

MEDIUM TERM FISCAL FRAMEWORK



May 3, 2008

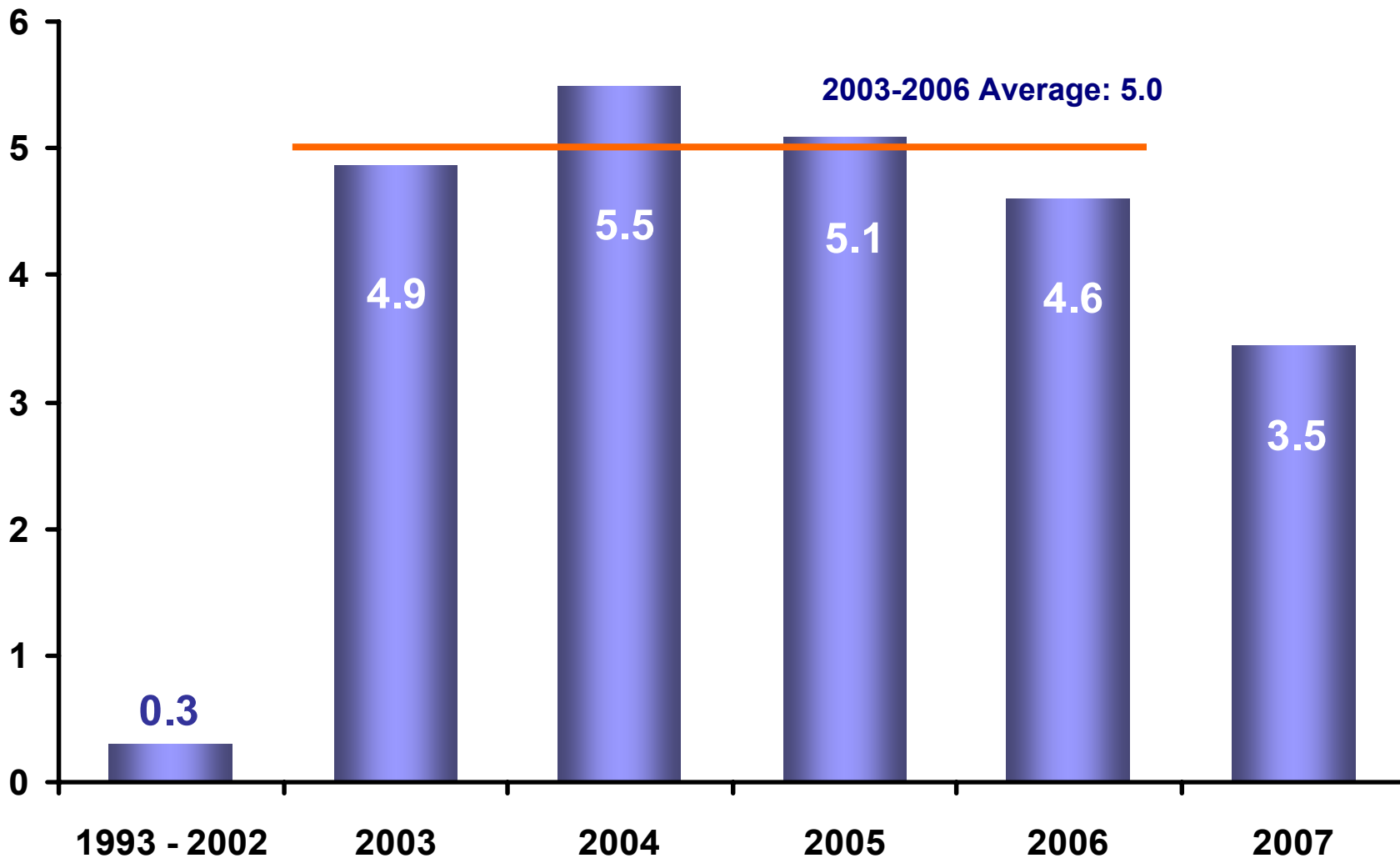


DEVELOPMENTS IN PUBLIC DEBT STOCK

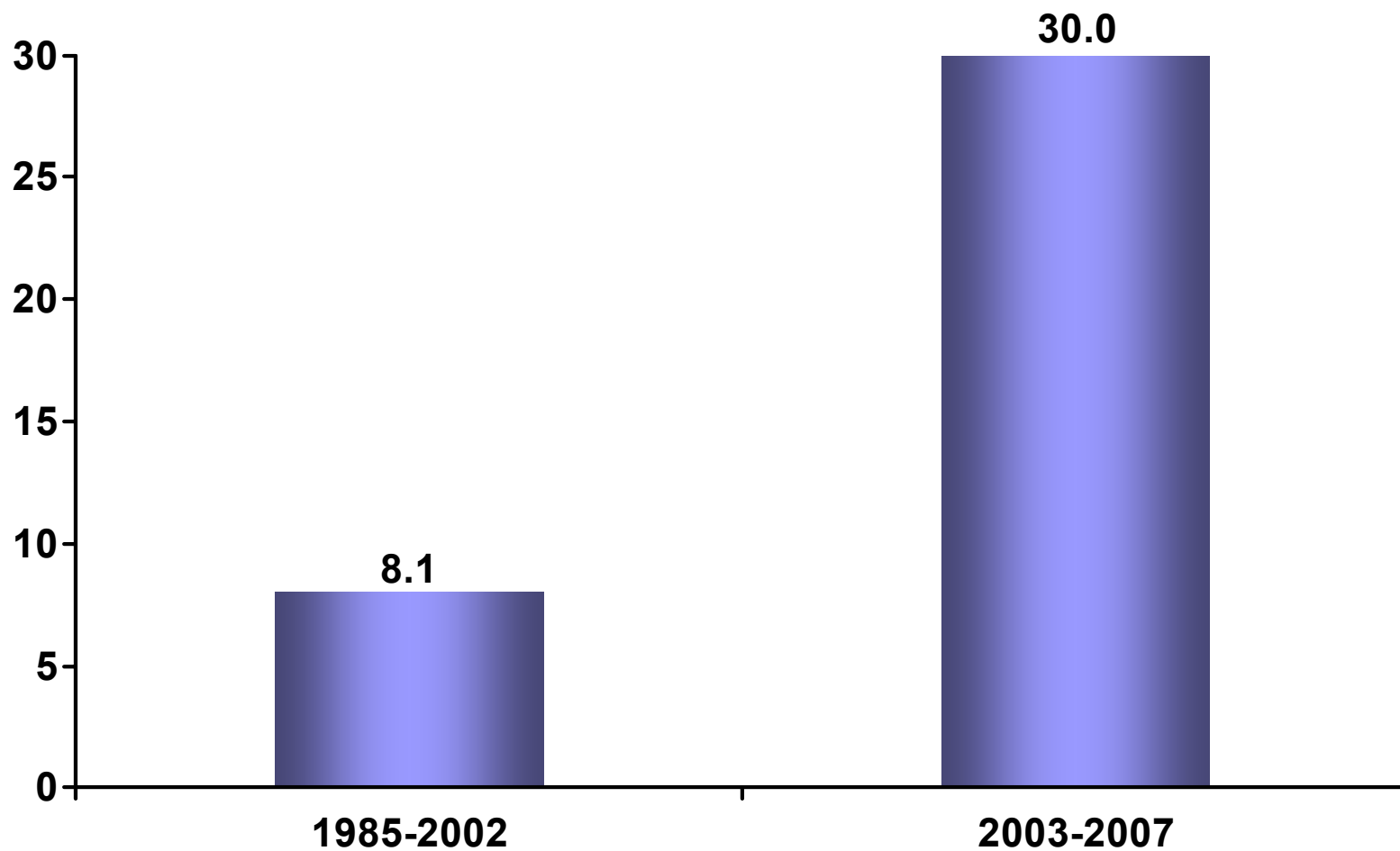
Thanks to the sustained fiscal discipline and determined privatization policies of the last several years;

- The Maastricht criterion on government deficit was met,
- EU-defined government debt was reduced below the EU-27 average,
- Net public debt stock was reduced both as a share of GDP and in absolute terms,
- Interest expenditures as a share of tax income was decreased significantly and,
- Maturity and currency composition of the public debt stock was improved considerably.

