets by both banks and the real sector and increasing productivity and flexibility played a crucial role in Turkey's quick recovery at the beginning of 2010 as the global economy began to show signs of emerging from the crisis. The Turkish GDP is expected to grow by 8% in 2010, reaching the pre-crisis production levels of 2008.

With its focused and balanced portfolio structure, strong cash position, diligent risk management approach and measures aimed at increasing efficiency, Koç Holding was well-equipped to weather the turbulence. As the markets started to show signs of recovery, Koç Holding emerged from the crisis as a stronger player, increasing its revenues and profitability and further strengthening its financial position.

Our consolidated revenues increased by 20% in 2010 compared to a year ago and reached TL53.8 billion. Our domestic and international revenues had a balanced contribution to this increase. Our operating income increased by 18% and reached TL4.1 billion. Net income attributable to equity holders of the parent was TL1.7 billion, up by 21%.

Developments in Koç Holding and Koç Group in 2010

Koç Holding continued fortify its domestic and international standing, and ranked 273rd in the Fortune Global 500 listing with its 2009 results.

Koç Holding's combined revenues are equal to 7% of Turkey's GDP. We generate 10% of Turkey's total exports, while our listed subsidiaries make up 15% of the total Istanbul Stock Exchange market capitalization.

The main activities of 2010 were as follows:

- Our energy companies completed the year with high revenue increase.
  - ✓ Tüpraş continued its operational flexibility and optimum production and sales policy in 2010 and maintained its profitability despite the market volatility.
  - ✓ Aygaz Group maintained its leadership with around 30% market share.
  - ✓ Opet continued to increase its market share and retained its 3rd position with 16.9% share in white products (gasoline and diesel). One of the most significant developments in 2010 was the renewal of a significant number of the dealership agreements as the exemption on the Turkish Competition Authority's decision to impose a five-year term on usufruct agreements and leases of stations expired on 18 September 2010.
  - ✓ Turkish Airlines and Opet established a 50-50 joint venture named THY-Opet Havacılık Yakıtları, which went into operation in 2010 with the objective to serve THY and other airline companies in the airport countrywide.
  - ✓ 49.6% of Entek shares were sold to AES in order to establish a 50-50 joint venture. Our target is to become one of the leading players in electricity generation by raising our installed generation capacity through acquisitions and greenfield investments.
- In 2010, the domestic automotive market grew by 38%, reaching an all-time high, while our companies continued to be the undisputable leaders in this sector.
  - ✓ Total production of the Group's automotive companies was 585,000 units, representing 52% of all domestic automobile production.
  - ✓ Koç automotive exports grew by 24% to 379,000 units, representing 50% of Turkey's automotive exports.
  - ✓ Koç Group companies accounted for 31% of the domestic sales, with Ford Otosan and Tofaş taking their place at the top of the list.
  - ✓ Ford Otosan announced a $630 million investment plan for the production of the new Transit series.

- ✓ Tofaş launched the new Doblo in February 2010, and proudly produced the one millionth Fiat Doblo during the year. Further to the agreement concluded with Opel and Vauxhall within the scope of this project, Tofaş increased the number of global brands it produces for to 5.
- Arçelik continued its strong leadership in the domestic market while also strengthening its market share and brand positioning in the international markets.
  - ✓ Turkish white goods and LCD markets grew by 8% and 19%, respectively. Koç Group companies maintained their market leadership positions.
  - ✓ Arçelik's consolidated international sales increased by 11% in euro terms.
  - ✓ Arçelik, which is the 3rd largest household appliances company in Europe, posted significant market share increases, especially in Western Europe.
  - ✓ Arçelik-LG Klima reached 51% market share in Turkey.
- Yapı Kredi recorded above-sector growth and profitability.
  - ✓ Sector deposit growth was 21%, while YKB's deposits grew by 27%.
  - ✓ Sector loan growth was 34%, while YKB's loans grew by 40%. As a result, Yapı Kredi recording the highest loan and deposit growth among its peers.
  - ✓ Yapı Kredi's return on average equity was 27%, the highest level among private banks, versus the sector average of 20%.
  - ✓ Yapı Kredi increased its net income by 45%, recording the highest increase among the four big private banks.

Koç Holding Consolidated Financial Results

(TL million)	2010	2009	Change %
Revenues (net)	53,812	44,841	20
Operating profit	4,105	3,476	18
Profit before tax from continuing operations	3,886	3,159	23
Profit for the year	3,138	2,641	19
Profit for the year -			
attributable to equity holders of the parent	1,734	1,429	21
Earnings per share (TL)	0.718	0.592	21
Earnings before interest, taxes and amortization - EBITDA	5,073	4,401	15
Operating profit / Revenues (%)	7.6	7.8	-0.1[1]
Total assets	81,143	66,386	22
Total liabilities	60,165	47,604	26
Total equity	20,978	18,782	12
Shareholders' equity	12,574	11,170	13
Capital expenditures	1,246	1,444	-14
Depreciation and amortization	968	925	5
Revenues / Total assets	0.66	0.68	-0.01[1]
Operating profit / Total assets (%)	5.1	5.2	-0.2[1]
Return on Equity (%)	16.0	14.7	1.3
Current ratio	0.85	0.88	-0.04[1]
Total liabilities / Equity	2.9	2.5	0.3[1]

1) The changes in ratios are given as percentage point differences

Financial and Operational Results

Koç Group continued to achieve successful results in all business lines.

Koç Holding's 2010 combined revenues increased by 21%, reaching TL82,228 million. After TL17,398 million is deducted for proportional consolidation of joint ventures according to International Financial Reporting Standards and a further TL11,018 million is deducted in lieu of consolidation eliminations and adjustments, the net consolidated revenue of Koç Holding amounted to TL53,812 million.

Koç Holding's operating profit increased by 18% over 2009 and reached TL4,105 million.

Profit before tax from continuing operations was TL3,886 million.

Consolidated net income for 2010 was TL3,138 million, of which TL1,734 million was attributable to equity holders of the parent.

Koç Holding's total assets increased by 22% to TL81.1 billion as of 2010-end. Total shareholders' equity increased by 13% million during the year with the net profit for the period and other capital movements, reaching TL12.6 billion.

Capital expenditures for the year reached TL1,246 million on a consolidated basis and TL1,881 million on a combined basis. The highest capital expenditures were made in the energy sector for the projects related to energy efficiency, operational efficiency and increasing profitability, environmental investments as well as fuel station investments. Energy is followed by automotive with new model and rental car fleet investments. Consumer durables segment comes third with new models and technologies that are environmentally sensitive.

Combined international sales generated by the Group companies exceeded $11.7 billion, increasing by 27% compared to 2009. Energy and automotive segments accounted for the highest increase.

Employment and labor relations

The total number of employees of Koç Holding, its consolidated subsidiaries and joint ventures was 73,063 as of the end of 2010. On a sectoral basis, the highest number of employees was in the automotive and consumer durables sectors, each accounting for 27% of total Group employees, followed by finance with 23%.

In our 8 companies (Arçelik, Tofaş, Ford Otosan, Arçelik LG, Otokar, Aygaz-Gazal, Türk Traktör and Demir Export) where the collective labor agreements expired in 2010, the agreements covering approximately 28,000 unionized workers were renewed amicably conserving the labor peace.

Dividend proposal

According to the financial statements for the fiscal year January 1, 2010 to December 31, 2010, prepared by Koç Holding A.Ş. in accordance with International Financial Reporting Standards and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst & Young Global Limited), after a deduction of 5% as legal reserve fund (a sum equal to TL17,717,866.13) in line with Article 466 of the Turkish Commercial Code, a distributable profit of TL1,716,761,133.87 was generated according to the Capital Markets Board's regulations. After addition of TL845,563.00 granted to tax-exempt foundations and associations, a first level dividend base of TL1,717,606,696.87 was reached.

On the basis of the financial statements prepared in line with the statutory records, after deduction of 5% as legal reserve fund (TL17,717,866.13), in accordance with Article 466 of the Turkish Commercial Code the distributable profit amounted to TL336,639,456.46. Furthermore, with the addition of TL1,198,960,943.23 extraordinary legal reserves that may be subject to distribution, the total amount of distributable profit as per the statutory records reached TL1,535,600,399.69.

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:

TL343,521,339.37	As first level dividend to shareholders
TL47,880,122.52	To holders of usufruct right certificates, in accordance with article 32/d of our Articles of Association,
TL6,500,000.00	To Koç Holding Pension and Assistance Foundation, in accordance with article 32/c of our Articles of Association
TL206,478,660.63	As second dividend to shareholders.

We submit the following proposal to the General Assembly's approval:

- Payment of total TL550,000,000.00 dividends, composed of TL343,521,339.37 first dividend and TL206,478,660.63 second dividend, calculated according to the Capital Markets Board regulations and TL47,880,122.52 that will be paid to holders of usufruct right certificates, amounting to a grand total of TL597,880,122.52 in cash as follows:
  - ✓ TL42,057,606.27 from current year's tax exempt statutory income
  - ✓ TL189,076,355.78 from current year's taxable statutory income, and
  - ✓ TL366,746,160.47 from the extraordinary reserves corresponding to tax exempt portion
- TL6,500,000,000 that will be paid to Koç Holding Pension and Assistance Foundation to be expended from current year's taxable statutory income as gross = net.
- TL99,005,494.41 that remains from the current year's statutory income after the payments to be made to the holders of usufruct right certificates and Koç Holding Pension and Assistance Foundation to be allocated as extraordinary legal reserves
- And the dividend distribution to begin on 14 April 2011.

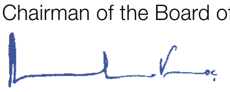
Dear Shareholders,

On behalf of our Board of Directors, I thank you, our valued shareholders, customers, dealers, suppliers, industry and business partners and unions for their continued trust and support, and our employees, for their dedication and outstanding contribution.

In 2011, Koç Group will continue to operate towards its objective of profitable and sustainable growth and maintain maximum focus on risk management. We will accelerate our investments that will create further employment opportunities and increase our efficiency. Within this context, we have budgeted a capital expenditure of TL2.7 billion on a consolidated basis and TL3.7 billion on a combined Group basis.

Sincerely,

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 2010 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, 2010 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. 2010 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 2010.

Respectfully yours,
16 March 2011

Auditor
Kutsan Çelebican

Ernst & Young
Güney Bağımsız Denetim ve
SMMM AŞ
Büyükdere Cad. Beytem Plaza
No:22 K:9-10, 34381 - Şişli
İstanbul - Turkey
Tel: +90 212 315 30 00
Fax: +90 212 230 82 91
www.ey.com

(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 Anonim Şirketi:

We have audited the accompanying financial statements of Koç Holding Anonim Şirketi ("the Company"), its subsidiaries and joint ventures (collectively referred to as the "Group") which comprise the consolidated balance sheet as at December 31, 2010, and the consolidated income statement, consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Independent Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Koç Holding Anonim Şirketi as of December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with financial reporting standards issued by CMB.

Other matters

The consolidated financial statements of Koç Holding A.Ş., its subsidiaries and joint ventures prepared in accordance with financial reporting standards issued by CMB as of December 31, 2009, were audited by another audit firm whose independent auditor's report thereon dated March 12, 2010 expressed an unqualified opinion.

As explained detailed in Note 2.4.1 to the consolidated financial statements, the consolidated financial statements include the accounts of the Company, its subsidiaries and joint ventures. Koç family members allow Koç Holding to exercise the voting power in respect of their shares held in the Group companies. In the accompanying consolidated financial statements, the shares held by Koç family members are treated as minority interest.

As explained in Note 2.1.3 to the consolidated financial statements, EUR and USD amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira ("TL") , 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 December 31, 2010 for the consolidated balance sheet, and the official EUR and USD average CBRT bid rates of the year 2010 for the consolidated income statement, consolidated comprehensive income statement and consolidated cash flow statement, and they do not form part of these consolidated financial statements.

Additional paragraph for convenience translation into English:

The accounting principles described in Note 2 (defined as CMB Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the final year of the application of inflation accounting and presentation of the basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A Member Firm of Ernst & Young Global Limited

Ethem Kutucular, SMMM
Partner

March 11, 2011
Istanbul, Turkey

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Consolidated Balance Sheets
At 31 December 2010 And 2009
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	Notes	2010 (*) EUR'000	2010 (*) USD'000	2010 TL'000	2009 TL'000
ASSETS					
Current assets:					
Cash and cash equivalents	5	6,150,810	8,152,409	12,603,625	9,835,785
Financial assets	6	955,318	1,266,199	1,957,543	2,123,794
Trade receivables	7	2,488,040	3,297,699	5,098,243	4,747,016
Receivables from finance sector operations	8	7,466,135	9,895,767	15,298,856	11,934,199
Inventories	9	2,046,312	2,712,224	4,193,098	3,361,000
Derivative financial instruments	18	163,125	216,210	334,260	250,163
Other current assets	20	884,683	1,172,577	1,812,804	1,348,614
Assets held for sale	29	174,103	230,760	356,755	15,265
Total current assets		20,328,526	26,943,845	41,655,184	33,615,836
Non-current assets:					
Financial assets	6	4,084,866	5,414,165	8,370,299	6,034,947
Trade receivables	7	44,536	59,029	91,259	85,641
Receivables from finance sector operations	8	7,017,621	9,301,299	14,379,808	9,743,214
Investment properties	10	56,324	74,653	115,413	120,344
Property, plant and equipment	11	5,097,776	6,756,696	10,445,852	10,629,539
Intangible assets	12	675,496	895,316	1,384,158	1,319,893
Goodwill	13	1,720,927	2,280,951	3,526,351	3,517,860
Deferred tax assets	16	171,405	227,184	351,226	518,509
Derivative financial instruments	18	16,456	21,812	33,721	126,082
Other non-current assets	20	385,167	510,508	789,246	674,567
Total non-current assets		19,270,574	25,541,613	39,487,333	32,770,596
Total assets		39,599,100	52,485,458	81,142,517	66,386,432

(*) Euro ("EUR") and US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2010, and therefore they 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 2010 have been approved for issue by the Board of Directors ("BOD") on 11 March 2011 and signed on its behalf of the BOD by the CFO (Chief Financial Officer), Ahmet F. Ashaboğlu and by Accounting Director, Emine Alangoya. These consolidated financial statements will become final following their approval in the General Assembly.

