Prospectus dated November 11, 2010

Türkiye Cumhuriyeti

(The Republic of Turkey)

Euro 500,000,000 5.125 per cent. Notes due 2020
(to be consolidated and form a single series with the Euro 1,500,000,000 5.125 per cent. Notes due 2020 issued on April 22, 2010)

Issue Price: 106.697 per cent.

plus 204 days' accrued interest

(in respect of the period from (and including) April 22, 2010 to (but excluding) November 12, 2010

*The Euro 500,000,000 5.125 per cent. Notes due 2020 of Türkiye Cumhuriyeti (the Republic of Turkey) (the "**Further Notes**") will be issued on November 12, 2010, to be consolidated and form a single series with the Euro 1,500,000,000 5.125 per cent. Notes due 2020 issued on April 22, 2010 (the "**Original Notes**" and, together with the Further Notes, the "**Notes**")). Interest on the Further Notes is payable annually in arrear on May 18 of each year, beginning on May 18, 2011, at the rate of 5.125 per cent. per annum. Unless previously purchased and cancelled the Further Notes will be redeemed at their principal amount together with any accrued but unpaid interest (being for the period from and including May 18, 2019 to but excluding May 18, 2020) and are not redeemable prior to May 18, 2020. See "Terms and Conditions of the Notes – Redemption."*

This prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the "**Prospective Directive**").

Application has been made to the *Commission du Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the "**CSSF**"), as competent authority under the Prospectus Directive, to approve this prospectus as a prospectus for the purposes of the Prospectus Directive. Application has been made for the Further Notes to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market ("**Regulated Market**") is a regulated market for the purposes of the Market and Financial Instruments Directive 2004/39/EC.

See *"Recent Developments"* for a discussion of certain factors to be considered in connection with an investment in the Further Notes.

PARTICULAR ATTENTION IS DRAWN TO THE SECTION ENTITLED "*RISK FACTORS*" BELOW WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE FURTHER NOTES.

The Further Notes have not been and will not be, registered under the US Securities Act of 1933, as amended (the "**Securities Act**") and are subject to US tax law requirements. Subject to certain exemptions, the Further Notes may not be offered, sold or delivered within the United States or to or for the account or benefit of US persons.

The Further Notes will be represented initially by a Temporary Global Note without coupons, which will be deposited with a common depositary for Euroclear Bank N.V./S.A. ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream Luxembourg**"), on or about November 12, 2010 ("**Closing Date**"). The Temporary Global Note will be exchangeable for interests in a Permanent Global Note, without interest coupons, on or after a date which is expected to be December 22, 2010 (the "**Consolidated Date**") upon certification as to non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable for definitive Further Notes in bearer form in the denomination of Euro 50,000 and integral multiples of Euro 1,000 thereafter with coupons attached only in certain limited circumstances. See "*Summary of Provisions relating to the Further Notes while in Global Form*".

MANAGERS

BNP PARIBAS **HSBC**
DEUTSCHE BANK

Türkiye Cumhuriyeti (the Republic of Turkey) ("**the Republic**", the "**Issuer**" or "**Turkey**"), accepts responsibility for the information contained in this Prospectus.

The Republic declares that having taken all reasonable care to ensure that such is the case the information contained in this document is, to the best of its knowledge, in accordance with the facts and makes no omission likely to affect its import.

The Republic has confirmed to the Managers named under "*Subscription and Sale*" below that this Prospectus contains all information which is (in the context of the issue, offering and sale of the Further Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions, or intentions by the Republic expressed herein are honestly held or made and are not misleading in any material respect; that this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the issue, offering and sale of the Further Notes) not misleading in any material respect; and that all proper inquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other document entered into in relation to the Further Notes or any information supplied by the Republic or such information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Republic or the Managers as defined under "*Subscription and Sale*". The delivery of this Prospectus at any time does not imply that the information contained in it is correct as at any time subsequent to the date of this Prospectus. Unless otherwise indicated, all information in this Prospectus is given as of the date of this Prospectus.

No representation or warranty is made or implied by the Managers or any of their respective affiliates, and neither the Managers nor any of their respective affiliates make any representation or warranty or accept any responsibility as to the accuracy or completeness of the information in this Prospectus. Neither the delivery of this Prospectus, nor the offering, sale or delivery of any Further Note shall, in any circumstance, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or the date that this Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the conditions of the Republic since the date hereof or, if later, the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the issue is correct at any time subsequent to the date on which it is supplied, or, if different, the date indicated in the document containing the same.

Unless otherwise stated, all annual information, including budgetary information, is based upon calendar years. Figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same item of information may vary, and figures which are totals may not be an arithmetical aggregate of their components.

This Prospectus does not constitute an offer to sell or an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction, nor does this Prospectus constitute an offer or an invitation to subscribe for or purchase any Further Notes and it should not be considered as a recommendation by the Republic or the Managers that any recipient of this Prospectus should subscribe for or purchase any Further Notes. The distribution of this Prospectus and the offering, sale and delivery of the Further Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Republic and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Further Notes, see "*Subscription and Sale*". Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) and status of the Republic.

The Further Notes have not been and will not be registered under the Securities Act, or any state securities law, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of certain further restrictions on offers and sales of Further Notes and distribution of this Prospectus, see "*Subscription and Sale*".

References to "**Turkish Lira**" and "**TL**" in this Prospectus in the context of a point in time after January 1, 2009 are to the Turkish Lira, the Republic's new official currency, which was introduced on January 1, 2009 in place of the New Turkish Lira, references in this Prospectus to "**New Turkish Lira**" and "**YTL**" are to the lawful currency of the Republic for the period beginning on January 1, 2005 and ending on December 31, 2008 and references to "**Turkish Lira**" and "**TL**" in this Prospectus in the context of a point in time prior to January 1, 2005 are to the Turkish Lira before it was replaced with New Turkish Lira.

References to "**€**", "**Euro**" or "**euro**" are to the single currency which was introduced at the beginning of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended and all references to "**dollars**" and "**$**" are to the lawful currency for the time being of the United States of America.

Translations of amounts from Turkish Lira to dollars or, as the case may be, euro are solely for the convenience of the reader and, unless otherwise stated, are made at the exchange rate prevailing at the time as of which such amounts are specified. The Central Bank of Turkey foreign exchange buying rate for dollars on November 9, 2010 was TL 1.4031 = $1.00 and the Central Bank of Turkey foreign exchange buying rate for euro on November 9 , 2010 was TL 1.9512 = €1.00. No representation is made that the Turkish Lira or dollar amounts referred to herein could have been or could be converted into dollars or Turkish Lira, as the case may be, at any particular rate or at all.

In connection with the issue of the Further Notes, BNP Paribas, Deutsche Bank AG, London Branch and HSBC Bank plc (the "Stabilising Managers") (or persons acting on behalf of the Stabilising Managers) may over allot the Further Notes or effect transactions with a view to supporting the price of the Further Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Managers (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Further Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Further Notes and 60 days after the date of the allotment of the Further Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Managers (or persons acting on behalf of a Stabilising Manager) in accordance with all applicable laws and rules.

INCORPORATION BY REFERENCE{ TC "INCORPORATION BY REFERENCE" \f C \l "1" }

The information set out in the table below shall be deemed to be incorporated in, and to form part of, this Prospectus provided however that any statement contained in any document incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement.

Such document will be made available, free of charge, during usual business hours at the specified offices of the Paying Agent and the Listing Agent, unless such document has been modified or superseded. Such document will also be available to view on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The table below sets out the page references containing the information incorporated by reference from the Annual Report on the Form 18-K for the Republic (for the purposes of this section, the "**Issuer**") for the fiscal year ended December 31, 2009 filed with the U.S. Securities and Exchange Commission (the "**SEC**") on September 30, 2010, which contains the economic, financial and statistical information for fiscal years ended December 31, 2009, December 31, 2008, December 31, 2007, December 31, 2006, December 31, 2005, December 31, 2004, December 31, 2003, December 31, 2002 and December 31, 2001:

EC No. 809/2004 Item	**Annual Report on Form 18-K for 2009**
The Issuer's position within the governmental framework	"*Description of the Republic — Government Organization and Political Background*" on pages 15 to 17 of Exhibit D
Geographic location and legal form of the Issuer	"*Description of the Republic " and " — Location, Area and Topography*" on page 14 of Exhibit D

Structure of the Issuer's economy	"*Economy*" on pages 31 to 55 of Exhibit D
Gross domestic product	"*Economy — Gross Domestic Product*" on pages 32 to 34 of Exhibit D
Turkey's political system and government	"*Description of the Republic — Government Organization and Political Background*" on pages 15 to 17 of Exhibit D
Tax and budgetary systems of the Issuer	"*Public Finance — Taxation*" and *" — Recent Developments in Tax Policy*" on pages 110 to 112 of Exhibit D and pages 112 to 116 of Exhibit D
Gross public debt of the Issuer	"*Debt*" on pages 128 to 154 of Exhibit D
Foreign trade and balance of payments	"*Foreign Trade and Balance of Payments*" on pages 63 to 80 of Exhibit D
Foreign exchange reserves	"*Foreign Trade and Balance of Payments — International Reserves*" on page 80 of Exhibit D
Income and expenditure figures	"*Public Finance — Consolidated Central Government Budget*" on pages 106 to 110 of Exhibit D

Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only.

The information included in the "*Recent Developments*" section of this Prospectus supplements the information contained in the Republic's Annual Report for 2009 on Form 18-K filed with the SEC on September 30, 2010. To the extent that the information in the "*Recent Developments*" section is inconsistent with the information contained in the Annual Report for 2009, the information in the "*Recent Developments*" section supersedes and replaces such information.

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OVERVIEW{ TC "OVERVIEW" \f C \l "1" }

This overview should be read as an introduction to the Prospectus. Any decision to invest in the Further Notes by an investor should be based on consideration of the Prospectus as a whole.

Issuer	The Republic of Turkey. The Republic of Turkey is located in southwestern Asia, where it borders Iran, Armenia, Georgia, Azerbaijan, Iraq and Syria, and southeastern Europe, where it borders Greece and Bulgaria, with a total territory (inclusive of its lakes) of approximately 814,578 square kilometers. Turkey's population, as of 31 December 2009, was estimated to be 72.6 million. The Republic of Turkey was founded in 1923 and currently has a parliamentary form of government. It has recently undertaken many reforms to strengthen its democracy and economy, enabling it to begin accession negotiations with the European Union.
Securities Offered	Euro 500,000,000 principal amount of 5.125 per cent. Notes due 2020. The Further Notes will be consolidated and form a single series with the Original Notes on the Consolidation Date. Until such time, the Further Notes will be represented by the Temporary ISIN and the Temporary Common Code (for trading purposes) and will not be fungible for trading purposes with the Original Notes. After such time, the Further Notes will be represented by the ISIN and Common Code of the Original Notes.
Maturity Date	May 18, 2020.
Issue Price	106.697 per cent. of the principal amount of the Further Notes plus 204 days' accrued interest (in respect of the period from (and including) April 22, 2010 to (but excluding) November 12, 2010.
Interest Payment Dates	May 18 of each year, commencing May 18, 2011.
Status and Ranking	Upon issuance, the Further Notes will be direct unconditional and general obligations of the Issuer and will rank equally with other external debt denominated in currencies other than Turkish Lira which is (i) payable to a person or entity not resident in Turkey and (ii) not owing to a Turkish citizen. See "*Terms and Conditions of the Notes — Status*" and "*Terms and Conditions of the Notes — Negative Pledge*" in this Prospectus.
Markets	The Further Notes are offered for sale in those

jurisdictions where it is legal to make such offers. See "*Subscription and Sale*".

Listing and Admission to Trading .... Application has been made for the Further Notes to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange's regulated market. The Original Notes are already listed and admitted to trading on the Luxembourg Stock Exchange.

