2010 Ford Otosan Kocaeli Factory

In the earlies of 1960, Otosan İstanbul Factory

2009 Annual Report

50. YIL

FORD OTOSAN

Koç

FORD OTOSAN

Ford

Ford Otosan Directory

Company Information

Kartal Parts Distribution Center	Kocaeli Factory	İnönü Factory	Gebze Engineering Center
Fatih Mah. Hasan Basri Cad.	İzmit Gölcük Yolu	Kütahya Yolu Üzeri	(TÜBİTAK Gebze Yerleşkesi
Köymenkent 34885	14. Km 41680	26331 İnönü PK: 186	Teknoloji Serbest Bölgesi
Samandıra / İstanbul	Gölcük / Kocaeli	Köprübaşı / Eskişehir	Gebze / Kocaeli)

Investor Relations Contact

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Website

You can visit our website for detailed information about our product and business

www.fordotosan.com.tr

Registered Capital : TL 500,000,000
Paid-in Capital : TL 350,910,000

Prepared in accordance with the Capital Markets Board regulations for submitting in the Ordinary Shareholders' Meeting which is held on March 25, 2010, Thursday at 10:00 am, at Divan City Hotel (Büyükdere Caddesi, No:84, 34398 Gayrettepe / İstanbul)


We are on the roads for 50 years.
There was no road when we took the road. We blazed the trail. For half a century, we continuously produced... But not just cars. As we produced, employment increased. We blazed the trail for the industry.
Turkish automotive industry is 50 years old today. Turkey's Ford Otosan is 50 years old today.
Let's feel free to congratulate ourselves without restraint! Thank you!

Ford Otosan's 50-year journey

ABOUT FORD OTOSAN

Ford Otosan (Ford Otomotiv A.Ş.) is a publicly traded corporation equally owned by Ford Motor Company and Koç Holding. The solid foundation and the strong synergy of these two well established companies, Koç Holding and Ford Motor Company, form the base of the corporate culture of Ford Otosan. Ford Otosan employs approximately 7600 employees in its four facilities. With its 600 R&D engineers Ford Otosan holds the largest R&D capability in Turkey. Koç Group's automotive adventure which has started with a distributor agreement in 1928 has gained an industrial characteristic in 1959 with Otosan's foundation as Ford assembler in Turkey. With over 330 thousand commercial vehicle and 65 thousand engine manufacturing capacity, Ford Otosan is the main manufacturing center of commercial vehicle in Europe. Ford Otosan's Kocaeli and İnönü plants have been assessed as the "Best Manufacturing Plants" among all European factories. Ford Otosan Kocaeli manufacturing facility has the logistic advantages of being very close with the suppliers and has also its own port. These logistic advantages and low cost, flexible production power bring the ability to conduct high potential exportation programs. Ford Otosan adds value to our country with its export performance to more than 60 countries in 5 continents and on May 22nd 2009, with a ceremony honored by the Turkish Prime Minister, Ford Otosan became the first vehicle exporter to USA which is the motherland of automotive industry.

With its strong roots Ford Otosan has been represented all around Turkey through dealers that embrace and enrich this partnership with their strong names. A professional service network is established around Turkey for maintenance and repair services. During the stagnant crisis days of 2009, Ford Otosan increased its market shares in all segments and became the market leader for the 8th consecutive year. Ford Otosan has achieved many successes in its 50 years history and aims to continue this way in the future.

Between 1959-1969

1959

A new era starts...

Otosan A.Ş. is founded and groundbreaking ceremony for the first Otosan plant took place.

1966

The first mass production vehicle Anadol was manufactured in Turkey.

1967

Ford Transit production started.

Between 1970-1979

1977

First license agreement between Ford Motor Company and Otosan was signed.

1979

Groundbreaking ceremony of Eskişehir İnönü plant took place.

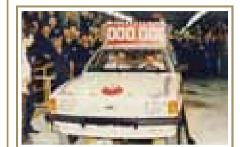
Between 1980-1989

1983

Ford Cargo production started in İnönü plant.

Ford Motor Company became a partner in Otosan.

1985



Ford Taunus production started in İstanbul plant.

1986

Official opening ceremony of İnönü engine plant took place with 4 years delay.

Between 1990-1999

1993

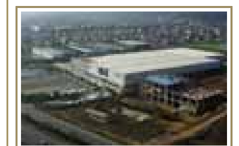
Ford Escort production started.

1997

Ford Motor Company and Koç Holding became equal partners.

1998

Groundbreaking ceremony of Kocaeli plant took place.



Ford Otosan spare parts distribution center opened.

Between 2000-2010

2001

New Ford Transit rolled off the production line at Ford Otosan's Kocaeli plant.

Ford Otosan's Kocaeli plant opened.

Locally produced Ford Transit became the "Van of the Year".

2002

First Transit Connect is manufactured and exported.

2003

Ford Transit Connect that is only produced in Kocaeli plant became the "Van of the Year".

Ecotorq engine production started at İnönü plant.

Ford Otosan received the European Automotive Design Award with Transit Connect.

2005

1 millionth vehicle rolled off the production line at Ford Otosan's Kocaeli plant.

2006

New Transit became again the "Van of the Year".

2007

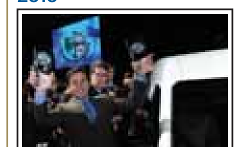
Gebze Technology Center opened.

2009

Ford Otosan became the market leader for the 8th consecutive year.

First vehicle exported to North America from Turkey.

2010



After Europe, Transit Connect became the "Van of the Year" in North America as well.

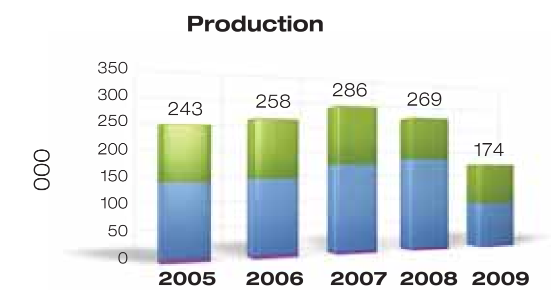
Contents

1997 Rahmi M. Koç (Koç Holding A.Ş.) and W. Wayne Booker (Ford Motor Company)

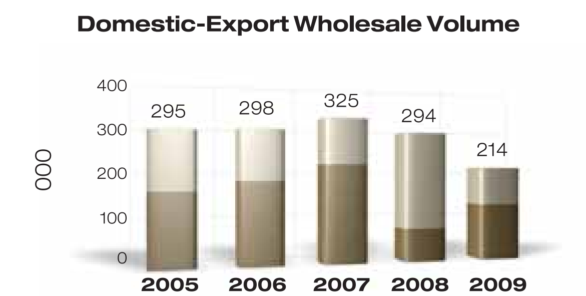
Highlights

1959 Otosan A.Ş. İstanbul Factory's groundbreaking ceremony

	2009	2008	2007	2006	2005
Net Sales (Mn. TL)	5,574	7,007	7,231	6,521	6,059
Export Revenues (Mn. Euro)	1,456	2,511	2,497	1,971	1,677
Operating Profit (Mn.TL)	389	613	690	569	538
Operating Margin	7.0%	8.7%	9.5%	8.7%	8.9%
Profit Before Tax (Mn.TL)	409	616	657	621	526
Net Income (Mn.TL)	333	436	484	501	398
Financial Debt (Mn.TL)	388	380	416	452	321
Capex (Mn. Euro)	34	37	78	109	109
Return on Equity	20%	26%	29%	31%	25%
Financial Debt / Equity	0.24	0.22	0.24	0.28	0.20
Dividend Paid (Mn.TL)	397	439	402	451	446
Year End Market Cap. (Bn. Dollars)	2.1	1.0	3.7	2.9	2.8
Total Automotive Ind. (Units)	573,968	524,414	632,561	667,753	766,421
Ford Otosan Market Shares					
Total Market	15.1%	14.7%	16.8%	17.1%	17.0%
Passenger Car	9.0%	8.5%	9.2%	10.2%	10.5%
LCV	22.8%	21.0%	26.2%	25.1%	24.7%
MCV	36.3%	30.5%	31.9%	29.7%	28.7%
Truck	17.3%	14.7%	16.3%	21.4%	26.4%
Number of Employees	7,593	8,164	9,521	7,991	7,964
Hourly	6,197	6,657	8,074	6,737	6,687
Salaried	1,396	1,507	1,447	1,254	1,277



	2005	2006	2007	2008	2009
Light Commercial Vehicle	102	112	113	85	83
Medium Commercial Vehicle	131	138	167	178	89
Truck	10	8	6	6	2



	2005	2006	2007	2008	2009
Domestic	131	113	103	75	85
Export	164	185	222	219	129

Agenda

1977 First license agreement between Ford and Otosan

AGENDA OF FORD OTOMOTİV SANAYİ A.Ş. ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS DATED MARCH 25, 2010

1. Opening and election of Chairmanship Panel,

2. Reading and discussion of the Board of Directors' Report, Statutory Auditor's Report and summary report of the independent audit firm Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PriceWaterhouseCoopers) about 2009 activities and accounts, and approval or approval with amendments or refusal of the Board of Directors' proposal of 2009 Balance Sheet and Income Statement,

3. Release of the Members of the Board of Directors and the Statutory Auditors separately for year 2009 activities,

4. Approval or approval with amendments or refusal of the Board of Directors' proposal of the profit distribution for the year 2009 and the distribution date,

5. Adopting a resolution on the amendments to the Company's Articles of Incorporation in Article 3 relating to Object and Scope of the Company, Article 4 relating to Head Office and Branches, Article 6 relating to Registered Capital, Article 8 relating to Board of Directors, Article 9 relating to Duties and Powers of the Board of Directors, Article 11 relating to Representation of the Company, Article 14 relating to General Assembly and Temporary Article 2 of, provided that the requisite approvals have been obtained from the Capital Markets Board and the Ministry of Industry and Commerce,