	Notes	2010 (*) EUR'000	2010 (*) USD'000	2010 TL'000	2009 TL'000
LIABILITIES					
Current liabilities:					
Payables from finance sector operations	14	13,073,953	17,328,485	26,789,839	20,719,836
Financial liabilities	15	4,316,941	5,721,762	8,845,844	8,492,043
Trade payables	7	3,684,236	4,883,162	7,549,368	4,083,434
Other payables	17	754,130	999,539	1,545,288	1,488,466
Derivative financial instruments	18	51,086	67,710	104,680	134,477
Current income tax liabilities	16	102,419	135,748	209,867	144,059
Other current liabilities	20	2,006,226	2,659,092	4,110,957	3,088,086
Liabilities held for sale	29	60,604	80,326	124,184	7,247
Total current liabilities		24,049,595	31,875,824	49,280,027	38,157,648
Non-current liabilities:					
Payables from finance sector operations	14	260,978	345,906	534,770	716,302
Financial liabilities	15	3,919,989	5,195,634	8,032,450	6,428,177
Derivative financial instruments	18	162,315	215,135	332,599	249,894
Provisions for employee benefits	19	384,977	510,257	788,857	763,664
Deferred tax liabilities	16	324,611	430,246	665,161	828,828
Other non-current liabilities	20	259,012	343,301	530,739	459,873
Total non-current liabilities		5,311,882	7,040,479	10,884,576	9,446,738
Total liabilities		29,361,477	38,916,303	60,164,603	47,604,386
Equity:					
Paid-in share capital	21	1,178,635	1,562,187	2,415,141	2,415,141
Adjustment to share capital	21	472,055	625,671	967,288	967,288
Total share capital		1,650,690	2,187,858	3,382,429	3,382,429
Share premium		4,532	6,006	9,286	9,286
Revaluation funds	21	9,664	12,809	19,803	(14,183)
Currency translation differences		23,039	30,537	47,210	51,707
Restricted reserves	21	1,118,501	1,482,484	2,291,920	2,269,812
Prior years' income		2,483,561	3,291,763	5,089,065	4,041,695
Profit for the period		846,459	1,121,914	1,734,479	1,429,210
Equity holders of the parent		6,136,446	8,133,371	12,574,192	11,169,956
Non-controlling interest		4,101,177	5,435,784	8,403,722	7,612,090
Total equity		10,237,623	13,569,155	20,977,914	18,782,046
Total liabilities and equity		39,599,100	52,485,458	81,142,517	66,386,432
Commitments and contingent liabilities	28				

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the official TL bid rate announced by the CBRT on 31 December 2010, and therefore they 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.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Consolidated Income Statements
For The Years Ended 31 December And 2009
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	Notes	2010 (*) EUR'000	2010 (*) USD'000	2010 TL'000	2009 TL'000
Revenue	22	24,541,209	32,539,511	48,822,282	39,458,782
Interest, fee, commission and similar income	4	2,508,371	3,325,882	4,990,154	5,381,772
Total revenue	4	27,049,580	35,865,393	53,812,436	44,840,554
Cost of sales (-)	23	(21,347,271)	(28,304,626)	(42,468,261)	(33,574,597)
Interest, fee, commission and similar expenses (-)		(1,081,999)	(1,434,636)	(2,152,528)	(2,390,124)
Total costs	4	(22,429,270)	(29,739,262)	(44,620,789)	(35,964,721)
Gross profit non-finance		3,193,938	4,234,885	6,354,021	5,884,185
Gross profit finance	4	1,426,372	1,891,246	2,837,626	2,991,648
Gross profit	4	4,620,310	6,126,131	9,191,647	8,875,833
Marketing, selling and distribution expenses (-)	23	(1,105,192)	(1,465,389)	(2,198,669)	(2,128,403)
General administrative expenses (-)	23	(1,309,125)	(1,735,786)	(2,604,373)	(2,303,294)
Research and development expenses (-)	23	(62,262)	(82,554)	(123,864)	(93,656)
Other income	24	234,815	311,344	467,141	300,754
Other expense (-)	24	(315,174)	(417,894)	(627,008)	(1,175,019)
Operating profit	4	2,063,372	2,735,852	4,104,874	3,476,215
Financial income	25	965,065	1,279,593	1,919,901	1,800,509
Financial expense (-)	25	(1,075,110)	(1,425,503)	(2,138,824)	(2,117,672)
Profit before tax		1,953,327	2,589,942	3,885,951	3,159,052
Tax income/expense		(375,767)	(498,234)	(747,551)	(518,464)
-Current income tax expense (-)	16	(375,806)	(498,286)	(747,629)	(598,227)
-Deferred tax income/(expense)	16	39	52	78	79,763
Profit for the period		1,577,560	2,091,708	3,138,400	2,640,588
Attributable to:					
Non-controlling interest		705,701	935,698	1,403,921	1,211,378
Equity holders of the parent		871,859	1,156,010	1,734,479	1,429,210
Earnings per share (Kr)	32			0.718	0.592

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2010, and therefore they do not form part of these consolidated financial statements (Note 2.1.3).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Consolidated Statements of Comprehensive Income
For The Years Ended 31 December And 2009
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	2010 (*) EUR'000	2010 (*) USD'000	2010 TL'000	2009 TL'000
Profit for the period	1,577,560	2,091,708	3,138,400	2,640,588
Other comprehensive income:				
Fair value gains/(losses) on financial assets	39,029	51,750	77,645	65,006
Cumulative gains/(losses) on hedging	(13,948)	(18,494)	(27,749)	30,351
Currency translation differences	(9,759)	(12,941)	(19,415)	(6,580)
Other comprehensive income (tax effects) (**)	(7,128)	(9,451)	(14,181)	2,800
Other comprehensive income (after tax)	8,194	10,864	16,300	91,577
Total comprehensive income	1,585,754	2,102,572	3,154,700	2,732,165
Attributable to:				
Non-controlling interest	698,783	926,522	1,390,154	1,224,175
Equity holders of the parent	886,971	1,176,050	1,764,546	1,507,990

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2010, and therefore they do not form part of these consolidated financial statements (Note 2.1.3).

(**) Deferred tax effects of comprehensive income components are presented in Note 16.

The accompanying notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Consolidated Statements Of Changes In Equity
For The Years Ended 31 December 2010 And 2009
(Amounts expressed in thousands of Turkish Lira ["TL"] 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	Non-controlling interest	Total equity
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 non-controlling 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**
Balances at 1 January 2010	**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**
Transfers	-	-	-	-	-	-	-	12,600	9,508	(1,429,210)	1,407,102	-	-
Capital increases	-	-	-	-	-	-	-	-	-	-	-	10,153	10,153
Dividends paid (Note 21)	-	-	-	-	-	-	-	-	-	-	(359,714)	(602,343)	(962,057)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(596)	(5,010)	(5,606)
Changes in the scope of consolidation (Note 2.4.1)	-	-	-	-	-	-	-	-	-	-	-	(1,322)	(1,322)
Total comprehensive income	-	-	-	57,117	(18,333)	(4,798)	(4,497)	-	-	1,734,479	578	1,390,154	3,154,700
Balances at 31 December 2010	**2,415,141**	**967,288**	**9,286**	**109,626**	**(103,485)**	**13,662**	**47,210**	**152,817**	**2,139,103**	**1,734,479**	**5,089,065**	**8,403,722**	**20,977,914**

The accompanying notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Consolidated Cash Flow Statements
For The Years Ended 31 December 2010 And 2009
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

	Notes	2010 (*) EUR'000	2010 (*) USD'000	2010 TL'000	2009 TL'000
Operating activities:					
Profit before tax		1,953,327	2,589,942	3,885,951	3,159,052
Adjustments to reconcile net cash generated:					
Depreciation and amortisation	4	486,566	645,144	967,974	924,658
Changes in provisions	33	487,038	645,770	968,914	1,523,987
Net interest income	33	(852,688)	(1,130,591)	(1,696,338)	(1,627,234)
Finance sector interest received		1,655,015	2,194,406	3,292,487	4,077,095
Finance sector interest paid		(834,167)	(1,106,032)	(1,659,491)	(2,083,266)
Exchange (gains)/losses on borrowings		166,813	221,179	331,857	(15,730)
Exchange (gains)/losses on cash and cash equivalents		(66,855)	(88,644)	(133,001)	74,663
Gain on sale of property, plant and equipment (net)	24	(43,171)	(57,241)	(85,885)	(9,385)
		2,951,878	**3,913,933**	**5,872,468**	**6,023,840**
Net changes in operating assets and liabilities	33	(1,508,516)	(2,000,161)	(3,001,042)	1,072,716
Income taxes paid		(342,727)	(454,426)	(681,821)	(556,279)
Cash flows from operating activities		**1,100,635**	**1,459,346**	**2,189,605**	**6,540,277**
Investing activities:					
Purchases of property, plant and equipment and intangible assets	4	(626,142)	(830,209)	(1,245,646)	(1,443,884)
Sales of property, plant and equipment and intangible assets		143,141	189,793	284,765	123,829
Cash outflow from acquisition of subsidiary (net)		-	-	-	(14,224)
(Increase)/decrease in financial assets		(7,083)	(9,391)	(14,091)	18,371
Non-finance sector interest received		266,995	354,012	531,160	373,656
Transactions with non-controlling interests (net)		(2,818)	(3,736)	(5,606)	201,646
Cash flows from investing activities		**(225,907)**	**(299,531)**	**(449,418)**	**(740,606)**
Financing activities:					
Share capital increases		5,104	6,767	10,153	164,589
Dividend payments		(483,592)	(641,200)	(962,057)	(434,940)
Increase/(decrease) in short-term borrowings (net)		132,370	175,512	263,338	(772,325)
Increase/(decrease) in long-term borrowings (net)		711,151	942,925	1,414,764	(1,600,497)
Non-finance sector interest paid		(295,337)	(391,592)	(587,545)	(814,225)
Cash flows from financing activities		**69,696**	**92,412**	**138,653**	**(3,457,398)**
Effects of foreign exchange rate changeson cash and cash equivalents		66,855	88,644	133,001	(74,663)
Net increase in cash and cash equivalents		1,011,279	1,340,871	2,011,841	2,267,610
Cash and cash equivalents at the beginning of the year		4,086,378	5,418,182	8,129,441	5,861,831
Cash and cash equivalents at the end of the period	**33**	**5,097,657**	**6,759,053**	**10,141,282**	**8,129,441**

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2010, and therefore they 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.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010
(Amounts expressed in thousands of Turkish Lira ["TL"] 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. Koç Holding's business activities include acquisition, disposal and exchanging of shares of domestic and foreign corporations and limited liability companies which are established or will be established for all types of commercial, industrial, agricultural and financial activities, buy, sell and exchange securities without brokerage and portfolio management purposes and to increase, decrease or cease its participation to these companies.

As of 31 December 2010, the number of personnel employed by Koç Holding, Subsidiaries and Joint Ventures (collectively referred as the "Group") is 73.063 (31 December 2009: 68.057).

The registered address of Koç Holding is as follows:
Nakkaştepe Azizbey Sok. No: 1
Kuzguncuk-İSTANBUL

Koç Holding is registered to 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 2010, 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	26.02
Vehbi Koç Vakfı	7.15
Koç Holding Emekli ve Yardım Sandığı Vakfı	1.99
Other	22.35
	100.00

NOTE 1-GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Koç Holding is organised mainly in Turkey under five core business segments:

- Energy
- Automotive
- Consumer durable
- Finance (1)
- Other (2)

(1) The finance segment includes three main groups; banking, insurance and consumer finance. 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 ("Subsidiaries") and the joint ventures ("Joint Ventures") included in the consolidation scope of Koç Holding, 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
Anadoluhisarı Tankercilik A.Ş (" Anadoluhisarı Tankercilik") (1)	Turkey	Shipping
Aygaz A.Ş. ("Aygaz")	Turkey	LPG
Aygaz Doğal Gaz İletim A.Ş. ("Aygaz İletim")	Turkey	LNG
Aygaz Doğal Gaz Toptan Satış A.Ş. ("Aygaz Toptan Satış")	Turkey	LNG
Beykoz Tankercilik A.Ş. ("Beykoz Tankercilik")	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
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek") (2)	Turkey	Power
Enerji Yatırımları A.Ş. ("Enerji Yatırımları")	Turkey	Investment
Entek Elektrik Üretimi A.Ş. ("Entek") (3)	Turkey	Power Generation
Kadıköy Tankercilik A.Ş. ("Kadıköy Tankercilik")	Turkey	Petroleum Shipping
Kandilli Tankercilik A.Ş. ("Kandilli Tankercilik") (1)	Turkey	Shipping
Kuleli Tankercilik A.Ş. ("Kuleli Tankercilik") (1)	Turkey	Shipping
Kuzguncuk Tankercilik A.Ş. ("Kuzguncuk Tankercilik") (1)	Turkey	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

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") (4)	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
THY Opet Havacılık Yakıtları A.Ş. ("THY Opet") (2)	Türk Hava Yolları	Turkey	Petroleum Products Trading

Liquidation of Opet Trade Ireland ("Opet Trade Ireland") has been completed in 2010.

Automotive Sector

Subsidiaries	Country of incorporation	Nature of business
Otokar Otobüs Karoseri Sanayi A.Ş. ("Otokar")	Turkey	Production
Otokoç Otomotiv Tic. ve San. A.Ş. ("Otokoç")	Turkey	Trading
Otokoç Sigorta Aracılık Hizmetleri A.Ş. ("Otokoç Sigorta")	Turkey	Insurance
Tasfiye Halinde Otoyol Sanayi A.Ş. ("Otoyol") (4)	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
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

Beldesan Otomotiv Yan Sanayii ve Tic A.Ş. ("Beldesan") and Beldeyama Motorlu Vasıtalar San. ve Tic. A.Ş. ("Beldeyama") are excluded from the scope of consolidation in 2010.

Liquidation of Mekatro Araştırma Geliştirme A.Ş. ("Mekatro") has been completed in 2010.

(1) Established in 2010.
(2) Included in the scope of consolidation in 2010.
(3) Classified as assets held for sale (Note 29).
(4) In the process of liquidation.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] 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") (1)	Hong Kong, China	Trading
Arçelik A.Ş. ("Arçelik")	Turkey	Production/Sales
Arctic Pro SRL ("Arctic Pro") (1)	Romania	Service
Ardutch B.V. ("Ardutch")	The Netherlands	Holding
Beko Cesko ("Beko Cesko") (1)	Czech Republic	Trading
Beko Deutschland GmbH ("Beko Deutschland")	Germany	Trading
Bekodutch B.V.("Bekodutch")	The Netherlands	Holding
Beko Elektronik Llc ("Beko Elektronik Russia") (1) (2)	Russia	Production/Sales
Beko Electronics Espãna S.L. ("Beko Espana")	Spain	Trading
Beko France S.A.S. ("Beko France") (3)	France	Trading
Beko Italy SRL ("Beko Italy")	Italy	Trading
Beko Llc ("Beko Russia")	Russia	Production/Sales
Beko Magyarorszag K.F.T. ("Beko Magyarorszag") (1)	Hungary	Trading
Beko Plc. ("Beko UK")	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") (1)	Hungary	Trading
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Trading
Blomberg Vertriebsgesellschaft GmbH ("Blomberg Vertrieb") (1)	Germany	Trading
Blomberg Werke GmbH ("Blomberg Werke") (1)	Germany	Production
Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China")	China	Production/Sales
Elektra Bregenz AG ("Elektra Bregenz")	Austria	Trading
Grundig Schweiz AG ("Grundig Switzerland") (1)	Switzerland	Trading
Grundig Ceska Republika S.r.o ("Grundig Czech Republic") (1)	Czech Republic	Trading
Grundig Nordic Danmark A/S ("Grundig Denmark") (1)	Denmark	Trading
Grundig Intermedia Ges.m.b.H ("Grundig Austria") (1)	Austria	Trading
Grundig Intermedia GmbH ("Grundig Intermedia")	Germany	Trading
Grundig Italiana S.p.A. ("Grundig Italy") (1)	Italy	Trading
Grundig Magyarország Kft. ("Grundig Hungary") (1)	Hungary	Trading
Grundig Multimedia B.V. ("Grundig Multimedia")	The Netherlands	Holding
Grundig Nordic No AS ("Grundig Norway")	Norway	Trading
Grundig Nordic Fin OY ("Grundig Finland ") (1)	Finland	Trading
Grundig Polska Sp. z o.o. ("Grundig Polska")(1)	Poland	Trading
Grundig Portuguesa Lda ("Grundig Portugal") (1)	Portugal	Trading
Grundig Slovakia s.r.o. ("Grundig Slovakia")(1)	Slovakia	Trading
Grundig Nordic AB. ("Grundig Sweden")	Sweden	Trading
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")	Turkey	Foreign Trade
Raupach Wollert GmbH ("Raupach")	Germany	Holding
SC Arctic SA ("Arctic")	Romania	Production/Sales

Fusion Digital Technology Ltd. ("Fusion Digital") was liquidated in 10 August 2010.
Grundig Benelux B.V. ("Grundig Benelux") was liquidated in 15 December 2010.
Grundig España S.A. ("Grundig Espana") merged with Beko Espana in 22 December 2010.

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

(1) Ceased its operations.
(2) Dissolved through merger with Beko Russia after the balance sheet date.
(3) Legal title of the subsidiary has been revised as Beko France S.A.S. from Beko France S.A. as of 30 June 2010.

Finance Sector

Subsidiaries	Country of incorporation	Nature of business
Koç Tüketici Finansmanı A.Ş. ("Koç Finans")	Turkey	Consumer Finance

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	Consumer 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") (*)	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 B Tipi Yatırım Ortaklığı A.Ş.("Yapı Kredi Yatırım")	UniCredit S.p.A.	Turkey	Investment Trust

(*) Although Yapı Kredi Bankası has no shareholding interest in the company, the special purpose company established for securitisation transactions is included in the scope of consolidation.

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 1-GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

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
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

Bozkurt Tarım ve Gıda San. Ve Tic. A.Ş. ("Bozkurt") is excluded from the scope of consolidation in 2010.

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") is excluded from the scope of consolidation in 2010.

For the purpose of segment presentation in these consolidated financial statements, Koç Holding's stand-alone financial statements have been included in the "Other" segment (Note 4).

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 between the ones issued by the International Accounting Standards Board ("IASB") are announced by the Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, the Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

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.

The consolidated financial statements are prepared within the framework of Communiqué XI, No:29 and the 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 the 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.

