

MESSAGE

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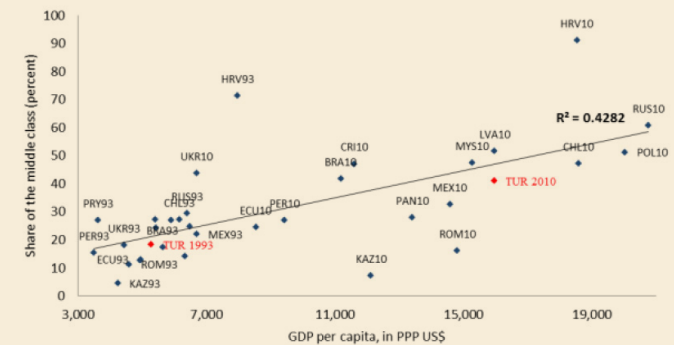
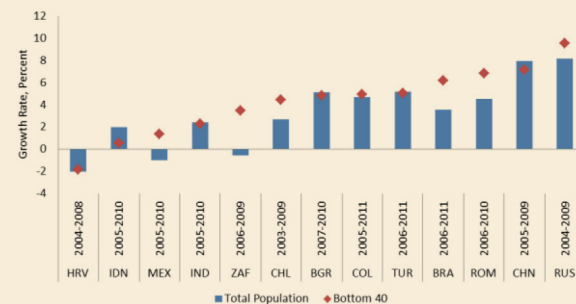
STEADY GROWTH OVER THE DECADES BRINGS TURKEY TO THE THRESHOLD OF HIGH INCOME, WHILE THE PROSPERITY WAS SHARED AND THE SIZE OF MIDDLE CLASS DOUBLED.

KILLER FACTS:

The average annual GDP growth rate was 4.5 percent between 1960 and 2012.

Share of the middle class increased from 18% in 1993 to 41% in 2010.

The income of the bottom 40% has increased nearly at the same rate as the total population – an indication that prosperity is being shared.



MESSAGE

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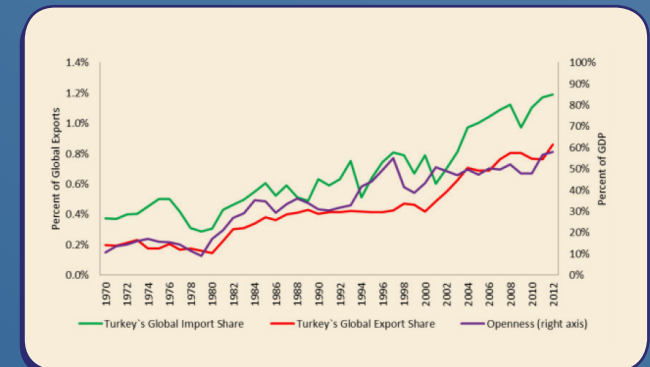
TURKEY`S INTEGRATION INTO THE WORLD ECONOMY, WHICH IS BEING BOOSTED BY A CUSTOMS UNION AGREEMENT, LED TO AN INCREASED GLOBAL PRESENCE AND RESULTED IN HIGHER TECHNOLOGY AND A MORE SOPHISTICATED EXPORTS

KILLER FACTS:

Turkey`s share of global imports increased from 0.4% in 1970 to 1.2% in 2012.

Turkey`s global export share increased from 0.2% in 1970 to 0.9% in 2012.

Turkey`s openness increased from 10.8% in 1970 to 58% in 2012.



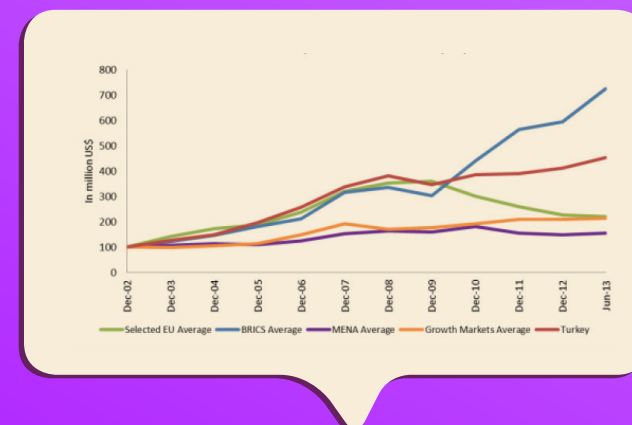
MESSAGE 3

A RESTRUCTURED, SOLID BANKING SYSTEM -
WHICH HAS WITHSTOOD THE GLOBAL FINANCIAL CRISIS WELL -
MADE TURKEY'S FINANCIAL INTEGRATION A MOTOR
OF THE COUNTRY'S ECONOMIC CONVERGENCE.