6. Determination of the number and the term of the members of the Board of Directors, election of the members base on the determined number,

7. Election of Statutory Auditors,

8. Determinations of the monthly gross remunerations and fees to be paid to the Members of the Board of Directors and Statutory Auditors,

9. Report out of the donations and contributions made by the Company for social charity purposes in 2009, to the foundations and societies,

10. In accordance with the Corporate Governance Principles, giving information to shareholders on the Company's "Profit Distribution Policy" for 2010 and the following years,

11. In accordance with the Corporate Governance Principles, giving information to shareholders on the Company's "Disclosure Policy",

12. Approval of the decision of the Board of Directors as to the assignment of the independent external audit firm, as per the Communiqué on Standards of Capital Market Independent Audit, issued by the Capital Markets Board,

13. Granting permission to the members of the Board of Directors to conduct the activities within the fields of business of the Company in their own name or in the name of other persons, and to participate in other companies engaged in the same fields of business, and for other deals, pursuant to Sections 334 and 335 of the Turkish Commercial Code,

14. Authorization of the Chairmanship Panel to sign the meeting minutes of the General Assembly of Shareholders,

15. Wishes.

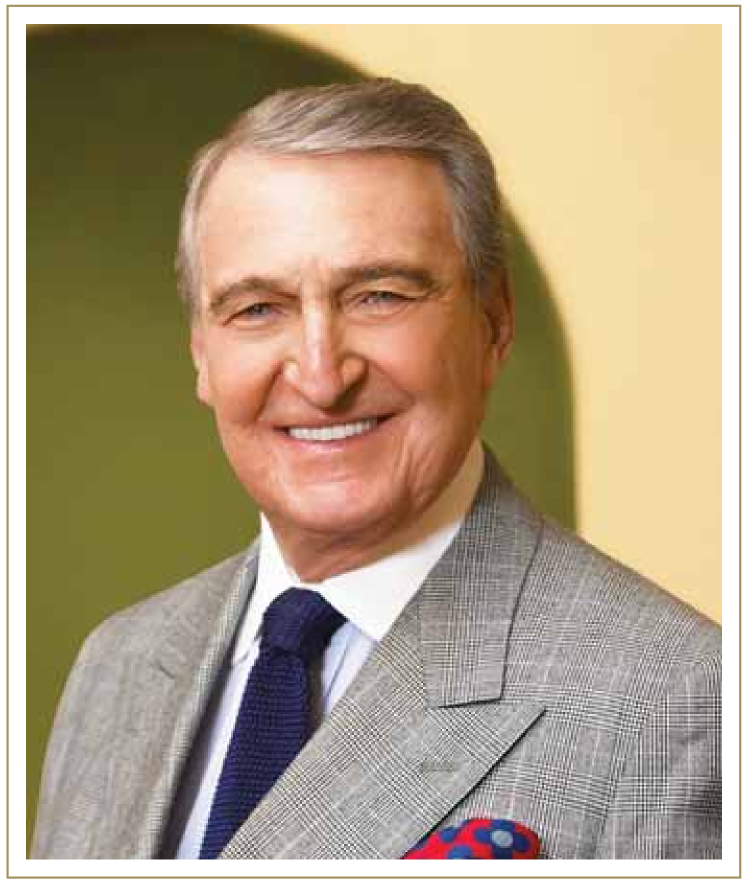
AGENDA OF GENERAL ASSEMBLIES FOR PRIVILEGED SHAREHOLDERS OF GROUP B AND C

1. Opening and election of Chairmanship Panel,

2. Approval of the Ordinary General Assembly's resolution dated March 25, 2010, related to the amendments to Articles 3, 4, 6, 8, 9, 11, 14 and Temporary Article 2 of the Company's Articles of Incorporation,

3. Authorization of the Chairmanship Panel to sign the meeting minutes of the Ordinary General Assembly of Shareholders.

Board of Directors



Rahmi M. Koç
Chairman

BOARD OF DIRECTORS

All members of the Board of Directors have been elected for the period of 25.03.2009 - 25.03.2010.

The Board of Directors manages and represents the company with the authorities vested by articles 8 and 9 of the Company's Articles of Incorporation.

AUDIT COMMITTEE

Audit Committee consists of the Board of Directors members; Y. Ali Koç and C.B. Frank Lazzaro.

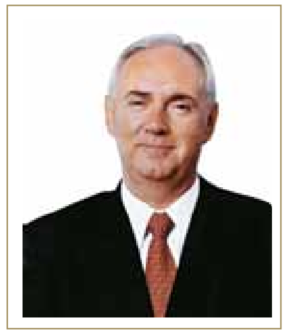
STATUTORY AUDITORS

Mehmet Apak
Adnan Nas

Statutory Auditors have been elected for the period of 25.03.2009 – 25.03.2010. Statutory Auditors audit the Company with the authorities vested by the pertinent provisions of the Turkish Commercial Code and article 13 of the Company's Articles of Incorporation.

INDEPENDENT AUDIT FIRM

2009 calendar year accounts of the Company have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers).



John Fleming
Vice Chairman

Bülent Bulgurlu
Member

Y. Ali Koç
Member-Audit Committee Member

A. İhsan İlkbahar
Member

O. Turgay Durak
Member

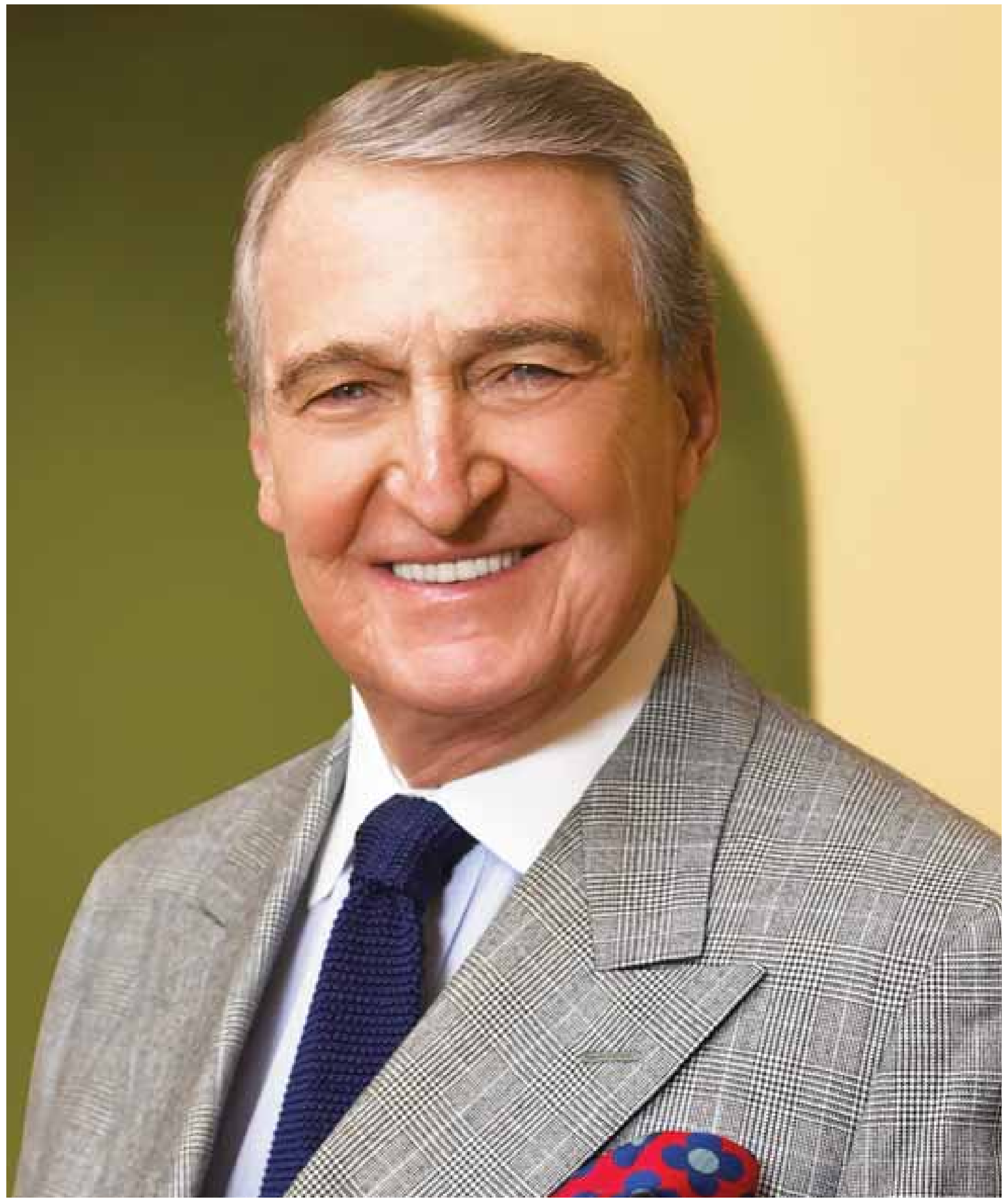
Ingvar M. Sviggum
Member

C.B. Frank Lazzaro
Member-Audit Committee Member

Steven Adams
Member

Michael R. Flewitt
Member-General Manager

Curricula Vitae of Board of Directors



RAHMİ M. KOÇ (80): Koç Holding A.Ş. Honorary Chairman
Receiving a degree in Business Administration from John Hopkins University, Mr. Rahmi Koç started his career in 1958 at Otokoç. In 1964; he was appointed as Koç Holding General Coordinator. Subsequently, he became the Chairman of the Executive Committee in 1970. He served as Vice-Chairman of the Management Board in 1975 and as Chairman of the Management Committee in 1980. Between 1984 and 2003, he was the Chairman of the Board of Koç Holding. During 1995-1996, he served as Chairman of the International Chamber of Commerce. Currently, Rahmi M. Koç is the Honorary Chairman of Koç Holding A.Ş. and he is serving as a member of Ford Otosan Board of Directors since 1961.

