

Corporate Governance Alignment Report

Board of Directors' Report

Auditor's Report

Consolidated Financial Statements and Independent Auditor's Report

Koç Holding A.Ş.

Corporate Governance Alignment Report

1. CORPORATE GOVERNANCE COMPLIANCE DECLARATION

1.1. Compliance with the Principles of Corporate Governance

Financial markets have been gaining further depth in the recent years, in line with the increasing globalization trends. Deriving the maximum efficiency from the financial markets, reaching a consistent and profitable growth performance despite the challenging competitive landscape and creating shareholder value requires working on the internationally accepted compliance practices and implementation of a set of respective principles. It is of extreme importance for both the country and publicly traded companies that the Turkish capital markets become part of the global liquidity system in order to increase the funding opportunities from international financial markets.

As Koç Group, we believe that good corporate governance brings considerable benefits to companies in terms of increasing management quality, reducing risks and raising reliability and esteem in financial and capital markets.

Koç Holding was one of the first companies to implement necessary measures to reach the highest standards in this area at a time when corporate governance principles were not generally applied in Turkey. Koç Holding's approach to corporate governance has always been voluntary and proactive. Therefore, Koç Holding has made i) Transparency, ii) Fairness, iii) Responsibility and iv) Accountability its four inviolable principles.

Koç Group's deeply-rooted and prominent corporate identity facilitates good corporate governance. Honesty, respect, ethical behavior and compliance with all laws and regulations are central to the way the Group does business and an integral part of its corporate culture.

Koç Holding's management structure, processes and policies have been established in compliance with the prevailing laws and regulations, ensuring clarity and transparency in the areas of decision making and responsibility. Koç Holding (Company) 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 compensation of top management to economic profitability and share price performance. Koç Holding has voluntarily applied internationally accepted standards and practices. Consolidated financials have been prepared in accordance with International Accounting Standards (IAS) since 1995 and International Financial Reporting Standards (IFRS) since 2004, as required by Capital Market Regulations.

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

As the first holding company to be established in Turkey and as a Group that is committed to institutionalization, Koç Holding has applied universal corporate governance principles for many years and adopted the "Corporate Governance Principles" approved by the Capital Markets Board (CMB) on July 4, 2003 with decision number 35/835, which were first declared to public in July 2003 and revised in May 2005. We are working on principles that have yet not been implemented and plan to apply them immediately after the administrative and technical infrastructure is completed.

The details of the compliance report that provides Koç Holding's standing in respect of the Corporate Governance Principles that are implemented and those that are in progress can be found in the following sections.

1.2. Corporate Governance Principles Not Yet Implemented

Koç Holding believes in the importance of full compliance to Corporate Governance Principles. However due to challenges encountered in the implementation of some principles, as well as the ongoing discussions in Turkey and in the international platform regarding compliance with certain principles and the 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 are met in application, but have not yet been reflected in 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 where compliance has not yet been achieved.

1.3. Studies Conducted to Ensure Compliance with the Principles within the Period

In 2008, the Corporate Governance Committee continued to work actively and important steps were taken to enhance compliance with Corporate Governance Principles. Under the direction of the Corporate Governance Committee, many studies have been undertaken to improve compliance with the principles by both the Holding and the publicly-listed Group companies.

The first important development is the study on the addition of clauses to the Group companies' Articles of Associations on the announcement of General Assembly Meetings to be made 3 weeks prior to the meeting date, the invitation of media and stakeholders to the Meetings, the requirement to have members of the BoD, auditors and President responsible from financial reporting to be present at the Meeting, and the establishment of sufficient number of committees in order to enable the BoD to exercise or delegate its functions and authority.

Another important development was to bring forward the date of the 2008 General Assembly Meeting. Further to the completion of the required infrastructure, the General Assembly Meeting was brought forward by two weeks compared to the previous year.