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 TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts ("UCA"), 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. 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 have been prepared under the historical cost convension except for the financial assets and liabilities presented at fair values, and the revaluations related to the difference between the carrying value and fair value of the non-current assets recognised in business combinations.

2.1.2 Comparatives and adjustment of prior periods' financial statements

The 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 the changes in the presentation in the current period consolidated financial statements. The reclassifications performed in the financial statements as of 31 December 2009 at the Group level are as follows:

a) Time deposits with maturities over 3 months amounting to TL255.302 thousand were classified under "cash and cash equivalents" on the balance sheet as of 31 December 2009. These items have been reclassified to short term "financial assets".

b) Post dated cheques amounting to TL110.377 thousand were classified under "cash and cash equivalents" on the balance sheet as of 31 December 2009. These items have been reclassified to short-term "trade receivables".

c) Bonds and bills with maturities less than 3 months amounting to TL102.842 thousand were classified under "financial assets" on the balance sheet as of 31 December 2009. These items have been reclassified to "cash and cash equivalents".

d) Receivables from insurance operations amounting to TL78.666 thousand were classified under "trade receivables" on the balance sheet as of 31 December 2009. These items have been reclassified to "receivables from finance sector operations".

e) Idle capacity expenses incurred amounting to TL25.430 thousand were classified under "other income and expenses" on the income statement for the year ended 31 December 2009. These expenses have been reclassified to "cost of sales".

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 the CMB Financial Reporting Standards have been translated from TL, as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the CBRT on 31 December 2010 of TL 2.0491 = EUR1 and TL 1.5460 = USD1, respectively and EUR and USD amounts shown in the consolidated income, comprehensive income and cash flow statements have been translated from TL, 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 the year ended 31 December 2010 of TL 1.9894 = EUR1 and TL 1.5004 = USD1, respectively, and do not form part of these consolidated financial statements.

2.2 Amendments in International Financial Reporting Standards

The accounting policies adopted in the preparation of the financial statements for the year ended and as of 31 December 2010 are consistent with the financial statements dated 31 December 2009 except for the new and amended IFRS and IFRIC interpretations summarised below.

Standards, amendments and interpretations effective as of 1 January 2010:

-IFRIC 17 Distributions of Non-cash Assets to Owners,
-IAS 39 Financial Instruments: Recognition and Measurement (Amended)-Eligible hedged items,
-IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended),
-IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended),
-IFRS 2 Share-based Payment,
-IFRS 5 Non-current Assets Held for Sale and Discontinued Operations,
-IFRS 8 Operating Segment Information,
-IAS 1 Presentation of Financial Statements,
-IAS 7 Statement of Cash Flows,
-IAS 17 Leases,
-IAS 18 Revenue,
-IAS 36 Impairment of Assets,
-IAS 38 Intangible Assets,
-IAS 39 Financial Instruments: Recognition and Measurement-Eligible hedged items,
-IFRIC 9 Reassessment of Embedded Derivatives,
-IFRIC 16 Hedges of a Net Investment in a Foreign Operation.

The aforementioned changes and interpretations had no significant effect on the accounting policies, financial position and the performance of the Group.

Standards, amendments and interpretations issued but not yet effective:

-IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments,
-IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended),
-IFRS 9 Financial Instruments-Phase 1 Financial Assets, Classification and Measurement (has not yet been approved by the European Union),
-IAS 32 Classification on Rights Issues (Amended) ,
-IAS 24 Related Party Disclosures (Revised),
-IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (has not yet been approved by the European Union),
-IAS 12 Income Taxes-Deferred Taxes (has not yet been approved by the European Union).

Amendments resulting from improvements to IFRS issued in May 2010 to remove inconsistencies (has not yet been approved by the European Union):

-IFRS 3 Business Combinations,
-IFRS 7 Financial Instruments: Disclosures,
-IAS 1 Presentation of Financial Statements,
-IAS 27 Consolidated and Separate Financial Statements,
-IAS 34 Interim Financial Reporting,
-IFRIC 13: Customer Loyalty Programmes.

The aforementioned amendments and interpretations have not been early adopted by the Group. The Group evaluates the effects of changes on the consolidated financial statements.

2.3 Restatement and Errors in the Accounting Policies and Estimates

Any change in the accounting policies resulted from first time adoption of a new TAS/TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TAS/TFRS. Changes without any transition requirement, 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. No material changes exist in the accounting policies or estimations of the Group in the current period.

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 the CMB Financial Reporting Standards and the application of the 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 the shares in the companies as a result of the 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 the financial and operating policies.

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 nominal amount of the shares held by Koç Holding in its Subsidiaries and the associated dividends 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.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subsidiaries included in the scope of the consolidation and their effective interests (%):

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
Subsidiaries	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Akpa	40.68	40.68	100.00	100.00	-	-	100.00	100.00
Anadoluhisarı Tankercilik	40.68	-	100.00	-	-	-	100.00	-
Archin	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Arctic	39.18	39.18	96.71	96.71	-	-	96.71	96.71
Arctic Pro	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Arçelik	40.51	40.51	40.51	40.51	11.42	11.42	51.93	51.93
Ardutch	40.51	40.51	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(1)	40.30	39.89	100.00	100.00	-	-	100.00	100.00
Aygaz Toptan Satış(1)	40.30	39.89	100.00	100.00	-	-	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	40.51	100.00	100.00	-	-	100.00	100.00
Beko Cesko	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko China	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Czech	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Deutschland	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Espana	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko France	40.51	40.49	100.00	99.96	-	-	100.00	99.96
Beko Hungary	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Italy	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Llc	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Magyarorszag	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Plc	20.26	20.26	50.00	50.00	50.00	50.00	100.00	100.00
Beko Polska	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Russia	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Shangai	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beko Slovakia	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Beldesan(1)	-	91.77	-	91.81	-	5.34	-	97.15
Beldeyama(1)	-	91.77	-	100.00	-	-	-	100.00
Beykoz Tankercilik	34.13	34.13	80.00	80.00	-	-	80.00	80.00
Bilkom	82.29	82.29	99.94	99.94	0.06	0.06	100.00	100.00
Blomberg Vertrieb	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Blomberg Werke	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Bozkurt(1)	-	73.99	-	83.89	-	16.11	-	100.00
Damla Denizcilik	34.13	34.13	80.00	80.00	-	-	80.00	80.00
Demir Export	2.34	2.34	2.34	2.34	97.46	50.48	99.80	52.82
Ditaş	34.13	34.13	80.00	80.00	-	-	80.00	80.00
Düzey	31.65	31.65	32.28	32.28	61.11	61.11	93.39	93.39
Elektra Bregenz	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Eltek(1)	35.03	39.51	100.00	91.00	-	9.00	100.00	100.00
Enerji Yatırımları	83.66	83.66	96.50	96.50	-	-	96.50	96.50
Entek	35.03	34.99	86.09	86.09	13.14	13.14	99.23	99.23
Fusion Digital(2)	-	40.51	-	100.00	-	-	-	100.00
Grundig AG	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Austria	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Benelux(2)	-	40.51	-	100.00	-	-	-	100.00
Grundig Ceska	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Denmark	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Espana(2)	-	40.51	-	100.00	-	-	-	100.00
Grundig Finland	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig GmbH	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Hungary	40.51	40.51	100.00	100.00	-	-	100.00	100.00

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] 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	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Grundig Italy	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Multimedia	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Norway	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Polska	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Portugal	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Slovakia	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Grundig Sweden	40.51	40.51	100.00	100.00	-	-	100.00	100.00
Harranova Besi	41.95	41.95	74.62	74.62	15.38	15.38	90.00	90.00
Kadıköy Tankercilik	34.13	34.13	80.00	80.00	-	-	80.00	80.00
Kandilli Tankercilik	40.68	-	100.00	-	-	-	100.00	-
Koçnet	100.00	100.00	100.00	100.00	-	-	100.00	100.00
Koç Finans	64.71	64.71	94.50	94.50	5.50	5.50	100.00	100.00
Koç Yapı Malzeme	43.18	43.18	43.18	43.18	47.62	46.34	90.81	89.52
Koç Sistem	41.11	41.11	41.11	41.11	53.17	53.17	94.28	94.28
Kuleli Tankercilik	40.68	-	100.00	-	-	-	100.00	-
Kuzguncuk Tankercilik	40.68	-	100.00	-	-	-	100.00	-
Mares	36.81	36.81	36.81	36.81	33.46	33.46	70.27	70.27
Mogaz	40.68	39.83	100.00	97.90	-	-	100.00	97.90
Otokar (3)	44.90	44.90	44.92	44.92	2.70	-	47.62	44.92
Otokoç	96.42	96.42	96.57	96.57	3.43	3.43	100.00	100.00
Otokoç Sigorta	48.22	48.22	50.02	50.02	49.98	49.98	100.00	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	57.70	83.44	83.44	14.66	14.66	98.10	98.10
Raupach	40.51	40.51	100.00	100.00	-	-	100.00	100.00
RMK Marine	53.82	53.82	66.84	66.84	33.12	33.12	99.96	99.96
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 (3)	16.15	16.15	33.00	33.00	3.00	3.00	36.00	36.00
Tek-Art Marina	50.51	50.51	51.94	51.94	47.46	47.46	99.40	99.40
Tüpraş	42.67	42.67	51.00	51.00	-	-	51.00	51.00
Üsküdar Denizcilik	34.13	34.13	80.00	80.00	-	-	80.00	80.00
Yalova Marina	47.63	47.63	100.00	100.00	-	-	100.00	100.00
Zer Ticaret	39.00	39.00	39.00	39.00	60.05	60.00	99.05	99.00

(1) Changes in the scope of the consolidation-2010:

The Group's Subsidiaries; Beldesan, Beldeyama and Bozkurt have been excluded from the scope of full consolidation in 2010, on grounds of their immaterial effect on the financial position and financial performance of the Group. These subsidiaries have been accounted in financial assets as of the balance sheet date.

According to the resolution of General Assembly of Otokoç, a subsidiary of the Group, held on 29 July 2010, Beldeyama is merged with Otokoç.

Eltek, a subsidiary of the Group, has been accounted for under financial assets as of 31 December 2009. Considering the foreseeable significance of its operations, the related company has been included in the scope of full consolidation as of the balance sheet date.

Changes in the scope of the consolidation-2009:

Aygaz İletim and Aygaz Toptan Satış, Subsidiaries of the Group, have been included in the scope of consolidation in 2009.

(2) Fusion Digital and Grundig Benelux were dissolved on 10 August 2010 and 15 December 2010 respectively. Grundig Espana merged with Beko Espana on 22 December 2010.

(3) Although the total ownership interest of Koç Holding in these subsidiaries is less than 50%, Koç Holding has the power to exercise control over financial and operating policies of these companies.

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 the 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. Under proportionate consolidation method, the Joint Ventures' assets, liabilities, equity, income and expenses are consolidated by the total ownership interest of the Group. Intercompany transactions and balances with Joint Ventures are eliminated during the consolidation.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Voting rights of the Joint Ventures and their effective interests (%):

	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	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Arçelik LG Klima	23.23	23.23	50.00	50.00	-	-	50.00	50.00
Fer-Mas	37.37	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	40.21	44.12	44.12	5.88	5.88	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	-	37.86	-	-	-	37.86
Netsel	27.78	27.78	55.00	55.00	-	-	55.00	55.00
Opet	17.59	17.59	41.33	41.33	8.67	8.67	50.00	50.00
Opet Gıda	17.59	17.59	50.00	50.00	-	-	50.00	50.00
Opet International	17.59	17.59	50.00	50.00	-	-	50.00	50.00
Opet Trade BV	17.59	17.59	50.00	50.00	-	-	50.00	50.00
Opet Trade Ireland	-	17.59	-	50.00	-	-	-	50.00
Opet Trade Singapore	17.59	17.59	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	32.89	50.00	50.00	-	-	50.00	50.00
THY Opet (*)	8.79	-	50.00	-	-	-	50.00	-
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	-	50.00	-	-	-	50.00
UniCredit Menkul	40.21	39.42	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Azerbaycan	32.89	32.89	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Bankası	32.89	32.89	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Emeklilik	30.90	30.90	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Faktoring	32.88	32.88	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Fin.Kiralama	32.80	32.80	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Holding	32.89	32.89	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Invest	32.89	32.89	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Menkul	32.88	32.88	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Moscow	32.89	32.89	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Nederland	32.89	32.89	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Portföy	32.87	32.87	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Sigorta	30.90	30.90	50.00	50.00	-	-	50.00	50.00
Yapı Kredi Yatırım	18.44	18.44	50.00	50.00	-	-	50.00	50.00

(*) Changes in the scope of the consolidation:

Ultra Kablo, a Joint Venture of the Group, has been excluded from the scope of proportional consolidation in 2010, on grounds of its immaterial effect on the financial position and financial performance of the Group. This Joint Venture has been accounted in financial assets as of the balance sheet date.

THY Opet, a Joint Venture of the Group, has been accounted for under financial assets as of 31 December 2009. Considering the foreseeable significance of its operations, the related company has been included in the scope of proportionate consolidation as of the balance sheet date.

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 accumulated impairment loss.

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) Non-controlling shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated balance sheets and income statements as "non-controlling 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 non-controlling interest and are not included in the Group's net assets and profits attributable to the 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 minimum quantitative thresholds to be a reportable segment, these sectors 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, should be 10 percent or more of the combined revenue, internal and external, of all internal and external operating segments; the absolute amount of its reported profit or loss should be 10 percent or more of the combined profit or loss or its total assets are 10 percent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.3 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the 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 TL, which is Koç Holding's functional and presentation currency.

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 currencies 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.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial statements of foreign subsidiaries and joint ventures

The assets and liabilities, presented in the financial statements of the foreign Subsidiaries and Joint Ventures prepared in accordance with the Group's accounting policies, are translated into TL at the exchange rate at the date of the balance sheet whereas income and expenses are translated at the average exchange rates for the respective periods. Exchange differences resulting from using the exchange rates at the balance sheet date and the average exchange rates are recognised in 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 be disposed of or is held-for-sale.

Net assets related with the discontinued operations are measured at the lower of carrying amount and 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 by 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.

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 legal entities 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 price fluctuations 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 and subsequently measured at fair value. All related gains and losses are accounted in the income statement.

Non-derivative financial assets with fixed maturities, where management has both the intent and the ability to hold to the maturity excluding the financial assets classified as 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.

Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are accounted in the equity net of tax under "financial assets fair value reserve". 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 transferred to the consolidated income statement. If the difference between the cost and the fair value of the available-for-sale securities is permanent, gains and losses are transferred to the consolidated income statement.

Interest and dividends associated to the available-for-sale financial assets are accounted under corresponding interest income and dividend income accounts.

"Loans and receivables" 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. Those with maturities more than 12 months 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 financial assets with the counter party liabilities 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.

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held in banks with maturities of 3 months or less and other short-term liquid investments.

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.

2.4.10 Loans and advances to customers

Financial assets generated as a result of lending money or providing a loan are classified as loans and advances to customers and are carried at amortised cost, less any impairment.

All loans and advances are recognised in the consolidated financial statements when cash is transferred to customers.

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 the expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the associated loan.

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 the related account in the consolidated 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 recognised 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 for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or 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. 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	5-50 years
Land improvements	10-50 years
Machinery and equipment	3-50 years
Furniture and fixtures	2-50 years
Motor vehicles	4-30 years
Leasehold improvements	1-10 years
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 the asset's 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 its fair value less cost to sell.

Repairs and maintenance are charged to the income statements during the 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.

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	3-15 years
Brand	10 years
Development costs	2-10 years
Other intangible assets	5-14 years

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 consolidated 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 evaluated as the bringing together of separate entities or businesses into one reporting entity.

Business combinations realized before 1 January 2010 have been accounted for by using the purchase method in the scope of IFRS 3 "Business combinations" prior to the amendment. Under this method, the cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree and in addition, any costs directly attributable to the business combination. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after the acquisition date; in case the adjustment is measurable and more probable than not, than cost of business combination at acquisition date is adjusted.

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements.

Goodwill recognised in business combinations is tested for impairment annually (as of 31 December) or more frequently if events or changes in circumstances indicate impairment, instead of amortization. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the Group's share 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.

In business combinations involving entities under common control, assets and liabilities subject to a business combination are recognized at their carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognised. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted under "effect of transactions under common control" in retained earnings.

The Group has not carried out any business combination in the year ending 31 December 2010. Amended IFRS 3 "Business Combinations", which is effective for the periods beginning 1 January 2010, will be applied for possible future business combinations.