JOHN FLEMING (59): Group Vice President, Ford Motor Company; President and CEO, Ford of Europe
Mr. Fleming holds an Honorary Degree from the John Moores University in Liverpool and production engineering qualifications from North East London Polytechnic. He joined Ford Motor Company in 1967 at the company's Halewood facility on Merseyside, where he was involved in manufacturing processes for Ford Escort. John Fleming was appointed as Production Manager of the plant's paint facility in 1984 and became General Manufacturing Manager of Halewood Operations in 1991. After several assignments, he served as Director of Global Manufacturing Engineering and New Model Programs and as Executive Director of the Ford Stamping Business Unit in the United States. Prior to his current position Mr. Fleming was President, Ford of Europe and before that he was Vice President Manufacturing, Ford of Europe with responsibility for all manufacturing facilities and operations. He joined Ford Otosan Board of Directors in 2002.

BÜLENT BULGURLU (63): Koç Holding A.Ş. CEO
Bülent Bulgurlu graduated from Architectural Faculty of Norwegian Technical University and had a Ph.D in 1977 at the same university and same faculty. He started his career in 1972 as a Construction Engineer at Elliot Strömme A/S in Oslo, and in 1977, he joined Intes A.Ş. as a Construction Engineer. He worked in various positions at Garanti İnşaat A.Ş., including Engineering, Planning and Construction Manager, Construction Site Coordination and Construction Manager, Assistant General Manager and General Manager. He was appointed Vice-President of the Tourism and Services Group at Koç Holding A.Ş. in 1996, and became the President of this group in 2000. In 2001, he was named President of the Tourism and Construction Group until he was appointed as the President of the Consumer Durables and Construction Group in 2004. Bülent Bulgurlu continues his career as the CEO of Koç Holding A.Ş., effective May 2007, and he is a member of Company Board of Directors since March 27, 2007.

Y. ALİ KOÇ (43): Koç Holding A.Ş. Corporate Communications and Information Group President
Mr.Koç worked from 1991-1992 as Coordinator of Ramerica International, Inc., and participated in the Securities Analyst Trainee Program at Morgan Stanley Group after his MBA from Harvard Business School. He was named New Business Development Coordinator at Koç Holding in 1997 as part of the Strategic Planning Group and joined Ford Otosan Board in the same year. He served as the Information Group Operating Committee Chairman as well as the New Business Development Coordinator between 2000 and 2002. Since 2002, he has been the Information Group President and in 2006, he has added the Presidency of the Corporate Communications to his position.

A. İHSAN İLKBAHAR (71)

Graduated from Istanbul Technical University Mechanical Engineering (MSc.), A. İhsan İlkbahar started working as a Manufacturing Engineer at Otosan in 1964. He spent his whole professional life at Ford Otosan where he served as a General Manager during the last 14 years and retired at the beginning of the year 2000. In this company, he was involved in the projects of construction of the Otosan Engine Plant in Eskişehir-İnönü in 1980 and the production at Gölcük Plant. He was the Chairman of Automotive Manufacturers Association's Board of Directors, continuously 15 years, from 1989 until February 2004. He is a member of Board of Directors since 1991.

O. TURGAY DURAK (58): Koç Holding A.Ş. Deputy CEO

After graduating and obtaining a master degree from Mechanical Engineering of Northwestern University, O. Turgay Durak started his career at Otosan as Application Engineer in 1976. Same year, he continued working as Product Development and Design Engineer. In 1979, he became İnönü Project Leader. He was appointed to the Management of Project Coordination in 1982 and the Site Management of Project Coordination in 1984. He was assigned as AGM - Marketing in 1986 and AGM - Purchasing in 1987. Becoming the Deputy General Manager in 2000, O. Turgay Durak became the General Manager in 2002 and has been a member of company Board of Directors. Being assigned as Koç Holding Automotive Group President in May 2007, Mr. Durak is also the Chairman of Automotive Manufacturers Association's Board of Directors since 2004.

INGVAR M.SVIGGUM (65): Vice President, Marketing and Sales, Ford of Europe

Ingvar M.Sviggum holds Economics and Management degrees from University and Business School in Oslo and Bergen. He joined Ford Norway in 1963 as trainee and became Managing Director, Ford Norway between 1985 and 1987. After serving in Ford of Spain, Mr. Sviggum joined the Ford of Europe central senior management team in 1989 as Director, Marketing Plans and Programs. From 1996 until 1997, he served as Vice Chairman, Ford-Werke AG. He was assigned as Vice President, European Sales Operations for Ford of Europe in 1999 and appointed as Vice President, Marketing and Sales for Ford of Europe on April 1, 2008. He joined Ford Otosan Board of Directors on December 23, 2008.

C.B. FRANK LAZZARO (50): Vice President, Finance, Ford of Australia

Frank Lazzaro received a Bachelor of Business degree in management from Deakin University, Australia and joined Ford of Australia in 1979. He worked in many different positions including Ford U.S. and was CFO in Ford South America from 2003 to 2005. He became CFO and Director, Business Strategy for Jaguar Land Rover between 2005 and 2008. He got the responsibility for Finance and Strategic Planning, Ford of Europe, effective February 2008 as CFO and Vice President. Mr. Lazzaro is a member of Board of Directors since March 11, 2008 and appointed as Vice President, Finance, for Ford of Australia on December 1, 2009.

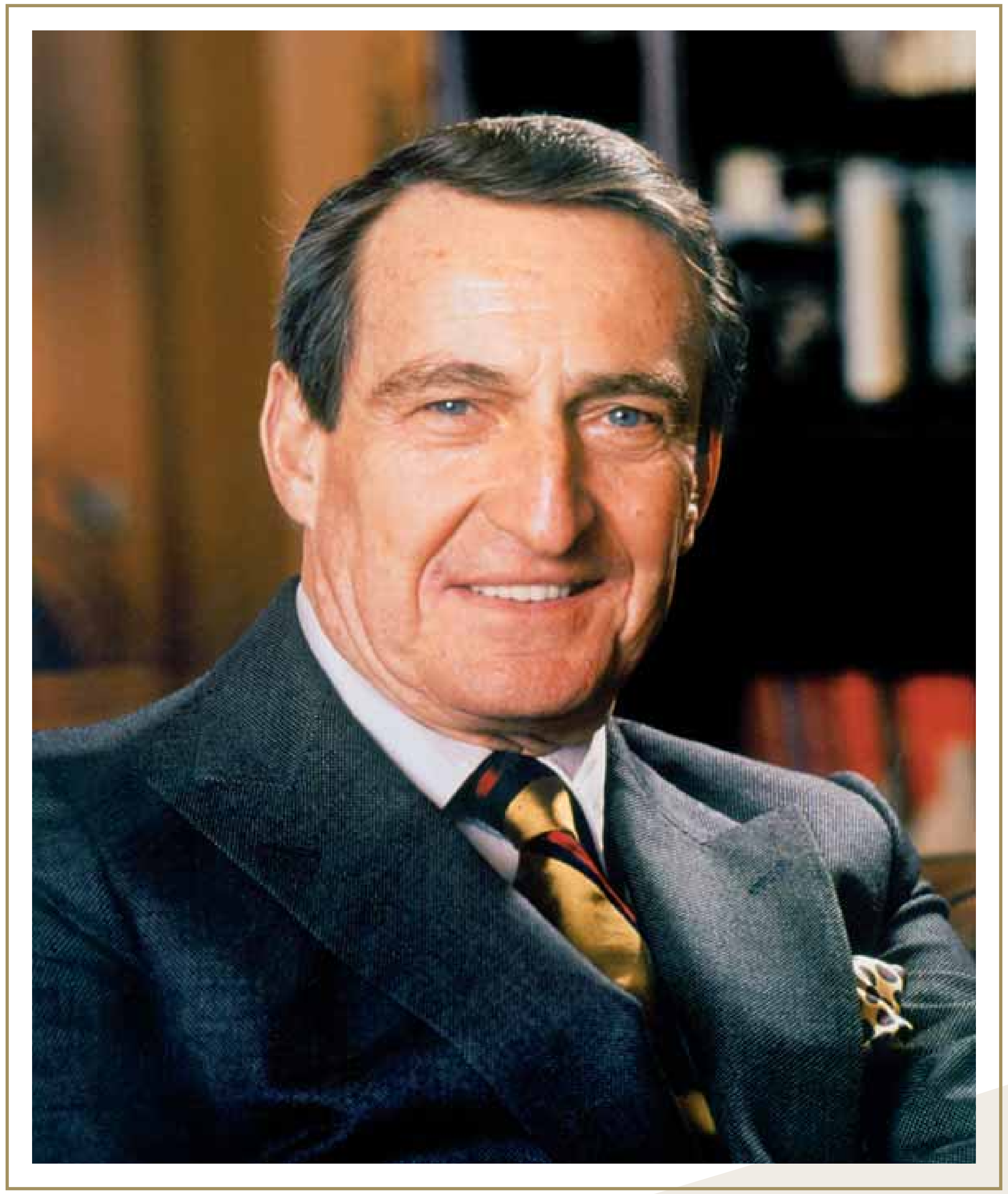
STEVEN ADAMS (55): Commercial Vehicle Line Director, Ford Motor Company

Steven Adams completed his Bachelor of Science degree with honors in mechanical engineering at the City University, London. He joined Ford in 1976 and has had assignments in Britain, the US and Germany. His early career with Ford included periods in a number of product planning and project management positions associated with a variety of vehicle, engine and transmission programs. He worked three years as the Ford of Europe PD Quality Director and four years as a Body Engineering Manager. After leading the vehicle line team responsible for the Ford Mondeo, S-MAX (Car of the Year 2007) and Galaxy range of products, he became Ford's Global Vehicle Line Director as of September 2008. Mr.Adams began serving in Ford Otosan Board of Directors since December 23, 2008.