Our Company website and annual report have been reviewed and necessary revisions have been made for full compliance with the principles. The General Assembly Procedure delivered to Group companies has been revised to include principles to be followed 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 meeting date, providing information about preferred shares, presence of directors at the meeting, inviting media and stakeholders to the meeting, use of open ballots by way of raising hands during the voting procedure and informing shareholders of this procedure in advance, announcement of proxy forms, and it has been ensured that such principles are applied. Furthermore, our endeavors continued on the implementation of standard wording and templates on general assembly announcements and informative documents by all Group companies.

In the period ahead, necessary studies will be made in light of the developments in legislation and general practices to ensure full compliance with the principles.

SECTION I - SHAREHOLDERS

2. Investor Relations Department

2.1. Investor Relations Department and Its Duties

All relations between Koç Holding and the shareholders are carried out by the "Investor Relations" department, in coordination with the relevant departments as per the below stated principles.

2.1.1) The Investor Relations Department is responsible for providing information to current and potential shareholders on the Company's operations, its financial position and strategies, excluding trade secrets, and managing the two-way communication between the shareholders and the Company management. The information is provided on a regular basis and in a way that will not cause any inequality of information, by consulting the relevant departments and coordinating with the Group companies when required,

Within this scope, the responsibilities of the Investor Relations Department are as follows:

- To manage coordination with the Corporate Communications Department within the scope of the management of the Company's financial communication strategy,
- To promote the Company to individual and institutional investors in Turkey and abroad,
- To promote the Company to current and potential shareholders and brokerage houses; to meet the requests for information on Koç Holding from analysts and researchers,
- To issue press bulletins following the announcement of financial results and arrange press meetings, teleconferences and web-casts when required,
- To answer investor inquiries and requests,
- To inform current and potential investors proactively and regularly on micro and macro developments by participating in conferences, roadshows and investor meetings,
- To keep the customer database and records accurate and up-to-date,
- 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 a mutual communication flow 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 videos, etc. in order to enable shareholders to obtain accurate and complete information about Koç Group.

2.1.2) Directorate of Accounting ensures that investor records are kept in a proper, secure and updated fashion, 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.

Koç Holding A.Ş.

Corporate Governance Alignment Report

2.1.4) Investor Relations Department, with the support of the Finance Group and Legal Department, prepares the documents for the use of shareholders in General Assembly Meetings, which are shared with the shareholders through 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 and the Investor Relations Department ensures that the reports containing the voting results are shared with the shareholders.

2.1.6) Finance Group is responsible for completing the legal requirements such as financial reporting and disclosing material information to inform the public. Investor Relations and Corporate Communications departments perform the other functions related to informing the public within the scope of the Company's Disclosure Policy.

2.1.7) Corporate governance studies are performed in coordination with the Investor Relations Department, Finance Group and Legal Department under the "Corporate Governance Committee".

2.1.8) Investor Relations Department submits a report, at least annually, to the Corporate Governance Committee and CFO on its activities. If required, the report will also be submitted to the BoD.

Investor Relations Department and the Finance Department ensure that periodic and continual statements are made as required by the relevant legislation and the information policy with regard to the informing the public.

2.2. Investor Relations Department Contacts

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

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

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

2.3. Information on the Activities of the Investor Relations Department in 2008

In 2008 and 1Q2009, the Department attended 11 conferences in Turkey and abroad, held one-on-one meetings with 202 investors, and answered more than 600 telephone and e-mail inquiries. During this period, two teleconferences were held following the announcement of the financial results to inform investors and analysts. The voice records and transcripts of these teleconferences, including the Q&A session and relevant investor presentations were made available on the Company website for the convenience of those investors who were unable to attend the calls. The website, investor presentations and investor bulletins were kept up-to-date to provide the most recent information to shareholders. Investor tools were updated as required and at most on a quarterly basis. Utmost attention was given to ensure compliance with all regulations in carrying out these functions, and there were no complaints filed with our Company regarding the exercise of shareholders' rights. There were also no administrative or legal proceedings regarding this subject to the best of our knowledge.