Cross Acceleration Right .... If any other present or future External Indebtedness of the Republic for or in respect of money borrowed or raised, in an amount in aggregate of not less than $40,000,000 (or its equivalent in other currencies), becomes due and payable prior to its stated maturity otherwise than at the option of the Republic or any amount of such External Indebtedness in an aggregate amount of not less than $25,000,000 (or its equivalent in other currencies) is not paid when due or, as the case may be, within any applicable grace period any Further Note may be declared immediately due and payable; all as more fully set out in this Prospectus.

Negative Pledge... The Republic will not, so long as any of the Further Notes remains outstanding, create or permit to exist any Lien (other than a Permitted Lien) for any purpose upon or with respect to any International Monetary Assets of the Republic; or any Lien (other than a Permitted Lien) upon or with respect to any other assets of the Republic to secure External Indebtedness of any Person; or any Exportable Assets of any Government-Owned Enterprise to secure External Indebtedness of the Republic; all as more fully set out in this Prospectus.

Form .... The Further Notes will be in bearer form, in denominations of Euro 50,000 and integral multiples of Euro 1,000 in excess thereof, up to and including Euro 99,000. No definitive Further Notes will be issued with a denomination above Euro 99,000.

Clearance and Settlement.. The Further Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common depositary for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Further Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will only become exchangeable in whole, but not in part, for Further Notes in definitive form in limited circumstances all as more fully explained in this Prospectus.

Payment of Principal and Interest..	Payments of principal and interest shall be made only against presentation of Further Notes or the presentation and surrender of Coupons, as appropriate, at the specified office of any Paying Agent outside the United States by cheque drawn on, or by transfer to a euro account.
Default	The Further Notes will contain events of default, the occurrence of which may result in the acceleration of the Issuer's obligations under the Further Notes prior to maturity. See Condition 8 (*Events of Default*) in this Prospectus.
Prescription Period..	Ten years in the case of principal and five years in the case of interest, from the appropriate Relevant Date as defined in Condition 7 (*Taxation*) of this Prospectus.
Use of Proceeds	The net proceeds of the issue of the Further Notes, expected to amount to Euro 547,306,917.81 will be used for the general funding purposes of the Republic.
Risk Factors	Risks associated with the Further Notes generally include: 1) the trading market for debt securities may be volatile and may be adversely impacted by many events; 2) there could be no active trading market for the Further Notes; 3) the Further Notes may not be a suitable investment for all investors; 4) the Further Notes are unsecured; 5) the terms of the Further Notes may be modified, waived or substituted without the consent of all of the holders; 6) it is possible that the Further Notes may be held in amounts in excess of Euro 50,000 (or its equivalent) that are not integral multiples of Euro 50,000 (or its equivalent). In such a case a Noteholder who, as a result of selling Further Notes with a denomination of Euro 50,000 or more, holds a principal amount of less than Euro 50,000 may not receive a definitive Further Note in respect of such holding (should definitive Further Notes be printed) and would need to purchase a principal amount of Further Notes such that its holding amounts to the minimum denomination of Euro 50,000; 7) English law in effect as at the date of this Prospectus may be modified; 8) there may be certain legal restraints in relation to investment in the Further Notes with regard to the particular circumstances of any investor. Risks associated with the Republic generally include: 1) there can be no assurance that Turkey's credit ratings will not change; 2) changes in the Republic's domestic and international political and economic environment may have a negative effect on its financial condition; 3) it may be difficult to refinance the Republic's existing debt due to the relatively short maturity structure of its domestic borrowing and the potential deterioration in financing conditions; 4) potential inflation risks; 5) risks associated

with Turkey's current account deficit; 6) risks associated with the foreign exchange rate of the Republic's currency; 7) risks associated with delays or other adverse developments in the Republic's accession to the European Union which may have a negative impact on the Republic's economic performance and credit ratings; 8) the Republic is a foreign sovereign state and accordingly it may be difficult to obtain or enforce judgments against it; 9) risks associated with pending arbitration proceedings; and 10) risks associated with external shocks such as the current global economic crisis.

Fiscal Agency Agreement..	The Further Notes will be issued pursuant to the fiscal agency agreement dated November 12, 2010.
Taxation..	For a discussion of the tax consequences associated with the Further Notes, see "*Taxation*" in this Prospectus. Investors should consult their own tax advisors in determining the tax consequences to them of the purchase, ownership and disposition of the Further Notes.
Governing Law	The Further Notes and all non-contractual obligations arising out of or in connection with them will be governed by the laws of England.

Where a claim relating to the information contained in the Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

RISK FACTORS{ TC "RISK FACTORS" \f C \l "1" }

You should read this entire Prospectus carefully. Words and expressions defined elsewhere in this Prospectus have the same meanings in this section. Investing in the Further Notes involves certain risks. In addition, the purchase of the Further Notes may involve substantial risks and be suitable only for investors who have the knowledge and experience in financial and business matters to enable them to evaluate the risks and merits of an investment in the Further Notes. You should make your own inquiries as you deem necessary without relying on the Republic or any underwriter and should consult with your financial, tax, legal, accounting and other advisers, prior to deciding whether to make an investment in the Further Notes. You should consider, among other things, the following:

Risks Relating to the Further Notes

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for the Further Notes issued by the Republic is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in the United States and Europe and other industrialized countries. There can be no assurance that events in Turkey, the United States, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Further Notes or that economic and market conditions will not have any other adverse effect.

There may be no active trading market for the Further Notes.

There can be no assurance that an active trading market for the Further Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Further Notes does not develop or is not maintained, the market or trading price and liquidity of the Further Notes may be adversely affected. If the Further Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Republic. Although an application will be made to list on the Official List and trade the Further Notes on the Regulated Market "Bourse de Luxembourg" of the Luxembourg Stock Exchange, there is no assurance that such application will be accepted or that an active trading market will develop.

The Further Notes may not be a suitable investment for all investors.

You must determine the suitability of investment in the Further Notes in the light of your own circumstances. In particular, you should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Further Notes and the merits and risks of investing in the Further Notes;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Further Notes and the impact the Further Notes will have on your overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Further Notes, including where the currency for principal or interest payments is different from your currency;

(iv) understand thoroughly the terms of the Further Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

The Further Notes are unsecured.

The Further Notes constitute unsecured obligations of the Republic.

The Further Notes contain provisions that permit the Republic to amend the payment terms without the consent of all Noteholders.

The Further Notes contain provisions regarding acceleration and voting on amendments, modifications, changes and waivers, which are commonly referred to as "collective action clauses". Under these provisions, certain key provisions of the Further Notes may be amended, including the maturity date, interest rate and other payment terms, with the consent of the holders of 75% of the aggregate principal amount of the outstanding Further Notes. See "*Terms and Conditions — Condition 8 (Events of Default)*" and "*Terms and Conditions — Condition 11 (Meetings of Noteholders; Modification and Waiver)*".

The minimum denomination requirements of the Further Notes may impact their liquidity.

It is possible that the Further Notes may be traded in amounts in excess of Euro 50,000 (or its equivalent) that are not integral multiples of Euro 50,000 (or its equivalent). In such a case a Noteholder who, as a result of selling Further Notes with a denomination of Euro 50,000 or more, holds a principal amount of less than Euro 50,000 may not receive a definitive Further Note in respect of such holding (should definitive Further Notes be printed) and would need to purchase a principal amount of Further Notes such that its holding amounts to the minimum denomination of Euro 50,000.

There can be no assurance that the laws of England in effect as at the date of this Prospectus will not be modified.

The conditions of the Further Notes are based on the laws of England in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. You should consult your legal advisers to determine whether and to what extent (1) the Further Notes are legal investments for you, (2) the Further Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Further Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Further Notes under any applicable risk-based capital or similar rules.

Risks Relating to the Republic

There can be no assurance that Turkey's credit rating will not change.

Long-term debt of the Republic is currently rated BB (Positive Outlook) by Standard and Poor’s, Ba2 (Positive Outlook) by Moody’s and BB+ (Stable Outlook) by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Further Notes. The Republic’s current long-term ratings are sub-investment grade. They indicate that the Further Notes are regarded as having significant speculative characteristics, and that there are major ongoing uncertainties or exposure to financial or economic conditions which could compromise the Republic's capacity to meet its financial commitment on the Further Notes.

Political and Economic Environment.

The Republic has from time to time experienced volatile political, economic and social conditions and two financial crises in 1994 and 2000/2001. It is possible that these may recur and, if they are sufficiently severe, affect the Republic's financial condition. Turkey has not defaulted on any principal or interest of any external debt represented by bonds issued in public international markets since it began issuing such bonds in 1988. In 1978, 1979 and 1980, Turkey rescheduled an aggregate amount of approximately $3.95 billion of its external debt consisting of commercial and government credits, which represented 20.6% of Turkey's total outstanding external debt at that time. Turkey initiated the rescheduling to avoid a possible default under its external debt. Since that rescheduling, Turkey has always paid, when due, the full amount of principal and interest on its direct and indirect external debt. Turkey completed all payments under the rescheduling in July 1992.

Turkey has been a parliamentary democracy since 1923. Since its formation in 1923, Turkey has had 60 governments and political disagreements have frequently resulted in early elections. In Turkey's most recent national elections, held in July 2007, the Justice and Development Party won a large majority in the Assembly. Recep Tayyip Erdogan has served as Prime Minister since March 2003. On August 28, 2007, Abdullah Gül was elected the 11th president of Turkey.

The Turkish military establishment has historically been an important factor in Turkish government and politics, interfering with civilian authority three times since 1959 (in 1960, 1971 and 1980). Each time, the military withdrew after the election of a new civilian government and the introduction of changes to the legal and political systems.

Any negative changes in the political environment of the Republic may affect the stability of the Turkish economy. In addition, the failure of the Turkish Government to implement its proposed economic and financial policies may also adversely affect the Turkish economy.

International Considerations.

As a result of economic instability in many developed and emerging markets, the international financial markets have experienced a significant amount of volatility and many financial market indices have declined significantly. The potential impact of such volatility on the Turkish market and on Turkish securities is uncertain.

The Republic is located in a region which has been subject to ongoing political and security concerns, especially in recent years. Political uncertainty within Turkey and in certain neighbouring countries, such as Iran, Iraq, Georgia, Armenia and Syria, has historically been one of the potential risks associated with investment in Turkish securities. Political instability in the Middle East has increased since the terrorist attacks of September 11, 2001. The period since the commencement of military action by the United States and its allies in Iraq in March 2003 has been characterized by frequent incidents of violence and sectarian conflict in Iraq and increased risk of terrorist acts both against the United States and its allies.

In recent years, Turkey has experienced a number of terrorist incidents, including four bombings in November 2003 and a bombing in March 2004 and December 2008 in Istanbul. During 2006 Turkey experienced a series of bombings, including the August 2006 bombings in Istanbul, Antalya and Marmaris. In May 2007, Turkey experienced a bombing in Ankara, and bombings in Istanbul in July 2008. In October 2010, Turkey experienced a bombing in Istanbul. If additional attacks occur in the future, Turkey's capital markets, levels of tourism in Turkey and foreign investment in Turkey, among other things, may suffer.

Refinancing Risk.

The Republic has sizeable amounts of domestic and international debt. Central government gross domestic debt stock was approximately TL347.8 billion and central government gross external debt stock was approximately $77.8 billion as of September 2010. Given the relatively short maturity structure of domestic borrowing, any deterioration in financing conditions as a result of market, economic or political factors, which may be outside the Republic's control, may jeopardize the debt dynamics of the Republic.

Inflation Risk.

In the past, the Republic experienced substantial inflationary pressures and inflation was one of the most serious problems faced by the Turkish economy during the last decade. As a result of the financial crises in November 2000 and February 2001, at the end of 2001, the Wholesale Price Index ("**WPI**") increased to

88.6% from 32.7% at the end of 2000 and the Consumer Price Index ("**CPI**") increased to 68.5% from 39.0% at the end of 2000. Since 2001, due to the Government policies intended to combat these high levels of inflation, which were supported by the 2002-2004 Stand-By Arrangement with the IMF, inflation in the Republic has decreased substantially. WPI decreased to 13.8% at the end of 2004. CPI decreased to 9.3% at the end of 2004 and 7.7% at the end of 2005. In January 2005, the State Institute of Statistics introduced the Producer Price Index ("**PPI**") to replace WPI and the PPI was approximately 2.7% at the end of 2005. The Republic's PPI and CPI for the December 2005 — December 2006 period was 11.58% and 9.65%, respectively, for the December 2006-December 2007 period, 5.94% and 8.39%, respectively and for the December 2007 — December 2008 period, was 8.11% and 10.06% respectively and for the December 2008 — December 2009 period, was 5.93% and 6.53% respectively.

