

Refining...

Turkey's
only
refinery and
largest
industrial company

Europe's
8th largest
refinery

LPG...

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

Petroleum
products
distribution...

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

Sector
leader
in customer satisfaction

Energy

Synergy transformed into energy



Despite volatile oil prices, a good year in terms of refinery margins

Oil prices in 2008 were highly volatile, peaking in July before descending sharply. During the first half of the year, economic growth in developing countries such as China and India created high demand for oil. During the same period, geopolitical problems in producer countries and bottlenecks on the supply side, in addition to the tendency of some investment funds to invest in commodities and oil in order to protect their revenues against inflation and devaluation of the dollar, resulted in oil prices rising to a record \$145 per barrel in July. However, as a consequence of the global liquidity crisis and the economic recession that began to worsen in September, there was a severe drop in the price of oil. In December, crude oil prices fell below production cost to \$35 per barrel. Even OPEC's attempt to decrease oil production twice during the final quarter failed to halt the decline in prices.

Crude oil prices continued their sharp decline in the second half of the year with the intensifying economic crisis. Oil product prices performed better than crude prices for a number of reasons: an uncontrollable deterioration of global crude oil prices coupled with divergences between supply and demand; compliance with changing environmental norms became problematic; production problems arising from European and Asian refinery maintenance downtime; and refining bottlenecks resulting from hurricanes in the U.S. Consequently, the profit margin in the Mediterranean oil market remained above the 2007 level by an average of 4.1% to reach \$5.54 per barrel.



Turkish energy sector:

Petroleum products

The sustained growth of the Turkish petroleum products sector in recent years decelerated in 2008, particularly during the last quarter mainly due to the economic slowdown. The rise of international oil prices to all-time highs during the first half of the year and their sharp decline thereafter created an unstable price trend. These factors, combined with the requirement to maintain national reserves and the increase in foreign exchange rates, had an unfavorable financial impact on companies operating in the sector.

Total consumption in the domestic market edged up by 0.1% to 18.1 million tons. Consumption of white products (gasoline and diesel) declined slightly by 0.9% to 15.4 million tons while consumption of black products (fuel oil and central heating fuel) increased by 6.2% to 2.7 million tons.

LPG sector

Utilization of natural gas continued to increase around the world in 2008, limiting the use of LPG in households and industry, although the use of autogas continued to become more widespread.

In Turkey, the second largest LPG market in Europe, total LPG consumption remained stable at 3.5 million tons. Cylinder LPG sales slipped by 10% while bulk gas sales contracted by 20%. In contrast, the autogas market increased by 5% due to attractive pricing.

Electricity and natural gas sectors

Energy prices were volatile in the natural gas and electricity sectors. The introduction of previously postponed price increases pushed the price of natural gas used in the industrial sector up by 75%. The 49% price increase in electricity combined with the economic downturn depressed total electricity consumption in Turkey, leading to the first contraction since 2001.

In July 2008, the Higher Planning Board decided to apply the "Cost-Reflective Tariff" model to electricity and natural gas tariffs and; in August 2008, the Electricity Market Law was amended to improve the monitoring and evaluation mechanism for the "Security of Supply".

Privatizations in the energy sector

The Privatization Administration placed 20 regional distribution companies operating under Türkiye Elektrik Dağıtım A.Ş. (TEDAŞ) in the privatization program at the beginning of 2008. Four regions in the electricity sector and two regions in the gas distribution sector were privatized during the year. Meanwhile, Türkiye Elektrik Ticaret ve Taahhüt A.Ş. (TETAŞ)'s tender invitation for the construction of Turkey's first nuclear power plant drew only one bid.

Despite the deepening economic crisis, mergers and acquisitions made it a busy year for the energy sector. Local and foreign interest in the sector is expected to continue in 2009 as İstanbul Gaz Dağıtım A.Ş. (İGDAŞ) and Enerji Üretim A.Ş. will continue to privatize various state enterprises, such as power plants.

