

Speech at the ATS/TAIK Conference – March 23, 2007

Distinguished Guests, Our esteemed partners from the Turkish – US Business Council in Turkey and their Chairman Mr. Ferit Sahenk, Ladies and Gentlemen

On behalf of the American Turkish Society and its Board of Directors, I am happy to welcome you this morning to what promises to be quite an important daylong event. Your program reads Mr. Sahenk, but our esteemed partners wished to graciously defer to me to start the ball rolling this morning so here we go.

Today's event is the culmination of a long line of ruminations about how the Society and our partners in Turkey could bring about an event that is both about Turkey and its recent successes, as well as about really you in the room, who have been instrumental in that success. This day is really about you and a celebration of you and all the critical thought processes that you have put, or are about to put into place when you invest in today's modern Turkey. You are a diverse group: there are those who invest their funds in Turkey amongst you, there are those who help others structure their investments, there are those who analyze and document those transactions, and there are those who have studied Turkey and are ready to pull the trigger on a number of possible investments. What we all share is a palpable feeling that something significant is happening in the investment environment in Turkey that truly is new and different, and that it behooves us to put it on the front burner in the long line of potential global, or at least emerging market investments that we contemplate as part of our daily fodder.

Those of us in the room who have been around for a while certainly remember the salad days of the Turkish investment scene, when Turkish companies and intermediaries would have to scour the developed world in search of the one or two dedicated emerging markets funds who would maybe entertain a 3.5% allocation to Turkey and that was typically only to the listed markets. And of course, we are not talking about that long ago, only four or so years ago. Meanwhile a combination of strict budgetary, financial, and monetary discipline on the part of the Turkish government, coupled with the liquidity largesse of Alan Greenspan and his cohorts at the other major central banks during the period of 2001-2005, has brought Turkey to a point where we have moved very quickly up the risk asset spectrum to the investment topic that will dominate our discussions and

questions today – the direct investments, the alternative investment space encompassing private equity, venture investing, and in particular, investing in real estate in today's Turkey.

Each of our speakers today are carefully chosen from, unfortunately for us (unfortunate because we have many more qualified individuals we would want you to hear today) a highly competent and growing list of financial markets participants that are expressly involved in the alternative investment space in Turkey. Each has direct experience either investing, structuring, analyzing, advising, executing, monitoring, raising financing for or exiting from direct investments of one type or another, in a variety of sectors, in Turkey. Each has anecdotes and particular insights as to why they have made the decisions they have made in Turkey.

And, from the standpoint of investors in the alternative investment space in Turkey, I think it is going to also become clear to us that the quality of support professionals in Turkey, the quality, training, and single-minded hard-working ethic of local Turkish investment bankers and analysts, of local accountants and auditors, of local legal counsel, of all the talented and dedicated people one would find in a Western European capital to utilize in executing a transaction are available in Istanbul today. That also makes Istanbul a ready candidate as an investment nexus, a hub for not only directing investments into Turkey but the entire surrounding region from the Balkans, the Caucasus, Central Asia, and the Middle East, without any prejudice to the growing influence of Dubai in the Middle East as another hub in the region. Thus, there are a significant and growing number of foreign corporations who utilize Istanbul as a regional headquarters to execute their investment plans for the entire region. And, why not, when living and working and having fun in Istanbul is no different today, and some of you in the room might even say it is actually better, than if one was in a Western European capital.

Finally, we will hear some preliminary evidence that Turkish corporations, large and small, despite their focus on growing their businesses inside the country, are spreading their wings and moving in the direction of regional investing on a growing scale. Thus, there are indeed a number of you in the room who have seen the benefits of investing in the underlying Turkish story with the added excitement of having been transported from there to Russia, Ukraine, Romania, Bulgaria, Georgia, Kazakhstan, Azerbaijan, Egypt, Morocco, Etc. Etc. What makes the Turkish managements so appealing of

course in this regional expansion activity is that they have been through the wars, literally, financially, and figuratively right there in Turkey, and they have survived to tell about it, and they have gone on to profit from it, and to expand from it. That's what you might call the ultimate experienced partner to take on unfamiliar territory, and indeed is actually a necessary ingredient to go up that risk curve of investing in the region.

Thus, Turkey provides a multitude of opportunities for all of you in the room, inside and in the surrounding region, in an environment where the support is world-class, the opportunities are early, the people you take on as partners are solid, and the growth curve for the economy and the individual Turkish citizen has a long way to play out. We hope you can see for yourself today the opportunity, and we hope that you will then come back next year, same time, same station, and tell us all about it.

Murat Köprülü

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