Primary Surplus (IMF Definition, % of GDP)



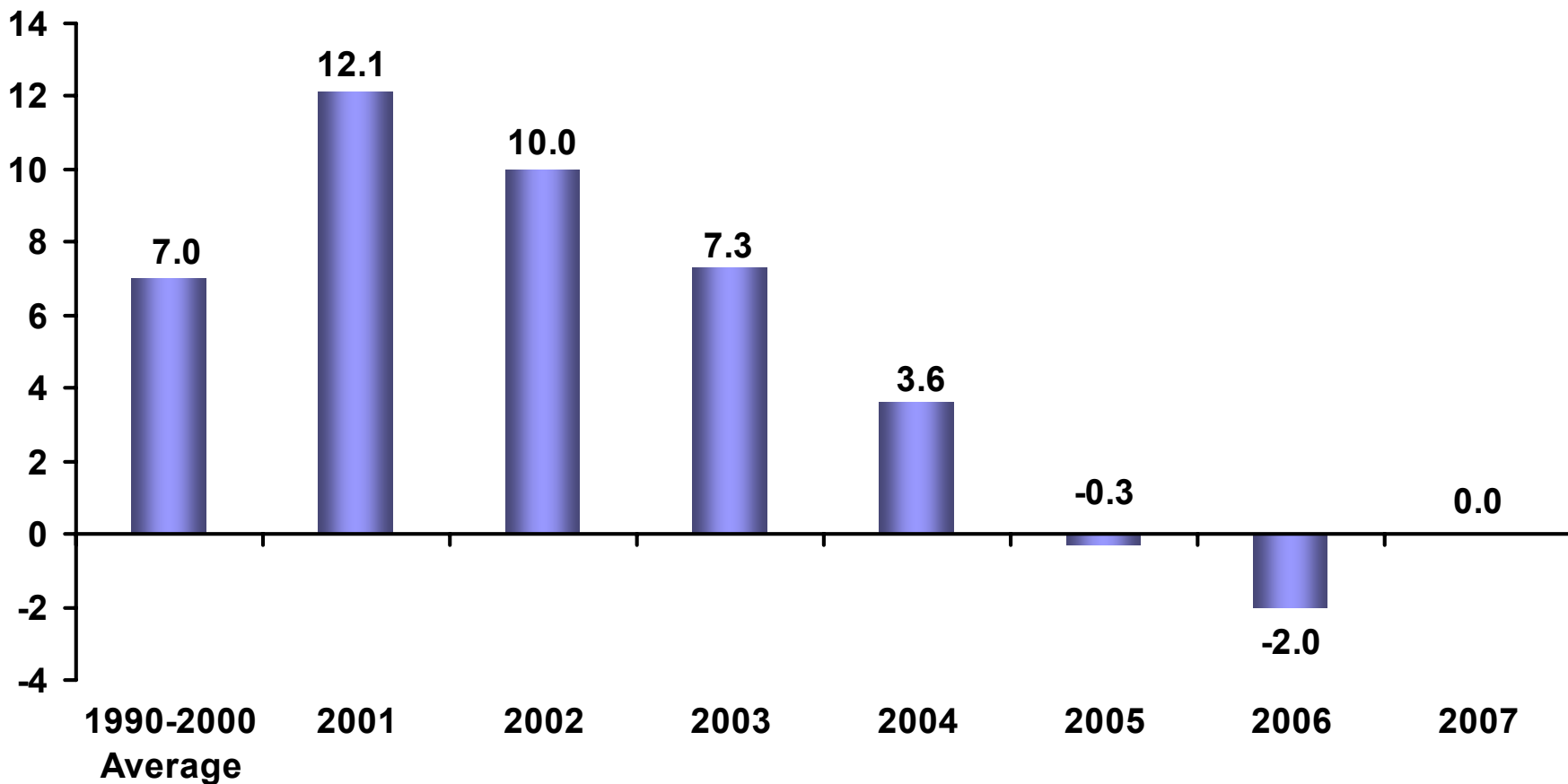
Privatization Implementations (Billion USD)*



*Includes privatizations done by the SDIF and Ministry of Transportation

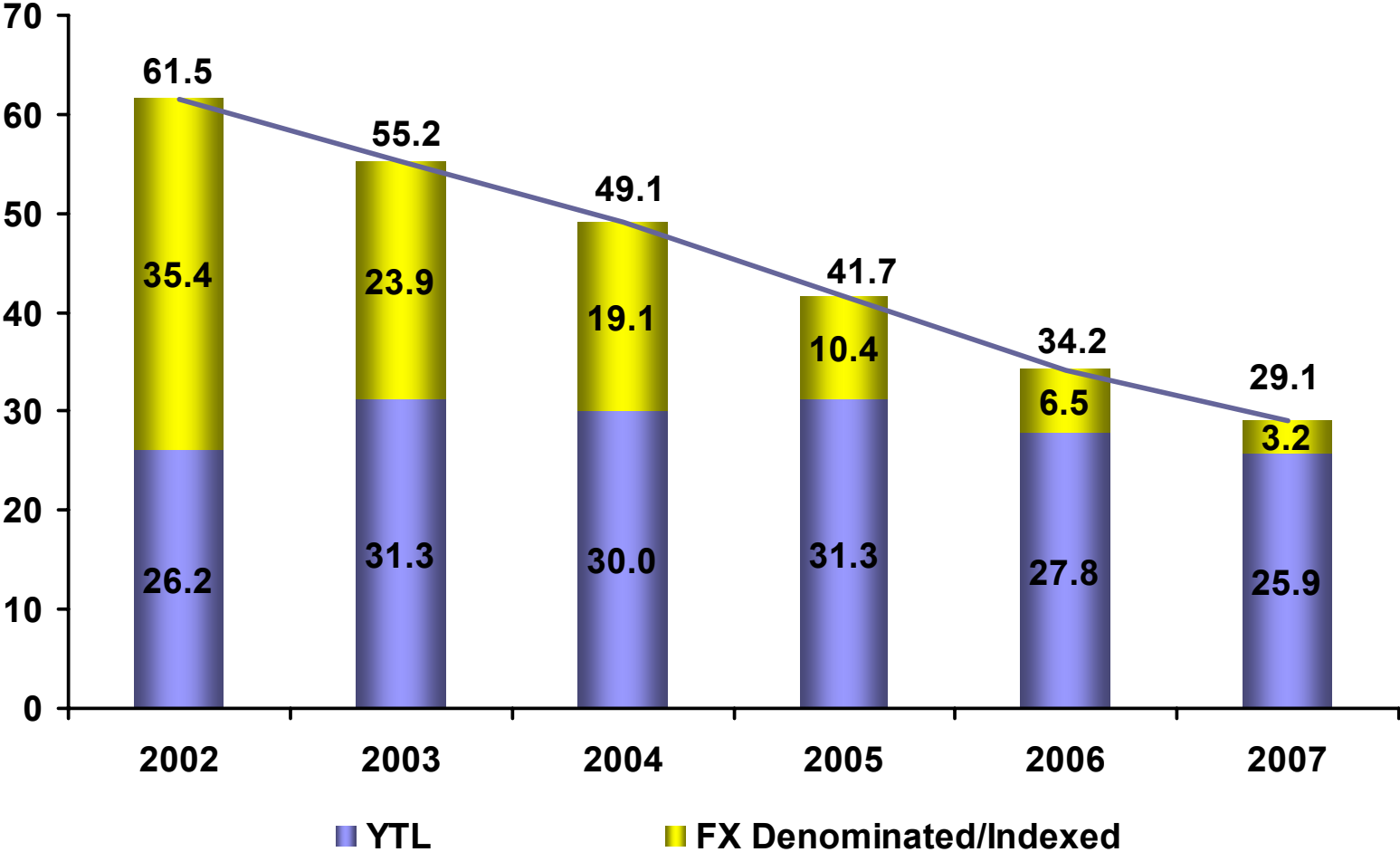
Source: PA, SDIF

Public Sector Borrowing Requirement (% of GDP)