Historically, oil and natural gas prices also impact inflation, particularly as Turkey is an import-dependent country in terms of meeting its energy requirements. As a result, volatility in energy prices, caused by changes in production levels or global demand, among other things, could affect inflation levels in Turkey.

There can be no assurance that inflation will not increase further in the near future. In particular, strong domestic demand and an increase in global economic activity that influences commodity prices and external demand, could cause an increase in inflation. In addition, an increase in inflation and any significant depreciation of the Turkish Lira may affect negatively any efforts by the Turkish government to combat inflation.

Current Account Deficit.

The current account deficit ("**CAD**") has widened considerably in recent years mainly due to the widening trade deficit. CAD increased from $7.5 billion in 2003 (2.5% of GDP) to $14.4 billion (3.7% of GDP) in 2004, $22.1 billion (4.6% of GDP) in 2005, $32.1 billion (6.1% of GDP) in 2006, $38.2 billion (5.9% of GDP) in 2007 and $41.5 billion (5.6% of GDP) in 2008 but decreased to $14.4 billion (2.34% of GDP) in 2009. In January-August 2010, the current account produced a deficit of $28.0 billion, as compared to a deficit of approximately $8.7 billion in the same period of 2009.Because of slowing economic activity and falling energy prices, imports dropped at a more rapid pace than exports and the foreign trade deficit narrowed from the third quarter of 2008 until the last quarter of 2009 but since domestic demand has been greater than external demand in 2010, the trade deficit has been rising in 2010.

Exchange Rate Risk and Exchange Rate.

The depreciation of the Turkish Lira against the U.S. dollar or other major currencies might adversely affect the financial condition of the Republic. Any significant depreciation of the Turkish Lira against the U.S. dollar or other major currencies might also have a negative effect on the Republic's ability to repay its debt denominated in currencies other than the Turkish Lira, including the amounts due under the Further Notes. As a result of the financial crises in November 2000 and February 2001, the Turkish Lira depreciated from TL 675,004 per U.S. dollar at December 31, 2000 to TL 1,446,510 per U.S. dollar at December 31, 2001 and then further depreciated to TL 1,642,384 per U.S. dollar at December 31, 2002. As the Turkish Government began implementing economic and financial reforms, the value of the Turkish Lira increased to TL 1,393,278 per U.S. dollar at December 31, 2003. The Turkish Lira further appreciated to TL1,348,600 per U.S. dollar at December 31, 2004 and was YTL 1.34950 per U.S. dollar at December 31, 2005, YTL 1.4056 per U.S. dollar at December 29, 2006, YTL 1.1593 per U.S. dollar at December 31, 2007 Due to the market volatility, the Turkish Lira depreciated to YTL 1.5218 per U.S. dollar at December 31, 2008 and TL 1.4873 per U.S. dollar at December 31, 2009.

Accession to the European Union.

The Republic commenced negotiations on its accession to the European Union (the "**EU**") on October 3, 2005 and expects to join the EU at some point in the future. However, the Republic's accession depends on a number of economic and political factors relating to both Turkey and the EU. Although the shared objective of the negotiations is accession, these negotiations are an open-ended process, the outcome and timing of which cannot be guaranteed. The EU decided in 2006 to suspend negotiations in eight out of 35 parts, or "chapters", and not to "close" the other 27 chapters, of the Republic's accession negotiations because of the

Republic's restrictions with respect to the Greek Cypriot Administration. More information, as well as a summary of the most recent EU Progress Report released on October 14, 2009, is provided in the section entitled "*Recent Developments*" under the heading "*International Relations*". Delays or other adverse developments in Turkey's accession to the EU may have a negative effect on Turkey's economic performance and credit ratings.

Turkey is a foreign sovereign state and accordingly it may be difficult to obtain or enforce judgments against it.

The Republic is a sovereign state. Consequently, your ability to sue the Republic may be limited. Although the Republic has consented to service of process upon its Economic Counsellor in London, and waived its sovereign immunity pursuant to any legal action or proceedings arising out of or in connection with the Further Notes, the service of process may in practice be impeded or precluded by reason of diplomatic privileges and immunities under English law.

Pending Arbitration Proceedings.

Several claimants have filed claims against the Republic ranging in the amounts of $750 million to $10 billion before the International Center for the Settlement of Investment Disputes or under the United Nations Commission on International Trade Arbitration Rules alleging either that (a) they have been harmed because the Savings Deposit Insurance Fund's ("**SDIF**") takeover of banks indirectly impaired their investments in companies affiliated with these banks or their shareholders, without adequate compensation or (b) they have been indirectly harmed because the Republic cancelled certain contracts with companies in which they allege they held investments. While the Republic does not believe that such proceedings will in aggregate have a material adverse impact on the Republic, the outcome of these arbitration proceedings is uncertain.

Save as disclosed in this Prospectus and in the accompanying prospectus, the Republic is not aware of any governmental, legal or arbitration proceedings (actual, pending or threatened) during the previous 12 months prior to the date of this Prospectus which may have, or have had in the recent past, significant effects on the Republic's financial position.

The Republic's economy remains vulnerable to external shocks, including the current global economic crisis and those that could be caused by future significant economic difficulties of its major regional trading partners or by more general "contagion" effects, which could have an adverse effect on the Republic's economic growth and its ability to service its public debt.

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

The Republic's economy remains vulnerable to external shocks, including the current global economic crisis. A significant decline in the economic growth of any of the Republic's major trading partners, such as the EU, could have a material adverse impact on the Republic's balance of trade and adversely affect the Republic's economic growth. The EU is the Republic's largest export market. A decline in demand for imports from the EU could have a material adverse effect on Turkish exports and the Republic's economic growth.

In addition, because international investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavored by international investors, the Republic could be adversely affected by negative economic or financial developments in other emerging market countries. While in recent years the Republic has improved its banking structure, reduced its external vulnerability and consolidated sound macroeconomic policies, which in turn improved its borrowing costs and maturities, the Republic has been adversely affected by such contagion effects on a number of occasions, including following the two financial crises in 1994 and 2000/2001 and the current global economic crisis. Similar developments can be expected to affect the Turkish economy in the future.

There can be no assurance that any crises such as those described above or similar events will not negatively affect investor confidence in emerging markets or the economies of the principal countries in Europe, including the Republic. In addition, there can be no assurance that these events will not adversely affect the Republic's economy and its ability to raise capital in the external debt markets in the future.

TERMS AND CONDITIONS OF THE NOTES{ TC "TERMS AND CONDITIONS OF THE NOTES" \f C \l "1" }

The following is the text of the terms and conditions of the Further Notes which, subject to completion and amendment, will be endorsed on each Further Note in definitive form.

The Euro 500,000,000 5.125 per cent. Notes due May 18, 2020 (the "**Further Notes**"), to be consolidated and form a single series with the Euro 1,500,000,000 5.125 per cent. Notes due 2020 issued on 22 April 2010 (the "**Original Notes**" and, together with the Further Notes, the "**Notes**". which expression includes any further Notes issued pursuant to Condition 12 (*Further Issues*) and forming a single series therewith) of Türkiye Cumhuriyeti (the Republic of Turkey) (the **"Republic**") have been authorized pursuant to the provisions of Articles 4 and 7 of the Law Regarding the Regulation of Public Finance and Debt Management (Law No. 4749). A fiscal agency agreement dated November 12, 2010 (the "**Fiscal Agency Agreement**") has been entered into in relation to the Further Notes between the Republic and Deutsche Bank AG, London Branch as fiscal agent (the "**Fiscal Agent**") and as paying agent (the "**Paying Agent**") (together with the Fiscal Agent, the "**Paying Agents**" or the "**Agents**").

In these Conditions, "**Fiscal Agent**" and "**Paying Agent**" shall include any successors appointed from time to time in accordance with the provisions of the Fiscal Agency Agreement, and any reference to an "**Agent**" or "**Agents**" shall mean any or all (as applicable) of such persons.

Copies of the Fiscal Agency Agreement are available for inspection during usual business hours at the specified offices of the Agent. The holders of the Further Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**" respectively) are bound by, and are deemed to have notice of, the provisions of the Fiscal Agency Agreement.

References to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs of these Conditions.

1. Form, Denomination and Title

The Notes are in bearer form and in the denominations of Euro 50,000 and integral multiples of Euro 1,000 in excess thereof, up to and including Euro 99,000. No definitive Notes will be issued with a denomination above Euro 99,000. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

2. Status

The Notes constitute direct, unconditional and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Republic. Subject to the provisions of Condition 3 (*Negative Pledge*), the Notes rank and will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured External Indebtedness (as defined in Condition 3 (*Negative Pledge*)) of the Republic.

3. Negative Pledge

The Republic will not, so long as any of the Notes remains outstanding, create or permit to exist:

(A) any Lien (other than a Permitted Lien) for any purpose upon or with respect to any International Monetary Assets of the Republic; or

(B) any Lien (other than a Permitted Lien) upon or with respect to:

- (a) any other assets of the Republic to secure External Indebtedness of any Person; or

(b) any Exportable Assets of any Government-Owned Enterprise to secure External Indebtedness of the Republic,

unless the Notes at the same time share *pari passu* and *pro rata* in such security.

"**Permitted Lien**" means:

(A) any Lien on Foreign Currency (or deposits denominated in Foreign Currency) securing obligations with respect to a letter of credit in the course of ordinary commercial banking transactions (and expiring within one year thereafter) to finance the importation of goods or services into the Republic;

(B) any Lien on Exportable Assets (but not official holdings of gold), documents of title relating thereto, insurance policies insuring against loss or damage with respect thereto and proceeds of the foregoing, securing External Indebtedness incurred to finance the business of producing or exporting Exportable Assets, provided that:

(a) the proceeds of the sale of such Exportable Assets are expected to be received within one year after such Exportable Assets or documents become subject to such Lien; and

(b) such External Indebtedness:

(i) is to be repaid primarily out of proceeds of sale of the Exportable Assets subject to such Lien; and

(ii) does not arise out of financing provided by the lender on condition that other External Indebtedness be repaid;

(C) any Lien securing External Indebtedness incurred for the purpose of financing any acquisition of assets (other than International Monetary Assets), provided that the assets which are subject to such Lien are:

(a) tangible assets acquired in such acquisition (including, without limitation, documents evidencing title to such tangible assets);

(b) claims which arise from the use, failure to meet specifications, sale or loss of, or damage to such assets; or

(c) rent or charter hire payable by a lessee or charterer of such assets;

(D) any Lien on or with respect to assets (other than International Monetary Assets) existing at the time of the acquisition thereof, provided that such Lien was not incurred in contemplation of such acquisition;

(E) any Lien on or with respect to assets (other than International Monetary Assets) acquired (or deemed to be acquired) under a financial lease, or claims arising from the use, operation, failure to meet specifications, sale or loss of, or damage to, such assets, provided that:

(a) such Lien secures only rentals and other amounts payable under such lease; and

(b) such assets were not owned by the Republic for more than 120 days prior to becoming subject to such lease;

(F) any Lien on any assets which arose pursuant to any order or attachment, distraint or similar legal process arising in connection with court proceedings so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings;

(G) any Lien arising by operation of law (and not pursuant to any agreement) which has not been foreclosed or otherwise enforced against the assets to which it applies, including without limitation any right of set-off with respect to demand or time deposits maintained with financial institutions and bankers' liens with respect to property held by financial institutions, provided that such Lien arises in the ordinary course of the activities of the owner of the assets subject thereto and not with a view to securing any External Indebtedness;

(H) any Lien securing External Indebtedness incurred in connection with any Project Financing, provided that the assets to which such Lien applies:

(a) are not official holdings of gold; and

(b) are:

(i) assets which are the subject of such Project Financing; or

(ii) revenues or claims which arise from the use, operation, failure to meet specifications, exploitations, sale or loss of, or damage to, such assets;

(I) Liens on assets (other than official holdings of gold) in existence on April 22, 2010 provided that such Liens remain confined to the assets affected thereby on April 22, 2010 and secure only those obligations so secured on April 22, 2010;

(J) any Lien or Liens which otherwise would not be permissible hereunder and which secure(s) indebtedness in an aggregate amount not exceeding $25,000,000 (or the equivalent thereof in other currencies).