MICHAEL R. FLEWITT (48): General Manager

Michael R. Flewitt graduated with a Higher National Diploma in Manufacturing and Mechanical Engineering in 1987. He has completed his post graduation of "Management Studies" in 1992 at Salford University and "Project Management" in 1996 at the same university. Michael R. Flewitt started his working life as a trainee at Ford Motor Company Halewood Assembly Plant in 1983 and then held a variety of positions in Manufacturing. Moving on to work as Production Director at Rolls Royce Motor Cars in 1995 and progressing his career in 1998 as Management Director at AutoNova AB/Volvo Sweden, Michael R. Flewitt became Production and Operations Group Director at TWR Group Limited in 2000. Returning to Ford Motor Company in August 2003, he started working as Production Quality Director, responsible for all European Manufacturing Operations. He was assigned as the Deputy General Manager at Ford Otosan and joined the Board of Directors in May 2005 and since May 2007, he is the General Manager of Ford Otosan.

Board of Director's Report



Dear Shareholders,

In presenting the Board of Directors' Report about the operations of Ford Otomotiv Sanayi A.Ş in 2009, we welcome all of our esteemed shareholders to the 51st Ordinary General Meeting.

The automotive sector is in the forefront of the sectors severely impacted from the global crises and recession. The automotive sector has experienced a worldwide contraction in both demand and production in 2009. Despite various incentives given by governments, automotive sales decreased by 21% in USA and by 5% in EU countries.

The automotive market in Turkey followed an up and down swing throughout the year. After a 40% contraction in the first 2 months, the introduction of the Special Consumption Tax (SCT) incentive in the middle of March reflected in a growth in the market, monthly trends were observed in accordance with the change in incentive rates and a record growth was achieved in September, which was the last month of the incentive scheme. Despite the slow down in sales after the end of SCT, sales in December exceeded 90K vehicles with the help of attractive campaigns offered by companies. Consequently, the total automotive market grew by 9% resulting in 574K vehicles compared to 2008. The growth in the automotive market, regardless of the considerable slow down in the global economy, can be attributed to the build up of deferred demand and early vehicle orders. The positive impact of the SCT scheme resulted in a growth of more than 20% in the passenger and light commercial vehicle segment, while the medium commercial vehicles and truck segment continued to decrease rapidly as tax incentives were not as advantageous in these segments.

Contrary to the growing strength of the domestic market, export volumes decreased by 31% to 629K vehicles, compared to 2008. Export volumes were very low especially in the first half of the year as the reduction of excessive stock took a long period of time due to insufficient demand in Western Europe, the most crucial export market. As a result, the Turkish automotive industry produced 870K vehicles in 2009 and total production declined 24% compared to the previous year.

Operational Results

We began 2009 in very difficult conditions. We made significant production cuts to offset low demand and high stock levels in local and export markets. The non-working days at the plant were more than the working days and capacity utilization rate fell below 25%. Production volumes increased in the middle of the 2nd quarter as a result of the introduction of the SCT incentive which generated sales in the domestic market and the launch of the Connect vehicle shipments to North America. However, the regular 5 day 2 shift working programme only started towards the end of the year.

Under these conditions, the total production volume decreased by 35% yoy to 173,457 vehicles. Kocaeli Plant produced 88,912 Transit and 82,823 Connect while 1,722 Cargo trucks were manufactured at Inonu Plant. Annual capacity utilization rate was slightly over 50%.

In 2009, total sales were 214,166 vehicles, 128,983 were to export markets and 85,183 were sold domestically. Compared with 2008, domestic sales volume increased by 13%, export volumes decreased by 41% and total sales dropped by 27%.

The developments in the Western Europe markets carry a significant importance to our Company as in the previous years 3 out of 4 vehicles produced were sold to these countries. The financial crises resulted in an unexpected decline in demand and a build up of excessive stock at our distrubution channels, leading to a decrease in monthly export volumes by 25%. The launch of the North America Connect Project, which we have been working on for more than 2 years, was an important milestone at this point of time. With this project, Ford Otosan won the title of the first Turkish Company to export to USA and also gained some share of the export volume lost from Europe.

In 2009, we sold approximately 30K Connect to North America. Ford Transit Connect obtained America's most prestigious awards being the Detroit News, Popular Mechanics and Kelly Blue Book "Van of the Year". Also, Ford Transit Connect won an amazing reward "North American Truck of the Year" leaving behind 17 other brands, chosen by jury from Trucks Trend magazine and 50 American journalists. After Ford Focus, Transit Connect became the 2nd vehicle with a prize in both Europe and North America.

The decline in export volumes resulted in export revenues around 2 billion dollars. In 2009, Ford Otosan ranked 3rd among the major exporting companies Turkey-wide.

We faced tough competition from brands in the domestic market compared to previous years. At the time of the announcement of the SCT incentive in mid March we had low levels of passenger vehicles in stock. We also had low levels of Transit Connect on hand as we were moving to the new version of Connect. Insufficient stock in these segments led to a reduction in our market share. With the increase in stock levels, sales started rising in May and Ford became the most selling brand after achieving high sales rates in September and December, which were the months of rapid market expansion. For the 8th consecutive year, the Ford brand remained the automotive market leader with a total market share of 15.1% and 86,791 vehicle sales. Compared to 2008, we increased our market share in all of the segments. Detailed data regarding Turkish automotive market is available in the respective sections of the Annual Report.

Research and Development Activities
Notwithstanding the difficult environment, approximately 600 of our employees working at the Gebze Technology Facility and Kocaeli Plant Product Development Department have continued on product development activities. As a result, in April the New Connect with the global kinetic design was introduced to the market, the Connect developed for the North America market was launched, front wheel drive Transit with 140PS engine power was improved, and significant work was achieved in the programme towards new Cargo versions.

We won an important award for continous improvements in research and development activies. Our Hybrid Commerical Vehicle Project with the involvement of TUBITAK Marmara Research Centre and Istanbul Technical University, became number one in VIII.

Technology Awards "Product" category. In 2009, our company was also rewarded with the "Patent League" award for being the third national firm making the most patent applications and owning the registration in Turkey.

Related to a wide range of projects, TL 71.6 million was spent on R&D expenses.

Investments
A cautious investment policy was followed due to the global crises environment. A total of TL 73 million (2008: TL 69 million) capital expenditure was made in 2009, mainly related to new products launched within the year.

As of December 31, 2009, the Company has an unused investment incentive allowance for an amount of TL 491,329,522. The utilization of the investment allowance for the calculation of the tax base is in discussion with the tax administration office as detailed in note 24 of the financial statements.

Social Responsibility and Donations
Ford Otosan and its employees contribute to numerous projects in the fields of education, health, environment and culture that are the basic necessities of the country. The large budget projects are implemented under the leadership of Vehbi Koç Foundation and in 2009 the Company donated TL 8 million to the foundation.

Including the donation made to Vehbi Koç Foundation, total donations to the tax exempt foundations and associations in 2009 were TL 8,242,279.

Changes in Board of Directors
There has been no changes in the Board of Directors in this period.

Burak Gökçelik, having served as the Assistant General Manager-Inonu Plant, is assigned as Assistant General Manager-Engineering, effective from September 1, 2009. Mustafa Menkü has been assigned to the position of Assistant General Manager-Inonu Plant.

Ahmet Şatıroğlu, having served as Assistant General Manager-Service and Spare Parts, is assigned as Assistant General Manager-Total Quality, effective from January 1, 2010. Aykut Özüner's responsibilities has expanded to Assistant General Manager-Marketing, Sales and After Sales.

Number of Employees and Personnel
In spite of the reduction in volume of work, Company management has made significant efforts to maintain employment. During the year, collective employee termination decisions were not made, vacant positions relating to retirement, military service and similar reasons were filled up through internal rotations, blue collared workers benefited from Short Term Working Allowance during non-working days. In addition to these measures, 400 workers from the Kocaeli plant worked at Arçelik LG Plant for 4 months and 100 workers from the Inonu plant worked at Türk Traktör Plant for 3 months and at the end of this temporary period returned back to work at Ford Otosan. Through this first time practice in Turkey, our workers jobs were secured and a qualified workforce was provided to other companies in need for seasonal employees.

As you may remember from previous years, we obtained rewards from the most prestigious competition "President Health and Safety Award" programme organised within Ford. In 2009, our Kocaeli and Inonu Plant applied to this competition with various projects and 3 of

these obtained awards in different categories. Our success is an indication of our awareness and continous improvement in the area of health and safety.

As of December 31, 2009, Ford Otosan total headcount is 7,593; 1,396 are white collared and the remaining 6,197 are blue collared (December 31, 2008: 1,507 white collared and 6,657 blue collared, with a total of 8,164 employees). Blue collared workers are under the coverage of the Group Collective Labour Contract signed between Türk Metal Union and Mess. The term of the agreement expires on August 31, 2010.

Financial Results

2009 Financial Statements and their explanatory footnotes, audited by the Independent Auditors have been submitted for your review at the relevant sections of the Annual Report.