3. Shareholders' Right to Obtain Information

3.1. Principles Regarding the Exercise Shareholders' Right to Obtain and Examine Information

Koç Holding does not discriminate among shareholders in the exercise of their right to obtain and evaluate information, and all the relevant information other than trade secrets are shared with the shareholders.

Shareholders are provided access to firsthand information regarding strategy and operations by bringing top management and shareholders together at meetings and conferences. Throughout the year, any information that is of importance to shareholders is announced as material disclosures. These announcements, past and current, are posted in English and Turkish on our website and are also distributed via email to those investors who have provided their contact information.

Comprehensive information and statistics that are of interest to shareholders for both the current and past periods are published in Turkish and English on our website (www.koc.com.tr) under Investor Relations section. Public announcements are published in the website under the "Company Internet Website and Contents" heading.

3.2. Information Requests in 2008

Enquiries directed to the Investor Relations Department, with the exception of information considered confidential or a trade secret, are answered in writing or by phone by the most authorized person concerning that particular issue. Within this frame, more than 600 investor inquiries have been answered in 2008 by phone and e-mail.

3.3. The Right to Demand a Private Auditor

Our Articles of Association does not regulate the right to demand a private auditor as an individual right and until now, no shareholder has submitted such a request. The Company's activities are audited by an Independent External Auditor and Auditors assigned at the General Assembly. In the last General Assembly Meeting, Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PriceWaterhouseCoopers was appointed as the independent external auditor.

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 2008

In 2008, Koç Holding held one ordinary and one extraordinary General Assembly.

The Ordinary General Assembly Meeting was held on 29 April 2008 with 80.82% 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 certain subsidiaries covered by our Company's consolidation are also obligated to prepare consolidated financial statements. Nevertheless, we are endeavoring to shorten this period as much as possible. Furthermore, given the 14-week period stipulated by the Capital Market Regulations for the publication of annual financial statements by those 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 Extraordinary General Assembly meeting, where the merger of our subsidiary Kav Danışmanlık ve Pazarlama Ticaret A.Ş. into Koç Holding as a whole, the increase of the paid-in capital of our Company from YTL 2,007,555,000 to YTL 2,012,617,500 as a result of the merger and amendment of Article 8 of our Articles of Association entitled "Capital" and the temporary article were resolved, was held on 30 June 2008 with 81.10% attendance.

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 by notifying the Istanbul Stock Exchange (ISE) and CMB immediately of the BoD's decision to hold the General Assembly Meeting.

General Assembly Meeting announcements are published on our website www.koc.com.tr at least 21 days prior to the meeting and in a high circulation daily newspaper 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.

Koç Holding A.Ş.

Corporate Governance Alignment Report

4.4. Principles of Attendance to General Assembly Meeting

All Koç Holding shares are registered. Shareholders who wish to participate in the General Assembly Meeting, whose shares are in custody in investment accounts under intermediary institutions at the Central Registry Agency (CRA) are noted in the 'General Meeting Blockage List', and the records in the General Meeting Blockage List is relied upon within the framework of the respective regulations. Shareholders who fail to get themselves 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 before the General Assembly Meeting.

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

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

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

In the 2007 General Assembly Meeting, our shareholders submitted a request to bring the General Assembly Meeting dates forward. Our Company has completed the required work and as a result, the General Assembly Meeting for 2008 was brought forward by two weeks compared to the previous years.

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

4.5. Minutes of the Meeting

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

4.6. Special Transactions

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 developments and facilitations in practices shall be followed, and studies shall 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.

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

Within the Holding, 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 through open ballot and by raising hands during the General Assembly Meeting. Upon request by shareholders, the voting procedure will be determined by the General Assembly Meeting.

5.4. Minority Rights

Koç Holding gives utmost care to the exercise of minority rights. There were no criticisms or complaints filed with our Company in this regard in 2008. Our Articles of Association does not include the cumulative voting procedure, and the advantages and disadvantages of this method will be evaluated in line with regulatory developments.