For purposes of these Conditions:

(a) "**Exportable Assets**" means goods which are sold or intended to be sold for a consideration consisting of or denominated in Foreign Currency and any right to receive Foreign Currency in connection with the sale thereof;

(b) "**External Indebtedness**" of any Person means:

(i) each obligation, direct or contingent, of such Person to repay a loan, deposit, advance or similar extension of credit;

(ii) each obligation of such Person evidenced by a note, bond, debenture or similar written evidence of indebtedness; and

(iii) each Guarantee by such Person of an obligation constituting External Indebtedness of another Person;

if in each case such obligation is denominated in a Foreign Currency or payable at the option of the payee in a Foreign Currency;

provided that:

(I) an obligation (or Guarantee thereof) which by its terms is payable only by a Turkish Person to another Turkish Person in the Republic is not External Indebtedness;

(II) an obligation to the extent that it is owing only to an individual who is a Turkish citizen is not External Indebtedness; and

(III) an obligation is deemed to be denominated in a Foreign Currency if the terms thereof or of any applicable Governmental programme contemplate that payment thereof will be made to the holder thereof in such Foreign Currency by the obligor, the Republic or any other Turkish Person;

(c) "**Foreign Currency**" means any currency other than the lawful currency of the Republic;

(d) "**Government-Owned Enterprise**" means any corporation or other entity which constitutes under the laws of the Republic a judicial entity separate from the Republic and of which the Republic owns, directly or indirectly, more than 50 per cent. of the capital stock or other equity interest;

(e) "**Guarantee**" includes a suretyship or any other arrangement whereby the respective party is directly or indirectly responsible for any External Indebtedness of another Person, including without limitation any obligation of such party to purchase goods or services or supply funds or take any other action for the purpose of providing for the payment or purchase of such External Indebtedness (in whole or in part);

(f) "**International Monetary Assets**" means all official holdings of gold, Special Drawing Rights, Reserve Positions in the International Monetary Fund and Foreign Exchange which is owned or held by the Republic or any monetary authority of the Republic, all as defined by the International Monetary Fund;

(g) "**Lien**" means any lien, mortgage, deed of trust, charge, pledge, hypothecation, security interest or other encumbrance;

(h) "**Person**" means an individual, corporation, partnership, joint venture, trust, unincorporated organisation or any other juridical entity, including without limitation a Government or Governmental body or agency or instrumentality or any international organisation or agency;

(i) "**Project Financing**" means any financing of the acquisition, construction or development of any asset in connection with a project if the Person or Persons providing such financing expressly agree to look to the asset financed and the revenues to be generated by the use, exploitation, operation of or loss of or damage to, such asset as a principal source of repayment for the moneys advanced and at the time of such financing it was reasonable to conclude that such project would generate sufficient income to repay substantially all of the principal of and interest on all External Indebtedness incurred in connection with such project; and

(j) "**Turkish Person**" means the Republic and any Person who is a resident or national of the Republic or which has its principal place of business, seat or head office in the Republic or any Person incorporated or organised under the laws of the Republic.

4. Interest

Each Note bears interest from and including April 22, 2010 at the rate of 5.125 per cent. per annum, payable annually in arrear on May 18 in each year (each such date, an "**Interest Payment Date**"), the first such payment to be made on May 18, 2011. The amount of interest payable on the first Interest Payment Date shall be EUR 2,745.03 in respect of each Note of EUR 50,000 denomination and EUR 54.90 in respect of each Note of EUR 1,000 denomination and the amount of interest payable on any other Interest Payment Date shall be EUR 2,562.50 in respect of each Note of EUR 50,000 denomination and EUR 51.25 in respect of each Note of EUR 1,000 denomination. Interest will be paid subject to and in accordance with the provisions of Condition 7 (*Taxation*).

Each Note will cease to bear interest from the due date for redemption unless, after surrender of such Note, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at the rate specified above (as well after as before judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after notice has been given to the Noteholders that the Fiscal Agent has received all sums due in respect of the Notes up to such seventh day (except, in the case of payment to the Fiscal Agent, to the extent that there is any subsequent default in payment in accordance with these Conditions).

If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, April 22, 2010) to but excluding the relevant payment date divided by the number of days in the period from and including the most recent Interest Payment Date (or, if none, April 22, 2010) to but excluding the next scheduled Interest Payment Date.

5. Redemption, Purchase and Cancellation

(a) Final redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on May 18, 2020.

(b) Purchase and Cancellation

The Republic and its affiliates may at any time purchase Notes in the open market or otherwise at any price. Any Notes so purchased will be cancelled. Any Notes so cancelled will not be reissued.

6. Payments

(a) Principal

Payments of principal shall be made only against presentation and surrender (or, in the case of part payment only, endorsement) of Notes at the specified office of any Paying Agent outside the United States by cheque drawn on, or by transfer to a euro account.

(b) Interest

Payments of interest shall, subject to paragraph (f) below, be made only against presentation and surrender (or, in the case of part payment only, endorsement) of the appropriate Coupons at the specified office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

(c) Payments Subject to Fiscal Laws

All payments of principal and interest in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 7 (*Taxation*).

(d) Commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments of principal or interest in respect of the Notes.

(e) Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 9 (*Prescription*)) but not thereafter.

(f) Payments on business days

If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next following business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph "business day" means, in respect of any place of presentation, any day on which banks are open for business in such place of presentation and which is a day on which the TARGET or TARGET 2 is operating, provided that if the Republic determines, with the agreement of the Fiscal Agent, that the market practice in respect of internationally offered euro denominated securities is different from that specified in this paragraph, such paragraph shall be deemed to be amended so as to comply with such market practice and the Republic shall promptly notify the holders of Notes or (as the case may be) Coupons, each stock exchange (if any) on which the Notes are then listed and the Paying Agent of such deemed amendment.

In these Conditions:

"**TARGET**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises interlinked national real time gross settlement systems and the European Central Bank's payment mechanism and which began operations on 4 January 1999; and

"**TARGET 2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

(g) Agents

The initial Agents and their initial specified office are listed below. Any of the Agents may resign in accordance with the provisions of the Fiscal Agency Agreement and the Republic reserves the right at any time to vary or terminate the appointment of any Agent and appoint additional or other Agents, provided that while the Notes are outstanding it will maintain (i) a Fiscal Agent, (ii) a Paying Agent having a specified office in a major European city and (iii) a paying agent in a member state of the EU that will not be obliged to withhold or deduct tax pursuant to EU Directive 2003/48/EC on the taxation of savings or income or any other EU Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any change in the Agents or their specified office will promptly be given to the Noteholders in accordance with Condition 13 (*Notices*).

7. Taxation

All payments of principal and interest in respect of the Notes and the Coupons by the Republic shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic or any political subdivision or any authority thereof or therein having power to tax (together "**Taxes**"), unless such withholding or deduction is required by law. In that event, the Republic shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

(a) to a holder, or to a third party on behalf of a holder, if such holder is liable to such Taxes in respect of such Note or Coupon by reason of having some connection with the Republic other than the mere holding of such Note or Coupon; or

(b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any other law implementing or complying with, or introduced in order to conform to, such Directive; or

(c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the EU; or

(d) if such Note or Coupon is surrendered for payment more than 30 days after the Relevant Date, except to the extent that the holder would have been entitled to such additional amounts on presenting of such Note or Coupon for payment on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in London by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders. Any reference in these Conditions to principal or interest in respect of the Notes or Coupons shall be deemed to include any additional amounts which may be payable under this Condition 7 (*Taxation*).

8. Events of Default

If any of the following events occurs:

(a) Non-payment

The Republic fails to pay any amount of interest in respect of any of the Notes when due and such failure continues for a period of 30 days or fails to pay any amount of principal in respect of any Notes at any time; or

(b) Breach of other obligations

The Republic defaults in performance or observance of or compliance with any of its other obligations set out in the Notes which default is not remedied within 30 days after notice of such default shall have been given to the Republic by any Noteholder; or

(c) Cross-acceleration

Any other present or future External Indebtedness (as defined in Condition 3 (*Negative Pledge*)) of the Republic for or in respect of moneys borrowed or raised, in an amount in aggregate of not less than $40,000,000 (or its equivalent in other currencies), becomes due and payable prior to its stated maturity otherwise than at the option of the Republic or any amount of such External Indebtedness in an aggregate amount of not less than $25,000,000 (or its equivalent in other currencies) is not paid when due or, as the case may be, within any applicable grace period; or

(d) Moratorium

A moratorium on the payment of principal of, or interest on, the External Indebtedness of the Republic shall be declared by the Republic; or

(e) Unlawfulness

It is or will become unlawful for the Republic to perform or comply with any of its obligations under or in respect of the Notes or the Fiscal Agency Agreement; or

(f) IMF

The Republic ceases to be a member of the International Monetary Fund,

then any Note may, by notice in writing given to the Fiscal Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount, plus accrued interest, if any. The Republic shall, on the reasonable written request of the Fiscal Agent, confirm whether it is in compliance with the provisions of this Condition 8 (*Events of Default*) and Condition 3 (*Negative Pledge*).

9. Prescription

Claims against the Republic in respect of principal and interest shall become void unless made within a period of ten years, in the case of principal, and subject to Condition 6(e) (*Unmatured Coupons*), five years, in the case of interest, from the appropriate Relevant Date as defined in Condition 7 (*Taxation*).

10. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Republic may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11. Meetings of Noteholders; Modification and Waiver

(a) Meetings of Noteholders

The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions. The quorum at any such meeting for passing an Extraordinary Resolution shall be two or more persons holding or representing not less than one quarter of the principal amount of the Notes, for the time being outstanding or at any adjourned meeting two or more persons being or representing Noteholders whatever the aggregate principal amount of the Notes for the time being outstanding so held or represented, except that at any meeting the business of which includes consideration of proposals, inter alia, (i) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, (ii) to change the currency in which amounts due in respect of the Notes are payable, or (iii) to change the quorum required at any meeting or the majority required to pass an Extraordinary Resolution, the necessary quorum for passing an Extraordinary Resolution shall be two or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than one-quarter, of the principal amount of the outstanding Notes. An Extraordinary Resolution duly passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

(b) Modification and waiver

The parties to the Fiscal Agency Agreement may agree, without the consent of the Noteholders, to any modification of any provision of the Fiscal Agency Agreement or the Notes which is of a formal, minor or technical nature or is made to correct a manifest error.

12. Further Issues

The Republic shall be at liberty from time to time, without the consent of the Noteholders, to create and issue further notes ranking equally in all respects (or in all respects save for the date for and amount of the first payment of interest thereon) so that the same shall be consolidated and form a single series with the Notes.

13. Notices

Notices to the Noteholders shall be valid if published in a leading newspaper having general circulation in Luxembourg (which is expected to the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or, in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

A copy of all notices provided pursuant to this Condition 13 (*Notices*) shall also be given to Euroclear and to Clearstream, Luxembourg.

14. Currency Indemnity

The euro is the sole currency of account and payment for all sums payable by the Republic under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than the euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Republic shall only constitute a discharge to the Republic to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Note, the Republic shall indemnify such recipient against any loss sustained by it as a result. In any event, the Republic shall indemnify the recipient against the cost of making any such purchases. These indemnities constitute a separate and independent obligation from the Republic's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any judgment or order.