Due to the large decrease in export volume, net income decreased by 20% yoy and resulted as TL 5.6 billion. Gross profit and operating profit fell down by 34% and 36% respectively. As a consequence of the low capacity utilization operating profit margin was below 4% in the first quarter of the year. Our continued focus on reduction of costs and savings led to an improvement in operating profit margin and stood at 7% at the end of the year. This number indicates a drop of 1.6% points compared to 2008.

Profit Before Tax decreased by 34% and recorded as TL 408,537,388. After the deduction of TL 75,103,081 tax provisions, net profit for the period stands at TL 333,434,307.

In 2009, Euro 78 million of new borrowings were obtained and Euro 75 million of debt repayment was made and hence, total financial liabilities have not materially changed. On the other hand, cash has increased by 41% as a result of the improvement in working capital coming from reduction in stock. On the Balance Sheet, the Company holds TL 371.9 million cash versus TL 387.7 million financial debt.

The Company is pursuing extremely cautious policies against financial risks. Data related with such risks are closely monitored and the financial metrics set up by the Board of Directors and Audit Committee are kept within the limits. Explanations on risk management policies, the nature of financial risks and levels is detailed in the footnotes to the financial statements.

Dividend Policy and Dividend Proposal

At our Ordinary General Meeting in 2008, we stated that we will follow a cautious dividend policy under these uncertain economic conditions. The positive developments in our operations and hence our cash flow has enabled the Company to make a high dividend payment at the end of the year. In 2009, The Company distributed a total dividend greater than TL 396 million. Accordingly, we kept to our policy of distributing the maximum dividend and Ford Otosan remained at the top of the list in the Istanbul Stock Exchange providing the highest dividend income.

We aim to continue with our policy of predictable and stable dividends this year as well. With this regard, we hereby propose to distribute a dividend of TL 259,673,400, at a ratio of 74%, over a basis of gross=net 74 Kuruş per each share with the nominal value of TL 1 and to begin payment on April 1, 2010. The withholding tax implications of dividend payments to corporate shareholders residing abroad and to real person shareholders will be clarified once the investment allowance issue discussed above is resolved.

Detailed data regarding this proposal can be found in the Dividend Distribution Proposal table enclosed in the report.

Change in Independent Auditors

According to the Capital Market's Board communication for Independent Auditors, we need to rotate our Independent Audit Firm. After research and seeking the opinion of the Audit Committee, the Board of Directors have selected Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Company (A member firm of Ernst & Young Global Limited) as the Independent Audit firm for the 2010 financial year. We present this selection to the approval of the General Assembly.

2010 Outlook

Although there is consensus that the global recession is ending, developments indicate that the economic recovery will be slow and changing according to different regions. The same can be predicted for the automotive industry.

We do not expect that demand for automotive products will be sharply increasing from our main export region, Western Europe. Taking into account the stabilisation of sales in many countries and reduction of excessive stock in the market, we can say that our export volume in 2010 will be higher than 2009.

It is difficult to predict a healthy outlook for the domestic market. After the SCT scheme and aggressive campaigns, the automotive market reached an unexpected volume in 2009. In 2010, we anticipate that the market will end up around 500K vehicles with a slight contraction.

In line with these assumptions, it looks likely that there will be small improvement in capacity utilisation, production and sales volumes in 2010. In order to raise our profitability and enhance our resources for future projects, we will continue to take active initiatives to decrease costs and increase efficiency.

Dear Shareholders,

We have been celebrating our 50th Anniversary since July 2009. The period started after our founder Vehbi Koç bought the Ford agency in 1928 and then the incorporation of Otosan in 1959 was a milestone in Turkey's automotive history. Today as Ford Otosan family, we are proud of being here for 50 years, moving along this difficult road and turning our beliefs into real outcomes.

We hereby extend our deepest gratitude to our founders, as well as to our business partners, our former and current employees, Türk Metal Union, our suppliers, our dealers and to all of our customers for their great contribution to Ford Otosan becoming one of the biggest and most successful industrial corporation in Turkey, over a period of half a century.

With best regards,

Rahmi M. Koç
Chairman of the Board

Dividend Distribution Proposal For The Year 2009

The new Ford Transit

According to our financial statements for the accounting period 01.01.2009 - 31.12.2009 prepared in accordance with the International Financial Accounting Standards within the framework of the Capital Markets Board's Communiqué Serial:XI, No:29 and audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers), a net income of TL 333,434,307 has been generated. Our dividend proposal per Company's dividend policy can be found below. Subject dividend distibution transactions mentioned below will begin on April 1, 2010 according to the General Assembly Resolution.

Ford Otomotiv Sanayi A.Ş. 2009 Dividend Distribution Proposal Table (TL)

1. Paid-in/Issued Capital			350,910,000
2. Total Legal Reserves (According to Tax Book)			281,899,890
If there is dividend privilege in the Articles of Association, information regarding this privilege			-
		According to CMB	According to Tax Book
3.	Income for the Period	408,537,388	456,191,852
4.	Taxes Payable (-)	(75,103,081)	(82,106,156)
5.	Net Income for the Period (=)	333,434,307	374,085,696
6.	Retained Losses (-)	-	-
7.	First Series of Legal Reserves (-)		
8.	Distributable Net Income for the Period (=)	333,434,307	374,085,696
9.	Donations within the year (+)	8,242,279	
10.	Distributable Net Income for the Period including Donations to Calculate First Dividend	341,676,586	
11.	First Dividend to the Shareholders	68,335,317	
	- Cash	68,335,317	
	- Bonus		
	- Total	68,335,317	
12.	Dividend Distribution to Shareholder with Privileged Shares		
13.	Dividend Distribution to Board of Directors, employees etc.		
14.	Dividend Distribution to Redeemed Shareholders		
15.	Second Dividend to Shareholders	191,338,083	
16.	Second Series of Legal Reserves	24,212,790	
17.	Statutory Reserves		
18.	Special Reserves		
19.	EXTRAORDINARY RESERVES	49,548,117	90,199,506
20.	Other Reserves Distributable - Retained Earnings - Extraordinary Reserves - Other Reserves Distributable per Law and Articles of Association		

Information About the Ratio of Distributed Dividend (in terms of privileged-nonprivileged share)

DIVIDEND INFORMATION PER SHARE				
	GROUP	TOTAL DIVIDEND (TL)	DIVIDEND FOR EACH SHARE WITH THE NOMINAL VALUE OF TL 1	
			AMOUNT (TL)	RATIO (%)
GROSS	A	2,066,946	0.7400	74.00
	A	51,506,754	0.7400	74.00
	B	99,541,893	0.7400	74.00
	C	106,557,807	0.7400	74.00
	TOTAL	259,673,400		
NET	A	2,066,946	0.7400	74.00
	A	43,780,741	0.6290	62.90
	B	99,541,893	0.7400	74.00
	C	90,574,136	0.6290	62.90
	TOTAL	235,963,716		

THE RATIO OF THE DISTRIBUTED DIVIDEND TO DISTRIBUTABLE NET INCOME FOR THE PERIOD INCLUDING DONATIONS	
DIVIDEND DISTRIBUTED TO SHAREHOLDERS (TL)	THE RATIO OF THE DISTRIBUTED DIVIDEND TO DISTRIBUTABLE NET INCOME FOR THE PERIOD INCLUDING DONATIONS (%)
259,673,400	76.00

1) There is no Privileged Share Group in Income .
2) 0% withholding tax rate is applied to dividend of TL 2,066,946 allocated to Koç Holding A.Ş., 15% withholding tax rate is applied to dividend of TL 4,948,968 allocated to Koç Holding Emekli ve Yardım Sandığı Vakfı and Vehbi Koç Vakfı, 15% withholding tax rate is applied to the remaining dividend of TL 46,557,786 assuming that all the shares belong to individual shareholders within A Group.
3) 0% withholding tax rate has been applied for B Group in calculating the net dividend amount as all the shares belong to legal corporations.
4) 15% withholding tax rate has been applied to the C Group in calculating the net dividend amount as all the shares belong to our foreign based tax payer shareholder, Ford Motor Company.

Note: A 15% withholding tax rate has been applied to the dividend distribution rate to foreign corporate shareholders and individual shareholders assuming that investment incentive allowance will not be used in the calculation of the 2009 corporate tax. The Company will submit the tax document based on this assumption and subject to qualification provided that the Ministry of Finance view does not change.

Convenience Translation into English of Independent Auditor's Report (2009) Originally Issued in Turkish

1. We have audited the accompanying financial statements of Ford Otomotiv Sanayi A.S. (the "Company") which comprise the balance sheet as at 31 December 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. The Company management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards accepted by the Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards accepted by the Capital Markets Board. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company management, as well as evaluating the overall presentation of the financial statements.

   We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ford Otomotiv Sanayi A.S. as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards accepted by the Capital Markets Board (See Note 2).

Serbest Muhasebeci Mali Müsavirlik A.S.
a member of
PricewaterhouseCoopers

Beste Gücümen, SMMM
Partner

Istanbul, 17 February 2010

Ford Otomotiv Sanayi A.Ş. Statutory Auditor's Report

TO THE GENERAL ASSEMBLY OF FORD OTOMOTİV SANAYİ A.Ş.

The audit results regarding the Company's 2009 calendar year activities are as follows:

1. According to the Turkish Commercial Code and the related regulations, it has been observed that:

   a. Books and records that are mandatory have been kept properly per legal requirements,
   b. Documents validating the records are kept decently, and
   c. The Board of Directors resolutions were recorded and kept properly

according to the related procedures.

2. In this framework, the 2009 financial statements, prepared according to the Communiqué No: XI-29 "The Financial Reporting Standards in the Capital Markets" issued by the Capital Markets Board and the explanatory disclosures, reflect the true view of the financial position of the Company and of its operational performance for the period in our opinion.