Amended IFRS 3 may have an effect in the amount of the goodwill recognised, the profit or loss of the period that the business combination takes place and the profit or loss of the future periods. These amendments comprises that the costs associated to the combination and any changes in the fair value of the contingent consideration are reflected to the profit or loss (rather than restatement of the goodwill).

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For share purchases from non-controlling 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 non-controlling interests are also recorded in equity. In case of the share sales to non-controlling interests, differences between any proceeds received and the relevant share of non-controllings are also recorded in equity.

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

The tax effects of the transactions that are accounted directly in the equity are also reflected to the equity.

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. Any transaction costs directly attributable to the undertaking of a financial liability are added on the fair value of the financial liability. 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 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.

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. The New Law requires that the employee funds of the bank are transferred to the SSI in three years periods starting from the issuance date of the related article and this period can be extended for maximum two years with the decision of the Council of Ministers.

Under 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. Yapı Kredi Bankası 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.

c) Defined benefit plans

The Group has to pay contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. These contributions are recognised as an employee benefit expense when they are accrued.

d) Short term employee benefits

Liabilities arising from unused vacations of the employees are classified under short term employee benefits. These liabilities are accrued in the period when the unused vacations are qualified and are not discounted.

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.

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

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 discounts. 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.

2.4.25 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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 in the income statement.

NOTE 2-BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.31 Derivative financial instruments, embedded derivatives and hedging activities

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate 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 the consolidated financial statements. The fair value changes for these derivatives are recognized in the consolidated income statement.

The hedging transactions of the Group that qualify for hedge accounting are accounted for as follows:

Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as 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 recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognized under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

When a hedging instrument expires/sold, or a hedge no longer meets the criteria for hedge accounting any cumulative gain or loss existing in equity at that time remains in equity until the committed or forecasted transaction ultimately 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.

Foreign currency hedge of net investments in foreign operations

Gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement.

On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship.
If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to the income statement over the period to maturity.

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 Statement of 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 the 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.

2.6 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.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 3-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:

	2010	2009
Current assets	25,524,609	20,974,484
Non-current assets	25,976,382	19,267,879
Total assets	**51,500,991**	**40,242,363**
Current liabilities	38,361,369	28,944,324
Non-current liabilities	5,294,997	4,893,507
Equity	7,844,625	6,404,532
Total liabilities and equity	**51,500,991**	**40,242,363**

	2010	2009
Total revenue	16,639,651	13,727,725
Operating profit (net)	2,075,050	1,451,952
Profit for the period (net)	1,456,420	1,060,968

NOTE 4-SEGMENT REPORTING

Segment information, prepared under the managerial approach, is presented below:

	2010	2009
a) Revenue		
Energy	31,411,542	24,488,346
Automotive	7,766,786	5,948,139
Consumer durables	7,051,972	6,809,509
Finance	4,990,154	5,381,772
Other	2,591,982	2,212,788
	53,812,436	**44,840,554**
b) Operating profit		
Energy	1,284,814	1,347,584
Automotive	563,968	406,010
Consumer durables	651,655	635,429
Finance	1,464,597	953,644
Other	139,840	133,548
	4,104,874	**3,476,215**
c) Depreciation and amortisation		
Energy	367,680	353,695
Automotive	224,187	196,310
Consumer durables	201,554	190,294
Finance	95,126	92,122
Other	79,427	92,237
	967,974	**924,658**
d) Capital expenditures		
Energy	390,007	497,268
Automotive	357,418	375,456
Consumer durables	257,351	211,633
Finance	120,597	102,643
Other	120,273	256,884
	1,245,646	**1,443,884**
e) Assets and liabilities		
Total assets:		
Energy	20,137,411	16,857,792
Automotive	4,458,226	3,722,603
Consumer durables	6,414,557	5,951,592
Finance	46,829,941	36,222,512
Other	3,302,382	3,631,933
	81,142,517	**66,386,432**
Total liabilities:		
Energy	12,995,739	9,727,045
Automotive	2,861,783	2,312,476
Consumer durables	3,789,799	3,586,453
Finance	39,241,418	30,657,450
Other	1,275,864	1,320,962
	60,164,603	**47,604,386**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 4-SEGMENT REPORTING (Continued)

f) Segment analysis

1 January-31 December 2010	Energy	Automotive	Consumer durables	Finance	Other	Inter segment elimination	Total
External revenue	31,411,542	7,766,786	7,051,972	4,990,154	2,591,982	-	53,812,436
Inter segment revenue	178,216	90,681	235,891	46,641	198,590	(750,019)	-
Revenue	31,589,758	7,857,467	7,287,863	5,036,795	2,790,572	(750,019)	53,812,436
Total cost	(29,133,575)	(6,831,302)	(5,161,719)	(2,199,169)	(2,015,030)	720,006	(44,620,789)
Gross profit	2,456,183	1,026,165	2,126,144	2,837,626	775,542	(30,013)	9,191,647
Operating expenses							
Marketing, selling and distribution	(463,635)	(273,463)	(1,192,476)	(53,370)	(215,725)	-	(2,198,669)
General administrative	(592,071)	(158,856)	(292,660)	(1,166,385)	(434,363)	39,962	(2,604,373)
Research and development	(13,264)	(47,104)	(63,431)	-	(65)	-	(123,864)
Other income/expenses (net)	(102,399)	17,226	74,078	(153,274)	14,451	(9,949)	(159,867)
Operating profit	1,284,814	563,968	651,655	1,464,597	139,840	-	4,104,874

1 January-31 December 2009	Energy	Automotive	Consumer durables	Finance	Other	Inter segment elimination	Total
External revenue	24,488,346	5,948,139	6,809,509	5,381,772	2,212,788	-	44,840,554
Inter segment revenue	103,225	174,497	132,498	41,790	139,422	(591,432)	-
Revenue	24,591,571	6,122,636	6,942,007	5,423,562	2,352,210	(591,432)	44,840,554
Total cost	(22,347,727)	(5,325,125)	(4,717,755)	(2,431,914)	(1,703,616)	561,416	(35,964,721)
Gross profit	2,243,844	797,511	2,224,252	2,991,648	648,594	(30,016)	8,875,833
Operating expenses							
Marketing, selling and distribution	(405,793)	(225,959)	(1,206,026)	(37,244)	(253,381)	-	(2,128,403)
General administrative	(558,138)	(144,596)	(263,263)	(1,104,159)	(272,937)	39,799	(2,303,294)
Research and development	(2,108)	(40,547)	(50,843)	-	(158)	-	(93,656)
Other income/expenses (net)	69,779	19,601	(68,691)	(896,601)	11,430	(9,783)	(874,265)
Operating profit	1,347,584	406,010	635,429	953,644	133,548	-	3,476,215

g) Finance sector operating results

	2010	2009
Gross profit finance:		
Interest income	1,734,690	1,993,252
Fee and commission income	963,138	834,943
Other operating income	139,798	163,453
	2,837,626	2,991,648
Operating expenses:		
General administrative expenses	(1,166,385)	(1,104,159)
Sales, marketing and distribution expenses	(53,370)	(37,244)
Provision for loan impairment (Note 24)	(217,460)	(833,503)
Other operating income/expenses (net)	64,186	(63,098)
	(1,373,029)	(2,038,004)
Operating profit	1,464,597	953,644

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 5-CASH AND CASH EQUIVALENTS

	2010			2009		
	Finance	Other	Total	Finance	Other	Total
Cash in hand	349,702	2,245	351,947	326,424	2,114	328,538
Cheques received	179	31,370	31,549	92	39,402	39,494
Banks						
-Demand deposits	153,380	495,135	648,515	166,000	492,045	658,045
-Time deposits	610,959	7,706,212	8,317,171	770,111	5,302,258	6,072,369
Bonds and bills	38,754	-	38,754	102,841	-	102,841
Money markets	487,037	-	487,037	790,730	-	790,730
Central banks						
-Reserve deposits	2,194,989	-	2,194,989	1,429,277	-	1,429,277
-Other balances	471,111	-	471,111	357,609	-	357,609
Other	1,230	61,322	62,552	1,265	55,617	56,882
	4,307,341	8,296,284	12,603,625	3,944,349	5,891,436	9,835,785

As of 31 December 2010, total blocked deposits amount to TL359.309 thousand (31 December 2009: TL289.945 thousand).

Reserve deposits at the central banks

	2010	2009
Central Bank of the Republic of Turkey	2,175,754	1,329,487
Other central banks	19,235	99,790
	2,194,989	1,429,277

In accordance with the CBRT regulations, banks operating in Turkey are required to held reserve deposits at the CBRT as 6% of TL liabilities (2009: 5%) and 11% of foreign currency liabilities (2009: 9%). These funds cannot be used for financing the daily operations of banks.

Other balances with the central 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 requirements.

NOTE 6-FINANCIAL ASSETS

	2010			2009		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Financial assets at fair value through profit or loss	204,928	-	204,928	199,551	-	199,551
Available-for-sale financial assets	90,959	2,992,132	3,083,091	190,769	835,329	1,026,098
Held-to-maturity financial assets	1,661,656	5,378,167	7,039,823	1,733,474	5,199,618	6,933,092
	1,957,543	8,370,299	10,327,842	2,123,794	6,034,947	8,158,741

a) Financial assets at fair value through profit or loss

	2010			2009		
	Finance	Other	Total	Finance	Other	Total
Debt securities:						
Government bonds	100,750	-	100,750	32,857	-	32,857
Eurobond	30,049	16,633	46,682	50,054	16,644	66,698
Treasury bills	19,477	-	19,477	54,031	-	54,031
Investment funds	28,975	-	28,975	26,446	-	26,446
Other	6,635	-	6,635	8,153	-	8,153
	185,886	16,633	202,519	171,541	16,644	188,185
Equity securities:						
Listed	2,409	-	2,409	11,366	-	11,366
	188,295	16,633	204,928	182,907	16,644	199,551

b) Available-for-sale financial assets

	2010			2009		
	Finance	Other	Total	Finance	Other	Total
Debt securities:						
Government bonds	1,805,765	-	1,805,765	352,699	-	352,699
Eurobond	395,871	-	395,871	468,295	-	468,295
Treasury bills	1,924	-	1,924	24,627	-	24,627
Private sector bonds	658,885	-	658,885	30,335	-	30,335
Investment funds	26,483	-	26,483	22,525	-	22,525
Other	2,009	-	2,009	-	-	-
	2,890,937	-	2,890,937	898,481	-	898,481
Equity securities:						
Listed	11,253	63,592	74,845	12,142	36,773	48,915
Unlisted	47,079	70,230	117,309	41,869	36,833	78,702
	2,949,269	133,822	3,083,091	952,492	73,606	1,026,098

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 6-FINANCIAL ASSETS (Continued)

The list of equity securities and the shareholding rates are as follows:

	2010		2009	
		(%)		(%)
Listed:				
Altınyunus Çeşme Turistik Tesisler A.Ş.	63,592	30.00	35,692	30.00
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	11,133	15.22	11,090	15.22
Türk Traktör (1)	-	-	1,081	0.22
Mastercard Incorporated	-	-	958	0.03
Other	120	-	94	-
	74,845		48,915	
Unlisted:				
Banque de Commerce et de Placements S.A.	35,954	15.34	29,470	15.34
Beldesan (2)	13,066	91.82	-	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	12,366	88.00	9,652	88.00
Akdeniz Akaryakıt Dep. Ve Nakliyat A.Ş.	8,350	16.67	-	-
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	4,000	100.00
Ultra Kablo (2)	1,857	50.00	-	-
Bozkurt (2)	911	83.89	-	-
Other	24,435	-	19,210	-
	117,309		78,702	

(1) Following the merger between Türk Traktör, a Joint Venture of the Group, and New Holland Trakmak Traktör A.Ş. in 2008; in order to equalize the shares held by Koç Group and CNH at Türk Traktör, the related shares were sold on 13 October 2010.
(2) Excluded from the scope of consolidation in 2010 (Note 2.4.1).

Available-for-sale equity securities that do not have quoted fair values or for which fair values cannot be reliably measured through alternative methods, are measured at cost less any impairment.

Subsidiaries, joint ventures and associates, in which the Group, together with Koç Family members, have attributable interests of 20% or more but are not material for the consolidated financial statements or the Group does not have a significant influence, are not included in the scope of consolidation and classified as available-for-sale financial assets. These financial assets are measured at fair value or carried at cost less any impairment when fair values cannot be reliably measured.

Total assets, revenues and net profit of the unconsolidated subsidiaries and joint ventures are below 1% of the total consolidated assets, revenues and net profit of the Group.

Provision for impairment of unlisted financial assets (equity securities) amounts to TL85.566 thousand as of 31 December 2010 (2009: TL81.198 thousand).

c) Held-to-maturity financial assets

	2010			2009		
	Finance	Other	Total	Finance	Other	Total
Debt securities:						
Eurobond	3,701,223	-	3,701,223	3,126,931	-	3,126,931
Government bonds	2,709,860	-	2,709,860	3,428,381	-	3,428,381
Time deposits	533,465	18,126	551,591	255,301	17,795	273,096
Treasury bills	760	-	760	104,684	-	104,684
Other	76,389	-	76,389	-	-	-
	7,021,697	18,126	7,039,823	6,915,297	17,795	6,933,092

The details of debt securities that are pledged under repurchase agreements are as follows:

	2010	2009
Held-to-maturity financial assets	1,817,086	696,718
Available for-sale financial assets	106,246	-
Financial assets at fair value through profit or loss	21,867	33,327
	1,945,199	730,045

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 7-TRADE RECEIVABLES AND PAYABLES

Trade receivables	2010	2009
Trade receivables	3,906,024	3,399,945
Notes and cheques receivables	1,484,389	1,552,009
Less: Provision for doubtful receivables	(214,900)	(191,094)
Less: Unearned finance income	(69,034)	(63,549)
Due from related parties (Note 26)	83,023	135,346
	5,189,502	4,832,657
Short-term trade receivables	5,098,243	4,747,016
Long-term trade receivables	91,259	85,641
	5,189,502	4,832,657

Movement in the provision for doubtful receivables is as follows:

	2010	2009
Beginning of the period-1 January	191,094	159,180
Increases during the period	47,198	45,888
Collections	(13,316)	(10,978)
Acquisitions	-	40
Additions to the scope of consolidation (Note 2.4.1)	-	40
Disposals from the scope of consolidation (Note 2.4.1)	(1,782)	-
Write-offs	(8,504)	-
Currency translation differences	210	(3,076)
End of the period-31 December	214,900	191,094

Trade payables	2010	2009
Trade payables	7,308,840	3,900,992
Notes payables	1,447	16,736
Less: Unearned finance expense	(8,644)	(5,384)
	7,301,643	3,912,344
Due to related parties (Note 26)	247,725	171,090
	7,549,368	4,083,434

NOTE 8-RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	31 December 2010			31 December 2009		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Loans and advances to customers	15,205,731	14,375,629	29,581,360	11,855,533	9,743,214	21,598,747
Receivables from insurance business	93,125	4,179	97,304	78,666	-	78,666
	15,298,856	14,379,808	29,678,664	11,934,199	9,743,214	21,677,413

Loans and advances to customers:

2010	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Factoring receivables	Total
Performing loans	17,011,630	5,856,980	4,122,234	835,777	906,615	28,733,236
Watch listed loans	463,885	222,916	152,508	96,901	-	936,210
Loans under legal follow-up	486,947	280,603	235,740	156,890	9,022	1,169,202
Gross	17,962,462	6,360,499	4,510,482	1,089,568	915,637	30,838,648
Less: Provision for impairment	(659,741)	(219,570)	(264,335)	(101,699)	(11,943)	(1,257,288)
Net	17,302,721	6,140,929	4,246,147	987,869	903,694	29,581,360

2009	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial 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

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 8-RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Movement of provision for impairment on loans and advances to customers is as follows:

	2010	2009
Beginning of the period-1 January	**1,600,059**	**853,457**
Increase in provisions for loan impairment	665,246	1,352,086
Recoveries of amounts previously provided	(450,724)	(519,487)
Write-off during the period as uncollectible (*)	(557,835)	(85,350)
Currency translation differences	542	(647)
End of the period-31 December	**1,257,288**	**1,600,059**

(*) Includes the releases from the provision due to the sale of non-performing loan portfolio.