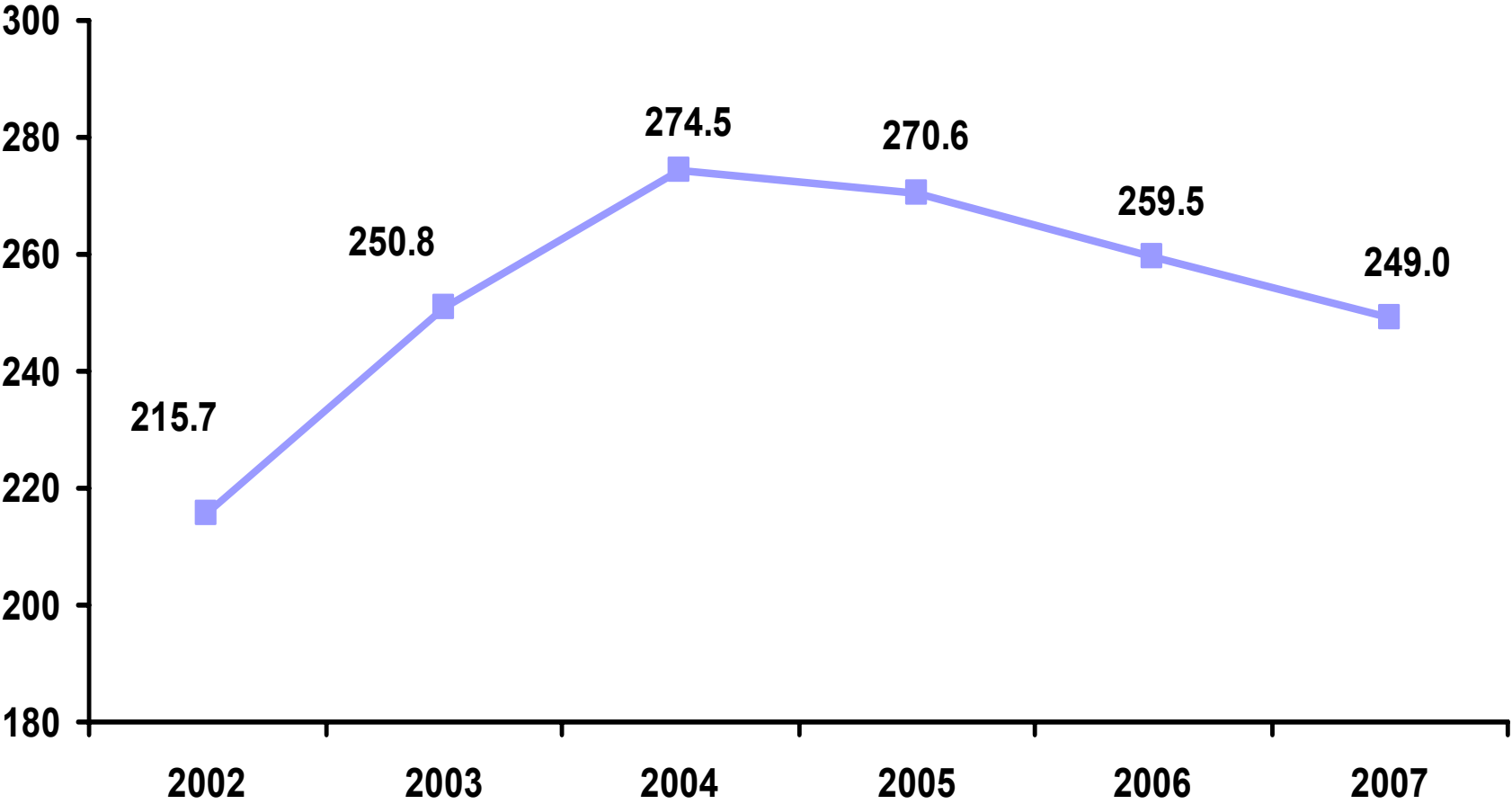
Source: SPO

Public Sector Net Debt Stock (% of GDP)



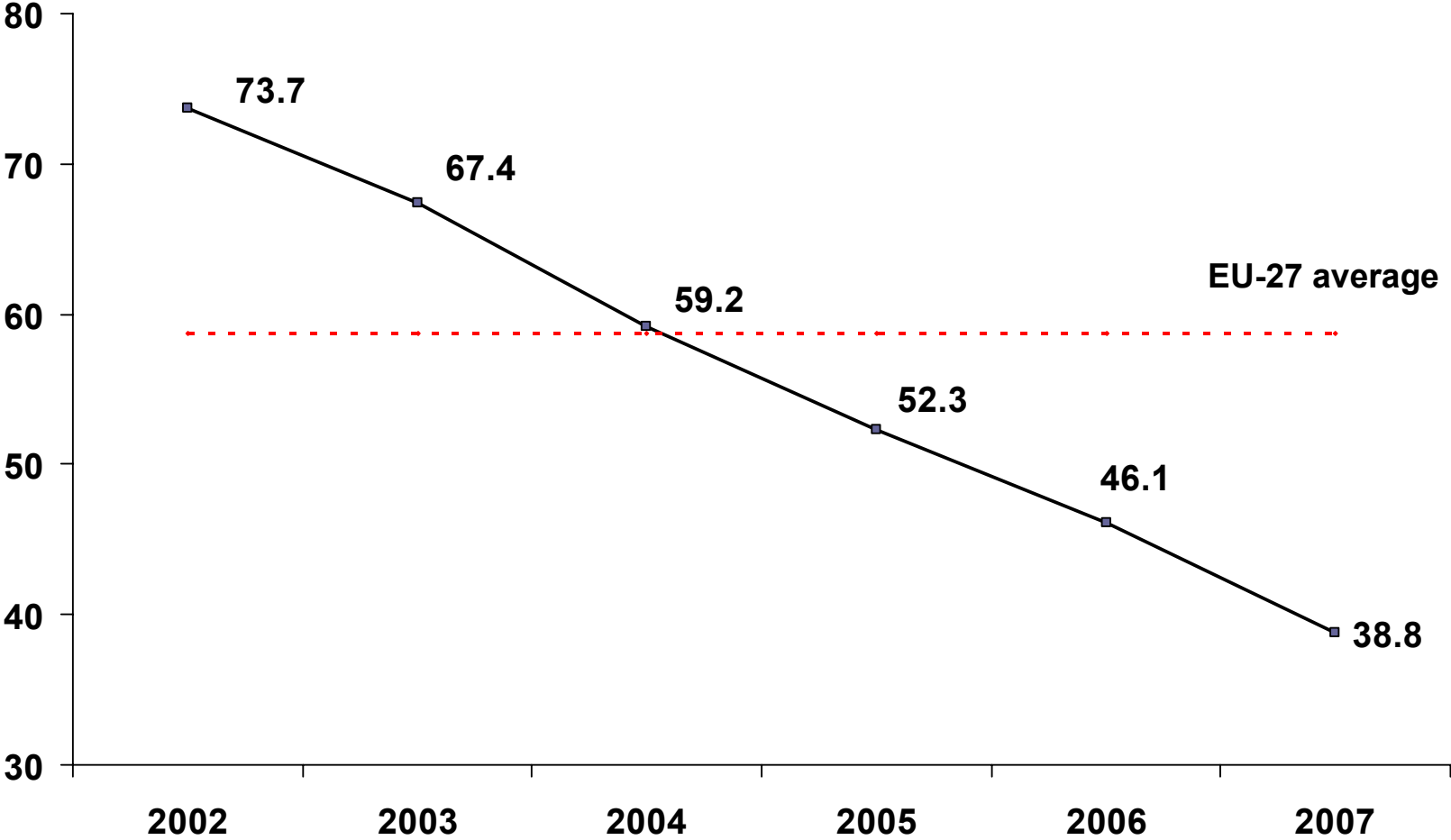
Source: Treasury

Public Sector Net Debt Stock (Billion YTL)