15. Governing Law and Jurisdiction

(a) Governing law

The Notes and the Fiscal Agency Agreement and any non-contractual obligations arising out of or in connection with them shall be governed by laws of England.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including any non-contractual obligations arising out of or in connection with them) and accordingly any legal action or proceedings arising out of or in connection with the Notes (including any non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may be brought in such courts. The Republic irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Waiver of Immunity

The Republic irrevocably agrees that, should any Proceedings be taken anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Republic irrevocably agrees that it and its assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Notes, provided that it is understood that the Republic is unable under the laws of the Republic to waive immunity from attachment in relation to its assets (i.e. properties) located in the Republic and also to its properties outside the Republic which are used in the exercise of sovereign authority.

(d) Consent to Proceedings

The Republic irrevocably and generally consents in respect of any Proceedings anywhere to the giving of any relief or the issue of any process in connection with those Proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order or judgment which may be made or given in those Proceedings.

(e) Process Agent

The Republic irrevocably appoints The Economic Counselor of the Republic of Turkey presently located at 43 Belgrave Square, London SW1 8PA as its authorised agent for the service of process in England. Nothing contained herein shall affect the right to serve process in any other manner permitted by law.

(f) Consent to enforcement etc.

Without limiting the generality of any of the foregoing, the Republic agrees, without prejudice to the enforcement of a judgment obtained in London according to the provisions of Article 54 of the Act on International Private Law and Procedural Law (Law No. 5718) of the Republic, that in the event that the Republic is sued in a court in the Republic of Turkey in connection with the Notes, such judgment shall constitute conclusive evidence of the existence and amount of the claim against the Republic pursuant to the provisions of the second sentence of Article 287 of the Civil Procedure Code (Law No. 1086) of the Republic and Articles 58 and 59 of the Act on International Private and Procedure Law (Law No. 5718) of The Republic.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM{ TC "SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM" \f C \l "1" }

The Further Notes will initially be in the form of the Temporary Global Note that will be deposited on or around the Closing Date with Deutsche Bank AG, London Branch as common depositary for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denominations of Euro 50,000 and Euro 1,000 each at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

So long as the Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing systems so permit, the Notes will be tradable only in the minimum authorized denomination of Euro 50,000 and higher integral multiples of Euro 1,000, notwithstanding that no definitive notes will be issued with a denomination above Euro 99,000.

The Permanent Global Note will also become exchangeable, in whole but not in part only and at the option of the Issuer, for Definitive Notes if, by reason of any change in the laws of Turkey, the Issuer is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive form.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant to be dated on or around November 12, 2010 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the same is noted in a schedule thereto.

Notices: Notwithstanding Condition 13 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common depositary for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 13 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg; except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxembourger Wort* or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

USE OF PROCEEDS{ TC "USE OF PROCEEDS" \f C \l "1" }

The net proceeds of the issue of the Further Notes, expected to amount to Euro 547,306,917.81, will be used for the general funding purposes of the Republic.

RECENT DEVELOPMENTS{ TC "RECENT DEVELOPMENTS" \F C \L "1" }

The information included in this section supplements the information about the Republic contained in the Republic's Annual Report for 2009 on Form 18-K filed with the SEC on September 30, 2010, as amended from time to time. To the extent the information in this section is inconsistent with the information contained in the Annual Report for 2009, as amended from time to time, the information in this section supersedes and replaces such information. Initially capitalized terms not defined in this section have the meanings ascribed to them in the Annual Report for 2009.

GENERAL

Turkey's economy was impacted by the 2008-2009 global financial crisis but began to recover in the last quarter of 2009. Turkey's GDP increased by 11.7% in the first quarter of 2010 and by 10.3% in the second quarter of 2010 as compared to the same respective quarters of 2009. See "Recent Developments — Key Economic Indicators".

On May 17, 2010, the annual review of Turkey's economy, referred to as an Article IV consultation, commenced with the visit of an IMF staff mission. On May 28, 2010, the IMF mission concluded its review and published its preliminary conclusions.

The Undersecretariat of the Turkish Treasury together with the World Bank launched the Country Partnership Strategy ("CPS") of Turkey on February 28, 2008. The CPS covers the period between 2008 and 2011 and is designed to provide Turkey with financial and technical support. The CPS package, which envisages total financial support of $8.1 billion, consists of both investment and program loans. Under the current CPS program a total of approximately $6.5 billion worth of agreements have been signed to date. The CPS program ends on June 30, 2011. On March 23, 2010, the Executive Board of the World Bank approved the Restoring Equitable Growth and Employment Programmatic Development Policy Loan ("REGE DPL") with a total funding of €931 million (approximately $1.3 billion). On June 15, 2010, the Executive Board of the World Bank approved the Second Programmatic Environmental Sustainability and Energy Sector Development Policy Loan ("ESES DPL II") with a total funding of €519.6 million (approximately $700 million) and a loan of $500 million to Türkiye Kalkınma Bankası A.Ş., T.C. Ziraat Bankası A.Ş. ve Türkiye Vakıflar Bankası T.A.O. for a "Second Access to Finance for Small and Medium Enterprises (SMEs) Project" with a guarantee provided by the Turkish Treasury. On June 29, 2010, a loan and a guarantee agreement in the amount of €178.2 million (approximately $240 million) were signed among World Bank, Iller Bankası and Undersecretariat of Treasury. On August 30, 2010, the Executive Board of the World Bank approved the Energy Community of South East Europe APL6 Project Loan with a total funding of €169.2 million (approximately $220 million). On March 25, 2010, it was announced that the Republic and the Islamic Development Bank signed a memorandum of understanding on Member Country Partnership Strategy ("MCPS"). The Republic also signed a total of €1.6 billion worth of various financing agreements with the European Investment Bank in 2009. On September 16, 2010, the Republic and the Council of Europe Development Bank signed the "Finance Contract of İstanbul Earthquake Risk Mitigation and Emergency Preparedness Project" with a total amount of €250 million.

Several claimants have filed claims against the Republic ranging in the amounts of $750 million to $10 billion before the International Center for the Settlement of Investment Disputes ("ICSID") or under the United Nations Commission on International Trade Arbitration Rules ("UNCITRAL") alleging either that (a) they have been harmed because the Savings Deposit Insurance Fund's ("SDIF") takeover of banks indirectly impaired their investments in companies affiliated with these banks or their shareholders, without adequate compensation or (b) they have been indirectly harmed because the Republic cancelled certain contracts with companies in which they allege they held investments. The Republic believes that it has meritorious defenses to all of these claims. While the Republic does not believe that such proceedings will in aggregate have a material adverse impact on the Republic, the outcome of these arbitration proceedings is uncertain. Five of the claims against the Republic previously before ICSID and two of the claims before UNCITRAL have been dismissed.

On February 2, 2010, Turkey announced its European Union ("EU") Pre-Accession Economic Program for the 2010-2012 period ("PEP"). The PEP was prepared on the basis of the Medium Term Program (defined below) for the 2010-2012 period (See "Recent Developments" — "Public Finance and Budget"). According to the PEP, Turkey's economy is expected to have growth rates of 3.5%, 4.0% and 5.0% in 2010, 2011 and 2012, respectively. The Republic's inflation targeting regime will continue in compliance with the main objective of establishing price stability. The year-end inflation targets for the years 2010, 2011 and 2012 are set as 6.4%, 5.9% and 5.3%, respectively. The program forecasts unemployment rates of 14.3%, 14.1% and 13.3% in 2010, 2011 and 2012, respectively. The program also forecasts the current account deficits/GDP ratio as 2.8% in 2010, 3.3% in 2011 and 3.9% in 2012.

On December 25, 2009, the Assembly approved the Central Government Budget Law for 2010 (Law No. 5944). According to Law No. 5944, the central government's total budget expenditure target is TL287.0 billion and the central government's total budget revenue target is TL236.8 billion for year 2010. The Government forecasts that the central government's total budget deficit for 2010 will be approximately TL50.2 billion. Law No. 5944 was published in the Official Gazette on December 31, 2009 (No. 27449).

Currently, a new Commercial Code is being discussed in Parliament. Under the proposed Commercial Code, among other things, companies would be required to prepare financial statements in accordance with International Financial Reporting Standards.

On April 5, 2010, 265 members of the ruling Justice and Development Party ("AKP") submitted a proposed constitutional amendment to the Assembly which aimed to, among other things, align the judiciary system in Turkey with European standards. The proposal contains articles, which, among other things, propose to 1) change the composition and the structure of the Constitutional Court and the Supreme Court of Judges and Prosecutors, 2) give the right of collective agreement for civil servants and 3) provide positive discrimination claims on behalf of children, the elderly and the disabled. On May 7, 2010, the Assembly approved the amendment package (Law No. 5982) and the package was published in the Official Gazette on May 13, 2010 (No. 27580). On May 15, 2010, a total of 111 members of the Parliament applied to the Constitutional Court for the annulment of certain articles of Law No. 5982. On July 7, 2010, the Constitutional Court annulled certain parts of the amendments, including those that changed the composition and the structure of the Constitutional Court and the Supreme Court of Judges and Prosecutors. A public referendum was held on September 12, 2010 in relation to Law No. 5982. According to the Official Gazette dated September 23, 2010 (No. 27708), the participation rate of the referendum was 73.71%, with 57.88% of those who participated in the referendum voting in favor of Law No. 5982. As a result, the proposed constitutional amendment was accepted.

POLITICAL CONDITIONS

The following table sets forth the composition of the Assembly by total number of seats as of November 9, 2010. The next general election is expected to be held in June 2011.

Political Party	Number of Seats
Justice and Development Party (AKP)	336
Republican People's Party (CHP)	101
Nationalist Action Party (MHP)	70
Peace and Democracy Party (BDP)	20
Independents	7
Democratic Socialist Party (DSP)	6
Türkiye Party	1
Vacant	8[1]
Democrat Party	1

Source: The Grand National Assembly of Turkey

On January 21, 2010, an investigation into the alleged conspiracy to overthrow the government began and on July 19, 2010, the 10th Penal Court of Istanbul agreed to hear a case against 196 people.

[1] Under Law No. 2839 (published in the Official Gazette on June 13, 1983 — No. 18076), there are 550 seats in the Assembly. The eight vacant seats were held by five recently deceased members of the Assembly, two members of the Democratic Society Party (DTP) who were banned from politics and President Gül who resigned from his parliamentary seat.

KEY ECONOMIC INDICATORS

The following tables set forth increases or decreases in GDP (at constant prices) for the periods indicated:

GDP growth rates	**Q1**	**Q2**	**Q3**	**Q4**	**Annual**
2009......................................	-14.6%	-7.6%	-2.7%	6.0%	-4.7%
2010......................................	11.7%	10.3%			

			2009			**2010**	
	Q1	**Q2**	**Q3**	**Q4**	**Total**	**Q1**	**Q2**
Agriculture, hunting and forestry	-1.3	6.4	4.4	2.4	3.7	**0.1**	**0.6**
Fishing	0.2	-0.4	9.8	-3.3	-0.3	**4.7**	**15.7**
Mining and quarrying	-13.0	-15.3	-3.2	3.5	-6.7	**6.1**	**14.2**
Manufacturing	-22.1	-11.5	-4.2	13.0	-7.0	**21.0**	**15.4**
Electricity, gas and water supply	-6.1	-5.8	-4.6	1.5	-3.4	**2.4**	**8.3**
Construction	-18.5	-20.9	-18.2	-6.4	-16.1	**8.3**	**21.9**
Wholesale and retail trade	-26.2	-15.1	-6.9	10.5	-10.2	**20.7**	**14.0**
Hotels and Restaurants	2.9	1.8	4.7	4.0	3.7	**-0.7**	**3.2**
Transport, storage and communication	-16.1	-10.0	-4.6	3.2	-7.0	**11.5**	**10.2**
Financial intermediation	10.6	7.5	7.8	8.3	8.5	**4.9**	**8.8**
Ownership and dwelling	3.2	3.3	2.8	2.5	2.9	**2.7**	**2.6**
Real estate, renting and business activities	-0.5	2.0	6.6	9.9	4.5	**9.7**	**8.2**
Public administration and defense; compulsory social security	2.4	1.8	3.5	3.6	2.9	**0.6**	**0.5**
Education	0.7	1.3	3.3	3.1	2.0	**1.4**	**1.2**
Health and social work	0.7	2.9	4.5	4.9	3.2	**4.5**	**2.4**
Other community, social and personnel service activities	-2.9	-1.9	0.8	-0.4	-1.1	**3.0**	**3.1**
Private household with employed persons	-1.9	0.3	4.6	7.2	2.3	**8.0**	**7.1**
Sector totals	-12.2	-6.8	-1.5	6.4	-3.4	**11.2**	**10.4**
Financial intermediation services indirectly measured	10.7	6.6	9.5	11.5	9.7	**11.1**	**15.2**
Taxes-Subsidies	-21.9	-7.7	-7.9	6.4	-8.1	**17.2**	**14.1**
Gross Domestic Product (Purchaser's Price)	-14.6	-7.6	-2.7	6.0	-4.7	**11.7**	**10.3**

Source: TURKSTAT

- For the month of October 2010, CPI increased by 1.83% and PPI increased by 1.21% as compared to the previous month.
- The Republic’s CPI and PPI increased by 8.62% and 9.92% respectively, as of October 2010, as compared to the same month of the previous year.
- The Central Bank announced the 2012 inflation target as 5%. The targets for 2010 and 2011 are 6.5% and 5.5%, respectively.