Net investment in finance leases is as follows:

	2010	2009
Gross investment in finance leases	1,006,697	1,062,310
Less: Unearned finance income	(170,920)	(206,356)
	835,777	**855,954**

Leasing receivables consist of rentals over the terms of leases. The rentals according to their maturities are as follows:

	2010	2009
Less than a year	409,111	446,839
1-5 years	597,586	615,471
Less: Unearned finance income	(170,920)	(206,356)
	835,777	**855,954**

NOTE 9-INVENTORIES

	2010	2009
Raw materials and supplies	1,752,219	1,205,073
Finished goods	1,104,966	1,040,032
Merchandise	905,185	881,598
Work in progress	449,479	326,919
Other inventories	61,859	13,174
Less: Provision for impairment	(80,610)	(105,796)
	4,193,098	**3,361,000**

Movement of provision for impairment on inventories is as follows:

	2010	2009
Beginning of the period-1 January	**105,796**	**120,508**
Increase during the period	9,000	79,050
Reversal of provisions due to sales of inventories	(29,786)	(93,533)
Write-offs	(2,393)	(581)
Currency translation differences	(2,007)	352
End of the period-31 December	**80,610**	**105,796**

NOTE 10-INVESTMENT PROPERTIES

	2010	2009
As of 1 January		
Cost	171,830	115,662
Accumulated depreciation	(51,486)	(40,234)
Net book value	**120,344**	**75,428**
Net book value at the beginning of the period	**120,344**	**75,428**
Disposals	(3,326)	-
Transfers(*)	-	49,091
Currency translation differences	(327)	69
Provision for impairment	-	(2,777)
Current period depreciation	(1,278)	(1,467)
Net book value at the end of the period	**115,413**	**120,344**
As of 31 December		
Cost	162,437	171,830
Accumulated depreciation	(47,024)	(51,486)
Net book value	**115,413**	**120,344**

(*) Transferred from the property, plant and equipment.

The fair values of investment properties have been determined as TL162.096 thousand as of 31 December 2010, according to the related valuations performed (2009: TL164.275 thousand).

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 11-PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
As of 1 January 2010								
Cost	2,753,981	2,375,064	10,776,745	934,765	1,100,254	329,044	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**	**5,343,470**	**616,437**	**369,215**	**329,044**	**190,996**	**10,629,539**
Net book value at the beginning of the period	**2,508,721**	**1,271,656**	**5,343,470**	**616,437**	**369,215**	**329,044**	**190,996**	**10,629,539**
Additions	12,520	18,393	101,864	185,055	106,300	557,283	37,286	1,018,701
Disposals	(10,886)	(43,744)	(30,971)	(95,496)	(2,788)	(13,037)	(575)	(197,497)
Transfers (*)	76,800	39,632	100,482	7,672	26,433	(501,259)	10,672	(239,568)
Addition to the scope of consolidation (Note 2.4.1)	1,384	752	4,137	2,367	287	8,737	333	17,997
Disposals from the scope of consolidation (Note 2.4.1)	(1,954)	(3,425)	(3,650)	(13)	(88)	-	(2)	(9,132)
Currency translation differences	(201)	57	(100)	(412)	(134)	(135)	47	(878)
Reversal of impairment	-	25,849	-	-	623	-	-	26,472
Current period depreciation	(61,022)	(58,049)	(492,160)	(59,392)	(93,469)	-	(35,690)	(799,782)
Net book value at the end of the period	**2,525,362**	**1,251,121**	**5,023,072**	**656,218**	**406,379**	**380,633**	**203,067**	**10,445,852**
31 December 2010								
Cost	2,825,880	2,320,465	10,565,591	1,006,080	1,201,933	380,633	425,354	18,725,936
Accumulated depreciation	(300,518)	(1,069,344)	(5,542,519)	(349,862)	(795,554)	-	(222,287)	(8,280,084)
Net book value	**2,525,362**	**1,251,121**	**5,023,072**	**656,218**	**406,379**	**380,633**	**203,067**	**10,445,852**

(*) Includes transfers amounting to TL220.344 thousand to assets held for sale and TL19.224 thousand to intangible assets.

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
As of 1 January 2009								
Cost	2,623,787	2,429,673	10,269,569	848,551	958,424	485,212	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**	**5,145,242**	**550,932**	**277,303**	**485,212**	**176,950**	**10,383,655**
Net book value at the beginning of the period	**2,430,742**	**1,317,274**	**5,145,242**	**550,932**	**277,303**	**485,212**	**176,950**	**10,383,655**
Acquisitions	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 (*)	124,997	9,314	482,703	52,065	85,870	(831,459)	27,419	(49,091)
Addition to the scope of consolidation (Note 2.4.1)	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)
Net book value at year-end	**2,508,721**	**1,271,656**	**5,343,470**	**616,437**	**369,215**	**329,044**	**190,996**	**10,629,539**
31 December 2009								
Cost	2,753,981	2,375,064	10,776,745	934,765	1,100,254	329,044	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**	**5,343,470**	**616,437**	**369,215**	**329,044**	**190,996**	**10,629,539**

(*) TL49.091 thousand has been transferred between property, plant and equipment and investment property. Other transfers have been realised between the construction in progress and other line items within property, plant and equipment.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 12-INTANGIBLE ASSETS

	Rights	Brand	Development costs	Other	Total
As of 1 January 2010					
Cost	821,079	278,816	798,341	86,784	1,985,020
Accumulated amortisation	(326,727)	(34,655)	(251,225)	(52,520)	(665,127)
Net book value	**494,352**	**244,161**	**547,116**	**34,264**	**1,319,893**
Additions	43,536	-	160,414	22,995	226,945
Disposals	(6,447)	-	(86)	(15)	(6,548)
Transfers(*)	8,072	(1,221)	(3,279)	16,318	19,890
Addition to the scope of consolidation (Note 2.4.1)	182	-	-	150	332
Disposals from scope of consolidation (Note 2.4.1)	(583)	-	-	-	(583)
Currency translation differences	309	(10,427)	-	(124)	(10,242)
Current period amortization	(49,902)	(8,177)	(96,964)	(11,871)	(166,914)
Reversal of impairment	-	-	-	1,385	1,385
Net book value at the end of the period	**489,519 224,336**	**607,201**	**63,102**	**1,384,158**	
31 December 2010					
Cost	792,433	267,167	1,012,580	123,350	2,195,530
Accumulated amortisation	(302,914)	(42,831)	(405,379)	(60,248)	(811,372)
Net book value	**489,519**	**224,336**	**607,201**	**63,102**	**1,384,158**

(*) Includes transfers from property, plant and equipment of TL19.224 thousand, from other non-current assets of TL1.015 thousand and transfers to assets held for sale of TL349 thousand.

Total research and development expenditures incurred in 2010 amounts to TL284.278 thousand (2009: TL254.602 thousand).

Intangible assets with indefinite useful lives consist of brands and amount to TL184.275 thousand.

	Rights	Brand	Development costs	Other	Total
As of 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	137	-	-	-	137
Additions	71,455	-	191,099	17,832	280,386
Disposals	(2)	-	(2,998)	(231)	(3,231)
Addition to the scope of consolidation (Note 2.4.1)	137	-	-	-	137
Currency translation differences	(191)	2,660	-	139	2,608
Current period amortisation	(65,161)	(8,154)	(64,541)	(8,277)	(146,133)
Net book value at the end of the period	**494,352**	**244,161**	**547,116**	**34,264**	**1,319,893**
31 December 2009					
Cost	821,079	278,816	798,341	86,784	1,985,020
Accumulated amortisation	(326,727)	(34,655)	(251,225)	(52,520)	(665,127)
Net book value	**494,352**	**244,161**	**547,116**	**34,264**	**1,319,893**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 13-GOODWILL

	2010	2009
Net book value at the beginning of the period-1 January	**3,517,860**	**3,533,680**
Disposals [1]	-	(13,074)
Change in contingent liabilities [2]	8,704	(2,807)
Currency translation differences	(213)	61
Net book value at the end of the period-31 December	**3,526,351**	**3,517,860**

(1) Partial disposals from goodwill are accounted for as a result of transactions with non-controlling interests.
(2) Contingent liabilities that are settled at the acquisition date are re-settled by taking into account the actual results.The resulting decreases/increases are adjusted reciprocally with goodwill in accordance with IFRS 3, effective for the business combinations carried out before 1 January 2010.

The allocation of the goodwill is as follows:

	2010	2009
Tüpraş	2,736,463	2,736,463
Yapı Kredi Bankası	643,714	633,788
Opet	138,984	138,984
Other	7,190	8,625
	3,526,351	**3,517,860**

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	6.1-10.3%	1%	9.4%
Yapı Kredi Bankası	Value in use, TL	9 years	3.8%	3%	15.9-12.0%
Opet	Fair value, USD	10 years	5.3-7.3%	2%	9.0%

Ratio 1: Budgeted gross profit/budgeted net interest margin
Ratio 2: Growth rate used to extrapolate cash flows beyond the budget period
Ratio 3: Discount rate applied to the cash flow projections

NOTE 14-PAYABLES FROM FINANCE SECTOR OPERATIONS

	31 December 2010			31 December 2009		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Deposits	26,530,200	291,923	26,822,123	20,626,473	345,133	20,971,606
Insurance technical reserves	228,711	236,457	465,168	62,234	371,169	433,403
Other payables from insurance business	30,928	6,390	37,318	31,129	-	31,129
	26,789,839	**534,770**	**27,324,609**	**20,719,836**	**716,302**	**21,436,138**

Deposits:

	2010			2009		
	Demand	Time	Total	Demand	Time	Total
TL deposits						
Saving deposits	906,379	7,921,605	8,827,984	720,134	6,971,791	7,691,925
Commercial deposits	1,357,091	4,225,557	5,582,648	985,944	2,218,551	3,204,495
Deposits from banks	79,344	189,766	269,110	66,739	143,129	209,868
Funds deposited under repurchase agreements	-	33,920	33,920	-	65,054	65,054
	2,342,814	**12,370,848**	**14,713,662**	**1,772,817**	**9,398,525**	**11,171,342**
Foreign currency deposits						
Saving deposits	983,601	3,770,979	4,754,580	1,038,468	4,105,931	5,144,399
Commercial deposits	1,368,793	3,786,460	5,155,253	1,088,905	2,560,737	3,649,642
Deposits from banks	17,169	634,630	651,799	71,706	380,226	451,932
Funds deposited under repurchase agreements	-	1,546,829	1,546,829	-	554,291	554,291
	2,369,563	**9,738,898**	**12,108,461**	**2,199,079**	**7,601,185**	**9,800,264**
			26,822,123			**20,971,606**

Insurance technical reserves:

	2010	2009
Unearned premium reserve-net of reinsurers' share	140,201	108,857
Claim provisions-net of reinsurers' share	60,438	55,815
Life mathematical reserves-net of reinsurers' share	264,529	268,731
	465,168	**433,403**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 14-PAYABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The movement for insurance technical reserves is as follows:

	2010	2009
Beginning of the period-1 January	**433,403**	**417,600**
Change in reserve for unearned premiums-net of reinsurance	31,344	4,591
Paid claims during the period-net of reinsurance	(63,111)	(27,593)
Premium and income earned from life insurance	61,007	84,031
Payments associated with life insurance	(53,104)	(68,405)
Other increases in the provisions	55,629	23,179
End of the period-31 December	**465,168**	**433,403**

NOTE 15-FINANCIAL LIABILITIES

	2010	2009
Short-term financial liabilities		
Bank borrowings	8,362,967	8,023,304
Debt securities in issue	355,220	440,534
Factoring payables	124,400	25,527
Financial leasing payables	3,257	2,678
	8,845,844	**8,492,043**
Long-term financial liabilities		
Bank borrowings	7,103,180	5,719,774
Debt securities in issue	927,674	704,443
Financial leasing payables	1,596	3,960
	8,032,450	**6,428,177**
	16,878,294	**14,920,220**

Details of the loans obtained in 2006 in order to finance the acquisition cost of Tüpraş shares and to re-structure the Group's existing loans are presented below:

-a loan of USD950.000.000 from the consortium, comprising of JP Morgan Europe Limited and JP Morgan Chase Bank N.A. with a maturity of 7 years and bearing an interest rate of Libor+1,9%;

-a loan from the consortium comprising 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 and bearing an interest rate of Libor+2,3% until 2013 and an interest rate of Libor+2,8% thereafter.

Following the principal repayments of the loans detailed above, the outstanding balance of the related loans decreased to USD1.278.181.182 as of 31 December 2010.

As of 31 December 2010, Yapı Kredi Bankası, a joint venture of the Group, has an outstanding securitisation deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting to TL704.582 thousand (equivalents of USD273.500.000 and EUR137.500.000) (31 December 2009: TL871.880 thousand). This loan is floating rated and based on Euribor/Libor rates with maturity dates between 7 and 8 years. The repayments are started in the first quarter of 2010.

As of 31 December 2010, Yapı Kredi Bankası, has outstanding subordinated loans amounting to TL1.075.778 thousand, (EUR525.000.000) with 10 years of maturity and repayment option at the end of the 5th year (31 December 2009: TL1.112.012 thousand). These loans were extended by 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 +2,25% and Euribor +1,85%, respectively.

In 2010, Yapı Kredi Bankası has obtained two syndicated credit facilities in the amount of TL250.452 thousand (USD162.000.000) and TL528.668 thousand (EUR258.000.000) with interest rates of Libor+1,5% and Euribor+1,5%, respectively.

In 2010, Yapı Kredi Bankası, has obtained a syndicated loan from international banks, consisting of 2 credit tranches with 1 year maturity and a total amount of USD625.000.000; first tranche amounting to USD171.250.000 with an interest rate of Libor+1,30% and the second tranche amounting to EUR335.000.000 with an interest rate of Euribor+1,30%.

In 2010, Yapı Kredi Bankası, has signed a loan agreement with UniCredit Luxembourg amounting to TL579.750 thousand (USD 375.000.000) with a five years of maturity and an interest rate of 5,19%.

In 2010, Koç Holding has obtained a loan in the amount of USD425.000.000, comprising two tranches of USD120.000.000 and EUR211.500.000 from a consortium including 21 financial institutions. The loan is used to meet various financing needs of Koç Group Companies. The principal repayments of the USD denominated part (with 39-month maturity) and the EUR denominated part (with 27-month maturity), will be due at the maturity. For both USD and EUR parts of the loan, interest payment options are available monthly, quarterly or semi-annually and the interest rates, excluding bank charges, are determined as Libor+3,25% for the USD portion and Euribor+2,75% for the EUR portion

In 2010, Arçelik, a subsidiary of the Group, has obtained loans of approximately TL1.000.000 thousand in different currencies with maturities of 2-3 years in order to finance its due loans. The interest rates of the loans with 2 years maturity are determined as Euribor+1,70% and Tribor+0,70% for EUR and TL parts, respectively. The interest rates of the loans with 3 years maturity are determined as Euribor+1,80%, Libor+1,90% and Tribor+0,75% for EUR, GBP and TL parts, respectively.

In 2009, Koç Holding obtained a loan in the amount of approximately USD770.000.000, comprising two tranches of USD320.000.000 and EUR339.000.000, from a consortium including 14 financial institutions. Following the principal repayments, the outstanding balance of the related loans decreased to EUR15.000.000 as of 31December 2010 (31 December 2009: USD742.000.000).

The details of collaterals, mortgages and pledges given related with the loans of the Group are disclosed in Note 28.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 15-FINANCIAL LIABILITIES (Continued)

The redemption schedule of long-term bank borrowings is as follows:

	2010	2009
2011	-	1,569,162
2012	2,725,090	1,430,144
2013	1,668,451	761,413
2014	752,984	683,637
2015 and over	2,885,925	1,983,821
	8,032,450	6,428,177

NOTE 16-TAX ASSETS AND LIABILITIES

	2010	2009
Current income tax liabilities		
Domestic	728,569	589,549
Foreign	19,060	8,681
Less: Prepaid income tax	(537,762)	(454,171)
Current income tax liabilities (net)	209,867	144,059
Deferred tax liabilities		
Domestic	617,845	782,740
Foreign	47,316	46,088
	665,161	828,828
Deferred tax assets		
Domestic	(331,512)	(501,145)
Foreign	(19,714)	(17,364)
	(351,226)	(518,509)
Deferred tax liabilities (net)	313,935	310,319

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.

The corporation tax rate is 20% in Turkey. Corporation tax is payable on the total income of the company after adjusting for certain disallowable expenses, income not subject to tax and allowances.