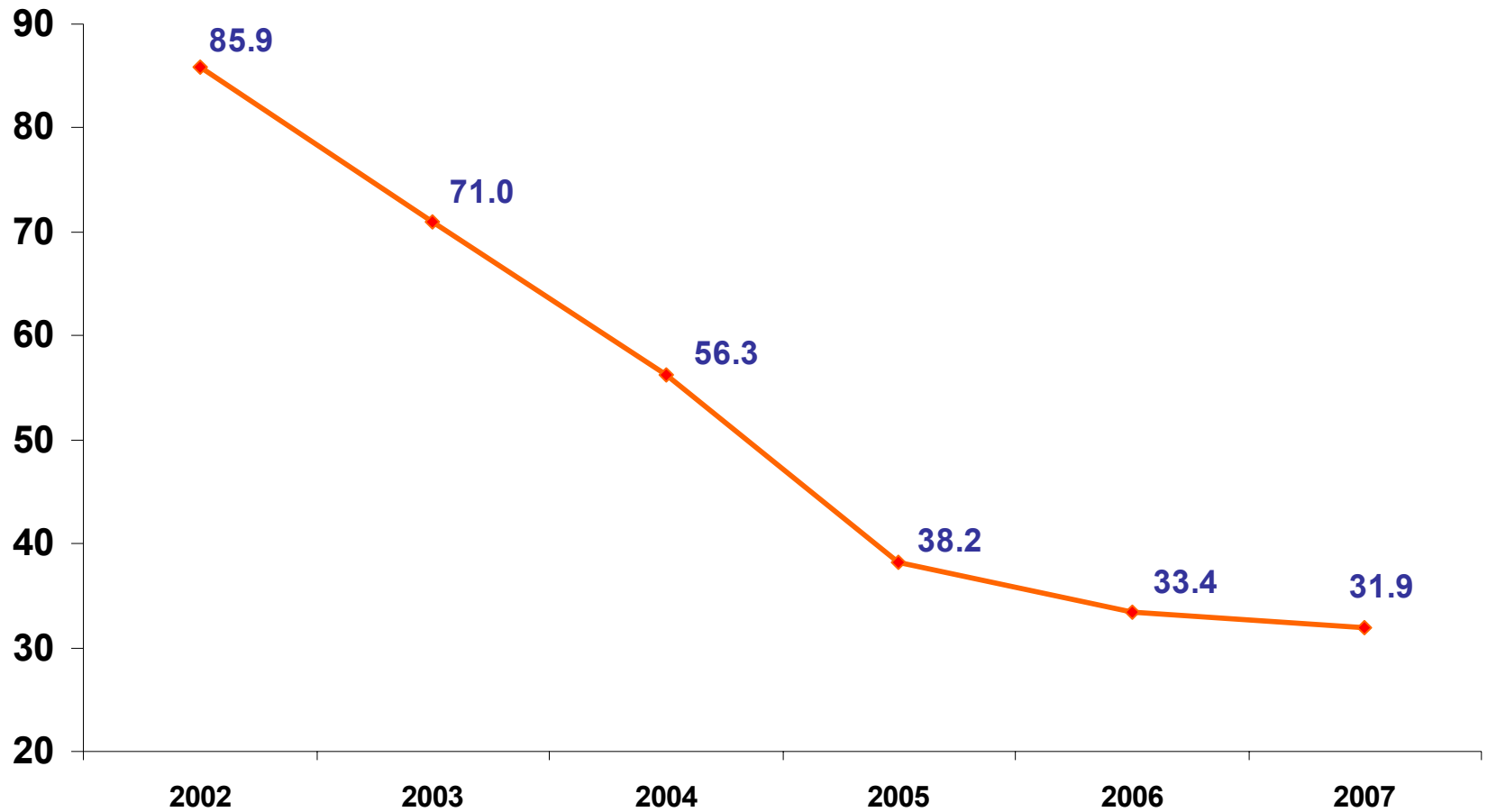
Source: Treasury

Public Sector Gross Debt Stock (EU Definition, % of GDP)



Source: Treasury

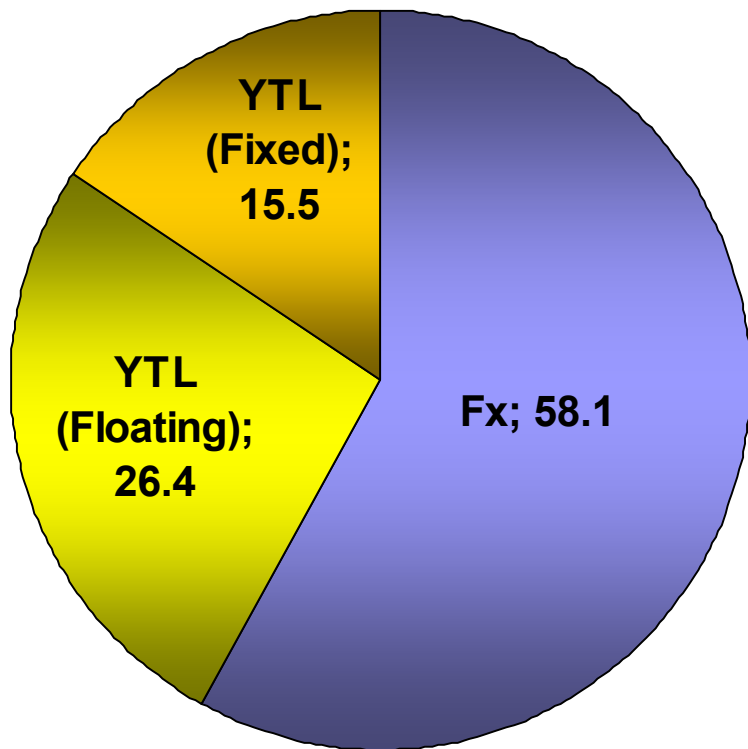
Interest Payments / Tax Revenues (%)