Koç Group Energy Segment

Koç Group, Turkey's energy sector leader, holds the entire domestic refining capacity through Tüpraş which meets 70% of the country's total demand. Tüpraş posted record average refinery margins for 2008 despite the impact of the economic crisis.

Opet continued to boost its market share and maintained its position as the 3rd largest player in white products and 2nd largest player in black products.

Aygaz became the main shareholder of all Koç Group energy companies, with the exception of petroleum distribution and refining. Aygaz also continued to dominate the Turkish LPG sector.

As the leaders of the Turkish energy sector, Koç Group companies control more than 60% of Turkey's total product storage capacity.



Tüpraş
completed 2008
with record
average refinery
margins
despite the
impact of the
crisis.

2008 will be
remembered
with the
volatility
in energy
prices.

Tüpraş

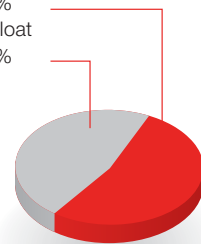
Total Revenues:
\$23,516 million

Domestic Market Position:
Turkey's sole refinery providing 70% of total market demand

International Position:
Europe's 8th largest refinery

Share of International Revenues:
19%

Shareholder Structure:
Enerji Yatırımları A.Ş.
51.00%
Free Float
49.00%



www.tupras.com.tr



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

Tüpraş is Turkey's only refining company, operating four oil refineries with an annual crude oil processing capacity of 28.1 million tons and a petrochemical production facility with an annual capacity of 50,000 tons. Tüpraş, which joined Koç Group in 2005 following the privatization, is Turkey's largest industrial enterprise and the 8th largest refining company in Europe. With its large market share, corporate reliability, production complexes and affiliates, Tüpraş is a leading integrated petroleum company.

A record year for Tüpraş refinery margins

Despite the deepening recession, investments, operational and logistical improvements and an active sales policy contributed to a 51% increase in Tüpraş's gross refining margin from \$7.22 per barrel to \$10.90 per barrel in 2008. Tüpraş maximized the differential between its own margin and the Mediterranean margin, which increased to \$5.36 per barrel in 2008 from \$1.90 per barrel in 2007.

One of Mediterranean's highest complexity refineries

The \$330 million investment in the Kırkkale CCR Reformer and Diesel Sulfur Removal Unit was completed in 2008, raising Tüpraş's Nelson Complexity Index from 7.08 to 7.25 and making it one of Mediterranean's highest complexity refineries. After the processing units at the Kırkkale refining facility became operational, Tüpraş's low-sulfur diesel production capacity grew by 1.3 million tons per year to 7.5 million tons, while its gasoline production capacity increased by 1 million tons to 5.8 million tons.

Profitability and strong financial structure maintained despite the crisis

The restructuring that began in 2006 enabled the Company to adapt to the challenging macroeconomic conditions that emerged in 2008. Tüpraş took strict measures during the last quarter of the year to minimize the impact of deteriorating indicators and balances, inventory losses, and devaluation of the Turkish Lira, emerging from this period where significant financial losses were recorded in the sector, with its strong financial structure intact. In 2008, Tüpraş's revenues increased by 49.4% to \$23.5 billion and consolidated net profit of the Company amounted to \$339.8 million, despite a challenging fourth quarter.

In 2008, total production was 22.8 million tons and Tüpraş refineries operated at 86.2% capacity. As a result of the policies Tüpraş implemented, the share of higher value added white products in total production increased from 67.5% in 2007 to 68.7% in 2008.

Completion of investments enable diesel production in EU norms

As of 1 January 2009, the EU implemented specification changes in diesel and gasoline within the scope of Euro V standards for automotive fuels, with which Tüpraş is already compliant. Tüpraş's investments to comply with Euro V specifications were accelerated after the privatization at the end of 2005. These investments, with a total capex of \$704 million in the last three years, were finalized in 2008 with the exception of the İzmit Refinery Gasoline Enhancement investment, which is planned for completion during the first quarter of 2009.