Inflation Path Consistent with the Year-End Inflation Target and the Uncertainty Band for 2010

	March	June	September	December
Uncertainty Band (Upper Limit)	8.5	8.5	8.5	8.5
Path Consistent with the Target	6.5	6.5	6.5	6.5
Uncertainty Band (Lower Limit)	4.5	4.5	4.5	4.5

Source: Central Bank

- On November 8, 2010, the Central Bank foreign exchange buying rate for U.S. dollars was TL1.4032 per U.S. dollar, compared to an exchange buying rate of TL1.4680 per U.S. dollar on November 9, 2009.

- On November 2, 2010, the Government offered an interest rate of 7.60% for its 21-month Government Bond, compared to an interest rate of 8.76% for its 21-month Government Bond on November 17, 2009.

- The industrial production index increased by 10.4% in September 2010 compared to September 2009 (year on year).

- The following table indicates unemployment figures for 2010:

2010	Unemployment rate	Number of unemployed
January	14.5%	3,591,000
February	14.4%	3,564,000
March	13.7%	3,438,000
April	12.0%	3,071,000
May	11.0%	2,846,000
June	10.5%	2,751,000
July	10.6%	2,782,000

Source: TURKSTAT

- On July 7, 2009, the Government announced that the wages of public sector workers would increase by 2.5% for the first half of 2010 and another 2.5% for the second half of 2010. The salaries of civil servants were increased by 2.5% for the first six months of 2010 and by another 2.5% in the second half of 2010. Salaries for civil servants were increased by an additional 1.06% in order to compensate for the difference between the actual inflation rate and the targeted inflation rate in the first half of 2010. The salaries of civil servants will be increased by 4.0% in the first six months of 2011 and another 4.0% in the second half of 2011. On December 29, 2009, it was announced that the minimum wage for both private and public sector workers would increase by 5.2% in the first six months of 2010 and by another 4.3% in the second half of 2010.

- According to the Medium Term Program (defined below) that the Government unveiled on October 11, 2010, year-end CPI is expected to be 7.5%, 5.3%, 5.0% and 4.9% for 2010, 2011, 2012 and 2013, respectively.

- In its regular meeting held on May 18, 2010, the Monetary Policy Committee (“MPC”) decided to implement a technical rate adjustment by setting the one-week repo auction rate as its new policy rate. As of November 7, 2010, the one-week repo auction rate of the Central Bank was 7.0%, the Central Bank overnight borrowing interest rate was 5.75% and the Central Bank overnight lending interest rate was 8.75%.

TOURISM

- From the beginning of January 2010 until the end of September 2010, the number of foreign visitors visiting the Republic increased approximately 5.98% as compared to the same period in 2009, from 21,830,038 foreign visitors to 23,135,201 foreign visitors.

FOREIGN TRADE AND BALANCE OF PAYMENTS

In August 2010, the trade balance (according to the balance of payments presentation) posted a deficit of $5.74 billion as compared to a deficit of $3.88 billion in the same period in 2009. In August 2010, total goods imported (c.i.f.[2]), including gold imports, increased by 20.5% to approximately $15.43 billion, as compared to approximately $12.81 billion during the same period of 2009. In August 2010, the import of capital goods, which are used in the production of physical capital, increased by approximately 25.28% over the same period in 2009; the import of intermediate goods, such as partly finished goods and raw materials, which are used in the production of other goods, increased by approximately 19.51% over the same period in 2009 and consumption goods increased by approximately 19.50% over the same period of 2009. In August 2010, the CAD produced a deficit of approximately $2.96 billion, as compared to a deficit of approximately $0.60 billion in the same period of 2009. In August 2010, total goods exported (f.o.b.)[3], increased by 9.1% to approximately $8.55 billion, as compared to approximately $7.84 billion during the same period of 2009.

As of October 28, 2010, total gross international reserves of the Central Bank were approximately $84.0 billion (compared to $74.8 billion as of December 31, 2009), gold reserves were approximately $4.9 billion (compared to $4.1 billion as of December 31, 2009) and the Central Bank gross foreign exchange reserves were approximately $79.1 billion (compared to approximately $70.7 billion as of December 31, 2009).

As of November 5, 2010, the Central Bank held approximately TL5.51 billion in public sector deposits.

PUBLIC FINANCE AND BUDGET

- From January to September 2010, the central government consolidated budget expenditures were approximately TL208.8 billion and central government consolidated budget revenues were approximately TL187.5 billion, compared to a central government consolidated budget expenditure of approximately TL197.1 billion and a consolidated budget revenue of TL156.3 billion during the same period in 2009.

- From January to September 2010, the central government consolidated budget deficit was approximately TL21.3 billion, compared to a central government consolidated budget deficit of TL40.8 billion during the same period in 2009.

- From January to September 2010, the central government consolidated budget primary surplus reached approximately TL18.0 billion, compared to the central government consolidated budget primary surplus of TL4.7 billion during the same period in 2009.

- In September 2010, the central government consolidated budget expenditures were approximately TL25.4 billion and central government consolidated budget revenues were approximately TL18.5 billion, compared to a central government consolidated budget expenditure of approximately TL25.4 billion and a central government consolidated budget revenue of TL15.9 billion during the same month of 2009.

- In September 2010, the central government consolidated budget deficit was approximately TL6.9 billion, compared to a central government consolidated budget deficit of TL9.4 billion during the same month of 2009.

- In September 2010, the central government consolidated budget primary deficit reached approximately TL2.9 billion, compared to the central government consolidated budget primary deficit of TL4.4 billion during the same month of 2009.

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[2] c.i.f. means cost, insurance and freight; when a price is quoted c.i.f., it means that the selling price includes the cost of the goods, the freight or transport costs and also the cost of marine insurance. c.i.f. is an international commerce term.

[3] f.o.b. means free on board; when a price is quoted f.o.b., it means that the selling price includes the cost of the goods, but not the freight or transport costs and the cost of marine insurance. F.o.b. is an international commerce term.

- The following table sets forth the details of the central government budget for the first nine months of 2010.

Central Government Budget (Thousand TL)	January - September 2010 (cumulative)	September 2010
Expenditures	**208,827,162**	**25,395,318**
1-Excluding Interest	**169,543,829**	**21,398,278**
Personnel	47,423,371	5,464,498
Social Security Contributions	8,017,876	908,296
Purchase of Goods and Services	16,955,487	1,842,779
Current Transfers	77,695,294	10,625,737
Capital Expenditures	12,219,347	1,993,684
Capital Transfers	2,844,417	299,049
Lending	4,388,037	264,235
Contingencies	0	0
2-Interest	**39,283,333**	**3,997,040**
Revenues	**187,537,705**	**18,492,735**
1-General Budget Revenues	**181,683,270**	**17,981,999**
Taxes	153,789,299	15,000,212
Property Income	8,257,747	482,038
Grants and Aids and Special Revenues	1,434,819	51,156
Interest, Shares and Fines	15,775,045	1,650,297
Capital Revenues	2,291,578	792,730
Receivable Collections	134,782	5,566
2-Special Budget Institutions	**4,234,351**	**443,923**
3-Regularity & Supervisory Institutions	**1,620,084**	**66,813**
Budget Balance	**-21,289,457**	**-6,902,583**
Primary Balance	**17,993,876**	**-2,905,543**

Source: Ministry of Finance

On October 15, 2010, the Government submitted the draft budget law for 2011 to the Parliament. According to draft figures, budget expenditures are expected to be TL312.5 billion, primary expenditures (expenditures excluding interest payments) are expected to be TL265 billion, budget revenues are expected to be TL279 billion, budget deficit is expected to be TL33.5 billion and primary surplus is expected to be TL14 billion in 2011.

On October 28, 2010, the Republic announced its 2011 financing program. According to the 2011 financing program, the Republic expects to repay (including principal and interest) a total of approximately TL152.8 billion of debt in 2011, of which approximately TL135.0 billion constitutes domestic debt and approximately TL17.8 billion constitutes external debt. The total borrowing target for the Republic in 2011 is approximately TL131.7 billion, of which approximately TL119.1 billion would consist of domestic borrowing and approximately TL12.5 billion would consist of external borrowing. Other sources of funds in 2011 are expected to consist of, cash primary surplus, revenues from privatization, transfers from the Unemployment Insurance Fund and the SDIF, receipts from on-lending and guaranteed debt and use of cash account (which are targeted to yield TL21.1 billion in total).

On October 11, 2010, the Government announced a medium term program that covers the period between 2011 and 2013 (the "Medium Term Program"). Under this framework, targets for medium term macroeconomic indicators (such as GDP growth rates, unemployment rates, current account deficit to GDP, central government budget deficit to GDP, etc.) were announced. With this program the Government announced that GDP is expected to increase 6.8% in 2010 and is expected to grow 4.5% in 2011, 5.0% in 2012 and 5.5% in 2013. The primary surplus to GDP ratio is expected to gradually increase to 1.0% by 2013. Also, the central government budget deficit to GDP ratio is expected to be 4.0% in 2010, 2.8% in 2011, 2.4% in 2012 and 1.6% in 2013 and the unemployment rate is expected to decline from 12.2% in 2010 to 11.4% in 2013.

PRIVATIZATION

The Government's plans for privatization include, among others, the remaining shares of Turk Telekom A.S. ("Turk Telekom"), Turk Hava Yollari A.O. ("Turkish Airlines"), Cyprus Turkish Tobacco Processing Industry Ltd., sugar factories, electricity generators/distributors, Baskent Dogalgaz, bridges and ports, toll roads, Halkbank, Ziraat Bank and the national lottery.

A number of privatizations of electricity distribution companies were completed in 2009. The privatization process of the remaining 12 electricity distribution companies is still pending.

On March 19, 2010, the Privatization Administration announced that July 22, 2010 was the last bidding date for the privatization of Bogazici Elektrik Dagitim A.S., Dicle Elektrik Dagitim A.S., Gediz Elektrik Dagitim A.S. and Trakya Elektrik Dagitim A.S. On July 23, 2010, the Privatization Administration announced that a total of 39 bids were received for these four electricity distribution companies. On August 9, the final bidding was completed for the four electricity distribution companies. Accordingly, İşkaya İnş. San. ve Tic. Ltd. Şti. and MMKEA Makina İthalat İhracat A.Ş. O.G.G. placed the highest bid for Gediz Elektrik Dağıtım A.Ş. with 1,920 million dollars. For Trakya Elektrik Dağıtım A.Ş. the highest bid was placed by AKSA Elektrik Perakende Satış A.Ş. with 622 million dollars. The highest bid for Dicle Elektrik Dagitim A.S. was placed by Karavil Dayanıklı Tüketim Malları İnş. Oto. Pet. Ürünleri Paz. San. ve Tic. Ltd. Şti and Ceylan İnş. ve Tic. A.Ş. O.G.G with 288 million dollars. For Bogazici Elektrik Dagitim A.S. the highest bid was placed by İşkaya İnş. San. ve Tic. Ltd. Şti. and MMKEA Makina İthalat İhracat A.Ş. with 2,990 million dollars. On August 17, 2010, the Privatization Administration announced that the last bidding date for the privatization of Akdeniz Elektrik Dağıtım A.Ş., İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. and Toroslar Elektirik Dağıtım A.Ş. would be November 24, 2010.