KILLER FACTS:

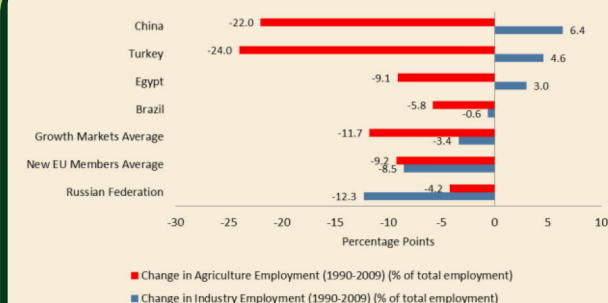
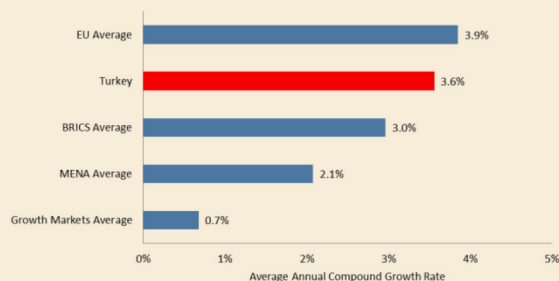
When the global economic and financial crisis hit Turkey in 2008, the economy experienced a sharp fall in output, but its banking sector withstood the shock well and growth quickly recovered.

Turkey was the only country in the Organization for Economic Cooperation and Development (OECD) which has not injected any public funds into its banks since 2008.



MESSAGE 4

THE DRAMATIC SHIFT OF RESOURCES OUT OF AGRICULTURE AND INTO INDUSTRY AND SERVICES - HARMONIZED WITH A DYNAMIC PRIVATE SECTOR - LED TO SUBSTANTIAL PRODUCTIVITY GAINS IN TURKEY.



KILLER FACTS:

In Turkey, between 1990 and 2009, employment in agriculture declined by 24 percentage points, while employment in industry increased by 4.6 percentage points. This dramatic shift of resources led to significant productivity gains.

Gross Domestic Product per worker expanded at a rate of 3.6% between 1995 and 2011, and two thirds of this improvement has come from a reallocation of labor across sectors.

MESSAGE

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TURKEY HAS UPGRADED THE QUALITY OF ITS INFRASTRUCTURE IN TRANSPORTS, TELECOMS AND ENERGY, WHICH HAVE BEEN AN IMPORTANT COMPONENT OF TURKEY'S RISING INTERNATIONAL COMPETITIVENESS.



KILLER FACTS:

Turkey's network of double lane, inter-city roads has grown more than three times - to 22,200 km - while Turkey's road fleet has been modernized.

Turkish Airlines is one of the fastest growing airlines in the world and Istanbul's Ataturk Airport is a major international transit hub.

In the energy sector, too, there has been a substantial expansion of capacity - from around 8,000 Megawatt (MW) in 1980 to almost 60,000 MW in 2012, with a growing share for renewable energy resources.

KILLER FACTS:

Improvements have also been made in information and communication technologies (ICT), with a threefold increase in mobile phone subscriptions after 2002 - to over 90 million today.

According to the World Economic Forum, Turkey is among the fastest improving countries in the sphere of quality of infrastructure and ranks in the top 50 worldwide for airports and roads. The World Bank's Logistics

Performance Index ranks Turkey in the top 30 - better than predicted by its per capita income.

MESSAGE

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TURKEY HAS CREATED 4 MILLION NEW JOBS SINCE 2009, MANY OF WHICH REQUIRE HIGHER SKILL LEVELS - BOOSTING OVERALL GROWTH AND SOCIAL PROGRESS.