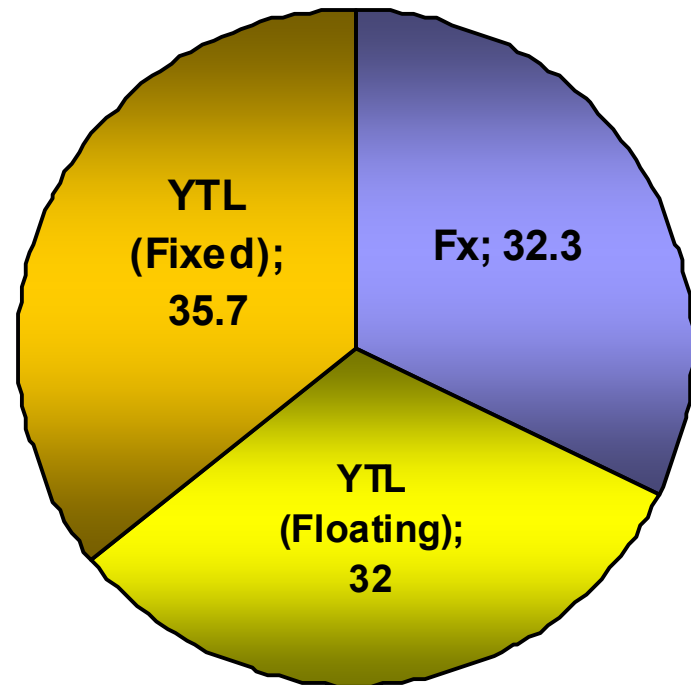
Source: Ministry of Finance

Currency and Interest Composition of Central Government Gross Debt Stock (%)

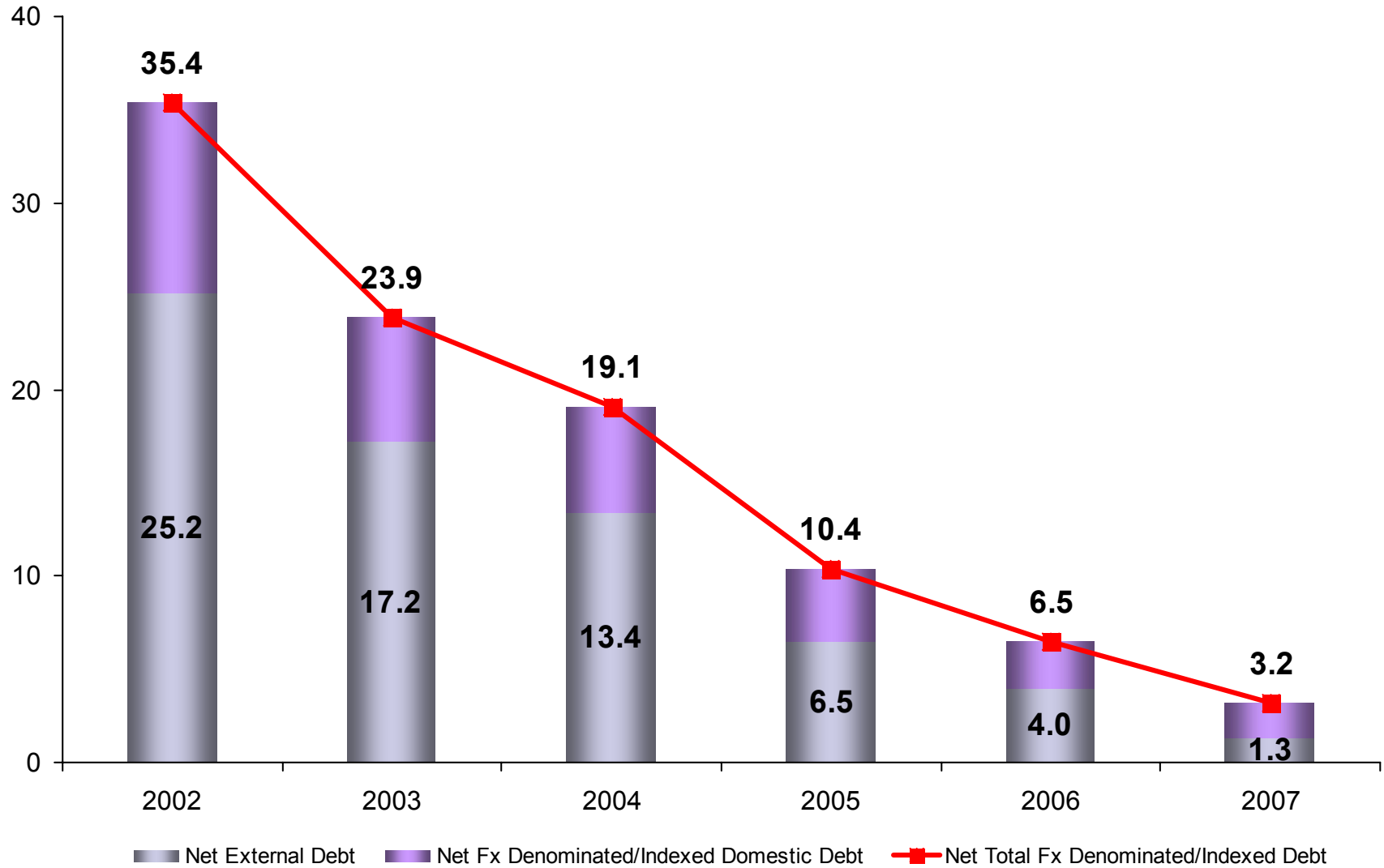
2002



March 2008



Public Sector Foreign Exchange Denominated / Indexed Net Debt Stock (% of GDP)





MEDIUM TERM FISCAL FRAMEWORK

THE REASONS FOR PREPARING THE MEDIUM TERM FISCAL FRAMEWORK

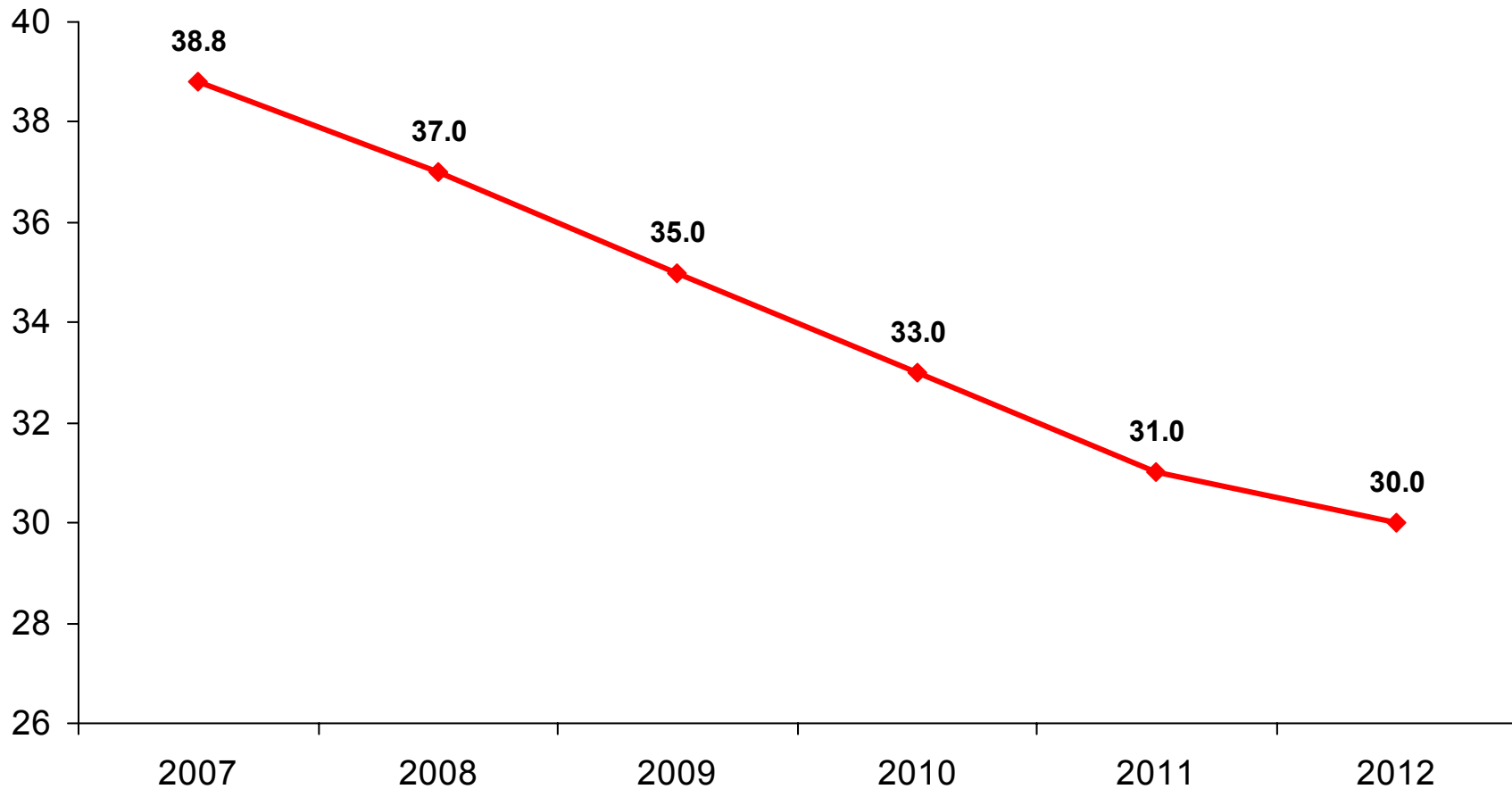
With the Medium Term Fiscal Framework;