Income tax expenses in the consolidated income statements are summarised as follows:

	2010	2009
Current period tax expense	747,629	598,227
Deferred tax income (net)	(78)	(79,763)
	747,551	518,464
Profit before tax	3,885,951	3,159,052
Domestic tax rate	20%	20%
Tax calculated at domestic tax rate	777,190	631,810
Income not subject to tax	(118,790)	(171,969)
Non-deductible expenses	43,737	29,329
Carry forward tax losses (net effect)	38,194	31,355
Tax rate differences	7,691	(2,061)
Other	(471)	-
Tax expense	747,551	518,464

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 16-TAX ASSETS AND LIABILITIES (Continued)

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 the Turkish tax legislations. 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 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)	
	2010	2009	2010	2009
Property, plant and equipment and intangible assets	4,320,177	4,492,635	(893,515)	(890,922)
Impairment provision for loans	(490,801)	(514,681)	97,892	102,834
Investment incentives	(1,180,519)	(1,277,235)	90,876	80,207
Provision for the Pension Fund	(419,018)	(432,030)	83,804	86,406
Provision for employment termination benefits	(359,113)	(328,002)	71,861	65,625
Warranty and assembly provisions	(204,473)	(202,809)	40,574	40,244
Provision for lawsuits	(181,023)	(64,775)	36,204	12,955
Carryforward tax losses	(174,038)	(334,261)	34,809	67,299
Inventories	(103,488)	(109,987)	20,705	21,964
Research and development incentives	(72,371)	(135,067)	14,474	27,012
Provision for unused vacation	(71,554)	(51,730)	14,242	10,279
Expense accruals (net)	(63,145)	(51,513)	12,629	10,303
Impairment of financial assets	(61,703)	(61,873)	12,341	12,230
Deferred income	(33,122)	(34,550)	6,625	6,910
Provision for credit card bonus	(19,849)	(24,235)	3,970	4,894
Unearned credit finance income (net)	(17,587)	(22,430)	3,490	3,723
Derivative financial instruments	72,906	21,753	(14,326)	(3,328)
Other (net)	(200,634)	(133,949)	49,410	31,046
Deferred tax assets/(liabilities) (net)			**(313,935)**	**(310,319)**

Net deferred tax assets and liabilities recognized in the Subsidiaries' and Joint Ventures' financial statements prepared in accordance with CMB Financial Reporting Standards, 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, present the net deferred tax position.

The redemption schedule of carry forward tax losses for which no deferred taxes calculated is as follows:

	2010	2009
2010	-	33,851
2011	137,799	152,971
2012	57,370	49,342
2013	654,229	667,438
2014	183,529	157,442
2015	355,642	-
	1,388,569	**1,061,044**

The Constitutional Court ruled at the meeting held on 15 October 2009 for the cancellation of the expressions "2006, 2007 and 2008" included in the provisional article of the Income Tax Law regarding the investment incentives. In accordance with the related ruling by the court, the expiration of the investment allowance entitled to three years time as of 31 December 2005 was repealed. Accordingly, Group's unused investment incentives became utilizable. After the change in the related legislation, the Group has prepared its consolidated financial statements by considering the amount of investment incentives that are estimated to be utilized in the following periods in the deferred tax calculations. The Group's investment incentives that can be utilized in the following periods but not considered in the deferred tax calculation amounts to TL292.573 thousand (subject to withholding) (2009: TL319.765 thousand) and TL922 thousand (not subject to withholding) (2009: TL26.167 thousand).

Movements in deferred tax assets and liabilities are as follows:

	2010	2009
Beginning of the period-1 January	**(310,319)**	**(391,101)**
Charge to the income statement:	78	79,763
Charge to equity:		
-Financial assets fair value reserve	(13,368)	(540)
-Cumulative gains/losses on hedging	(1,176)	2,947
-Non-current asset revaluation fund	363	393
Currency translation differences	(681)	(653)
Acquisitions	-	(564)
Transfers (*)	10,494	-
Additions to the scope of consolidation (Note 2.4.1)	-	(564)
Disposals from the scope of consolidation (Note 2.4.1)	674	-
End of the period-31 December	**(313,935)**	**(310,319)**

(*) Transferred to the assets held for sale.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 17-OTHER PAYABLES

	2010	2009
Taxes and duties payable	1,505,104	1,444,928
Social security premiums payable	40,076	41,175
Other	108	2,363
	1,545,288	1,488,466

NOTE 18-DERIVATIVE FINANCIAL INSTRUMENTS

	2010		2009	
	Asset	Liability	Asset	Liability
Derivatives held for trading	348,183	181,995	311,929	161,765
Derivatives held for hedging	19,798	255,284	64,316	222,606
	367,981	437,279	376,245	384,371

Derivatives held for trading:

	2010			2009		
		Fair values			Fair values	
	Contract amount	Asset	Liability	Contract amount	Asset	Liability
Currency swaps	12,237,454	157,441	98,171	7,345,368	238,444	23,426
Option agreements	5,210,238	42,301	42,415	2,866,261	15,725	15,907
Interest rate swaps	3,346,226	135,004	22,765	5,148,430	34,567	92,964
Currency forwards	3,040,230	13,437	17,482	2,457,284	23,193	29,401
Commodity futures	72,532	-	1,162	4,062	-	67
	23,906,680	348,183	181,995	17,821,405	311,929	161,765

Derivatives held for hedging:

	2010			2009		
		Fair values			Fair values	
	Contract amount	Asset	Liability	Contract amount	Asset	Liability
Interest rate swaps	7,718,913	19,101	255,284	3,833,775	64,316	220,553
Currency swaps	107,615	343	-	-	-	-
Currency forwards	4,327	15	-	511,537	-	2,053
Commodity futures	1,414	339	-	-	-	-
	7,832,269	19,798	255,284	4,345,312	64,316	222,606

NOTE 19-EMPLOYEE BENEFITS

	2010	2009
Provision for employment termination benefits	369,839	331,634
Provision for the Pension Fund	419,018	432,030
	788,857	763,664

Provision for employment termination benefits:

-Domestic	365,375	328,002
-Foreign	4,464	3,632
	369,839	331,634

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 2010, the amount payable consists of one month's salary limited to a maximum of TL2.517,01 (2009: TL2.365,16) 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 TL2.623,23 effective from 1 January 2011 (1 January 2010: TL2.427,04) 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:

	2010	2009
Discount rate (%)	4.66	5.92
Turnover rate to estimate the probability of retirement (%)	98	98

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 19-EMPLOYEE BENEFITS (Continued)

Movements in the provision for employment termination benefits are as follows:

	2010	2009
Beginning of the period-1 January	**331,634**	**293,206**
Interest expense	16,680	15,878
Actuarial losses/(gains)	14,363	9,101
Increase during the period	57,147	75,831
Payments during the period	(48,763)	(62,400)
Currency translation differences	(182)	18
Additions to the scope of consolidation (Note 2.4.1)	7	-
Disposals from the scope of the consolidation (Note 2.4.1)	(438)	-
Transfers (*)	(609)	-
End of the period-31 December	**369,839**	**331,634**

(*) Transferred to the liabilities held for sale.

Provision for the Pension Fund:

Yapı Kredi Bankası, a joint venture of the Group, accounted for a provision amounting to TL419.018 thousand (Note 2.4.21) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table (2009: TL432.030 thousand).

The amounts recognised in the income statement:

	2010	2009
Provision (income)/expense for the Pension Fund (Note 24)	(13,012)	44,847

Provision for the Pension Fund is determined as follows:

	2010	2009
Transferrable pension benefits	591,766	538,982
Transferrable post-employment benefits	48,017	80,585
Present value of funded obligations	639,783	619,567
Fair value of plan assets	(220,765)	(187,537)
	419,018	**432,030**

Movements in the provision for the Pension Fund are as follows:

	Pension benefit plans		Post-employment medical benefits	
	2010	2009	2010	2009
Beginning of the period-1 January	**538,982**	**518,069**	**80,585**	**13,522**
Service cost	32,055	28,991	21,704	19,629
Interest cost	52,820	50,771	7,897	1,325
Contributions by plan participants	27,198	24,599	14,470	13,083
Actuarial losses/(gains)	959	(30,229)	(61,389)	48,871
Benefits paid	(60,248)	(53,219)	(15,250)	(15,845)
End of the period-31 December	**591,766**	**538,982**	**48,017**	**80,585**

Movements in the fair value of the Pension Fund assets are as follows:

	2010	2009
Beginning of the period-1 January	**187,537**	**144,408**
Return on plan assets	34,223	42,758
Employer contributions	32,055	28,991
Employee contributions	27,198	24,599
Benefits paid	(60,248)	(53,219)
End of the period-31 December	**220,765**	**187,537**

Pension assets are comprised as follows:

	2010		2009	
	Amount	(%)	Amount	(%)
Government bonds and treasury bills	77,451	35	90,259	48
Property, plant and equipment	58,197	26	56,913	30
Bank placements	66,716	30	14,664	8
Short term receivables	9,747	5	13,454	7
Other	8,654	4	12,247	7
	220,765	**100**	**187,537**	**100**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 19-EMPLOYEE BENEFITS (Continued)

The principal actuarial assumptions used are as follows:

	2010	2009
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 20-OTHER ASSETS AND LIABILITIES

a) Other current assets	2010	2009
Value added tax receivables	376,382	285,823
Advances given	291,577	128,676
Deposits and guarantees given	270,654	134,882
Prepaid expenses	208,508	208,570
Taxes and funds deductible	151,328	227,352
Precious metals	124,886	94,460
Assets obtained as loan collaterals	50,512	53,942
Biological assets	42,850	37,710
Payments for credit card settlements	33,916	32,557
Interbank cheque clearing account	4,149	8,977
Other	258,042	135,665
	1,812,804	1,348,614

b) Other non-current assets	2010	2009
Prepaid expenses	331,296	281,006
Spare parts and other materials	329,518	327,807
Advances given	107,781	54,736
Other	20,651	11,018
	789,246	674,567

c) Short-term provisions and other current liabilities

	2010	2009
Provisions:		
Provision for lawsuits (*)	285,380	111,936
Provision for warranty and assembly	218,057	202,547
Cost accruals of construction contracts	146,382	83,695
Provision for losses related with loan commitments (Note 28.a)	100,855	97,717
Provision for unused vacation	76,296	57,306
Provision for credit cards campaigns	19,849	24,235
Provision for the non-core assets option agreement	15,273	18,726
Provision for Energy Market Regulation Authority participation share	14,682	13,407
Provision for the advertising publication agreement	13,611	6,076
Other	124,026	144,453
	1,014,411	760,098
Other current liabilities:		
Credit card payables	1,458,820	1,083,852
Blocked accounts	270,689	138,805
Advances received	288,606	205,914
Payables to personnel and premium accruals	215,035	156,357
Interbank cheque clearing account	140,396	93,938
Collaterals obtained for derivative transactions	80,251	51,279
Accruals for sales and other marketing expenses	74,285	87,100
Transitory accounts	65,428	49,171
Import deposits and transfer orders	61,404	77,336
Deferred income	56,095	81,942
Deposits and guarantees received	30,793	27,848
Accruals for license expenses	22,656	15,567
Export commitment accruals	19,743	19,131
Other	312,345	239,748
	3,096,546	2,327,988
	4,110,957	3,088,086

(*) The amount includes the provision accounted for in 2010 for the tax/penalty notice issued to Tüpras, a subsidiary of the Group, on 9 November 2010. The related provision amounts to TL181 million and has been calculated in accordance with the Law No 6111 (Law on Amendments of Restructuring of Several Types of Receivables and Social Security and General Health Insurance Law and Other Several Law and Executive Orders" published in the Official Gazette, numbered 25857 and dated 25 February 2011).

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 20-OTHER ASSETS AND LIABILITIES (Continued)

d) Long-term provisions and other non-current liabilities

	2010	2009
Provisions:		
Warranty provision	57,212	58,970
Other non-current liabilities:		
Revenue share (*)	328,716	265,853
Deposits and guarantees received	57,446	56,705
Government grants	48,668	56,703
Other	38,697	21,642
	530,739	459,873

(*) In accordance with the Petroleum Market License Regulation and Liquefied Petroleum Gas ("LPG") Market Regulation, the revenue shares collected by Tüpraş, but not recognized in the comprehensive income statement, has been recorded as revenue share within other long-term liabilities and blocked in banks as demand deposits with special interest rates within cash and cash equivalents according to the decision of National Petroleum Reserves Commission.

NOTE 21-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:

	2010
Limit on registered share capital (historical)	3,000,000
Issued share capital in nominal value	2,415,141

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 structure of Koç Holding is as follows:

	2010		2009	
	Share %	Amount	Share %	Amount
Temel Ticaret ve Yatırım A.Ş.	42.39	1,023,794	42.39	1,023,794
Semahat Arsel	6.42	154,947	6.42	154,947
Suna Kıraç	5.25	126,764	5.25	126,764
Rahmi M. Koç	5.23	126,311	5.23	126,311
Mustafa V. Koç	3.20	77,271	3.20	77,271
Ali Y. Koç	2.20	53,047	3.05	73,747
İpek Kıraç	1.93	46,558	1.93	46,558
Ömer M.Koç	1.79	43,298	1.79	43,298
Rahmi M. Koç ve Mahdumları Maden, İnşaat, Turizm, Ulaştırma, Yatırım ve Ticaret A.Ş.	0.10	2,532	0.10	2,532
Total Koç Family members and companies owned by Koç Family members	68.51	1,654,522	69.36	1,675,222
Vehbi Koç Vakfı	7.15	172,767	7.15	172,767
Koç Holding Emekli ve Yardım Sandığı Vakfı	1.99	48,049	1.99	48,049
Other	22.35	539,803	21.50	519,103
Paid-in share capital	100.00	2,415,141	100.00	2,415,141
Adjustment to share capital (*)		967,288		967,288
Total share capital		3,382,429		3,382,429

(*) "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.

The analysis of shares by group is as follows:

Group	Unit of shares	TL'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	

In the Articles of Association ("the Articles") Koç Holding sets 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 resolutions to change the Articles).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 21-EQUITY (Continued)

Revaluation Funds

Increases/decreases of carrying amounts as a result of revaluations recognised directly in the equity are as follows:

	2010	2009
Financial assets fair value reserve	109,626	52,509
Cumulative losses on hedging	(103,485)	(85,152)
Non-current assets revaluation fund	13,662	18,460
Total revaluation funds	**19,803**	**(14,183)**

The movements in the revaluation funds are presented in the statements of changes in equity.

Restricted Reserves

The details of the restricted reserves are as follows:

	2010	2009
Legal reserves	152,817	140,217
Special reserves	2,139,103	2,129,595
Total	**2,291,920**	**2,269,812**

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".

Dividend Distribution

Listed 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, starting in 2009, minimum profit distribution obligation will not be applied for listed companies. According to the Board's decision and Communiqué No: IV-27 issued by CMB regarding allocation basis of profit of listed 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 XI No: 29, "Principles of Financial Reporting in Capital Markets" issued by CMB 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 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 TL1.534.976 thousand.

It was resolved at Koç Holding's Ordinary General Assembly Meeting held on 21 April 2010 to distribute TL310.000 thousand (dividend per share TL 0,128) from the consolidated net profit of 2009 in the amount of TL1.429.210 thousand as first and second level dividends to shareholders, TL10.838 thousand to Koç Holding Emekli ve Yardım Sandığı Vakfı, and TL38.876 thousand to the holders of dividend right certificates as cash dividends (gross=net). Related cash dividend payments were completed as of 5 May 2010.

NOTE 22-REVENUE

	2010	2009
Domestic sales	38,113,939	30,090,282
Foreign sales	12,797,849	10,570,259
Gross sales	**50,911,788**	**40,660,541**
Less: Discounts	(2,089,506)	(1,201,759)
Revenue	**48,822,282**	**39,458,782**
Sales of goods	47,917,608	38,839,835
Sales of services	904,674	618,947
Revenue	**48,822,282**	**39,458,782**

Finance sector operating revenue is disclosed in Note 4.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 23-EXPENSES BY NATURE

Expense by nature includes cost of goods sold, marketing, selling and distribution expenses, general administrative expenses and research and development expenses.

