

Evaluation by CEO



We earned a net profit of 175.8 million TL in 2008, thereby making a significant contribution to the national economy. We achieved this by boosting our exports at a rate of 43.3% over the previous period on the strength of our Minicargo Project.

Our dear partners,

Turkey's automotive leader, Tofaş was founded 40 years ago at our Bursa plant with the efforts of our visionary and esteemed founder Vehbi Koç, and with the support of our partner Fiat.

Turkey has changed and developed substantially over these past 40 years. From a closed economy, it has globally become one of the fastest growing countries and has seen among the highest investment being made today. Above all, the automotive sector, established all those years ago, has evolved into the most dynamic leader sector in Turkey today, providing significant employment and registering the highest exports. Accordingly, we have witnessed not only Tofaş's history, but in parallel, also that of Turkey itself. With this in mind, Tofaş has adopted a philosophy declaring that, "We grow with Turkey".

History is not just a repository of the past, but moreover, a significant source of information with which to shape the future. The history of Tofaş has been particularly rich in all aspects. Our journey, initially begun with a limited number of people, has led us to become today's vast family of 7 thousand people. And our original adventure, which started with a modest production capacity of 20 thousand units, has rocketed to the current 400 thousand units, the largest in the Turkish automotive sector today. Thus, we have managed to become one of Fiat's three most important production centres. We achieved a total sales volume of 277 thousand 843 units in 2008, marking the greatest performance in Tofaş's history.

The year 2008, under the effects of crisis, has put a strain on the automotive sector, and thereby Tofaş itself; a scenario indeed witnessed across all sectors. While we posted significant results in the first half of the year, we, of necessity, fell short of our objectives in the second. Yet despite the global economic recession, we managed to limit the effect of the crisis by maintaining our net profit at the same level as in 2007 thanks to timely precautions taken. Accordingly, we posted a net profit of 175.8 million TL in 2008 and made a significant contribution to national

economy by boosting our exports to 43.3% compared to the previous period, largely on the strength of our Minicargo Project.

Total automobile and light commercial vehicle sales in 2008 dropped from the 594,753 units of 2007 to 494,023. Our market share, which had been at 13% in 2007, was realized at 12.4% in 2008. And even though our share of the automobile market decreased from 10.4% to 8.8% due to our controlled pricing policy in a market climate of extreme price competition, our share of the light commercial vehicle market rose from 17.1% to 18.3% with the contribution of new versions of the Fiorino.

The Fiat Fiorino, voted Commercial Vehicle of 2009 in Europe, became the leader in its class through pronounced sales of 12,582 units in Turkey for the year of 2008. Turkish consumers also got to meet the following in their home market: Fiat's legendary model 500 and the extraordinary Bravo; the superb model MITo which marked the significant step of Alfa-Romeo into the luxury small car class; and also the new representative of the well-established Lancia brand, the Delta, in the luxury compact class. Voted vehicle of the year in Europe (2008 Car of the Year), the 500 has enhanced its global success by garnering the "City Automobile of the Year award" in England.

While we sold 9 thousand 258 vehicles last year with the contribution of our Otoeksper brand active in the corporate second-hand automobile business under the Tofaş roof we as Tofaş provided after-sales service for 900 thousand vehicles in total in 2008. Founded in 2006 to provide vehicle financing services to all brands represented under the Tofaş roof, Koç Fiat Kredi claimed a total market share of 23.4% among Tofaş sales in 2008, providing vehicle purchase services to 14 thousand 399 people.

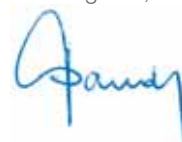
We are united in our objective "to produce global automobiles that Tofaş and Turkish engineers can have a say in at all stages from design to production" – which is Tofaş's R&D mission-, and to become a global player. In this context, the Minicargo Project is a milestone in the history of Tofaş and

Turkey alike. As a first for the Turkish Automotive Industry in terms of being produced for multiple brands, the Minicargo will see the manufacture of more than 1 million units throughout its production lifespan, with 95 percent of this amount being exported.

The Fiat Doblo, the new generation of code 263 set to hit the roads in the second half of 2009, also holds the record for investment amount made for a model in Turkey with a volume of 410 million Euros. Development of the new Fiat Doblo, the property rights of which are owned by Tofaş just as is the case with Minicargo, has raised Tofaş's R&D capability. With all our new projects in 2008 we surpassed global standards by dedicating nearly 5% of our company's net turnover to an R&D investment of 293 million TL. Now our objective is to ensure that Tofaş becomes one of Fiat's three largest R&D centres, just as in the case of production, on the formidable strength of our R&D dexterity, within the terms of the recently enacted R&D incentive law.

Tofaş ever relies on the support of Koç Holding and Fiat, its founders, in these projects, and continues to strengthen its position built within the Fiat network, on a rapid and stable trajectory. As Tofaş Türk Otomobil Fabrikası A.Ş., we have realized many "firsts" in the Turkish automotive industry throughout our 40 year history. We view the reflection of past experience onto the future as an indispensable part of our corporate tradition. And so finally, I am delighted to repeat our pledge to continue our efforts without pause towards becoming an international company that proudly repays this country what it has been fortunate to receive from it, and to warmly thank all our dear and valued investors.

Best Regards,



Ali Pandir

Member of Board of Directors & CEO