Consequently, we submit to the approval of the General Assembly the Board of Directors' Report summarizing the Company operations, the financial statements prepared in accordance with the Capital Market regulations, the proposal of the Board of Directors related to the period results and the release of the Board regarding the above.

Best regards,

İstanbul, 01.03.2010

MEHMET APAK

ADNAN NAS

Executive Management

Michael
R. FLEWITT
General Manager

Nuri
OTAY
Deputy General Manager

Oğuz
TOPRAKOĞLU
Asst. General Manager
(Finance - CFO)

Aykut
ÖZÜNER
Asst. General Manager
(Sales and Marketing)

Haydar
YENİGÜN
Asst. General Manager
(Kocaeli Plant)

Ahmet
KINAY
Asst. General Manager
(Purchasing)

Cengiz
KABATEPE
Asst. General Manager
(Material Planning & Logistics)

Taylan
AVCI
Asst. General Manager
(New Projects)

Ernur
MUTLU
Asst. General Manager
(Product Development)

Burak
GÖKÇELİK
Asst. General Manager
(Engineering)

Ahmet
ŞATIROĞLU
Asst. General Manager
(Service and Spare Parts)

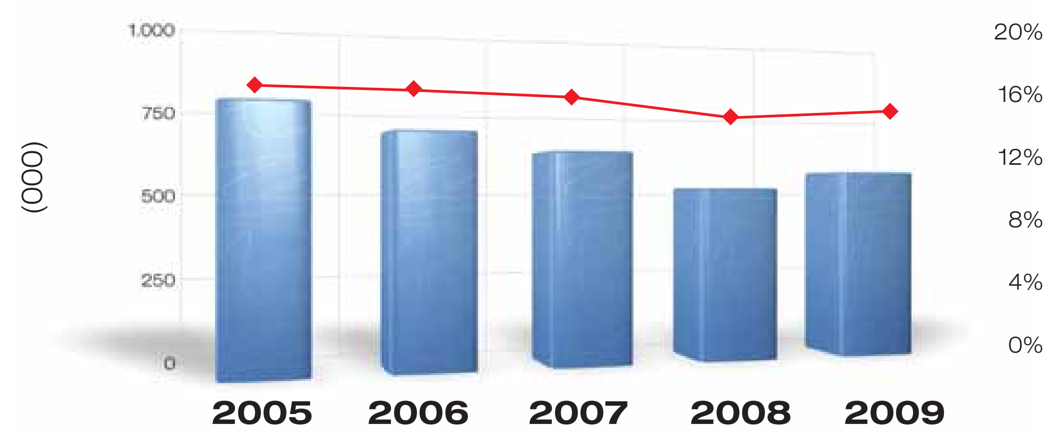
Tuncay
SELÇUK
Asst. General Manager
(Treasury)

Mustafa
MENKÜ
Asst. General Manager
(İnönü Plant)

Nursel
ÖLMEZ ATEŞ
Human Resources Director

Turkish Automotive Industry

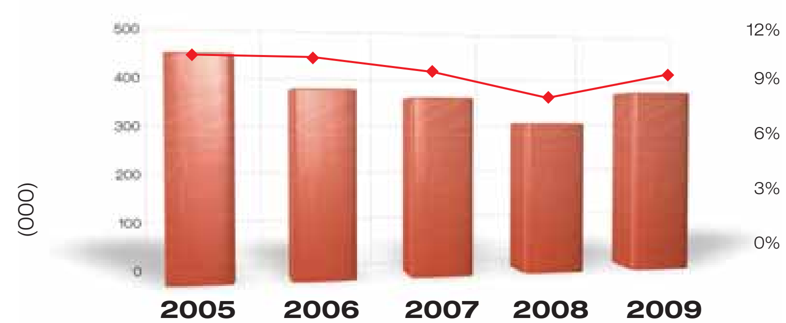
Total Automotive Industry



	2005	2006	2007	2008	2009
Total Automotive Industry	766	668	633	524	574
Ford Market Share	17.0%	17.1%	16.8%	14.7%	15.1%

Total automotive sales, which had a recovery with the Special Consumption Tax (SCT) incentives introduced in the middle of March 2009, exceeded 90,000 units in December with the support of attractive campaigns offered by companies. Consequently, the total automotive market grew by 9% yoy to 574,000 units in 2009.

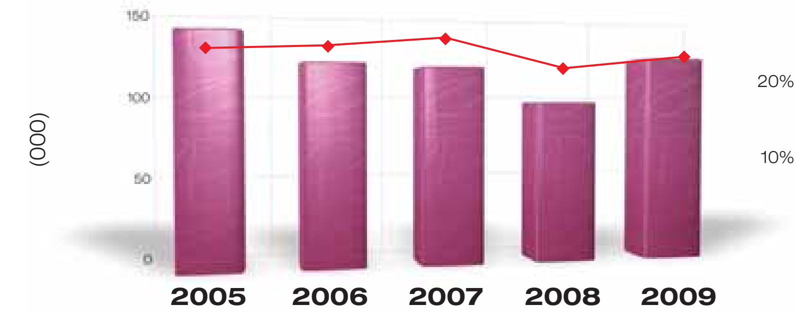
Passenger Car



	2005	2006	2007	2008	2009
Passanger Car Industry	439	373	357	306	370
Ford Market Share	10.5%	10.2%	9.2%	8.5%	9.0%

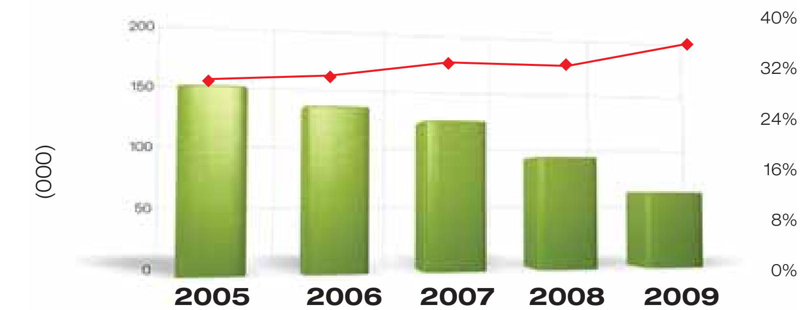
As a result of the tax incentives, sales in Passenger Car segment was 21% higher than the previous year and 369,819 units were sold.

SCT cut had a positive effect on LCV segment in 2009 and 123,943 units were sold.



	2005	2006	2007	2008	2009
LCV Industry	138	120	118	97	124
Ford Market Share	24.7%	25.1%	26.2%	21.0%	22.8%

Medium Commercial Vehicle

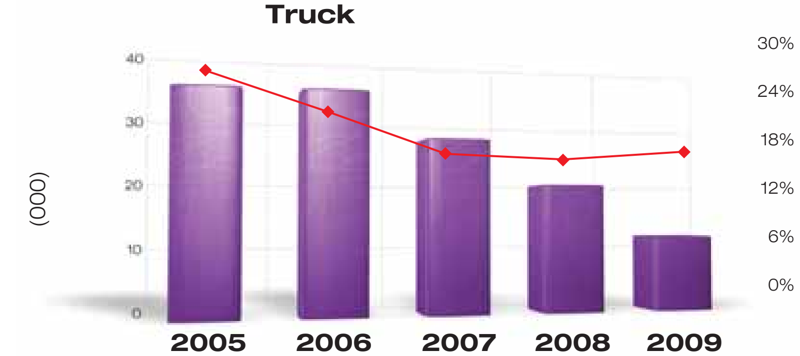


	2005	2006	2007	2008	2009
MCV Industry	143	129	119	91	63
Ford Market Share	28.7%	29.7%	31.9%	30.5%	36.3%

Sales in MCV segment that include Transit and Ranger shrank 30% to 63,364 units.

The highest contraction in the market was in the Truck segment, down 41% to 11,914 units.

Truck



	2005	2006	2007	2008	2009
Truck Industry	34	34	27	20	12
Ford Market Share	26.4%	21.4%	16.3%	14.7%	17.3%

Market Performance and Export Sales

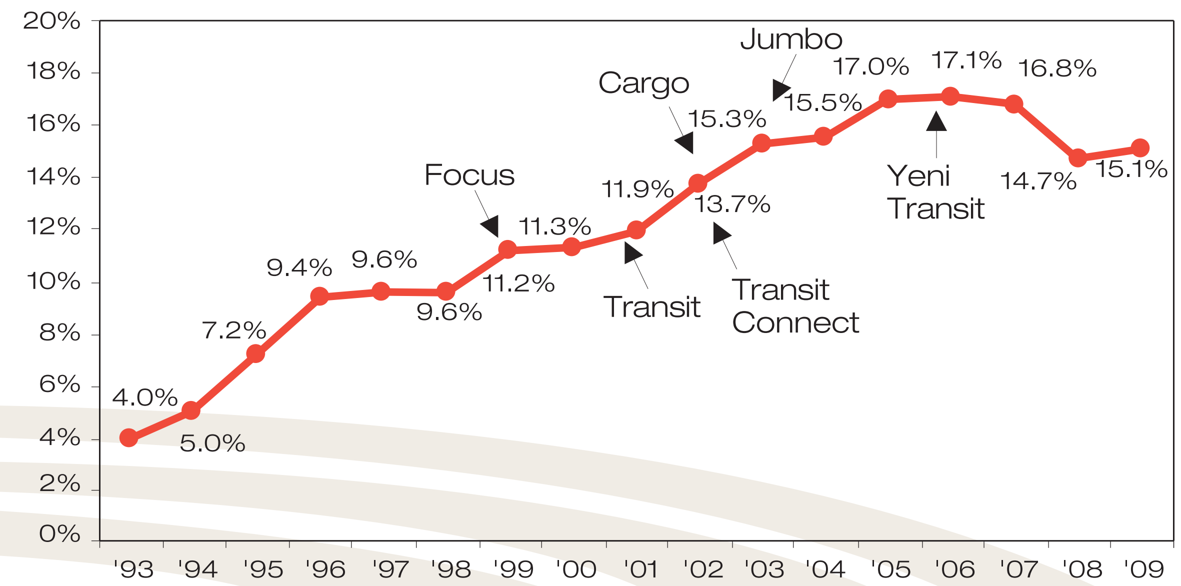
2002 first Transit Connect has been exported

Market Performance

	2009 FY		2008 FY	
	Market Share	Rank	Market Share	Rank
Total Automotive Industry	**15.1%**	**1**	**14.7%**	**1**
Passenger Car	9.0%	3	8.5%	4
LCV	22.8%	2	21.0%	2
MCV	**36.3%**	**1**	**30.5%**	**1**
Truck	17.3%	2	14.7%	3

Main Brands in Total Automotive Industry

2009 FY		
Rank	Brand	Market Share
1	**Ford**	**15.1%**
2	Fiat	14.8%
3	Renault	12.6%
4	Hyundai	11.2%
5	Volkswagen	6.5%



Market Leader for the 8th consecutive year in Turkish Automotive Industry

Ford Otosan continued its leadership in Turkish Automotive Industry with 86,791 retail sales. Also 128,983 units were exported in 2009.

