

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 turbulence

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