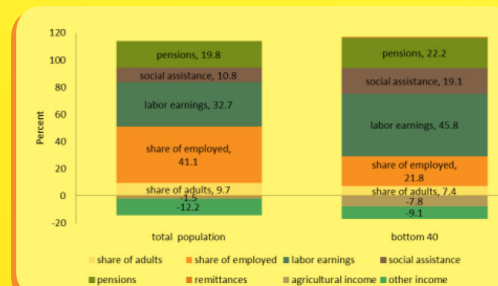
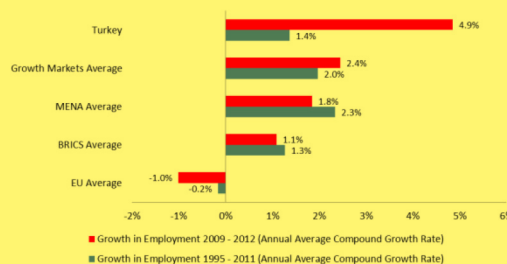
KILLER FACTS:

Since the start of 2009, the country has created over 4 million jobs - an expansion of employment of almost 5% per year.

Over the period of 1995-2011, employment creation in Turkey was still a respectable 1.4%, but hardly sufficient to keep up with the growth of the working age population.

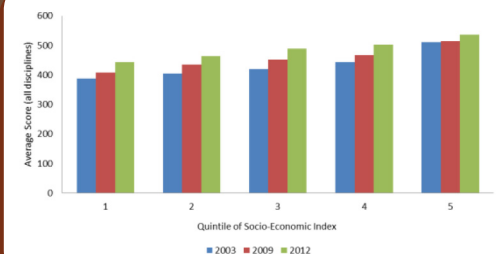
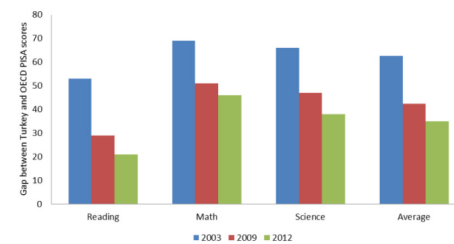
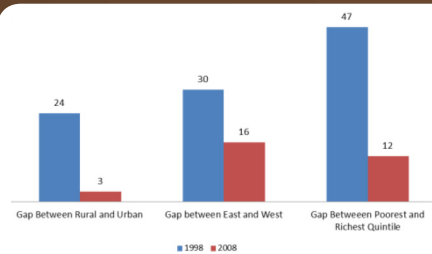
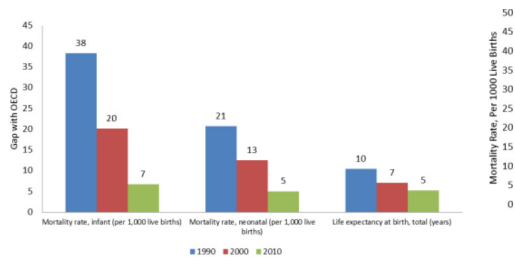
The post crisis dynamism in the country is all the more welcome because it has drawn a growing number of Turkish women into the labor force.

Turkey's buoyant labor market has been the main driver of improvements in household income.



MESSAGE 8

TURKEY HAS SHARPLY REDUCED THE HEALTH AND EDUCATION GAP WITH OECD COUNTRIES AS WELL AS WITHIN TURKEY, BUT THE COUNTRY STILL LAGS BEHIND. IN PARTICULAR, TURKEY'S GENDER GAP REMAINS TOO LARGE.



KILLER FACTS:

Life expectancy in Turkey has increased by 10.6 years since the 1990s, while infant mortality rates have fallen six times.

No wonder satisfaction rates with health services have shot up - from around 40% in the early 2000s to almost 80% today. Turkey's average scores on the Programme for International Student Assessment (PISA) test improved more rapidly than any other country participating in the survey.

KILLER FACTS:

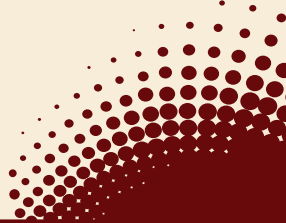
Enrolment rates in secondary education have almost doubled - from 38% in 1998 to 67% in 2012, and the gender gap declined from around 9 percentage points to just 1.5 points.

Health spending increased at a real rate of 10.7% between 2002 and 2011 - the second fastest expansion in the OECD.

In the education sector, the expansion of compulsory education to 8 years in 1997 and then 12 years in 2013, coupled with targeted measures to improve access, were important milestones in Turkey's long march toward catching up with the standards of advanced economies.