6. Dividend Policy and Timing

6.1. Dividend Policy

Dividend policy is determined by the General Assembly Meeting in accordance with the Capital Market Regulations and the Articles of Association.

Dividend policy and the annual dividend proposal covering the details stipulated in the CMB Corporate Governance Principles are set forth in the annual report, presented to the shareholders during the General Assembly Meeting, and also detailed information about the dividend history and capital increases are posted on our Company's website for the public.

Our Company conducts a dividend policy within the framework of the provisions of the TCC, Capital Markets Regulations, Tax Regulations and other relevant legislations as well as the articles of the Articles of Association governing the distribution of profits.

In determining dividend distribution, the long-term strategy of our Group, capital requirements of our Company, our affiliates and subsidiaries, investment and financing policies, profitability and cash position are taken into consideration.

In principle, 20% of the "distributable profit for the period", calculated as per the Capital Markets Regulations and other relevant legislation, is distributed in cash or as bonus issue based on the net profit for the period as shown on the financial statements prepared as per the Capital Markets Regulations and subjected to independent audit.

If the distributable profit calculated as above is less than 5% of the issued capital, then no dividends are paid.

Dividends to be distributed as per the decision taken at the General Meeting can be paid out fully in cash or fully as bonus issue, or partially in cash and partially as bonus issue.

If dividend distribution is in cash, it is completed until the end of the fifth month following the end of the respective fiscal period, at the latest, or if it is in the form of bonus issue, it is completed until the end of sixth month, at the latest.

In accordance with the dividend policy, the dividends are allocated equally to all entitled shareholders.

Pursuant to article 32 of our Articles of Association, no less than 1% and no more than 2% of the amount remaining after the allocation of the first series of legal reserve fund, financial obligations, and dividend to be withheld under the Capital Market Regulations from the pre-tax earnings is provided to Koç Holding Foundation for Pension and Assistance. Additionally, without prejudice to the first dividend established under the Capital Markets Legislation, after the first series of legal reserve fund, financial obligations and 5% of the paid-in capital are deducted from the pre-tax earnings, 3% of the remaining amount is allocated to holders of dividend-right certificates.

Koç Holding A.Ş.

Corporate Governance Alignment Report

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 bonus issue 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 restricting the transfer of publicly-traded B type shares. As stated in the Articles of Association under article 13, Koç Holding BoD may avoid, without indicating any cause, transfer of A type shares held by the controlling shareholder, in accordance with the article 418 in the TCC.

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

8.1. General Information on Disclosure Policy

Koç Holding, as one of Turkey's leading and most respected 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 aim of the disclosure policy is to share information about Koç Holding's and Koç Group's past performance, future expectations, strategies, goals and vision, excluding information considered as a trade secret, with the public, relevant authorities, existing and potential investors and shareholders in a fair manner, to announce the financial statements in an accurate, fair, timely and detailed manner as set forth by the CMB and to establish a continuous, effective and open communication platform by the Investor Relations and Corporate Communications Departments.

Koç Holding carries out an active and transparent public disclosure policy in accordance with the regulations and directives of the CMB and ISE with the objective of implementing the most effective communication policy in line with CMB Corporate Governance Principles.

Our Disclosure Policy is announced to the public on our website. Our Disclosure Policy is updated in line with the evolving market conditions and new applications.

8.2. Disclosure Policy Contacts

While it is the responsibility of Koç Holding Corporate Communications and Investor Relations Departments to prepare the Disclosure Policy, President of Koç Holding Corporate Communications and Information Technology Group is responsible for its implementation and development and is required to brief Koç Holding Audit Committee, Strategic Planning Department and Finance Department on a regular basis.

8.3. Disclosure Principles

External inquiries are answered by the Chairman of the BoD, the CEO, CFO, President of Strategic Planning Group or the Investor Relations and Corporate Communications coordinators, depending on the content of the inquiry. While answering these inquiries, we take utmost care to ensure that, all stakeholders are treated equally.