More than 60% of Turkey's total storage capacity

The project to construct additional tanks to strengthen infrastructure and improve the Company's operational capability, speeded up in 2008 to add 1.1 million m³ of new capacity. With 2.3 million m³ of crude oil storage capacity and 3.7 million m³ of petroleum products storage capacity, Tüpraş's maximum storage capacity increased to 5.9 million m³, more than 60% of Turkey's total storage capacity. With this infrastructure, Tüpraş has the most potential to meet Turkey's national stock requirement.

Residium Upgrading Project

With refinery construction costs in Turkey exceeding \$5 billion and current demand trends, it is clear that the country needs investment in diesel production to close the gap between the demand and local supply rather than in refining other products for which there is already excess supply. The addition of value will be more significant if imports of diesel and other white products for which there is excess demand in Turkey can be reduced.

To this end, Tüpraş has initiated the "Residium Upgrading" project, which has commenced, as originally planned prior to the crisis, with the basic engineering stage. The project, estimated to cost between \$1.5-2.0 billion, is scheduled for completion by the beginning of 2013.

By using excess fuel oil, this project will produce 2.5 million tons of white products, 1.9 million tons of which is diesel, in addition to 600,000 tons of petro-coke. As a result, the amount of black products will decrease by 50%, the production of white products will increase by 83% and Tüpraş İzmit Refinery's Nelson Complexity Index will rise from 7.8 to 11.5. While providing optimization for the Tüpraş İzmit Refinery, the project will also increase capacity utilization rates at the Refinery by allowing raw material flow from other refineries to İzmit and provide product flexibility and maximization at the refineries. The project is estimated to generate an additional \$500 million of EBITDA.

Emphasis on R&D

At Tüpraş, R&D operations are handled by technical units. Tüpraş aims at continuous development and efficiency gains in every area. In addition to work carried out in conjunction with consultants for developing projects and increasing efficiency, Tüpraş also conducts R&D activities through its Special Projects and Energy Efficiency Departments. The projects completed since 2006 have improved efficiency and profitability significantly with 33 of the 80 projects prepared by Tüpraş technical personnel completed by the end of 2008, resulting in \$164 million revenues.

In all its activities, Tüpraş emphasizes development, quality, environment, and communal and employee health. It holds the ISO-9001:2000 quality, ISO-14001 Environment and OHSAS 18001 Occupational Health and Safety Management System certificates. In addition, all Tüpraş laboratories have TURKAK accreditation.

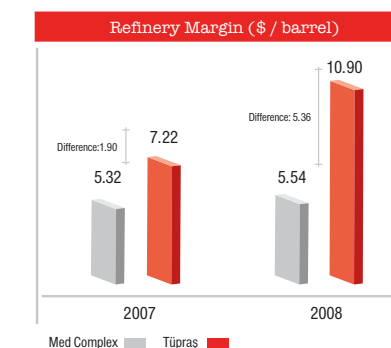
Corporate Governance Index

Tüpraş improved its Corporate Governance rating from 7.91 to 8.20 and is a pioneer among the companies that form the ISE Corporate Governance Index.

2009 and beyond

Tüpraş is Turkey's largest industrial enterprise and a pioneer in the oil sector. The Company plans to continue its investments throughout 2009 to ensure high profitability and a strong financial structure, even though the year is expected to be a challenging one for the sector as a whole. A combination of cost reduction and efficiency measures have been put into place to counter a possible worsening of the crisis, which is anticipated to last and deepen in 2009. Environment-related investments will continue in 2009, in line with the Company's policy of producing products compliant with EU norms and in hygienic and safe settings.

Tüpraş recognizes the importance of the Residium Upgrading project to meet Turkey's demand for diesel. These mid- and long-term investments in domestic production will lead to a higher level of added value for the country.