	2010	2009
Raw materials and supplies	31,031,025	23,998,007
Changes in work in progress, finished goods	(188,867)	(72,498)
Cost of merchandise sold	8,370,324	6,755,465
Personnel expenses	2,852,173	2,407,676
Depreciation and amortisation charges	964,490	923,100
Energy and utility expenses	635,304	423,455
Transportation, distribution and storage expenses	634,819	570,965
Advertisement and promotion expenses	417,095	350,510
Warranty and assembly costs	399,331	412,604
Rent expenses	339,767	290,259
Maintenance and repair expenses	226,172	197,849
Outsourcing expenses	212,460	106,050
Taxes, duties and charges	171,291	116,579
Information systems and communication expenses	100,746	83,796
Litigation and consultancy expenses	90,769	98,581
Insurance expenses	83,312	74,178
Travel expenses	71,858	59,133
Sales, incentives and premium expenses	69,339	84,946
Royalty and license expenses	48,594	23,807
Grants and donations	40,563	23,324
Other	824,602	1,172,164
	47,395,167	**38,099,950**

The functional breakdown of amortisation, depreciation and personnel expenses is as follows:

	2010	2009
Depreciation and amortisation charges		
Cost of sales	688,921	673,208
Marketing, selling and distribution expenses	50,945	45,465
General administrative expenses	183,837	174,274
Research and development expenses	40,787	30,153
	964,490	**923,100**
Personnel expenses		
Cost of sales	1,044,895	816,207
Marketing, selling and distribution expenses	382,866	344,748
General administrative expenses	1,375,664	1,211,588
Research and development expenses	48,748	35,133
	2,852,173	**2,407,676**

NOTE 24-OTHER INCOME/EXPENSES

	2010	2009
Other income		
Gain on sale of property, plant and equipment	113,952	22,200
Income from incentives	55,025	39,683
Reversal of provisions	60,953	39,055
Gain on sales of non-performing loans	36,760	16,380
Rent income	28,779	31,326
Other	171,672	152,110
	467,141	**300,754**
Other expenses		
Provision for loan impairment	(214,522)	(832,599)
Other provision expenses	(316,155)	(230,031)
Loss on sale of property, plant and equipment	(28,067)	(12,815)
Provision expenses for the Fund	13,012	(44,847)
Other	(81,276)	(54,727)
	(627,008)	**(1,175,019)**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 25-FINANCIAL INCOME/EXPENSES

	2010	2009
Financial income:		
Foreign exchange gains	1,128,295	1,136,817
Interest income	537,719	384,489
Credit finance income	204,429	240,538
Gains on derivative financial instruments	39,663	32,104
Other financial income	9,795	6,561
	1,919,901	**1,800,509**
Financial expenses:		
Foreign exchange losses	(1,393,550)	(1,201,321)
Interest expenses	(576,071)	(750,507)
Credit finance charges	(115,566)	(60,184)
Losses on derivative financial instruments	(23,340)	(69,515)
Other financial expenses	(30,297)	(36,145)
	(2,138,824)	**(2,117,672)**

NOTE 26-RELATED PARTY DISCLOSURES

(a) Related party balances

		2010			2009	
	Joint Ventures (*)	Other	Total	Joint Ventures	Other	Total
Cash and cash equivalents	2,143,670	-	2,143,670	1,103,581	-	1,103,581
Trade receivables	58,537	24,486	83,023	107,427	27,919	135,346
Trade payables	220,168	27,557	247,725	141,968	29,122	171,090
Loans and advances to customers	21,508	19,405	40,913	26,400	13,958	40,358
Deposits	69,555	864,878	934,433	57,613	730,828	788,441
Financial liabilities	463,783	-	463,783	430,496	-	430,496

(b) Related party transactions

		2010			2009	
	Joint Ventures (*)	Other	Total	Joint Ventures	Other	Total
Sales of goods and services	1,482,320	32,920	1,515,240	1,087,999	133,028	1,221,027
Purchases of goods and services	1,418,648	127,792	1,546,440	1,136,836	99,969	1,236,805
Gain on sale of property, plant and equipment (net)	-	40,047	40,047	-	-	-
Interest income	71,097	-	71,097	60,132	-	60,132
Interest expense (-)	42,752	-	42,752	14,317	-	14,317

(*) Presents post elimination balances and transactions with the joint ventures of the Group, which are accounted through proportionate consolidation.

(c) Key management compensation

Total compensation provided to key management personnel by Koç Holding in 2010 amounts to TL20.162 thousand (2009: TL16.999 thousand). The amount is comprised of short-term employee benefits.

NOTE 27-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 16),
i) Brand supporting government grants given by the Undersecretariat of Foreign Trade (Turquality).

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 28-COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

A) GUARANTEES

The summary of guarantees received and given regarding the non-finance sector companies is as follows;

Guarantees given:

	2010	2009
Letters of credit	1,949,590	1,199,382
Letters of guarantee	1,531,396	1,340,121
Guarantee notes	649,664	1,173,803
Equity Shares (*)	219,414	298,174
Other	56,179	84,119
	4,406,243	4,095,599

(*) The Group's equity shares in Arçelik and Tüpraş with nominal values of TL91.700 thousand and TL127.714 thousand, respectively, (2009: TL160.460 thousand Arçelik-TL10.000 thousand Aygaz-TL127.714 thousand Tüpraş) are pledged as collateral (without prejudice to voting and dividend rights associated with these shares) against the loans obtained to finance the cost of Tüpraş acquisition and refinence the Group's existing loans (Note 15).

Guarantees received:

	2010	2009
Mortgages	1,627,273	1,608,274
Letters of guarantee	1,626,063	1,397,960
Direct crediting limit	434,313	118,299
Bill of guarantees	305,138	292,047
Letters of credit	205,809	210,686
Other commitments	121,294	128,771
	4,319,890	3,756,037

Collaterals/pledges/mortgages ("CPM") of the Group, except finance sector, as of 31 December 2010 and 2009 are as follows (Total amounts in the table below also contains TL denominated CPM balances. Foreign currency CPMs are presented by their TL equivalents):

		2010	2009
A.	Total amount of CPM's given in the name of its own legal personality	3,561,056	2,769,588
	-USD	2,369,569	1,357,001
	-EUR	529,120	368,801
	-Other	71,097	1,089
B.	Total amount of CPM's given on behalf of the fully consolidated companies (*)	589,432	814,329
	-USD	144,628	226,071
	-EUR	316,586	382,373
C.	Total amount of CPM's given on behalf of third parties for ordinary course of business (*)	255,755	511,682
	-USD	108,220	255,969
	-EUR	147,535	252,755
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.	-	-
		4,406,243	4,095,599

(*) The amount includes bills of guarantees, provided for the loan obtained from a consortium including 14 financial institutions to meet various financing needs of Koç Group companies (Subsidiaries and Joint Ventures) (Note 15) as part of Koç Holding's main operations.

B) COMMITMENTS

a) Finance

Debt securities pledged as collateral:

As of 31 December 2010, debt securities, amounting to TL1.283.170 thousand (2009: TL1.077.554 thousand), included in the financial assets are pledged;

-to the CBRT and Undersecretariat of Treasury due to legal requirements,
-to Istanbul Stock Exchange and Settlement Custody Bank Incorporation due to stock exchange and money market operations and,
-to various banks, due to loan agreements as guarantees.

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 2010, the Group has custody accounts amounting to TL13.259.444 thousand (2009: TL12.811.713thousand).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 28-COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Credit related commitments:

	2010	2009
Letters of guarantee		
-Foreign currency	3,583,683	3,522,557
-TL	3,890,362	3,126,145
Letter of credits	1,999,937	1,369,118
Acceptance credits	82,899	75,835
Other	289,719	199,704
	9,846,600	8,293,359
Less: Provisions (Note 20.c)	(100,855)	(97,717)
	9,745,745	8,195,642

b) Energy

i) Several financial and non-financial covenants exist with respect to the loans obtained in 2006 in order to finance the acquisition cost of Tüpraş and to re-finance the Group's existing loans. In the event that these covenants are not fulfilled, the aforementioned creditors have the right to recall the outstanding loans (Note 15).

ii) 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.

c) Automotive

i) In the scope of the borrowing agreements, Ford Otosan, a joint venture of the Group, is required to process its export proceeds up to an amount EUR69.768.000, 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 2010.Additionally, Ford Otosan committed to realize exports amounting to EUR6.074.000 within the context of the time loan received from Türkiye İhracat Kredi Bankası A.Ş. (Eximbank).

ii) As of 31 December 2010, Tofaş, a joint venture of the Group, carried out an export transaction amounting to USD458.106.000 within the scope of an export incentive certificate, requiring an export commitment of USD546.319.800 to be fulfilled by 3 June 2011.

d) Consumer durable

i) Arçelik, a subsidiary of the Group, has export commitments amounting to USD480.534.762 within the context of the export incentive certificates of the subsidiary as of 31 December 2010.

NOTE 29-ASSETS HELD FOR SALE

a) Assets and liabilities held for sale

According to the resolution of the Board of Directors of Aygaz, a subsidiary of the Group, on 30 November 2010, it is agreed to sell 49,62% shares (with a nominal value of TL49.079 thousand) of Aygaz in Entek to AES Mont Blanc Holdings B.V. for a consideration of USD136.455 thousand to be paid in cash at the date when the share transfer transaction is completed.

In addition, due to the liquidation process of Otoyol Sanayi, a subsidiary of the Group; assets and liabilities of the related subsidiary are classified as held for sale in accordance with IFRS 5.

A summary of information regarding assets and liabilities held for sale is as follows:

Assets held for sale	2010	2009
Cash and cash equivalents	91,955	12,878
Trade receivables	30,687	211
Property, plant and equipment	221,331	1,222
Intangible assets	349	-
Other assets	12,433	954
	356,755	15,265

Liabilities held for sale	2010	2009
Financial liabilities	64,295	-
Trade payables	34,879	292
Provision for employment termination benefits	686	83
Deferred tax liability	12,587	-
Other liabilities	11,737	6,872
	124,184	7,247

(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 29-ASSETS HELD FOR SALE (Continued)

b) Income statement related to the assets and liabilities held for sale

	2010	2009
Revenue (net)	400,986	376,074
Cost of sales (-)	(389,031)	(327,567)
Gross profit	**11,955**	**48,507**
General administrative expenses (-)	(14,155)	(29,045)
Other income/expense (net)	2,835	(2,787)
Operating profit	**635**	**16,675**
Financial income/expense (net)	3,427	22,410
Profit before tax	**4,062**	**39,085**
Taxes on income (net)	44	503
Profit for the period	**4,106**	**39,588**

NOTE 30-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 strategy focuses on the unpredictability of financial markets and targets 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 large number of entities comprising the customer bases and the penetration to different business segments.

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 the 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 for each Treasury and Fund Management employee authorised for market transactions are followed 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.

Commercial and business credit customers are followed up by the related system of the Company by their corresponding credit ratings. Furthermore, by the use of the credit rating systems developed for customers with different characteristics, counterparty default risk is calculated.

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.

Major portion of 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 follow-up of credit risk of trade receivables 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 selected for transactions.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit risk details

The maximum exposure of the Group's financial assets to credit risk is as follows:

31 December 2010	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)	**5,189,502**	**29,581,360**	**12,251,678**	**10,133,279**	**367,981**
A. Net book value of neither past due nor impaired financial assets	4,843,928	28,080,085	12,251,678	10,133,279	367,981
B. Net book value of restructured financial assets	31,134	40,215	-	-	Q-
C. Net book value of past due but not impaired financial assets	260,333	1,546,729	-	-	-
D. Net book value of impaired assets	54,107	251,573	-	-	-
-Gross amount	269,007	1,169,202	-	-	-
-Impairment	(214,900)	(917,629)	-	-	-
-Secured with guarantees	*51,783*	*213,306*	-	-	-
E. Collective provision for impairment (-)	-	(337,242)	-	-	-

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)	**4,832,657**	**21,598,747**	**9,507,247**	**8,019,758**	**376,245**
A. Net book value of neither past due nor impaired financial assets	4,124,668	19,584,535	9,507,247	8,019,758	376,245
B. Net book value of restructured financial assets	124,909	34,743	-	-	-
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	233,847	-	-	-
-Gross amount	234,999	1,525,535	-	-	-
-Impairment	(191,094)	(1,291,688)	-	-	-
-Secured with guarantees	*43,469*	*379,075*	-	-	-
E. Collective provision for impairment (-)	-	(308,371)	-	-	-

Trade receivables

a) Details of neither past due nor impaired or restructured trade receivables' credit quality:

	2010	2009
New customers (less than 3 months)	240,626	165,629
Public institutions and corporations	56,138	117,762
Other customers with no payment defaults	4,198,053	3,555,000
Customers with prior collection delays	349,111	286,277
	4,843,928	**4,124,668**

As of 31 December 2010, trade receivables that are not due and not impaired amounting to TL2.723.398 thousand are secured with guarantees (2009: TL2.179.954 thousand).

b) Analysis of past due trade receivables:

Not impaired	2010	2009
Past due up to 1 month	115,104	189,432
Past due 1-3 months	87,586	231,972
Past due 3-12 months	36,604	81,452
Past due over 1 year	21,039	36,319
	260,333	**539,175**

As of 31 December 2010, past due but not impaired trade receivables amounting to TL199.497 thousand are secured with guarantees (2009: TL211.664 thousand).

Impaired	2010	2009
Past due up to 3 months	69,693	47,695
Past due 3-6 months	4,313	7,315
Past due over 6 months	195,001	179,989
Less: Impairment	(214,900)	(191,094)
	54,107	**43,905**

All the impaired trade receivables of the Group are past due. As of 31 December 2010, impaired receivables amounting to TL51.783 thousand are secured by guarantees (2009: TL43.469 thousand).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Loans and advances to customers

a) As of 31 December 2010, 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	31.2%
Average	5+-6	47.9%
Below average	7+-9	20.9%

b) Details of past due but not impaired loans and advances:

31 December 2010	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Total
Past due up to 1 month	226,961	220,974	272,028	2,517	722,480
Past due 1-2 months	20,014	82,446	85,128	2,413	190,001
Past due 2-3 months	486,732	78,232	67,381	1,903	634,248
Total	733,707	381,652	424,537	6,833	1,546,729

31 December 2009	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Total
Past due up to 1 month	385,215	225,887	299,832	5,199	916,133
Past due 1-2 months	33,881	109,134	95,027	503	238,545
Past due 2-3 months	705,467	82,495	110,750	603	899,315
Total	1,124,563	417,516	505,609	6,305	2,053,993

c) Sectoral breakdown of loans and advances to customers:

	2010	%	2009	%
Production	6,319,692	21	4,709,913	22
Consumer loans	6,140,929	21	4,532,790	21
Credit card receivables	4,246,148	14	3,630,616	17
Food and retail	1,303,614	4	959,127	4
Public sector	646,116	2	617,075	3
Financial institutions	720,279	2	655,573	3
Real estate	176,526	1	182,898	1
Other sectors	10,028,056	35	6,310,755	29
	29,581,360	100	21,598,747	100

Cash and cash equivalents

As of 31 December 2010 and 2009, total cash and cash equivalents are neither past due nor 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 2010 and 2009, total debt securities classified under financial assets are neither past due nor impaired.

The rating of debt securities is as follows:

	2010	2009
Moody's Credit Rating		
Aaa	35,155	45,262
Aa	-	14,404
Aa2	13,733	-
Aa3	228,650	-
A2	152,493	-
A3	81,605	-
Baa	-	50,451
Baa1	45,655	-
Baa2	94,937	-
Baa3	16,865	-
Ba1	16,046	-
Ba2 (*)	8,753,080	7,078,419
Ba3	20,927	581,882
Unrated	647,133	249,340
	10,133,279	8,019,758

(*) Securities consist of Republic of Turkey government bonds and treasury bills.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 30-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 of the Group 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. Other Subsidiaries and Joint Ventures of the Group keep the currency risk exposure within the limits approved by Koç Holding, the parent company, and 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 and determines new limits, when necessary. Derivative contracts such as swaps, options and forwards are also used as instruments for currency risk management for hedging purposes, when needed.

Assets and liabilities denominated in foreign currency held by the Group before consolidation adjustments are as follows:

	2010	2009
Assets	26,065,224	21,619,519
Liabilities	(30,550,152)	(25,219,656)
Net balance sheet position	**(4,484,928)**	**(3,600,137)**
Off-balance sheet derivative instruments net position	**64,686**	**968,225**
Net foreign currency position	**(4,420,242)**	**(2,631,912)**

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 2010, Tüpraş has raw materials and petroleum products amounting to TL1.797.120 thousand (2009: TL1.232.460 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 TL374.148 thousand when assessing foreign exchange risk (2009: TL340.223 thousand).