Best Ford Brand Vehicle Operating Plant in Europe

Annual production capacity of Kocaeli Plant, in which Transit and Transit Connect are manufactured, is 320,000 units/year.

Best Ford Powertrain Plant in the World

Cargo Truck, powertrain and engines are produced at İnönü Plant, in Eskişehir. This plant has an annual production capacity of 55,000 units for powertrain and 15,000 units for truck.

One fifth of Turkish vehicle production

In 2009; Ford Otosan produced 88,912 units Transit, 82,823 units Transit Connect and 1,722 units Cargo, with a total

173,457

vehicles. 46 units out of every 100 commercial vehicles manufactured in Turkey were produced by Ford Otosan.

3. Biggest Parts Distribution Center in Europe

With 20,000 m^2 warehouse, Kartal Parts Distribution Center is the central area where the spare part and after-sale business is managed.

Gebze Engineering Center

TÜBİTAK-MAM Technology Free Zone Branch Office was established at the TÜBİTAK Gebze Techno Park in 2007 for ensuring Ford Otosan's consistent success in domestic and export markets by developing the newest products and technologies with approximately 280 Research & Development engineers.

Commercial Vehicles

1967 First Transit production

Ford Transit Connect

With its renewed face, new interior design in passenger car style, the added comfort and safety features, new Transit Connect is getting ready to change the destiny of commerce.

Ford Transit

First impression in business life is important. And the first impression starts from your vehicle. While facilitating your work easier with its superior technological features, Ford Transit Minibus will enhance your prestige with its stylish appearance.

Ford Ranger

Powerful and modern design meets with excellent comfort. In order to make you feel in a luxury car, new Ford Ranger offers drivability, handling and comfort together both in city and challenging road conditions.

Ford Cargo

Developed in order to increase your earnings with superior fuel economy and low operating cost, Ford Cargo tractors and transport trucks are your most reliable partner that guarantee movement of cargo safely and timely in all conditions.

Passenger Cars

1966 Turkey's first mass production vehicle: Anadol

New Ford Ka
Legendary model KA completely innovated with the philosophy of Ford Kinetic Design now makes your drive even more pleasant with its different exterior design and lively interior/exterior color combinations.

Ford Fiesta
Fiesta combining the leading drive dynamics of its class with its interior and exterior design completely innovated with the philosophy of Ford Kinetic Design now distinguishes the difference with its competitors even more clearly.

Ford Fusion
To perceive Ford Fusion you need to look at it from every perspective. Because there are several features that distinguishes this great "small car" from others. Its bold exterior design, powerful stance, high drive position dominating the road, panoramic sight angle, cleverly used technological solutions and essential equipment of large cars are all offered to your taste in Ford Fusion.

Ford Focus
Each part of new Ford Focus is assembled in harmony and the best Focus ever is developed. Re-interpreted by Kinetic design philosophy, Ford Focus offers everything you expect from a car with dynamic and sportive lines, superior technology, excellent craftsmanship and leading drive dynamics of its class.

Ford Focus Coupé-Cabriolet
Focus Coupé Cabriolet impresses all at first look. The noticeable integrity of the soft lines combining with chromium details with the front screen is a clear sign of Ford Kinetic Design philosophy expressing the "energy in motion". Focus Coupé Cabriolet has an impressive performance beside its stylish design. By touching one key, your excellent coupe turns into a handsome cabriolet.

Passenger Cars

1985 Ford Taunus production

Ford C-MAX
With its brand new style, functional interior features and superior drive experience offered, it has everything for the whole family. Its hardened body structure and strengthened passenger safety cage ensure superior protection against exterior impacts. The rear lights system supported by LED technology, EHPAS (Electro-Hydraulic Aided Steering) and sport seats having special upholstery and newly designed stitches enhance driver's comfort.

Ford Kuga
Kuga uses the new face of Ford that appears with kinetic design lines. While sportive and energetic lines are highlighted outside the vehicle, the strong lines of exterior design appear in the interior as well. Large and comfortable interior ambience is completed with eye-catching upholsteries and a rich technology. You'll know when you are on the driver's seat.

Ford Mondeo
Ford Mondeo, with its kinetic design, dynamic line and new technological equipment, makes its difference readily perceivable. With its Ford intelligent protection system (IPS), keyless system and no lid fuel filling system, it offers a driving pleasure which you wish never ended. This is why everyone says "It should be mine".

Ford S-MAX
Ford S-MAX, with its design that gives a sense of motion even when in standstill, has been designed to stir you up. Thanks to its extraordinary volume and flexibility that it offers under its impressive appearance, Ford S-MAX has everything you like. If you want to experience the adventure together with your family, Ford S-MAX is just for you!

Ford Galaxy
Families want to make their journeys in a large and comfortable atmosphere. Ford Galaxy has been designed to meet all the requirements for comfort, volume and flexibility of a 7-member family. With its innovative technology, maximum safety and stylishness, Ford Galaxy is the favourite of all families.

Corporate Citizenship

Ford Otosan Kocaeli Primary School Opening

Our company works in order to fulfill its responsibility to the community for reaching the sustainable goals by providing financial and moral support to social responsibility projects, especially on the fields of education, healthcare and environment, for the welfare of the society.

Some of the corporate citizenship projects that were completed this year are presented under three main headings.

1. Donations
Ford Otosan supports education and training institutions by providing all material, equipment and financial aid they need. Some of the donations made throughout the year are indicated below.

• As part of the Vocational Education Project, “Engine” donation was made to “Süleyman Demirel University Technical Training School”.

• CNC machines were donated to “Gölcük Maritime Vocational High School”. Voluntary employees participated to the renovation and donation of CNC machines.

• For laboratory studies, engine and related equipment were donated to “Kırklareli University Automotive Department” and “Diyarbakır Vocational Training Center Engine Department”.

• With the collaboration of Koç Holding and Ford Otosan, a 2010 model Ford Transit Jumbo midibus (16 seat) donation was made to Handicapped Training and Coordination Center of Eskişehir Governorship in order to provide transportation to handicapped individuals.

• UNICEF and TEGV were supported through donations.

2. Renovations
• Computer Laboratory renovation project was carried out in “Gölcük İhsaniye Vocational High School”. The computer laboratory had not been appropriate for modern educational requirements, so a new physical facility was provided by voluntary employees and latest technology computers were donated.

• “Kocaeli Müfit Saner Elementary School” library was renovated. Project team which consisted of voluntary employees worked for the construction of the library and supported the donation of 6,000 books. A new electronic book tracking system software and a computer were donated to the library to improve service quality.

• Renovation project of “İstanbul University Bone Marrow Transplantation Center” was made. All infrastructure of the center were renewed and sick-beds with modern equipment were donated.

3. Social Sponsorship
Our Company was the main sponsor of “Marmara Earthquake Symposium” in the 10th year anniversary of 17 August earthquake. This symposium, hosted by Kocaeli University and coordinated by Turkish Red Crescent, Kocaeli Municipality and General Directorate of Disaster Affairs, was intended to raise the awareness of the community and share the precautions that need to be taken against earthquake.

Ford Otosan Environment Policy

We recognize the Environment as a valuable treasure to be utilized and looked after for the welfare of future generations.

Our policy is to :

- Meet or exceed the relevant environmental regulatory requirements
- Strive for continual improvement in environmental management system
- Minimize waste, prevent pollution at its source and reduce adverse impacts on the environment
- Protect the environment and to spread this awareness to our country and the world
- Maintain procedures to deal effectively with environmental risks and emergencies
- Comply with Health & Safety rules to prevent adverse impacts on the environment
- Promote the environmental awareness of the staff and contractors by training

Environmental Management System
Ford Otosan Environmental Management System which covers all activities involved with manufacturing processes, products and services has initially been certified as ISO 14001 in 1998.

Ford Otosan Environment Management System that aims continous improvement has also been integrated with quality and health&safety management systems maintained at the company.

Ford Otosan Kocaeli and İnönü Plants have succeeded to pass all environmental assessments with “zero” non-conformity until now.

Environmental respect and awareness of Ford Otosan personnel have been a key issue in our environmental improvements.
We require that our suppliers are certified with ISO 14001 Environmental Management System

Standards and provide them necessary support so that environmental awareness is widespread.

Awards
As a result of our sensitivity to the environment, İnönü plant was awarded in 2008, after Kocaeli plant in 2004 and 2007, with “Şahabettin Bilgisu Environment Award” which is given by Kocaeli Chamber of Industry for granting industrial establishments contributing to sustainable development and environment protection.