Aygaz

Total Revenues:
\$2,768 million

Domestic Market Position:

(Including Mogaz and Lipetgaz)
Leader of the LPG sector since its establishment in 1961
Market shares:
39.8% in cylinder LPG
23.5% in autogas
29.7% in total LPG

Network:

(Including Mogaz and Lipetgaz)
Total 3,168 service points with 2,137 cylinder LPG dealers and 1,031 autogas stations

International Position:

5th largest LPG distributor in Europe

Share of International Revenues:

5%

Gross Profit Margin:

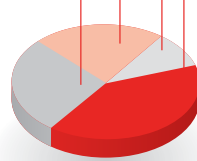
13.3%

Operating Profit Margin:

7.0%

Shareholder Structure:

Koç Holding 40.68%
Other Koç 10.53%
Other 24.52%
Free Float 24.27%



www.aygaz.com.tr

Turkey's leading LPG company

Aygaz is Koç Group's first company in the energy sector and it has been the leading player in the LPG sector since its establishment in 1961. Its progress in the recent years has made Aygaz one of Europe's top five LPG companies. In addition to autogas, cylinder gas and bulk gas distribution, Aygaz also produces and sells gas equipment. Aygaz is the generic name for cylinder gas in Turkey and has been well known for its innovations and reliability since day one.

Aygaz is the market leader in the total LPG sector and in all its segments. The Company serves 81 provinces in Turkey through its 1,342 cylinder gas dealers and 597 autogas stations. Thanks to its extensive distribution network, Aygaz cylinder gas reaches more than 100,000 households and about 100,000 people travel using Aygaz's Euro LPG every day. Aygaz also exports LPG equipment to 24 countries and is active in Europe, Middle East, Africa, South America and Far East.

Aygaz is Turkey's first and only publicly traded LPG company and ranks 9th on İstanbul Chamber of Industry's "Turkey's Top 500 Industrial Enterprises 2007" listing.

Aygaz's LPG sales totaled 1,027,205 tons in 2008. At year-end consolidated revenues stood at \$2,768 million. \$134 million was generated by exports and transit sales.

Aygaz's capital expenditures reached YTL50 million in 2008.



World-class facilities

Aygaz's five marine terminals, seven LPG filling facilities and its fleet of five LPG vessels all operate to international standards and use the most advanced techniques. The Dörtyol Terminal and Storage Facilities, with a storage capacity of 170,000 m³ excluding the tanker fleet, is one of Turkey's largest LPG entry points. The LPG canisters, tanks, valves and regulators manufactured at Aygaz Gebze Facilities are exported to 24 countries in Europe, Middle East and Africa. The Company's ability to export gas cylinders to global LPG firms is a strong indication of its competence and efficiency.

Turkey's largest LPG distribution network

Aygaz has the largest tanker truck fleet in Turkey and LPG procured from domestic or foreign refineries reaches Aygaz filling facilities via pipeline, ship or tanker trucks with 22 m³ and 45 m³ capacity. LPG is offered to customers in the form of cylinder gas, bulk gas or autogas through 2,000 Aygaz dealers around Turkey.

In 2007, Aygaz initiated the Integrated Order System (IOS) to accelerate Aygaz dealers' operations and decrease their costs. The number of dealers using the IOS system reached 575 while the number of customers served via IOS was as high as 3.3 million.

Market leader in autogas and cylinder gas segments

With its large market share, Aygaz continued its leadership in 2008. While consolidating its leadership in the autogas segment, it also increased its share of the cylinder gas market despite the overall contraction experienced in the market. As the leading and most trusted brand in the autogas sector, Aygaz continues to differentiate itself through its strong distribution network and product quality under the challenging market conditions where sales have been negatively impacted by the economic slowdown. On a segment basis, Aygaz and Mogaz hold a combined 39.8% share of the cylinder gas market and a 23.5% share of the autogas market.