On October 9, 2007, a decision on the privatization of Turkseker A.S. (Turkish Sugar Factories) and the privatization of SUMERHALI (a carpet firm) by the Privatization High Council ("PHC") was published in the Official Gazette (No. 26668). According to the PHC's decision, Turkseker A.S will be privatized through a sale of assets. The PHC also decided that SUMERHALI will be privatized through a sale of its assets. The Council of State suspended the privatization of the Portfolio B (Elazığ, Malatya, Erzincan and Elbistan sugar factories) and Portfolio C (Kastamonu, Kırşehir, Turhal, Yozgat, Çorum and Çarşamba sugar factories) sugar companies on January 15, 2010 and December 15, 2009, respectively.

On July 16, 2008, the Privatization Administration announced the tender for selecting the advisor to the privatization of the power stations of Elektrik Uretim A.S. ("EUAS") On September 25, 2009, the Privatization Administration announced that the consortium of Citigroup, Oyak Investment, Master Danismanlik and Socoin was selected as the advisor for the privatization of EUAS. On December 1, 2009, the Privatization Administration announced the last bidding date for the privatization of 52 EUAS electricity generation power plants as February 19, 2010. The Privatization Administration announced that these 52 power plants, which are divided into 19 groups for bidding purposes, will be privatized through the transfer of operating rights. As of June 3, 2010 the Privatization Administration completed the tenders for 19 groups. On August 26, 2010 the PHC approved the sale of 18 of the 19 groups.

On August 19, 2008, the Privatization Administration announced that the Council of State suspended the privatization of nine toll roads and two Bosphorus bridges, claiming that the existing legal framework does not allow for privatizations of these assets. On October 15, 2010, the Privatization Administration announced that the deadline for the completion of the privatization of nine toll roads and two Bosphorus bridges was extended to December 31, 2012.

On July 13, 2009, the Privatization Administration announced the last bidding date for the privatization of two salterns of Tobacco, Tobacco Products, Salt and Alcohol Enterprises Inc. ("TTA"), namely Camalti Tuzlasi and Ayvalik Tuzlasi, as December 4, 2009. On December 17, 2009, the Privatization Administration announced that Binbirgida Tarim Urunleri Sanayi ve Ticaret A.S. submitted the highest bids of TL9 million for Ayvalik Tuzlasi and TL115 million for Çamalti Tuzlasi. On October 28, 2009, the Privatization Administration announced the last bidding date for the privatization of real estate properties of TTA, as December 25, 2009. On January 7, 2010, the Privatization Administration announced that the tenders for three of the real estate properties of TTA in Ankara and Izmir were finalized with a total amount of TL74.3 million. On October 22, 2009, the Privatization Administration announced the last bidding date for the privatization of TTA shares in JTI Central Asia LLP Company, as February 5, 2010. On February 10, 2010, the Privatization Administration announced that the Privatization Administration cancelled the privatization of TTA shares in JTI Central Asia LLP Company.

On February 22, 2010, the Privatization Administration announced that March 22, 2010 would be the last bidding date for the privatization of several real estate properties held by each of Sumer Holding A.S., the State Supply Office, Turkish State Railways, and the Ministry of Finance. A total of 41 bids were received for these real estate properties. On April 2, 2010 the Privatization Administration announced that two properties previously belonging to Sumer Holding A.Ş sold for TL2 million. The Privatization Administration cancelled the privatization for the remaining real estate properties due to the withdrawal of bids by participants. In October 2010, the Privatization Administration sold a total of approximately $94 million worth of real estate properties held by the State Supply Office, Turkish State Railways and the Ministry of Finance.

On May 14, 2010 the Privatization Administration announced the tender of the operating rights for the sea port of İskenderun for 36 years and the bidding closed on September 28, 2010. Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş submitted the highest bid of $372 million.

On May 13, 2010 the Privatization Administration announced the tender for the sale of an 80% stake in Başkent Doğalgaz Dağıtım A.Ş. and the bidding closed on August 16, 2010. MMEKA Makina İthalat Paz. ve Tic. A.Ş. placed the highest bid of $1.2 billion.

BANKING SYSTEM

As of November 7, 2010, there have not been any bank takeovers due to the ongoing global financial crisis. The most recent takeover occurred on July 3, 2003 and involved Türkiye Imar Bankası TAŞ. As of October 15, 2010, the SDIF had taken over 25 private banks since 1994.

Turkey has a relatively strong, well capitalized and profitable banking system. The banking system in Turkey had a capital adequacy ratio[4] of 19.34% and a relatively low non-performing loan ("NPL") ratio[5] of 4.25% as of September 2010. The capital adequacy ratio was approximately 20.62% and the NPL ratio was approximately 5.27% as of December 2009.

On September 23, 2010, the Central Bank announced that reserve ratios for Turkish Lira and FX deposits were increased by 50 bps and 100 bps, respectively. Also, with this announcement, the remuneration of Turkish Lira required reserves was terminated. As of November 7, 2010, the required reserve ratios for Turkish Lira and FX deposits were 5.5% and 11%, respectively.

The SDIF is continuing its efforts to recover claims and sell off assets inherited from banks taken over by the SDIF following the 2001 financial crisis. The SDIF has begun selling non-related party loans of failed banks through loan auctions and is also taking steps to dispose of its holdings of shares in companies and other assets taken over by the SDIF.

[4] Regulatory capital/Total risk weighted items

[5] Gross non-performing loans/Total cash loans

On March 10, 2009 the SDIF announced that it was taking over 50 % of the Caglar Group’s Bis Enerji company, a joint-stock company which produces electricity. On January 2010, the SDIF announced that it sold a 50% stake in Bis Enerji to SGM Enerji Sanayi ve Ticaret for $250 million.

On July 18, 2009, the SDIF announced that it had taken over 70 companies of Hayyam Garipoglu, the former controlling partner of the Sumerbank, in response to the breach of the protocol between SDIF and Garipoglu group that was signed on August 12, 2004 (and modified on January 7, 2009). On August 5, 2009, the SDIF announced the tender for the sale of Burgaz Alkollü Icecekler Ticari ve Iktisadi Butunlugu (“Burgaz”), a company formerly owned by the Garipoglu Group. On August 20, 2009, the Board of the SDIF approved the sale of Burgaz at a price of $86 million to Mey Icki Sanayi ve Ticaret A.S. On November 18, 2009 the SDIF announced that the transfer of Burgaz to Mey Icki San. Tic. A.S. was suspended by the Competition Authority. On April 13, 2010, the SDIF and Garipoglu Group signed a protocol for the repayment of approximately $307.1 million of Garipoglu Group’s debts to the SDIF over five years commencing on September 30, 2010.

On March 23, 2010, the SDIF and Balkaner Group, the former owner of Yurt Ticaret Kredi Bankasi A.S., signed a protocol to repay approximately $393.6 million of its debt to the SDIF over seven years commencing in 2011. Balkaner Group will repay the principal over five years and interest over the remaining two years.

On November 2, 2010, it was announced that Banco Bilboa Vizcaya Argentaria (“BBVA”) bought a 24.9% stake in Garanti Bank (comprised of an 18.6% stake purchased from General Electric, and a 6.3% stake purchased from Doğuş Group) for $5.8 billion. BBVA will have joint control over Garanti Bank with the Doğuş Group.

DEBT

The Central Government’s total domestic debt stock was approximately TL347.8 billion as of September 2010, compared to approximately TL320.6 billion as of September 2009. In September 2010, the average maturity of Turkey’s domestic borrowing was 32.4 months, compared to 41.4 months in September 2009. The average annual interest rate on domestic borrowing in local currency (including discounted treasury bills/government bonds) on a compounded basis was 7.8% in September 2010, compared to 9.1% in September 2009.

The total gross outstanding external debt of the Republic was approximately $266.8 billion (at then-current exchange rates) at the end of the first quarter of 2010 and approximately $266.3 billion (at then-current exchange rates) at the end of the second quarter of 2010. The table below summarizes the gross external debt profile of the Republic.

Gross External Debt Profile (Million $)	**2010 Q1**	**2010 Q2**
GROSS EXTERNAL DEBT	**266,794**	**266,339**
SHORT TERM	**54,359**	**61,964**
Public Sector	4,697	5,669
Central Bank	1,669	1,511
Private Sector	47,993	54,784
LONG TERM	**212,435**	**204,375**
Public Sector	80,223	79,101
Central Bank	10,876	9,873
Private Sector	121,336	115,402

Source: Undersecretariat of Treasury

Since January 1, 2010, the Republic has issued the following external debt:

- $2 billion of global notes on January 12, 2010, which mature on May 30, 2040 and have a 6.75% annual interest rate.

- $1 billion of global notes on March 18, 2010, which mature on March 30, 2021 and have a 5.625% annual interest rate.

- €1.5 billion of Eurobonds on April 22, 2010, which mature on May 18, 2020 and have a 5.125% annual interest rate.

- $1 billion of global notes on August 5, 2010, which mature on March 30, 2021 and have a 5.625% annual interest rate.

INTERNATIONAL RELATIONS

As a result of the continuing violence and civil unrest in Iraq, neighboring countries, including the Republic, have experienced and may continue to experience certain negative economic effects, such as decreases in revenues from trade and tourism, increases in oil expenditures, decreases in capital inflow, increases in interest rates and increases in military expenditures. The Republic continues to be affected by the consequences of conflicts in nearby countries, including Iraq, Georgia, Israel and Palestine, and has been the victim of various isolated terrorist attacks. On October 13, 2010, Turkish parliament extended for one year the mandate that gives authorization to the Turkish Army for possible cross-border military operations in northern Iraq, to be effective from October 17, 2010.

Regarding the EU accession process, on June 30, 2010, negotiations on the "Food Safety, Veterinary, Phytosanitary Policy" (Chapter 12) were opened. In total, the Republic has thirteen chapters that have been opened for negotiation since the official opening of membership talks in October 2005, one of which ("Science and Research" Chapter (No. 25)) has been provisionally closed.

On July 13, 2009, Turkey, Bulgaria, Romania, Hungary and Austria signed a transit agreement in Ankara for the Nabucco gas pipeline, which aims to supply Europe with gas from the Caspian region and the Middle East. The consortium confirmed on October 1, 2009 that the first gas, most likely from Iraq, will flow through the Nabucco pipeline in the fourth quarter of 2014. Additional supply is expected to be from Azerbaijan in 2015 or 2016. On October 20, 2009, Hungary's parliament ratified the Nabucco natural gas pipeline project. Bulgaria's parliament followed Hungary by ratifying the agreement on February 3, 2010. On March 4, 2010, Turkey's parliament ratified an accord to build the Nabucco gas pipeline. Such ratification was published in the Official Gazette on March 11, 2010 (No. 27518).

On July 25, 2008, Turkish Cypriot leader Mehmet Ali Talat and the Greek Cypriot leader Demetris Christofias announced that they would launch comprehensive reunification talks on September 3, 2008. The sides have come together in regular meetings since then, with no concrete solution being reached yet. On April 18, 2010, presidential elections were held in the Turkish Republic of Northern Cyprus. According to the final results, Mr. Derviş Eroğlu was elected as the new president with 50.53% of the votes. On May 26, 2010 the reunifications talks between Cyprus and Turkey resumed after a two month break due to the elections in the Turkish Republic of Northern Cyprus.

On June 28, 2010 during the G20 summit meeting held in Canada, United States President Obama and Prime Minister Erdoğan met to discuss the two countries' relations in detail.