Except in the instances specified by the regulations, printed and visual media, data distribution channels, websites and electronic mail are used effectively in disclosing information to the public.

Koç Holding Corporate Communication department provides a controlled flow of news to the press and the visual media in line with significant developments experienced within the year, and informs the public in detail. Koç Holding organizes press and public briefings as and when required. During these meetings, CEO in his capacity as Koç Holding Corporate Speaker, gives a detailed and informative presentation of the Company's performance as well as the general matters related to Koç Holding to the press members who have been invited from the print and the visual media, and answers the questions of the press members.

In addition and apart from the subject informative briefings, a written statement is sent to the press where an accurate and controlled flow of information needs to be provided to the public with regard to various developments. Such disclosure may be given via a press meeting subject to the essence of the development. Questions and inquires communicated by the press in relation to various developments and general flow are evaluated in writing, and always answered, whether the answer is positive or negative.

Furthermore, to ensure that Koç Holding's operational and financial performance, vision, strategies and targets are understood by the shareholders in the best way possible, top executives of the Holding and the Investor Relations Department meet with analysts and investors frequently, and prepare presentations, question/answer charts and summary information in order to promote Koç Holding and other publicly-traded companies of Koç Group effectively and in a transparent manner. Meeting demands presented by shareholders are welcomed, and shareholders are allowed to converse at the highest level possible.

Announcement of future expectations are also part of our disclosure policy and are supported by underlying assumptions and relevant data.

9. Material Disclosures

Koç Holding made a total of 46 material disclosures during 2008, 1 of which was a disclosure upon the request of the ISE. 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.

10. Internet Site and Contents

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

- Detailed information on the Company
- Strategic targets and principles
- Information about members of the BoD and Executive Management
- Company organization and shareholder structure
- Articles of Association
- Commercial registry information
- Foreign partnerships
- Summary information about business segments and companies
- 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
- 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

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 Individuals who are in a Position to Have 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.

Company information that is considered a trade secret and is not desired to be available to anyone other than the designated personnel is defined as "Company Information". All Koç Holding employees are responsible for protecting such information during and after their employment with Koç Holding and cannot, directly or indirectly, use Company Information for any other purpose.

All Koç Holding employees are strictly forbidden to use Company Information for insider trading of Koç Holding or Koç Group companies' shares.

As of the date of this report, Members of the BoD, auditors and Executive Management who could be in such a position to obtain insider information are listed below. These names are disclosed in our annual reports published every year and posted on our website.

Koç Holding A.Ş.

Corporate Governance Alignment Report

Individuals who are in a position to have insider information (*):