- Medium Term Public Debt Stock / GDP targets are being announced,
- A primary surplus path consistent with this target is set out,
- Policy initiatives such as labor market reform, local administration reform and expediting investments within the Southeastern Anatolian Project are being taken into account,
- The recent revision in the national accounts is being reflected to the medium term fiscal figures and,
- Predictability is being enhanced

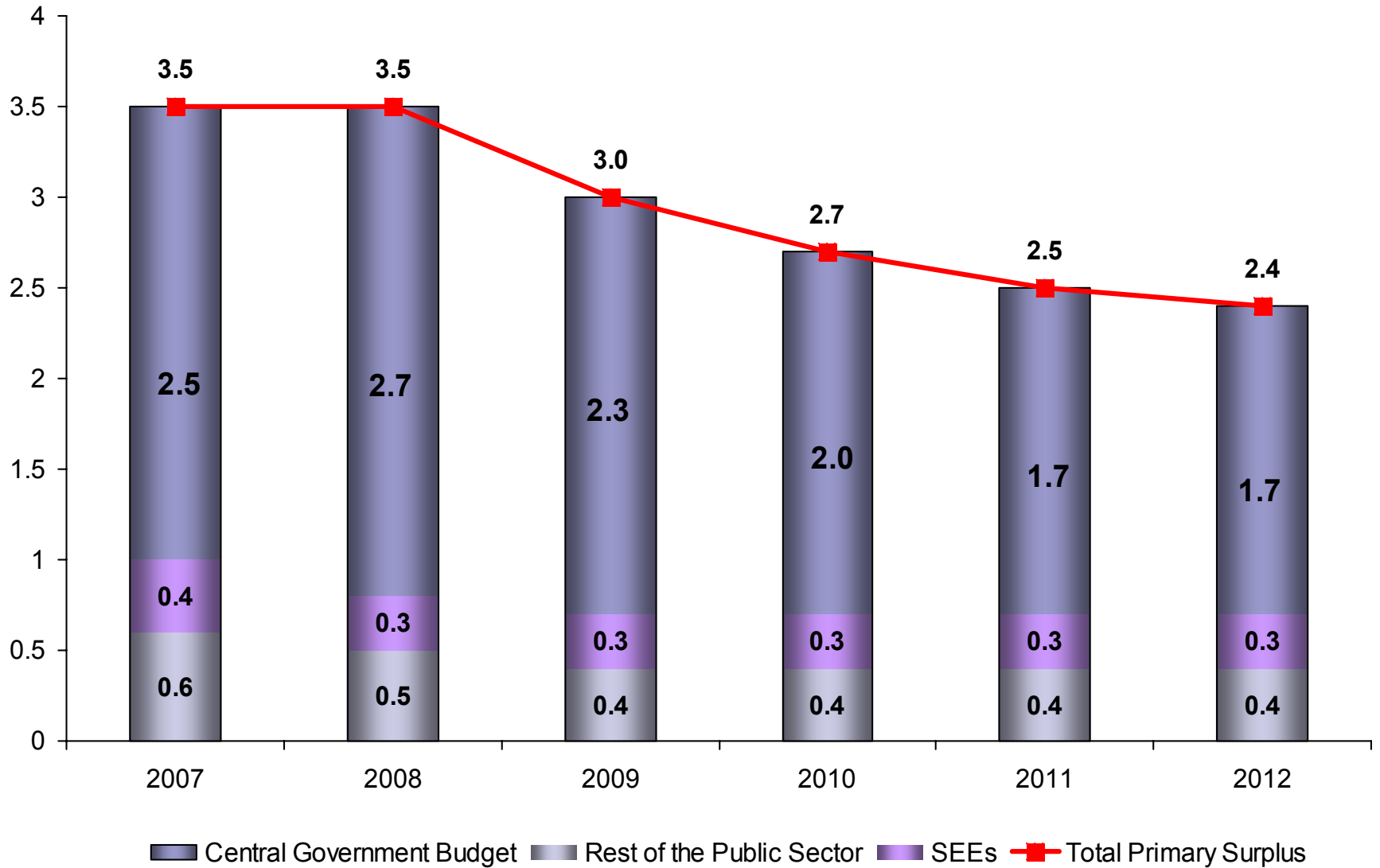
2008 FISCAL FIGURES

(% of GDP)	2008		
	Program	Revision	Difference
I. Public Sector Primary Surplus (IMF Definition)	4.2	3.5	-0.7
Central Government Budget	3.4	2.7	-0.7
Rest of the Public Sector	0.8	0.8	0.0
II. Central Government Budget Overall Balance (Ministry of Finance Definition)	-1.9	-1.4	0.5

2008-2012 PUBLIC DEBT STOCK TARGETS (EU Definition, % of GDP)



2008-2012 PRIMARY SURPLUS TARGETS (IMF Definition, % of GDP)