Positive steps have been taken by the governments of Turkey and Armenia to improve relations between these two countries. On August 31, 2009, it was announced that Turkey and Armenia had agreed to start their internal political discussion on two protocols — the Protocol on the Establishment of Diplomatic Relations and the Protocol on the Development of Bilateral Relations — that were initiated in the course of their efforts through Swiss mediation. The protocols provide for a framework for the normalization of the bilateral relations within a reasonable timeframe between Turkey and Armenia. In this context, Armenia and Turkey signed agreements on October 10, 2009, in Zurich, to establish diplomatic ties and normalize relations. The agreements were submitted to the respective Parliaments for ratification by each side. On April 22, 2010 Armenia announced that it suspended the ratification process of the agreements.

On April 8, 2010 five new confidence building measures ("CBM") were adopted with Greece.

On May 17, 2010, in an effort to find a diplomatic solution to the standoff between Iran and the international community, the foreign ministers of Turkey, Brazil and Iran signed a declaration ("Joint Declaration") that commits Iran to swap 1,200 kg (2,640 lb) of its low-enriched uranium in escrow in Turkey for 120 kg (264 lb) of 20%-enriched nuclear fuel. On June 9, 2010, the United Nations ratified Resolution 1929, which tightened sanctions on Iran. Turkey was one of only two U.N. Security Council members, along with Brazil, to oppose the ratification of the Resolution in order to uphold the opportunities opened by the Joint Declaration. However, the U.N. Security Council Resolutions adopted under Article 7 of the U.N. Charter are legally binding for all countries, including Turkey. Therefore, Turkey will abide by the provisions of Resolution 1929.

On May 31, 2010, the Israeli armed forces intercepted a civilian aid flotilla that had embarked from Turkish ports and was bound for Gaza. The Israeli armed forces boarded the boats comprising the flotilla and 9 civilians were killed, including 8 Turkish citizens. As a result, Turkish and Israeli relations have cooled and there have been recent decreases in tourism and trade between the two nations.

TAXATION{ TC "TAXATION" \f C \l "1" }

The information provided below does not purport to be a complete, exhaustive or final summary of the tax law and practice currently applicable in the Republic of Turkey and Luxembourg. It does not take into account the possible taxation of capital gains, deemed interest income received upon sale or redemption of the Further Notes or coupons, if any or other special considerations that may apply in a particular situation and does in particular not consider the tax situation of commercial investors. Investors or other interested parties are required to obtain individual tax advice in connection with the acquisition and holding, as well as the sale or repayment of Further Notes.

The Republic of Turkey

Article 30 of the Corporation Tax Law of the Republic (Law No. 5520) (the "**Corporation Tax Law**") (*published in the Official Gazette dated June 21, 2006, No.26205*) requires to withhold 15% withholding tax from the interest received under the Further Notes by the limited tax liability persons, being legal entities resident outside the Republic. However, according to Temporary Article 67 of the Income Tax Law of the Republic (Law No. 193) (the "**Income Tax Law**") (*published in the Official Gazette dated January 6, 1961, No.10700*) and Article 30 of the Corporation Tax Law and the Council of Ministers' Decree (Decree No. 2009/14593) (p*ublished in the Official Gazette dated 3 February 2009, No. 27130*) issued under the Corporation Tax Law, the rate of such withholding tax is reduced to 0%.

Article 94 of the Income Tax Law requires to withhold 25% withholding tax from the interest received under the Further Notes by the limited tax liability persons, being individuals resident outside the Republic. However, according to Temporary Article 67 and Article 94 of the Income Tax Law and the Council of Ministers' Decree (Decree No. 2009/14592) (*published in the Official Gazette dated 3 February 2009, No. 27130*) issued under the Income Tax Law, the rate of such withholding tax is reduced to 0%.

There can be no assurance that such rates will continue to be 0%, but in the event of any increase in such rates, the Republic will be obliged to pay additional amounts as specified in Condition 5 of the Terms and Conditions of the Further Notes.

It should be noted that, according to Article 15(b) of the Law Regarding the Regulation of Public Finance and Debt Management (Law No. 4749) (*published in the Official Gazette dated April 9, 2002, No. 24721*), the principal amount of the Further Notes and the interest thereon on each interest payment date shall be considered part of the consolidated State debt and as a result shall be exempt from any and all Turkish taxes, including withholding tax, and the issuance, delivery and execution of the Further Notes are also exempt from Turkish stamp tax and, according to Section IV.24 of Table 2 of the Stamp Tax Law (Law No. 488) (as amended) (published in *the Official Gazette dated, July 11, 1964, No. 11751*), all documents and agreements issued in connection with the repayment of the Further Notes are also exempt from Turkish stamp tax.

As a result, Turkish law, as presently in effect, does not require deduction or withholding for or on account of taxes on payment of principal at maturity or on the redemption date or payment of interest to a holder of the Further Notes.

Residents of the Republic and persons otherwise subject to Turkish taxation and non-residents realizing income from the sale or disposition of the Further Notes to Turkish residents (whether individuals or legal entities) and non-residents realizing income from their commercial and business activities in the Republic (whether individuals or legal entities) are advised to consult their own tax advisors in determining any consequences to them of the sale or disposition of the Further Notes.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from January 1, 2010.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers.

Luxembourg Taxation

The following is a general description of certain Luxembourg tax considerations relating to the Further Notes. It specifically contains information on taxes on the income from the Further Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Further Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Further Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Further Notes payments of interest, principal and/or other amounts under the Further Notes and the consequences of such actions under the tax laws of Luxembourg. This summary is based upon the law as in effect on the date of this Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Further Notes.

All payments of interest and principal by the Issuer under the Further Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

(i) the application of the Luxembourg law of June 21, 2005 implementing the EU Savings Directive (Council Directive 2003/48/EC) and providing for the possible application of a withholding tax (15% from July 1, 2005 to June 30, 2008, 20% from July 1, 2008 to June 30, 2011 and 35% from July 1, 2011) on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities called "residual entities") in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive (see, paragraph "*EU Savings Tax Directive*" above);

(ii) the application as regards Luxembourg resident individuals of the Luxembourg law of December 23, 2005 which has introduced a 10% final withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg law of June 21, 2005 implementing the EU Savings Directive). This law should apply to savings income accrued as from July 1, 2005 and paid as from January 1, 2006.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of June 21, 2005 and December 23, 2005 is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

SUBSCRIPTION AND SALE{ TC "SUBSCRIPTION AND SALE" \f C \l "1" }

BNP Paribas, Deutsche Bank AG, London Branch and HSBC Bank plc (the "**Managers**") have, in a subscription agreement (the "**Subscription Agreement**"), dated November 11, 2010, jointly and severally agreed to subscribe and pay for the Further Notes at the issue price of 106.697 per cent. of their principal amount plus 204 days' accrued interest (in respect of the period from (and including) April 22, 2010 to (but excluding) November 12, 2010). The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the issue of the Further Notes. The Republic has agreed to indemnify the Managers against certain liabilities in connection with the issue of the Further Notes. For the investors of the Further Notes, the yield is 4.25 per cent. per annum.

United States of America

The Further Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, the Further Notes may not be offered or sold within the United States or to or for the account or benefit of U.S. persons. Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Further Notes within the United States or to or for the account or benefit of U.S. persons.

In addition, until 40 days after commencement of this offering has agreed, an offer or sale of Further Notes within the United States or to or for the account or benefit of any U.S. person by any dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Further Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Republic; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Further Notes in, from or otherwise involving the United Kingdom.

The Republic of Turkey

The Further Notes have not been and will not be registered with the Capital Markets Board under the provisions of the Capital Market Law (Law No. 2499) and accordingly no information in this document is provided for the purpose of offering and marketing by any means of the Further Notes in the Republic of Turkey. However, according to article 15 (d) (ii) of the Decree No.32 Regarding the Protection of the Value of the Turkish Currency, there is no restriction on the purchase and sale of the Further Notes by the residents of the Republic of Turkey, provided that: they purchase or sell such Further Notes in the financial markets outside of the Republic of Turkey and such sale and purchase are made through banks and brokerage companies authorised pursuant to the Capital Markets Board Regulations of the Republic.

Italy

Each Manager has represented and agreed that sales of the Further Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation. Any offer, sale or delivery of the Further Notes or distribution of copies of this Prospectus or any other document relating to the Further Notes in the Republic of Italy must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time); and

(ii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

General

No action has been or will be taken in any jurisdiction by the Republic or any Manager that would, or is intended to, permit a public offering of the Further Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Republic and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Further Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Further Notes, in all cases at their own expense.

GENERAL INFORMATION{ TC "GENERAL INFORMATION" \f C \l "1" **}**

1. The Further Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. Until the exchange of the Temporary Global Note for the Permanent Global Note, the Further Notes will have a temporary ISIN of XS0559142814 and a temporary Common Code of 055914281. Thereafter, the Further Notes will have been consolidated and will form a single series with the Original Notes and the Common Code of the Notes will be 050345416 and the ISIN of the Notes will be XS0503454166.

2. The Republic has obtained all necessary consents, approvals and authorisations in the Republic of Turkey in connection with the issue and performance of the Further Notes. The issue of the Further Notes was authorised, pursuant to the provisions of Articles 4 and 7 of the Law Regarding the Regulation of Public Finance and Debt Management of the Republic (Law No. 4749) published in the Official Gazette dated April 9, 2002 and numbered 24721.

3. The address of the Republic is: The Undersecretariat of Treasury of the Republic Prime Ministry, İsmet İnönü Bulvarı, No. 36, 06510 Emek, Ankara, Turkey. The telephone number is: +90 312 212 8887.

4. The Republic has not been involved in any governmental, litigation or arbitration proceedings during the last 12 months which may have, or have had in the recent past, significant, material effects on its financial position, nor so far as the Republic is aware are any such proceedings pending or threatened.

5. The Republic has waived its right to sovereign immunity; see Condition 15(c) of the Terms and Conditions of the Further Notes and Risk Factors.

6. Save as disclosed in this Prospectus, since 31 December 2009 there have been no significant changes relating to public finance and trade.

7. Application has been made to the CSSF, which is the competent authority under the Prospectus Directive, for this Prospectus to be approved. Application has been made for the Further Notes to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange's regulated market. Copies of the Fiscal Agency Agreement, which includes the forms of the Temporary Global Note and the Permanent Global Note, may be inspected during normal business hours at the offices of the Paying Agent so long as any of the Further Notes are admitted to listing on the official list and trading on the regulated market of the Luxembourg Stock Exchange. The total expenses of the admission to listing on the official list and trading on the regulated market of the Luxembourg Stock Exchange are expected to be approximately EUR 11,220.

8. Under the Act on International Private Law and Procedural Law (Law No. 5718), a judgment of a court established in a country other than the Republic may not be enforced in the Turkish courts unless (i) there is in effect a treaty between such country and the Republic providing for reciprocal enforcement of judgments or (ii) there is de facto reciprocity in the field of enforcement of judgments between such country and the Republic or (iii) there is a provision in the laws of such country which provides for the enforcement of judgments of the Turkish courts.

9. So long as the Further Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to Noteholders. This requirement is in addition to the provisions of Condition 13 (*Notices*).

10. The Further Notes and Coupons will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code".

11. There are no interests of any natural or legal persons, including conflicting interests, that are material to the issue of the Further Notes.

12. As long as the Further Notes are listed on the Luxembourg Stock Exchange and the rules of the exchange so require, copies of the following documents may be inspected, and in the case of item (c) below, shall be available free of charge, at the registered office of the Paying Agent and the Listing Agent:

    a) the latest available annual report of the Republic on the Form 18-K filed with the SEC with economic, financial and statistical information for the five preceding years;

    b) any amendments to the latest available annual report of the Republic of the Form 18-K/A filed with the SEC;

    c) the budget of the Republic for the current fiscal year and immediately preceding fiscal year;

    d) a copy of this Prospectus; and

    e) copies of the following contractual documents: the Fiscal Agency Agreement, Deed of Covenant, Permanent Global Note, Temporary Global Note and Subscription Agreement.

    The prospectus including the document containing the information incorporated by reference will be published on the website of the Luxembourg Stock Exchange which is http://www.bourse.lu.

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LEGAL ADVISER TO THE REPUBLIC
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