Board of Directors		Finance Group	
Rahmi M. Koç	Honorary Chairman	Directorate of Accounting	
Mustafa V. Koç	Chairman	Emine Alangoya	Director
Suna Kıraç	Vice-Chairman		
Temel Atay	Vice-Chairman	Ali Uzcan	Coordinator
Ömer M. Koç	Vice-Chairman	Dr. Önder Kutman	Coordinator
Dr. Bülent Bulgurlu	Member, CEO	Ferda Erginoğlu	Coordinator
Semahat Arsel	Member	Memet İlkan Kamber	Coordinator
İnan Kıraç	Member	Murat Timur	Coordinator
Ali Yıldırım Koç	Member	Nevin İmamoğlu	Coordinator
John H. McArthur	Member		
Dieter Christoph Urban	Member	Legal Affairs	
Dr. Heinrich Von Pierer	Member	Kenan Yılmaz	Chief Legal Advisor
Kutsan Çelebican	Auditor	Murat Peksavaş	European Affairs Advisor
F. Füsün Akkal Bozok	Alternate Auditor		
Group Presidents		Human Resources	
Ahmet Ashaboğlu	CFO (Finance Group)	Yağız Eyüboğlu	Director
Aka Gündüz Özdemir	Consumer Durables Group	Buket Çelebioven	Coordinator
Ali Tarkan Uzun	Audit Group	Emre Görgün	Coordinator
Ali Yıldırım Koç	Corporate Communications and Information Technology Group	Kadir Eşber Çekiç	Coordinator
Erol Memioğlu	Energy Group		
Hasan Bengü	Foreign Trade and Tourism Group	Corporate Communications and Information Technology Group	
Kudret Önen	Defense Industry and Other Automotive Companies Group	Oya Unlü Kızıl	Director
Osman Turgay Durak	Automotive Group	Alper Gögüş	Coordinator
Ömer Bozer	Food and Retailing Group	Aylin Gezgüç	Coordinator
Tamer Haşimoğlu	Strategic Planning Group	Gökhan Akça	Coordinator
		Ömer Tunç Koyuncu	Coordinator
General Secretariat			
Tahsin Saltık	General Secretary	Risk Management and Business Development	
		Mert Şaban Bayram	Coordinator
Audit Group		Strategic Planning Group	
Abdullah Geçer	Coordinator	Eşfak Tüzün	Coordinator
Ali Yavuz	Coordinator	Funda Güngör	Coordinator
Başar Engin	Coordinator (**)	Murad Ardaç	Coordinator
İ.Murat Çağlar	Coordinator	Murat Tomruk	Coordinator
İnanç Kiraz	Coordinator (**)	Orhan Behiç Alankuş	Coordinator (****)
Kemal Uzun	Coordinator		
Mehmet Apak	Coordinator (**)		
Serkan Özyurt	Coordinator		
		(*)	Groups and names who are of the same seniority are listed in alphabetical order.
Energy Group		(**)	Appointed as of 1.1.2009
Levent Zağra	Coordinator (***)	(***)	Appointed as of 2.2.2009
		(****)	Appointed as of 1.3.2009

SECTION III- STAKEHOLDERS

13. Disclosure to Stakeholders

13.1. Stakeholders in General

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

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

13.2. Disclosure to Employees

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

13.3. Disclosure to Dealers

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

14. Stakeholders' Participation in the Company Management

Group companies hold comprehensive meetings and exchange ideas during the year with dealers and providers and evaluate and work on the suggestions that come up during these meetings.

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

15. Human Resources Policy

As of 31.12.2008, Koç Group had a total of 73,677 employees, 69,214 of which are in Turkey and 4,463 of which are abroad. Number of employees in consolidated subsidiaries totaled 70,777.

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, and thereby retain our employees,
- creating a working environment that is always peaceful.

Koç Holding A.Ş.

Corporate Governance Alignment Report

15.2. Implementation of Human Resources Policy

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

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

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

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

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

In respect of development of a common culture, a total of 2,535 of our managers attended the Group's Leadership Development Program between 2002-2008, which aims to improve the competency of our managers who can carry our Group into the future.

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

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

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

In 2008, the collective labor agreements covering over 31 thousand employees in 10 Group companies have been renegotiated without any disagreements. By doing this, Koç Group has ensured the continuation of a peaceful work environment in these companies.

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 30 brands belonging to 12 Koç Group companies as well as 116 brands belonging to the competition. The results of the survey conducted with approximately 27,000 customers in 45 cities which represent Turkey in general are shared with upper and middle management of Koç Holding and Group companies, and are included in the management's performance score cards.

Due to the importance of company-dealer-customer relations at the customer touch points, the level of satisfaction of our dealers is also monitored. The Dealer Satisfaction Survey was conducted for the 5th time this year by an independent research company among 6,500 dealers Turkey-wide. As is the case with Customer Satisfaction, areas of improvement towards dealer satisfaction are included in the management performance scorecards.