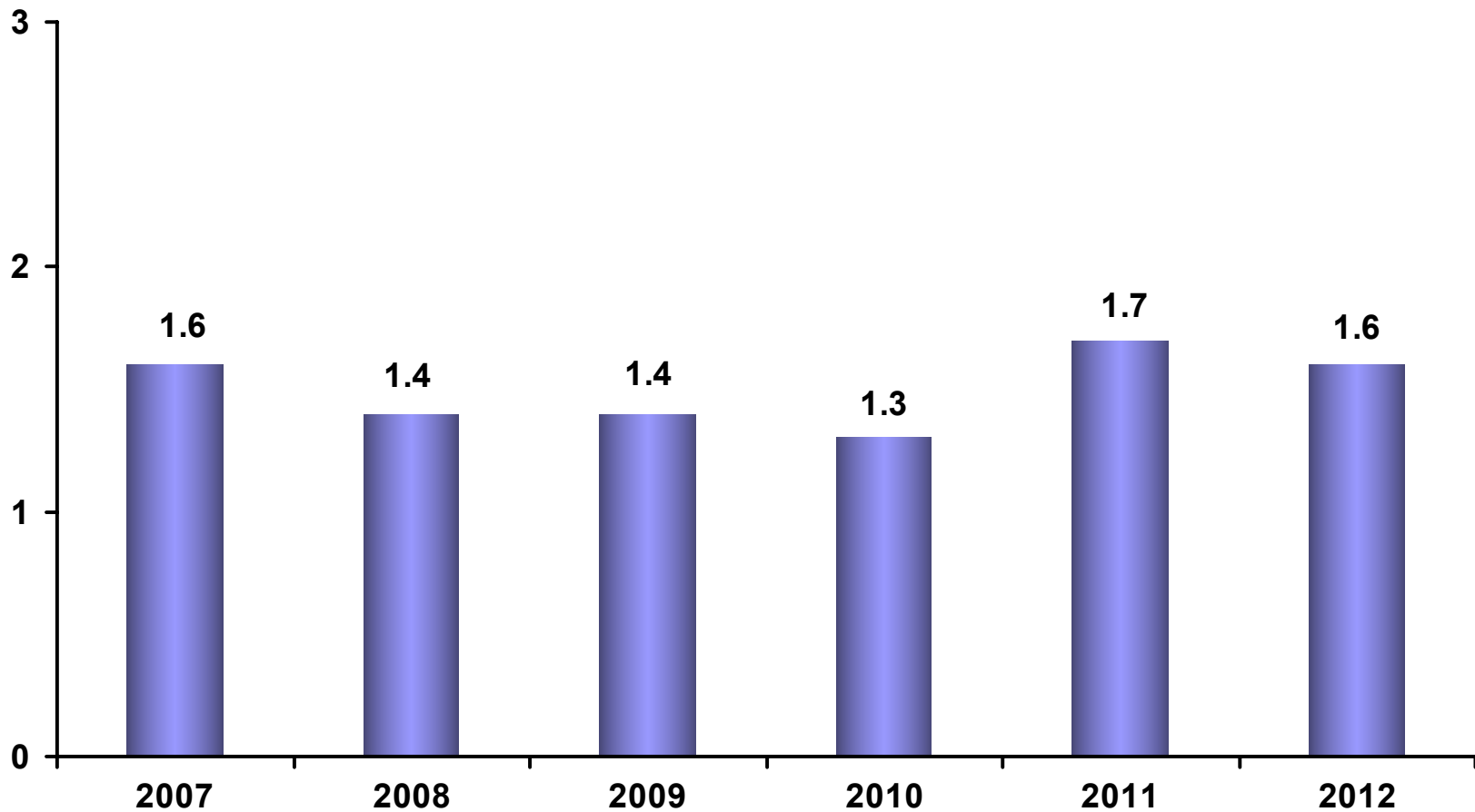




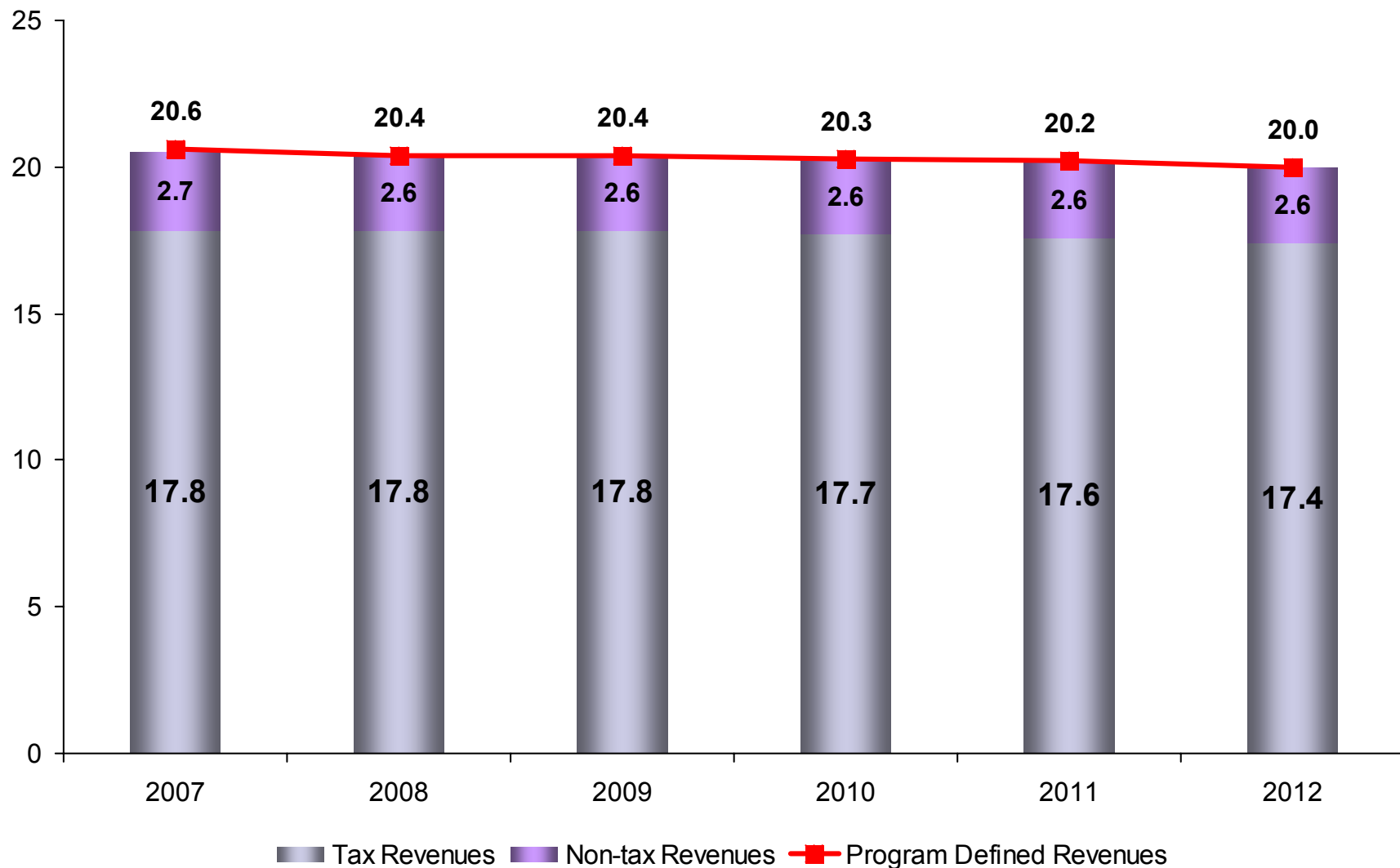
CENTRAL GOVERNMENT BUDGET DEVELOPMENTS AND TARGETS

