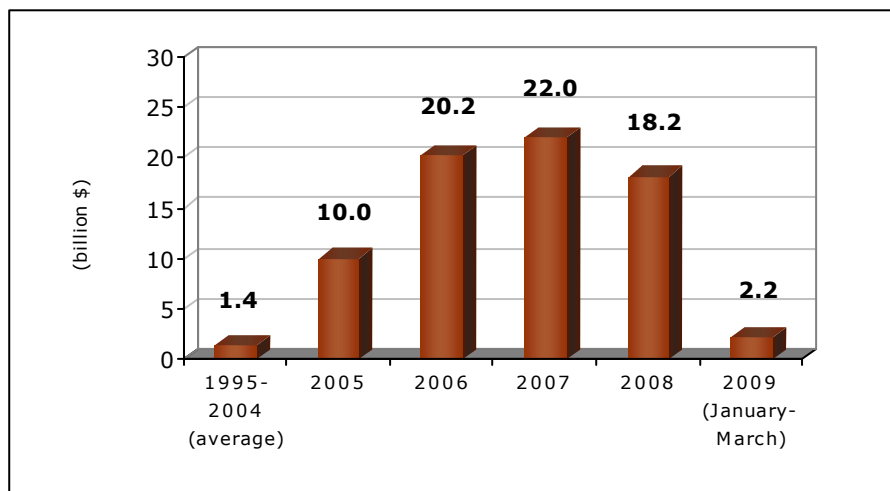


AS OF FIRST QUARTER OF 2009, INTERNATIONAL DIRECT INVESTMENT FLOWS TO TURKEY ADDED UP TO USD 2.2 BILLION

The negative trend in international direct investment flows persisted in the first quarter of 2009 as the signals of recovery from the global financial and economic crisis remained weak. As of end of first quarter of 2009, FDI inflows to Turkey totalled USD 2.2 billion, corresponding to 50 percent fall compared to the same period of the previous year. The expectation for the year-end points out to a level below USD 10 billion in case this fall will be valid for the remaining of the year.

International Direct Investments to Turkey



Source: Central Bank

*including real estate purchases

In the first quarter of 2009, USD 1.8 billion, out of the USD 2.2 billion total FDI inflows to Turkey, was net foreign capital inflows, and USD 300 million was real estate purchases of non-residents. FDI stock in Turkey is USD 75 billion as of first quarter of 2009.[†]

[†] Stock data is calculated by the Central Bank, taking into account the revaluations in the balance sheets of existing foreign capital companies in addition to inflows.

Energy (utilities) sector is distinguished as the sector enjoying the largest share from FDI inflows, with 53 percent, in the first quarter of 2009. **Manufacturing industry**, with an 11 percent share, ranks second in capital inflows.

The Sectoral Composition of FDI Inflows to Turkey

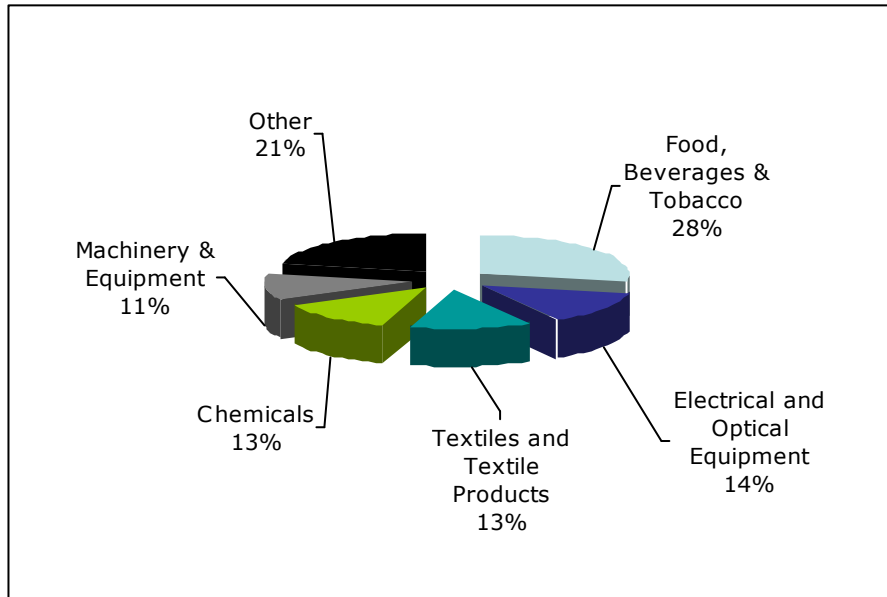
Sectors (Million USD)	2004	2005	2006	2007	2008	2009/Q1	Share* in Total (%)
Agriculture, forestry,fishing	6	7	6	8	45	17	0.9
Industry	329	829	2,100	5,113	5,054	1,182	64.8
Mining and quarrying	73	40	122	336	173	14	0.8
Manufacturing	190	785	1,866	4,210	3,828	196	10.7
Electricity, gas and water supply	66	4	112	567	1,053	972	53.3
Services	855	7,699	15,533	14,015	9,796	626	34.3
Real Estate, Rental Services	3	29	99	560	673	178	9.8
Wholesale & Retail Trade	72	68	1,166	169	2,073	139	7.6
Financial Sector	69	4,018	6,957	11,662	5,925	116	6.4
Construction	3	80	222	285	720	114	6.2
Transportation, Warehousing, Telecommunications	639	3,285	6,696	1,116	169	56	3.1
Other Services	69	219	393	223	236	23	1.3
Total Inflow	1,190	8,535	17,639	19,136	14,895	1,825	100.0
Total Stock (Cumulative)	38,523	71,299	95,078	157,649	75,550	74,974	-