Enhanced customer satisfaction via the launch of new products

Aygaz introduced flame-resistant gas cylinders with gas filters and child-proof locks as well as a hood with an indicator that eliminates the risk of running out of gas unexpectedly. In addition, the hologram seal - a symbol of Aygaz safety and which has been used on household cylinders since 2006 - was introduced on the smaller 'picnic' type cylinders.

A year of awards

Aygaz took the 3rd place in the "Management" category of the 2007-2008 European Union Environment Awards Turkey Program. It has also been selected as one of the four best brands in Turkey and the best brand in the LPG sector, according to a "Best Brands" survey conducted by an independent research company. Ayışığı, a social responsibility project initiated by Aygaz in the area of health, came 2nd in the Society of Health Volunteers' Social Responsibility Grand Award category. According to the 2008 results of the "Turkish Transparency and Disclosure Research" prepared by Sabancı University Corporate Governance Forum in cooperation with Standard and Poor's, Aygaz is among the five most transparent companies in Turkey in the category of corporate governance.

Emphasis on R&D

Aygaz holds the highest number of patents among the companies in the Turkish LPG sector. The Company has filed eight patent applications to the Turkish Patent Institute as a result of the R&D and technology improvements carried out during 2008. Aygaz made patent applications for a vacuum control machine, a stacking machine, a double screen-printing machine, a mouth-piece rubber control machine, a lid placement machine for household and 'picnic' gas cylinders, a control machine and a control system. The Company continues to bring innovations to the sector.

2009 and beyond

Aygaz aims to increase its profitability by increasing its market share while maintaining a leadership position in all segments of its operations. The Company will continue to work on enhancing public awareness of energy supply security and energy mixture concepts by initiating projects that contribute to solving Turkey's need for alternative energy resources.

Mogaz

Mogaz is the second Koç Group company to operate in the LPG sector together with Aygaz. Among the 63 companies active in the sector, Mogaz ranks 4th in cylinder gas, 3rd in bulk gas and 7th in autogas distribution with a sales volume of close to 200,000 tons.

Mogaz moved up to 76th place in İstanbul Chamber of Industry's "Turkey's Top 500 Industrial Enterprises 2007" listing. In 2008, new dealers and extensive direct sales activities in 10 cities helped the Company retain a strong market position.

The Company operates with the Mogaz and Lipetgaz brands in the cylinder, bulk and autogas segments and had a market share of 5.5% in 2008.



Opet

Total Revenues:
\$6,107 million

Domestic Market Position:
3rd in white products with 16.1% market share
2nd in black products with 14.5% market share

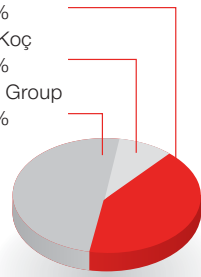
Network:
1,317 stations (including Sunpet)

Gross Profit Margin:
4.9%

Operating Profit Margin:
1.7%

Shareholder Structure:

Tüpraş 40.00%
Other Koç 10.00%
Öztürk Group 50.00%



www.opet.com.tr

16% revenue increase

Established in 1992, Opet joined Koç Group in 2002 under a 50/50 joint venture. It engages in retail and wholesale operations in the petroleum products distribution sector, markets and sells lubricants and exports oil products. Since it was established, Opet has placed great importance on infrastructure investments and aims to be the number one choice of consumers in the petroleum products distribution sector in Turkey.

The Company continued to increase its market share in 2008, ranking 3rd in white products (gasoline and diesel) with 16.1% share and 2nd in black products (fuel oil and central heating fuel) with 14.5% share. Despite the shrinking market, compared with 2007, Opet managed to increase its white product sales by 5% and black product sales by 43%.

Opet's consolidated revenues grew by 16% to YTL7.8 billion in 2008.

In 2008, Opet raised the total number of gas stations it operates from 1,277 to 1,317. Of these, 753 operate under the Opet brand and 564 under the Sunpet brand.

