

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 m³. 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

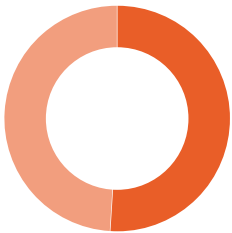
International Position
Europe's **7th**,
World's **30th** largest
refining capacity

**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 (TÜBİTAK) Technology and Innovation Support Program Directorate for six R&D projects with a budget totaling TL10 million. As these applications were accepted by 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’



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.

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 İzmit Refinery, while also increasing capacity utilization by utilizing raw materials at İzmit 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.

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

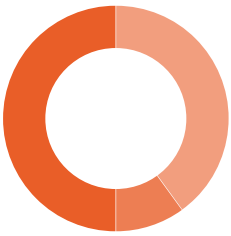
Distribution Network
1,224 stations
(including Sunpet)

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 m³. 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 m³ to international companies.

Unrivaled leader in customer satisfaction for five consecutive years

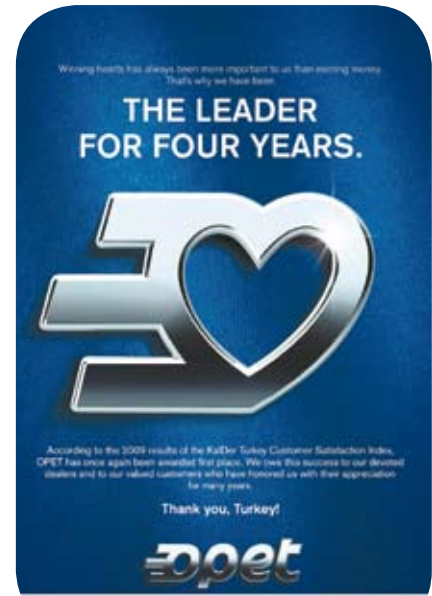
Opet has been declared the sector leader in the Turkish Society for Quality's Turkish Customer Satisfaction Index survey in 2010 for the fifth consecutive year. Opet attained its leadership in 2006 and is well positioned to remain a leader in customer satisfaction, given the importance it places on its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

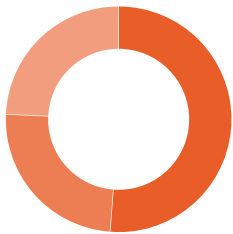
Share of International Revenues
8%

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 m³ 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.