As of 31 December 2010 and 2009, if EUR and USD had appreciated/depreciated by 10% against TL with all other variables held constant, profit before tax would have been TL442.024 thousand (2009: TL263.191 thousand) lower/higher, mainly as a result of foreign exchange losses/gains on the translation of the foreign exchange position as presented in detail in the table below. The net effect of the related foreign exchange losses/gains on the net profit (equity holders)/equity of the parent is approximately TL205.000 thousand.

2010	USD	EUR	Other	Total
Foreign currency net asset/liability	211,787	260,743	(24,037)	448,493
Hedged items	215,851	(235,426)	13,106	(6,469)
	427,638	**25,317**	**(10,931)**	**(442,024)**

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**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2010			
	USD (*)	EUR (*)	Other (TL Equivalent)	Total (TL Equivalent)
Assets:				
Cash and cash equivalents	2,428,461	1,069,257	86,852	6,032,268
Financial assets	2,667,331	228,397	64,397	4,656,098
Trade receivables	329,775	748,607	287,517	2,331,320
Receivables from finance sector operations	4,871,965	2,072,704	341,400	12,120,636
Inventories	42,844	49,106	394	167,255
Deferred tax assets	-	-	795	795
Other assets	212,148	144,476	132,827	756,852
Total assets	**10,552,524**	**4,312,547**	**914,182**	**26,065,224**
Liabilities:				
Payables from finance sector operations	5,455,340	2,085,078	500,145	13,206,634
Financial liabilities	3,788,783	2,849,838	148,868	11,845,930
Trade payables	2,248,241	417,655	11,408	4,343,005
Current income tax liabilities	-	44	-	90
Provisions for employee benefits	-	668	-	1,369
Deferred tax liabilities	-	520	-	1,066
Other liabilities	430,064	231,217	13,393	1,152,058
Total liabilities	**11,922,428**	**5,585,020**	**673,814**	**30,550,152**
Net balance sheet position	**(1,369,904)**	**(1,272,473)**	**240,368**	**(4,484,928)**
Derivative financial assets	4,058,543	2,007,652	280,360	10,668,750
Derivative financial liabilities	(5,454,734)	(858,729)	(411,422)	(10,604,064)
Off-balance sheet derivative instruments net position	**(1,396,191)**	**1,148,923**	**(131,062)**	**64,686**
Net foreign currency position	**(2,766,095)**	**(123,550)**	**109,306**	**(4,420,242)**
Monetary items net foreign currency position	(2,808,939)	(172,656)	108,912	(4,587,497)
Fair value of currency hedge instruments	232	-	-	358

(*) Presented in original currencies.

	31 December 2009			
	USD (*)	EUR (*)	Other (TL Equivalent)	Total (TL Equivalent)
Assets:				
Cash and cash equivalents	**1,859,854**	**1,071,297**	**320,165**	**5,434,869**
Financial assets	2,325,881	335,032	72,042	4,297,891
Trade receivables	266,118	591,436	273,459	1,951,832
Receivables from finance sector operations	3,694,535	1,500,743	293,139	9,098,056
Inventories	29,362	73,382	169,392	372,129
Deferred tax assets	-	577	16,117	17,364
Other assets	88,992	91,191	116,383	447,378
Total assets	**8,264,742**	**3,663,658**	**1,260,697**	**21,619,519**
Liabilities:				
Payables from finance sector operations	4,305,895	1,770,113	468,559	10,775,920
Financial liabilities	3,303,634	2,510,432	106,337	10,503,906
Trade payables	1,590,021	264,667	57,290	3,023,144
Current income tax liabilities	-	512	13,578	14,683
Provisions for employee benefits	-	1,147	1,155	3,632
Deferred tax liabilities	-	17,507	8,268	46,088
Other liabilities	282,891	158,995	82,856	852,283
Total liabilities	**9,482,441**	**4,723,373**	**738,043**	**25,219,656**
Net balance sheet position	**(1,217,699)**	**(1,059,715)**	**522,654**	**(3,600,137)**
Derivative financial assets	3,724,187	1,022,372	177,119	7,993,257
Derivative financial liabilities	(4,192,519)	(192,785)	(295,883)	(7,025,032)
Off-balance sheet derivative instruments net position	**(468,332)**	**829,587**	**(118,764)**	**968,225**
Net foreign currency position	**(1,686,031)**	**(230,128)**	**403,890**	**(2,631,912)**
Monetary items net foreign currency position	(1,715,392)	(303,510)	234,498	(3,004,041)
Fair value of currency hedge instruments	1,278	59	-	2,053

(*) Presented in original currencies.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Import and export details (TL Equivalent)

Export	2010	2009
USD	5,547,292	3,702,560
EUR	5,285,552	4,849,533
Other	631,507	595,780
	11,464,351	**9,147,873**
Import		
USD	21,432,670	16,871,640
EUR	3,767,205	2,943,918
Other	50,408	1,548,414
	25,250,283	**21,363,972**

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 the residual repricing terms of interest-bearing assets and liabilities 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 to the Board of Directors in the context of Asset and Liability Management function. 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:

	2010			2009		
	USD	EUR	TL	USD	EUR	TL
Assets						
Cash and cash equivalents	2.80	2.75	8.56	2.42	1.28	8.47
Financial assets						
-At fair value through profit or loss	5.95	7.05	8.11	7.60	7.51	8.70
-Available-for-sale financial assets	6.98	5.94	7.85	7.40	7.30	11.97
-Held-to-maturity financial assets	6.76	5.33	10.05	6.81	5.40	11.51
Loans and advances to customers	4.63	5.14	12.74	6.04	6.43	17.74
Liabilities						
Financial liabilities	2.61	2.61	8.40	2.02	2.89	10.10
Deposits	2.56	2.33	8.68	1.90	1.84	7.87

Group's financial assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates are as follows:

31 December 2010	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	10,112,847	-	-	-	2,490,778	12,603,625
Financial assets						
-At fair value through profit or loss	61,785	44,524	6,107	62,721	29,791	204,928
-Available-for-sale financial assets	381,975	396,674	1,117,417	994,950	192,075	3,083,091
-Held-to-maturity financial assets	2,097,173	748,928	1,299,372	2,894,350	-	7,039,823
Loans and advances to customers	8,983,607	7,502,688	8,697,047	3,883,283	514,735	29,581,360
Total	**21,637,387**	**8,692,814**	**11,119,943**	**7,835,304**	**3,227,379**	**52,512,827**
Liabilities						
Deposits	20,928,958	811,063	302,629	67,096	4,712,377	26,822,123
Financial liabilities	8,463,991	4,459,534	3,474,559	394,015	86,195	16,878,294
Total	**29,392,949**	**5,270,597**	**3,777,188**	**461,111**	**4,798,572**	**43,700,417**

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	8,145,382	-	-	-	1,690,403	9,835,785
Financial assets						
-At fair value through profit or loss	71,940	41,676	31,512	8,550	45,873	199,551
-Available-for-sale financial assets	225,748	133,904	93,504	443,486	129,456	1,026,098
-Held-to-maturity financial assets	2,481,797	782,048	1,439,666	2,229,581	-	6,933,092
Loans and advances to customers	6,517,197	5,475,157	6,032,893	3,309,368	264,132	21,598,747
Total	**17,442,064**	**6,432,785**	**7,597,575**	**5,990,985**	**2,129,864**	**39,593,273**
Liabilities						
Deposits	15,564,487	877,841	489,424	67,958	3,971,896	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**	**104,325**	**3,983,633**	**35,891,826**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The interest rate position is as follows:

	2010	2009
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents	9,540,507	8,015,938
At fair value through profit or loss	146,947	139,409
Available for sale	2,190,735	678,911
Loans and advances to customers	22,430,580	15,743,584
Total	**34,308,769**	**24,577,842**
Financial liabilities		
Deposits	22,107,250	16,996,139
Financial liabilities	7,127,144	4,545,202
Total	**29,234,394**	**21,541,341**
Floating interest rate financial instruments		
Financial assets		
Cash and cash equivalents	572,340	129,444
At fair value through profit or loss	28,190	14,269
Available for sale	700,281	217,731
Loans and advances to customers	6,636,045	5,591,031
Total	**7,936,856**	**5,952,475**
Financial liabilities		
Deposits	2,496	3,571
Financial liabilities	9,664,955	10,363,281
Total	**9,667,451**	**10,366,852**

As of 31 December 2010, if the annual interest rate on TL basis were 100 base points higher/lower, and all other variables remained constant, due to the changes in the carrying values of financial assets; profit before tax would be TL3.675 thousand (2009: TL1.723 thousand) and due to its direct effect on equity, equity would be TL68.981 thousand (2009: TL20.982 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 level of cash and cash equivalent assets does not fall below a predetermined portion of the short term liabilities.

As of 31 December 2010 and 2009 the undiscounted contractual cash flows of the financial liabilities of the Group are as follows:

31 December 2010	Book value	Total contractual cash outflow	Up to 3 months	3 months 1 year	1 year 5 years	5 year and above
Financial liabilities:						
Financial liabilities	16,878,294	17,757,897	7,413,323	1,685,442	7,192,853	1,466,279
Deposits	26,822,123	27,144,843	26,618,189	-	440,958	85,696
Trade payables	7,549,368	7,554,839	7,020,713	534,126	-	-
Derivative financial instruments:						
Cash inflow	-	18,697,536	9,004,541	3,285,533	6,027,321	380,141
Cash outflow	-	(19,530,928)	(8,769,688)	(3,485,369)	(6,761,588)	(514,283)

31 December 2009	Book value	Total contractual cash outflow	Up to 3 months	3 months 1 year	1 year 5 years	5 year and above
Financial Liabilities:						
Financial liabilities	14,920,220	15,981,271	4,127,263	4,896,258	5,357,169	1,600,581
Deposits	20,971,606	21,094,624	19,626,813	1,078,055	307,388	82,368
Trade Payables	4,083,434	4,213,827	3,925,530	288,297	-	-
Derivative financial instruments:						
Cash inflow	-	10,862,378	6,130,178	879,779	3,092,013	760,408
Cash outflow	-	(10,350,860)	(6,187,300)	(561,297)	(2,870,766)	(731,497)

Capital Risk Management

The Group's main objectives for capital management are to keep 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 decide on the amount of dividends paid to shareholders, issue of new shares or sell assets to decrease net financial debt.

The Group monitors capital on the basis of the net financial debt/total equity ratio. Net financial debt is calculated as total financial liabilities less cash and cash equivalents (excluding Central bank reserve requirements and blocked deposits).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 30-FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Net financial debt/total capital ratio as of 31 December 2010 and 2009 is as follows:

	2010	2009
Total financial liabilities	16,878,294	14,920,220
Cash and banks	(10,049,327)	(8,116,563)
Net financial debt	6,828,967	6,803,657
Equity	20,977,914	18,782,046
Net financial debt/total equity ratio	**33%**	**36%**

NOTE 31-FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Fair value of financial instruments

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data. Accordingly, 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 values of financial instruments:

Financial assets

Carrying values of significant portion of cash and cash equivalents are assumed to reflect their fair values due to their short-term nature.

Carrying values of trade receivables are assumed to approximate their fair values.

Fair values of held to maturity financial assets are determined based on market price, or in the case where the price cannot be determined, on market prices quoted for the securities of the same nature in terms of interest, maturity and other similar conditions.

Estimated fair values 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 values approximates the fair values.

Financial liabilities

Fair values of short term borrowings and trade payables are assumed to approximate their carrying values due to their short-term nature. Estimated fair values of long-term financial liabilities are determined by calculating the discounted cash flows, using the current market interest rates for borrowings with fixed interest rates.

Estimated fair values of demand deposits indicate the amount to be paid at the withdrawal; and therefore equal to their book values. Estimated fair values of deposits with fixed interest rates are determined by calculating the discounted cash flows, using the market interest rates applied to similar deposits 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 2010 and 2009 are presented in the following table:

	2010		2009	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Cash and cash equivalents	12,603,625	12,613,533	9,835,785	9,837,682
Held-to-maturity financial assets	7,039,823	7,423,094	6,933,092	7,009,532
Loans and advances to customers	29,581,360	30,311,697	21,958,747	21,646,954
Liabilities				
Deposits	26,822,123	26,711,547	20,971,606	21,081,078
Financial liabilities	16,878,294	16,896,244	14,920,220	14,877,542

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 2010 are as follows:

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	204,928	-	-	204,928
Available-for-sale financial assets				
-Debt securities	2,254,171	636,766	-	2,890,937
-Equity securities	63,592	-	-	63,592
Derivative financial instruments	-	367,981	-	367,981
Total assets	**2,522,691**	**1,004,747**	**-**	**3,527,438**
Derivative financial instruments	-	437,279	-	437,279
Total liabilities	**-**	**437,279**	**-**	**437,279**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

Koç Holding A.Ş.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December 2010 (Continued)
(Amounts expressed in thousands of Turkish Lira ["TL"] unless otherwise indicated.)

NOTE 32-EARNINGS PER SHARE

	2010	2009
Earnings per share:		
Profit for the period	3,138,400	2,640,588
Profit attributable to non-controlling interest	(1,403,921)	(1,211,378)
Profit attributable to equity holders of the parent	1,734,479	1,429,210
Weighted average number of shares with nominal value Kr 1 each	241,514,100,000	241,514,100,000
Earnings per share (Kr)	**0.718**	**0.592**

NOTE 33-SUPPLEMENTARY CASH FLOW INFORMATION

As of 31 December 2010 and 2009, supplementary information for the details included in the consolidated cash flow statements:

	2010	2009
Changes in provisions:		
Provision for lawsuits	173,444	(1,706)
Provision for warranty and assembly	13,752	11,219
Cost accruals for construction contracts	62,687	27,570
Insurance technical reserves	31,765	15,803
Provision for loans and doubtful receivables	712,444	1,397,974
Provision for employment termination benefits and Pension Fund	25,193	83,275
Provision for impairment on inventories	(25,186)	(14,712)
Provision for impairment on property, plant and equipment	(27,857)	4,403
Other provisions	2,672	161
	968,914	**1,523,987**
Add back net interest income:		
Interest income from non-finance sector (Note 25)	(537,719)	(384,489)
Interest income from finance sector (Note 4)	(3,418,065)	(3,954,445)
Interest expense from non-finance sector (Note 25)	576,071	750,507
Interest expense from finance sector (Note 4)	1,683,375	1,961,193
	(1,696,338)	**(1,627,234)**
Net changes in the operating assets and liabilities:		
Finance sector:		
Reserve deposits at the central banks	(765,712)	180,760
Receivables from finance sector operations	(8,540,915)	(976,209)
Payables from finance sector operations	5,856,706	79,640
Financial assets	(2,108,565)	(183,389)
	(5,558,486)	**(899,198)**
Other:		
Inventories	(806,912)	300,262
Trade receivables	(434,519)	355,373
Blocked deposits	(69,364)	108,602
Other assets	(582,084)	200,743
Trade payables	3,500,521	646,781
Other liabilities	949,802	360,153
	2,557,444	**1,971,914**
	(3,001,042)	**1,072,716**
Cash and cash equivalents:		
Cash and cash equivalents (Note 5)	12,603,625	9,835,785
Cash and cash equivalents held for sale (Note 29)	91,955	12,878
Less: Reserve deposits at central banks (Note 5)	(2,194,989)	(1,429,277)
Less: Blocked deposits (Note 5)	(359,309)	(289,945)
	10,141,282	**8,129,441**

NOTE 34-EVENTS AFTER THE BALANCE SHEET DATE

USD8.000.000 and EUR100.500.000 portions of the loan obtained by Koç Holding in 2010 from a consortium including 21 financial institutions (Note 15) to meet various financing needs of Koç Group companies were repaid on 28 January 2011 before their maturity. The remaining USD and EUR portions of the related loan are repriced as Libor+2.25 and Euribor+1.75, respectively.

USD15.000.000 (total remaining portion) of the loan obtained by Koç Holding in 2009 from a consortium including 14 financial institutions (Note 15) to meet various financing needs of Koç Group companies was repaid on 19 January 2011 before its maturity.

Following the permissions of the Competition Board and the Energy Market Regulation Authority, transfer of 49,61% shares (with a nominal value of TL49.079 thousand) of Aygaz in Entek, a subsidiary of the Group, to AES Mont Blancs Holding BV, was completed on 28 February 2011. Total share transfer price of USD136.455.000 has been paid in cash to the Group. The related price will be subject to an adjustment in accordance with the net financial debt amount on the closing financial statements.