MESSAGE**9**

COMPREHENSIVE STRUCTURAL REFORMS
IN THE PUBLIC SECTOR HAVE SUPPORTED A SHARP AND
CONTINUING DECLINE IN TURKEY'S PUBLIC DEBT
TO GDP RATIO, AND CREATED FISCAL SPACE
FOR IMPROVED PUBLIC SERVICES

**KILLER FACTS:**

The cumulative fiscal adjustment was over 30% of GDP - with an average primary surplus of 4.4% of GDP between 2001 and 2007.

Interest payments declined from 11.3% of GDP in 2002 to 2.1 % in 2007 and 0.1% in 2012.

Total government revenues increased by around 6.7 percentage points of GDP between 2002 and 2012, with a rise in contributions to social funds accounting for around four fifths of this increase.

General government debt stock (EU definition) declined from 74% of GDP in 2002 to 36.1% of GDP in 2012.

MESSAGE

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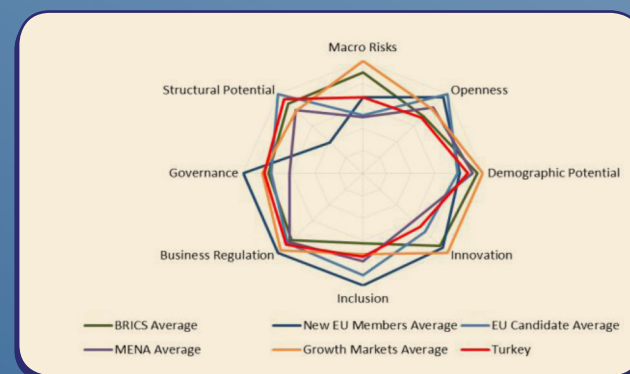
TURKEY NEEDS A NEW GROWTH MODEL -
A SHIFT TOWARD AN INNOVATION-BASED MODEL -
TO SUSTAIN PAST ACHIEVEMENTS.

KILLER FACTS:

Since 2007, per capita income has hovered around the US\$10,500 mark, some 20% shy of the high income threshold defined by the World Bank.

Productivity growth which was 3.4 percent between 2002-2010, has been flat in the past two years.

Moreover, compared to other upper middle income countries, two thirds of the productivity growth in Turkey in the past decade was driven by the movement of jobs from low to higher productivity activities.



KILLER FACTS:

Growth based on innovation and technological upgrading within firms made up just 1.28 percentage points.

The European Union classifies Turkey as a modest innovator, in the bottom 25 percent of a group of European countries for which it produces an annual innovation scorecard.

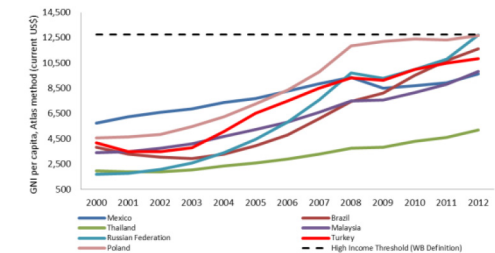
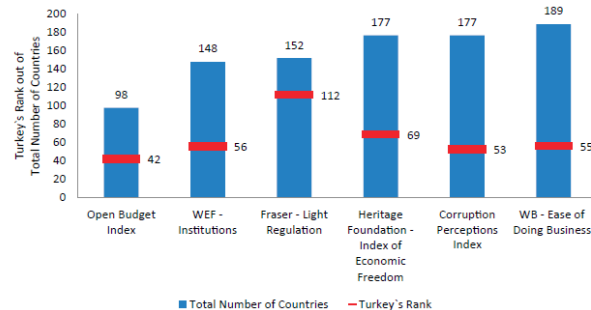
To sustain growth into high income, Turkey needs to boost the capabilities of its firms to innovate and to adopt new technologies.

MESSAGE

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BETTER QUALITY ECONOMIC INSTITUTIONS WILL NEED TO BE AT THE CORE OF THE NEW GROWTH MODEL.

KILLER FACTS:



Turkey does not make it to the top 40 on any global ranking in terms of the quality of economic institutions in the country.

Currently Turkey is ranked:

42nd (out of 98 countries) in the open budget index;

56th (out of 148 countries) in WEF institutions;

112th (out of 177 countries) in Fraser light regulation;

60th (out of 177 countries) in the heritage foundation index of economic freedom;

53rd (out of 177) in the corruption perception index;

55th (out of 189) in the World Bank Doing Business index.