

## **TÜPRAŞ NOW BELONGS TO KOÇ...**

Koç takes over 51 per cent of the public shares of Tüpraş in one of the largest privatisation transactions of Turkey.

With the share transfer agreement signed today, the Privatisation Administration of the Prime Ministry of the Republic of Turkey has transferred 51 per cent of the public shares of Tüpraş to Energy Investments Inc. (Enerji Yatırımları A.Ş.) established jointly by Koç Holding, Aygaz, Opet and Shell.

Having submitted the highest offer of 4 billion 140 million dollars, the Koç-Shell Joint Venture Group has won the tender held on September 12th 2005 for the block sales of 51% of Tüpraş. Based on Bidding Specifications, the aforementioned Joint Venture Group has established a company called Energy Investments Inc. for the takeover of Tüpraş shares. Share ownership of this company is as follows: Koç Holding Inc. 75%, Aygaz Inc. 20%, OPET Oil Inc. 3%, Shell Overseas Investment B.V. 1.9 % and The Shell Company of Turkey Ltd. 0.1 %.

The purchasing price of 4 billion 140 million dollars has been paid upfront to the Privatisation Administration. Among the privatisation transactions carried out in Turkey so far, this figure also carries the distinction of being the highest amount ever issued in one single payment.

As it has been previously announced, the majority of the purchasing price has been financed through the loans secured from national and international banks by both Koç Holding and Energy Investments.

Tüpraş is one of the most significant economic assets created by Turkey. Currently the only refining company in Turkey, Tüpraş has the distinction of being the largest industrial conglomerate of Turkey with 4 refineries, a petrochemical facility, a marine transport company, its capacity to process 27.6 million tons of crude oil annually, and its net sales in excess of 10 billion dollars. With a production process in compliance with European norms, Tüpraş ranks as the seventh largest refinery of Europe with respect to its capacity. Furthermore, Tüpraş is the sole fuel supplier of the Turkish Armed Forces. Its high capacity in oil and the stocking of oil products make Tüpraş a source of assurance for uninterrupted energy supply for the country during periods of crises.

Turkey's consumption of oil products for the year 2005 has stood at 31 million tons. More than 60% of this consumption has been met by Tüpraş. Considering that one out of two people own a vehicle in Europe and there is one vehicle for every ten people in Turkey, it has been estimated that Turkey's consumption of oil products will be increasing at accelerating rates in the coming years. As such, Tüpraş will be contributing to the country's economy at increasing rates. Furthermore, Tüpraş has significantly increased its exports; with Italy and the USA leading the way, in the year 2005, Tüpraş has exported a total of 3,8 million tons of products to various countries.

Furthermore, its proximity to and investments in cheap raw material supply sources place Tüpraş at a significantly advantageous and competitive position compared to

other Mediterranean refineries. Among other factors which increase the strategic and economic significance of Tüpraş are high worldwide demand for oil products and the presence of refining capacity shortages; also, the majority of the neighbouring countries consist of oil producing countries and the Turkish oil products market is expanding.

The strategy envisioned by the Koç Group for Tüpraş is to take the company beyond its current position and transform it into an influential actor in its sector in Europe. In order to achieve this, the objective is to finalise the ongoing investments of Tüpraş as soon as possible.

Koç Group considers the existing experienced human resources of the company to have identified with and internalised the sector, and regards it as one of the most important assets of Tüpraş. The retention and the development of the existing human resources is a priority item on the agenda of the company.

This purchase has been based on the national and international growth strategy of the Koç Group in the energy sector. Apart from reinforcing its leading position in Turkey, this purchase will endow the Koç Group with the privilege of being the only Turkish company to rank among the 200 largest conglomerates in the world.