17. Corporate Social Responsibility

Koç Holding and the Group companies put social responsibility, which was introduced by Vehbi Koç, one of the pioneers of institutionalization in Turkey, into practice through social projects and in the way they do business. Vehbi Koç Foundation, which is Turkey's first private foundation, is celebrating its 40th year of service in the fields of culture, art, education and health. 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 health. In addition to projects in Turkey, Koç Group actively contributes to the promotion of Turkey in the international arena by sponsoring a cultural event each year. Through a new strategic partnership in 2007, Koç Holding has become sponsor to the Istanbul Biennial for 10 years to support contemporary art, a branch of art which is directly related to and involved in social issues as well as representation of our country abroad.

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

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

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 the first Turkish company to appoint internationally respected non-Turkish professionals to its BoD. The structure of our BoD conforms to CMB principles. On the BoD, all members with the exception of Dr. Bülent Bulgurlu, CEO and Ali Y. Koç, President of Corporate Communications and IT Group, are non-executives. Currently, 2 out of the 12 Board members, are in overall compliance with the independence criteria stipulated by the Principles. 1 member also complies with all independence criteria except the term.

18.2. Current Members of Board of Directors

The names and titles of our current BoD members are given below:

Rahmi M. Koç	Honorary Chairman - non-executive		
Mustafa V. Koç	Chairman - non - executive		
Suna Kiraç	Vice-Chairman - non-executive	Semahat Arsel	Member - non-executive
Temel Atay	Vice-Chairman - non-executive	İnan Kiraç	Member - non-executive
Ömer M. Koç	Vice-Chairman - non-executive	Ali Yıldırım Koç	Member, President of Corporate Communications and IT Group
Dr. Bülent Bulgurlu	Member- CEO	John H. McArthur	Member - Independent
		Dieter Christoph Urban	Member - Independent
		Dr. Heinrich Von Pierer	Member - Independent

18.3. Changes in Board of Directors Members

There were no events in 2008 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. No changes of this nature took place in 2008.

Koç Holding A.Ş.

Corporate Governance Alignment Report

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 higher education, specific work experience and background.

The Curriculum Vitae of our Board members are available on our website and annual report. Curriculum Vitae 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 and portfolio theme are assessed and approved by the BoD. These objectives and strategies are made public through the annual report, our website and press releases. Our strategy, the main highlights of which have been cited below, is explained in more detail in the relevant part of our annual report and website.

Our Strategic Principles:

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

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

20.2. Strategic Planning Process

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

20.3. Evaluating Performance in Achieving Strategic Goals

Koç Holding BoD and Executive Management monitor the performance and operations of companies against their budgets and achievement of objectives in periodic meetings throughout the year. At the quarterly 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 general managers are assessed and measured against objectives and budgets.

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

21. Risk Management and Internal Control Mechanisms

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

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

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

22. Authority and Responsibilities of the Board of Directors and the Managers

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

23. Fundamental Activities of the Board of Directors

Activities of the BoD are managed as per the TCC and the Articles of Association.

23.1. Determining the Agenda and Convening a Meeting

Matters which 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 and in any case at a minimum number of times set forth by the Company Articles of Association. In 2008, the Board met 4 times, and the number of decisions taken within the year, including the decisions made under Article 330 of the TCC, is 33. Additionally, council meetings were held with the participation of top executives three times in 2008 for the purpose of evaluating the Group's activities.

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.

Koç Holding A.Ş.

Corporate Governance Alignment Report

24. Prohibition of engaging in transactions and competing with the company

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

25. Ethical Rules

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

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

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

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

26. Number, Structure and Autonomy of the Committees Formed by the Board of Directors

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

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

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

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

The Management Committee is comprised of five persons including Honorary Chairman 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 three persons in addition to the Chairman of the Board and the CEO.

26.3. Corporate Governance Committee

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

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

The Committee was established on March 29, 2007 and met twice in 2008. It issued a circular letter to ensure proper and harmonious execution of affairs related to General Assembly Meetings at Koç Holding and Group companies, analyzed the changes in the draft TCC from the perspective of the Corporate Governance Principles and determined the improvement areas, and approved the action plan for 2009.

26.4. Human Resources Committee

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

27. Financial Benefits Granted to the Board of Directors

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

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