2008-2012 CENTRAL GOVERNMENT BUDGET DEFICIT

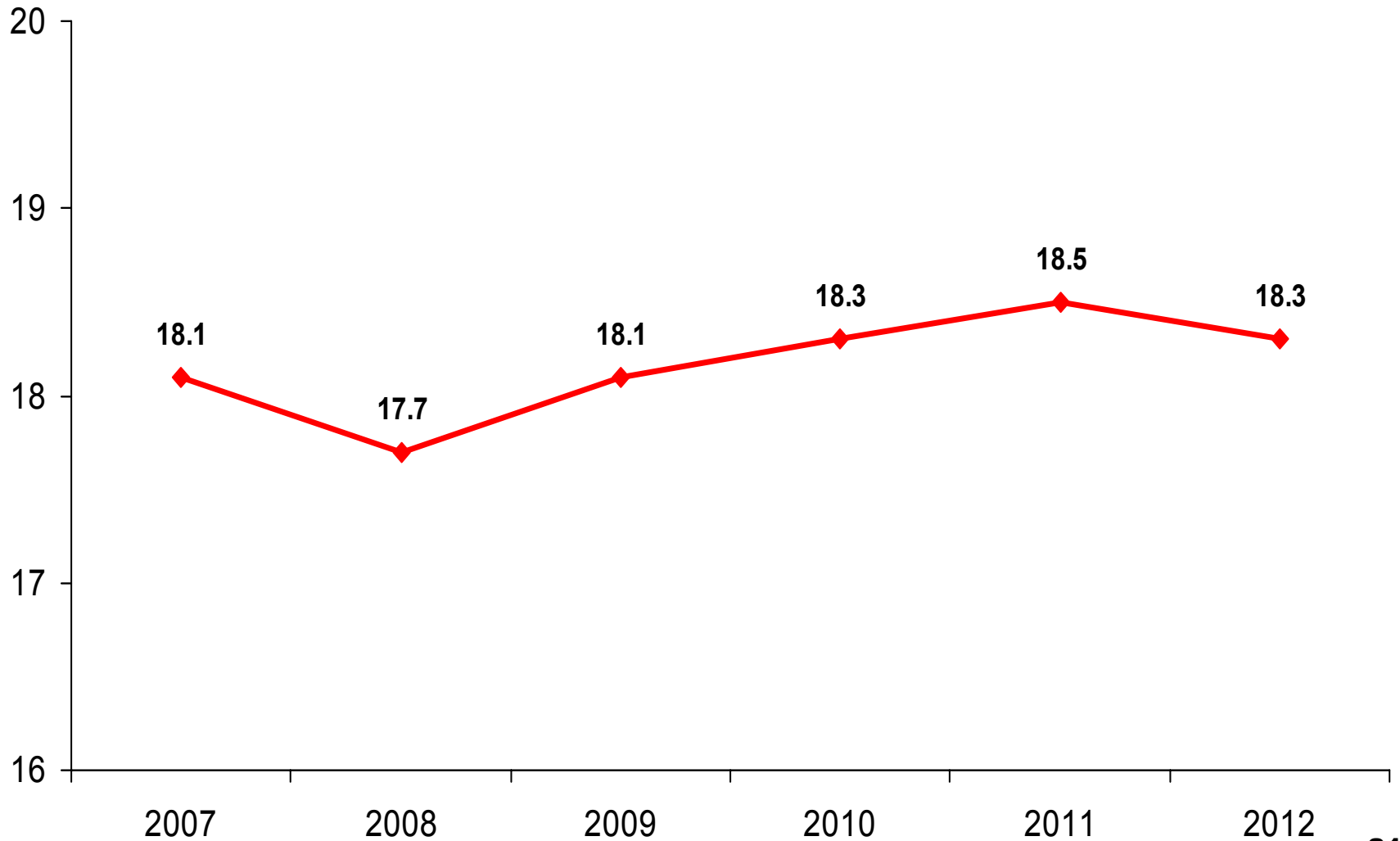
(Ministry of Finance Definition, % of GDP)



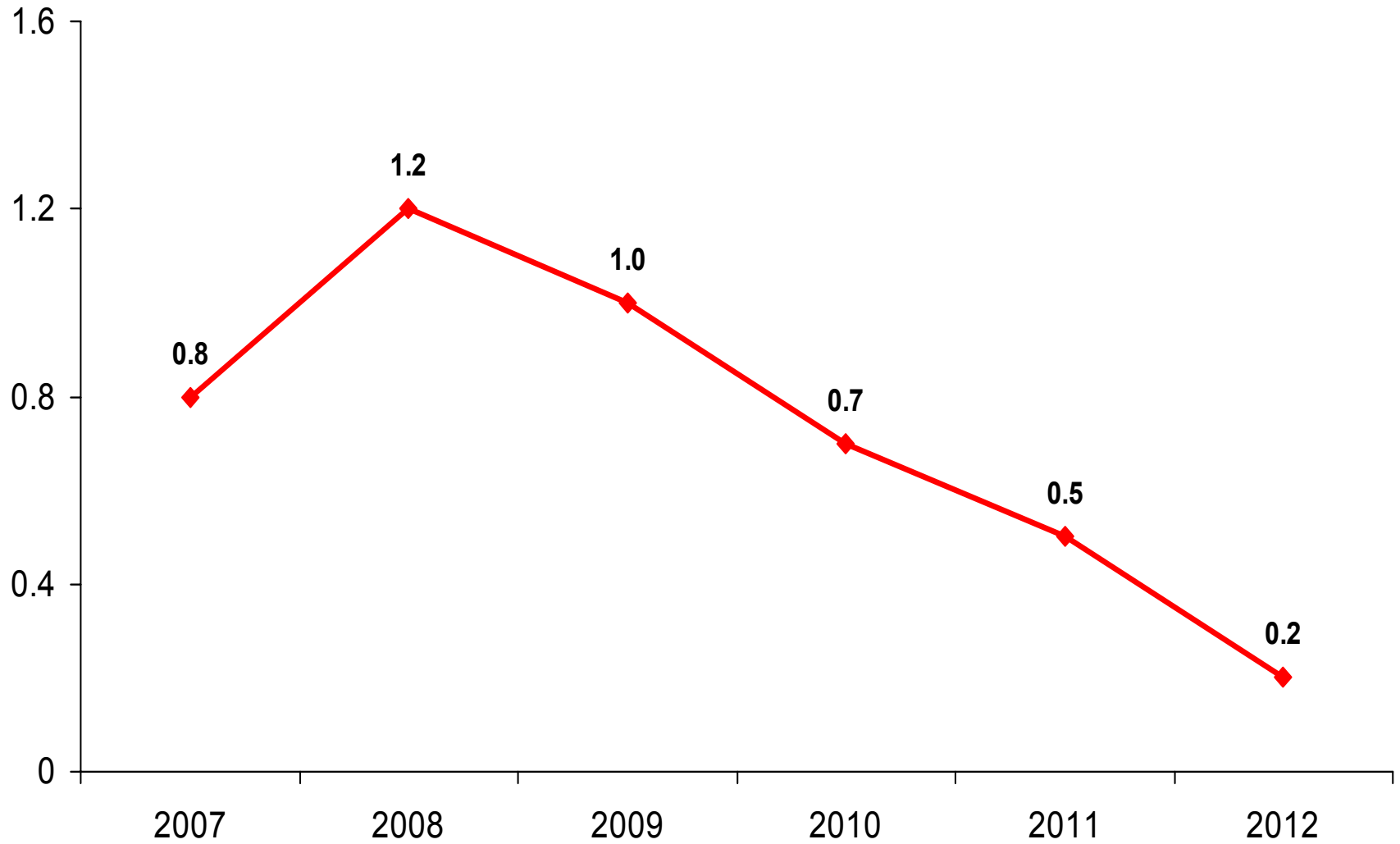
2008-2012 CENTRAL GOVERNMENT BUDGET REVENUE ESTIMATIONS (IMF Definition, % of GDP)



2008-2012 CENTRAL GOVERNMENT BUDGET PRIMARY EXPENDITURE ESTIMATIONS (IMF Definition, % of GDP)



2008-2012 PRIVATIZATION REVENUE ESTIMATIONS (% of GDP)



MEDIUM TERM FISCAL FRAMEWORK – SUMMARY

(% of GDP)	2007	2008	2009	2010	2011	2012
Public Sector Primary Surplus (IMF Definition)	3.5	3.5	3.0	2.7	2.5	2.4
Central Government Budget	2.5	2.7	2.3	2.0	1.7	1.7
Rest of the Public Sector	1.0	0.8	0.7	0.7	0.8	0.7
Central Government Budget Revenues (IMF Definition)	20.6	20.4	20.4	20.3	20.2	20.0
Central Government Budget Primary Expenditures (IMF Definition)	18.1	17.7	18.1	18.3	18.5	18.3
Central Government Budget Overall Balance (MoF Definition)	-1.6	-1.4	-1.4	-1.3	-1.7	-1.6
Privatization Revenues	0.8	1.2	1.0	0.7	0.5	0.2
Gross Public Debt Stock (EU Definition)	38.8	37.0	35.0	33.0	31.0	30.0