Sector leader with its storage capacity

With its five terminal locations, Opet leads the petroleum products distribution sector with 844,000 m³ storage capacity and has the largest storage capacity in the energy sector after Tüpraş. As part of the project to increase storage capacity, construction of an additional tank of 278,000 m³ at the Marmara Terminal and of a 61,000 m³ tank at the Antalya Terminal is under way. Both tanks are scheduled for completion in 2009 and together they will raise Opet's storage capacity to 1.2 million m³, greatly enhancing its competitive power in the sector.



In 2008, Opet made an agreement with Gunvor International B.V., a leading Russian oil company operating in the oil trade and shipment sector, to provide storage services at the Opet Marmara Ereğlisi Terminal. The initial capacity allocation was agreed at 60,000 m³, which was raised to 140,000 m³ in December.

Sector leader in customer satisfaction

Results of the Turkish Society for Quality's 2008 Annual Turkish Customer Satisfaction Index survey placed Opet at the top of the sector for the third consecutive year, an award Opet earned by putting its customers first. The number of customers registered in the "Opet Card" program, developed to improve customer satisfaction and loyalty, was 2.9 million at the end of 2008.

Social responsibility plays an important part in Opet's corporate culture. Since its foundation, the Company has carried out numerous social responsibility projects and many others are currently under way.

2009 and beyond

Opet's goals and strategies are designed to increase its competitive power by focusing on its advantages. In 2009, the Company plans to continue to execute unique and successful campaigns and projects, improve service quality and equip staff with effective personal sales techniques in order to maintain leadership in customer satisfaction while increasing its market share and stimulating further growth.

Entek

Entek, Koç Group's electricity generation company, operates two natural gas conversion plants with a combined capacity of 253MW as well as gas turbine-based cogeneration facilities in Istanbul, Izmit and Bursa. Turkey's private sector share in electricity production is 20% and around half of this belongs to small-scale auto-producing plants. Entek has a 5% share in the private sector, putting it in 5th place among private sector electricity producers.

The Company's net sales for 2008 increased by 56.7% to YTL382.1 million while EBITDA improved by 371% to YTL78.5 million. Net income totaled YTL59.6 million.

The Company's investment in a cooling system to increase efficiency was completed in 2008 and has started to generate revenue. In addition, Entek also decided to invest in a LM6000 gas turbine that will utilize the idle capacity of the steam turbine at the Izmit facility. When the new turbine becomes operational in August 2009, it will raise the total capacity to 305MW and have a significant impact on revenue and profitability.

In the long term, Entek plans to focus on investing in new facilities to raise capacity and profitability, closely follow privatization opportunities with a view to acquire companies with strong growth potential, new technological developments and potential partnerships. Entek's priority in 2009 will be profit maximization by optimum utilization of its production flexibility.



Akpa

Akpa carries out LPG distribution, wholesale marketing of petroleum products and retail and wholesale sales of consumer durables. The Company has dealers in Bursa, Antalya, Ankara and İzmir and generated YTL200 million total revenue in 2008.

Demir Export

Demir Export, one of Turkey's leading private sector coal producers, is engaged in the production, trade and export of iron, chrome, zinc and copper. The Company has an aggregate facility in Wadi İsfini in the United Arab Emirates.

Aygaz Doğal Gaz

Koç-Statoil Gaz was established as a joint venture between Statoil, the Norwegian oil and natural gas company, and Koç Group in April 2004 to import, distribute and market natural gas following changes in the Natural Gas Law permitting private sector companies to operate in the sector. Since then, Koç Group has made significant investments in the energy sector and at the beginning of 2009, in order to maximize investment opportunities, decided to acquire the shares of Statoil Hydro ASA in this joint venture. Following the acquisition, the Company was renamed Aygaz Doğal Gaz and is engaged in the sales, transportation and distribution of compressed natural gas (CNG) in addition to the wholesale and transportation of liquefied natural gas (LNG) in the domestic market.