Source: Central Bank of Turkey

* in the first quarter of 2009

Compared to the same period of last year, FDI inflows to the **manufacturing sector** have decreased by 66 percent from USD 583 million to USD 196 million. **Food, beverages and tobacco** sector is the leading sector in the manufacturing industry receiving **28 percent** of total inflows to this industry and **electrical and optical equipment** manufacturing followed with 14 percent share. Textile and products and chemicals were other manufacturing industry sectors receiving share of a 13 percent each.

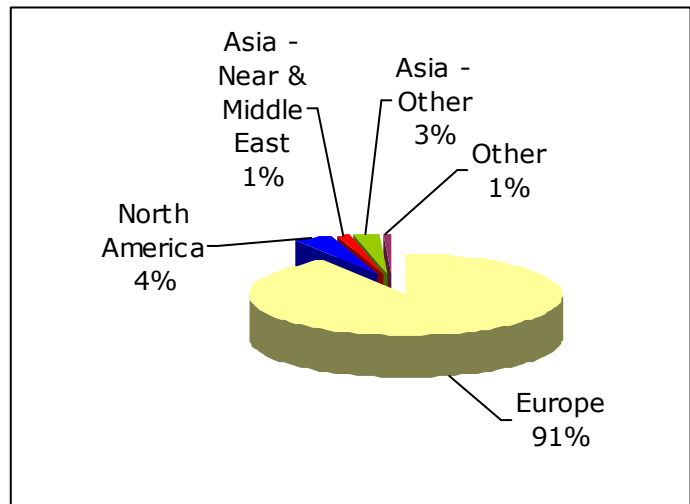
Breakdown of FDI Inflows to Manufacturing Industry in the First Quarter of 2009



Source: Central Bank of Turkey

In the first quarter of 2009, the major source countries for FDI inflows to Turkey were **France, Austria, Luxemburg, Czech Republic** and **Netherlands**. FDI inflows from France, Austria and Czech Republic originated from previous period's investments in energy area. Looking at the inflows by regions in the first quarter; **European countries** accounted for more than 90 percent of the inflows and North America followed by a share of 4 percent.

2009 / Q1	FDI Inflows (million USD)	Share (%)
1 France	478	26.2
2 Austria	344	18.8
3 Luxemburg	205	11.2
4 Czech Rep.	151	8.3
5 Netherlands	149	8.2
6 Germany	102	5.6
7 USA	74	4.1
8 Belgium	72	3.9
9 UK	47	2.6
10 Italy	31	1.7
Other	172	9.4
Total	1,825	100.0



According to Turkish Treasury statistics, total number of **companies with international capital** in Turkey have aggregated to **21,664**, including the 121 companies added to the list in the January-March 2009 period.

The low level of **merger and acquisition deals** in the first quarter of 2009 seems to confirm the expectation for a 50 percent decline for the whole year compared to 2008. Last year, M&A deals had already decreased by more than 35 percent. According to ISI Dealwatch data, in the first quarter of 2009, international investors have been party to 23 out of total 55 M&A and minority stake purchase deals signed in Turkey. The deal value for 7 of these agreements has been publicly announced and they accounted for USD 273 million. The highest-valued deal among these was the acquisition of 95 percent of Yeşil Energy Production, which belonged to Global Investment Holding and have interests in 7 hydroelectrical power projects, for around USD 100 million. The acquirer company is Statkraft Norfund Power Invest of Norway, one of Europe's important renewable energy companies.

Sources

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