In addition to this prestigious award, Ford Otosan is qualified for an award in the framework of European Union Environmental Awards (Turkey Program) which is given to the companies getting ahead in the environment sensitivity in 28

the first time and participated to the award program in 2 categories. Within this program, each year, the environment projects compete firstly in a national platform and the winners represent Turkey in European contest. Within the framework of European Union Environmental Awards, Turkey Program, our Hybrid Vehicle Project has ranked “First in the Category of Product” and our Environment Management System Project has become “Second in the Category of Management”.

Air Emissions
Ford Otosan which adopted “sustainable development” as a company principle, has preferred the newest and the most environment-friendly technologies in the processes since the project phase of Kocaeli Plant. The best example is the usage of water based paint in paint process. In Kocaeli Plant, in order to reduce volatile organic compounds (VOC) which cause air pollution, water based paints are used. We are the first company to use water based paint applications for primer coat in European Ford Plants, both for primer and base-coats in the Turkish Automotive sector, and hence to prevent solvent emissions from spreading to the environment. In addition, incinerators have been placed at the exits of the paint ovens for reducing VOC emissions. Consequently, this has contributed to both decreasing emissions, and increasing the energy savings by re-using the energy produced in the furnaces.

In addition to water based paint and incinerator usage, natural gas is used as fuel for heating and processing purposes. Periodical air control measurements show that, our figures were far below legal limits.
Besides that, we have chosen gases with low ozone depletion potential in the fire extinguishers and coolers. Use of restricted gases is not preferred in the new equipment.

Energy
In Ford Otosan Plants, there is an Energy Committee which monitors the studies on energy use and plans energy efficiency projects. In the periodic meetings, energy teams establish studies intented for minimizing energy usage and decides the processes and/or plants in which these studies are carried out.

Conservation of energy has also been a major consideration during the project phase of the plant. So, below advantages have been gained:

• Photocell and reduction system enabling energy efficiency in lightening of outside areas

• Use of well isolated, automatic doors

• Use of spot-weld guns consuming 50% less energy in the body shop

• 30% reduction in energy usage by the energy automation system

• Re-using the energy produced from the incinerators at the exits of the paint ovens in the furnaces

Examples of projects conducted by energy teams in recent years are also given below;

• Use of waste heat generated at compressors for pre-heating of waters.

• Use of waste heat generated at boilerhouse stacks at boilers.

• Installation of solar panels at some social facilities in the assembly shop.

• Air curtain application at most actively used automatical doors throughout the plant.

Water Use and Waste Waters
The plant has both an industrial and a domestic wastewater treatment system which is capable of treating all the wastewater.

Effluent waters are analysed regularly at both in house and accredited laboratories.

The water used in the plant is supplied from the wells. Work on protecting natural resources and implementing savings has resulted in important gains on process water consumption.

Waste Management
Waste management awareness in our plant is extensive, all landfill and disposal of wastes is conducted in line with relevant technical and legal standards, and our activities continue with special focus on reducing waste at the source and increasing recycling.

Work on reducing hazardous waste has resulted in important savings.

One of the recent projects is installation of sludge drying unit at wastewater treatment plant. With this project, we can reduce the amount of sludge and besides, the dry sludge can be used as alternative fuel in the cement industry.

Products and Materials
The main target in Ford Otosan products is to reduce adverse effects to the environment, not only during the production stage but also during the life cycle of the products and afterwards. The studies for this subject are:

• The recycling ratio of Transits produced at Kocaeli plant is over 85%.

• The recycling ratio of new Cargo produced at İnönü plant is over 90%.

• Fire and cooling systems do not contain halon gases which deplete the ozone layer.

• All the Ford services and dealers are informed about the environment in order to reduce environmental effects during the usage of the product.

Risk Management

1979 İnönü Engine Factory's groundbreaking ceremony

Risk Management

Primary goals of Ford Otosan in risk management are to foresee, manage, monitor the potential risks in each area and to prepare action plans for risk and crisis management beforehand. The Board of Directors and Audit Committee of the Company are regularly informed about the risks.

Risk management is followed under three main headings.

Financial Risks

Credit risk: Direct Debiting System, which is an effective way to guarantee the receivables, is applied to dealer receivables from domestic vehicle sales. In order to track spare-parts credit risk, bank guarantee letters received from the dealers are used. Most of the export sales are made to Ford Motor Company and its affiliates with a term of 14 days. Foreign sales that are made other than to Ford Motor Company are guaranteed through letter of credit, bank guarantees or advance payment methods.

Liquidity risk: The Company management keeps cash, credit commitment and factoring capacity to maintain three weeks cash outflow to manage the liquidity risk. Within this context, Euro 70 million credit commitment and TL 140 million factoring agreements are established with financial institutions in case a requirement for use arises. As of Dec.31, 2009 net financial debt is TL 15.8 million.

Interest rate risk: It is essential to balance the maturities of interest bearing assets and liabilities. Short-term financial investments are made per company policy.

Foreign exchange risk: Excess cash is invested mainly in hard currency to balance the net foreign currency assets and liabilities and minimize the foreign exchange exposure in the balance sheet. As of Dec.31, 2009 net FX position is TL 169.2 million. Total export and import amounts are TL 3.2 billion and TL 2.6 billion respectively in 2009.

Capital Risk: The Company's objectives when managing capital are to safeguard the Company's ability to continue providing returns for shareholders and maintain an optimal capital structure to reduce the cost of capital. The Company monitors the capital on the basis of financial debt to shareholders equity ratio which is expected to stay in 0.25 - 0.45 interval.

Operational Risks

Ford Otosan monitors and manages business processes such as quality, efficiency, customer satisfaction, legal issues, information security, pricing according to the predetermined targets and metrics.

In addition to this, internal control department analyzes the critical business processes of the company independently and regularly reports to the internal control committee and audit committee. Internal control department also makes use of the American Sarbanes Oxley standarts covering all business processes in its plan for controlling all the departments.

Another main risk management tool related to operational processes is Business Continuity and Rescue Plan. In this framework, recovery plans after any incident that may interrupt all critical business processes are explained. These plans are reviewed annually and tested through practice. Furthermore, emergency action plans which describe the implementation of necessary steps in cases of explosion or natural disaster are prepared, ensuring operability through regular trainings and tests.

In addition to internal audit operations, Ford Motor Company and Koç Holding follow company processes through annual audits and report to company management the deficiencies with risk areas.

Strategic Risks

In order to maintain the continuity of business portfolio, Ford Otosan regularly carries out project development studies and presents to periodic evaluation of Board of Directors. With the annually updated long term plans, the Company reviews the risks and opportunities related to the business model.

FORD OTOMOTİV SANAYİ A.Ş.
FINANCIAL STATEMENTS AT 31 DECEMBER 2009

CONTENTS

FORD OTOMOTİV SANAYİ A.Ş.
BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2009 EURO*	31 December 2009	31 December 2008
ASSETS				
Current assets		**747,391,332**	**1,614,589,495**	**1,401,290,434**
Cash and cash equivalents	4	172,173,562	371,946,546	262,776,815
Trade receivables				
- Due from related parties	26	220,941,504	477,299,932	214,685,569
- Other trade receivables	7	167,756,169	362,403,652	236,404,071
Other receivables	8	47,399	102,397	796,217
Inventories	9	134,698,206	290,988,535	584,022,268
Other current assets	16	51,774,492	111,848,433	102,605,494
Non-current assets		**555,143,424**	**1,199,276,338**	**1,305,855,328**
Trade receivables	7	90,560	195,636	107,764
Financial assets	5	1,008,789	2,179,287	1,202,123
Property, plant and equipment	10	529,789,508	1,144,504,274	1,219,096,618
Intangible assets	11	23,172,164	50,058,825	68,441,100
Other non-current assets	16	1,082,403	2,338,316	17,007,723
Total assets		**1,302,534,756**	**2,813,865,833**	**2,707,145,762**

(*) Euro amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of Turkey at 31 December 2009 and therefore do not form a part of these financial statements prepared in accordance with the financial reporting standards accepted by the Capital Markets Board ("CMB").

The financial statements were approved for issue by the Board of Directors on 17 February 2010 and signed on behalf of the Board of Directors by Oğuz Toprakoğlu, Assistant General Manager – Chief Financial Officer ("CFO") and Tuncay Selçuk Assistant General Manager - Finance.

The accompanying notes form an integral part of these financial statements.

FORD OTOMOTİV SANAYİ A.Ş.
BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2009 EURO*	31 December 2009	31 December 2008
LIABILITIES				
Current liabilities		**385,628,947**	**833,074,214**	**636,975,114**
Financial liabilities	6	86,218,198	186,257,173	152,253,828
Trade payables				
- Due to related parties	26	31,721,345	68,527,621	42,968,905
- Other trade payables	7	167,350,101	361,526,424	160,603,246
Other payables				
- Due to related parties	26	1,319,082	2,849,612	2,679,688
- Other payables	8	34,147,448	73,768,731	87,087,968
Current income tax payable	24	38,006,831	82,106,156	114,846,442
Provisions	13	26,865,942	58,038,497	76,535,037
Non-current liabilities		**153,287,963**	**331,147,986**	**358,410,186**
Financial liabilities	6	93,278,934	201,510,482	228,132,371
Provision for employee benefits	15	14,323,537	30,943,135	24,580,371
Deferred tax liabilities	24	45,685,492	98,694,369	105,697,444
Equity	**17**	**763,617,846**	**1,649,643,633**	**1,711,760,462**
Capital and reserves attributable to the equity holders of the Company	**17**	**763,617,846**	**1,649,643,633**	**1,711,760,462**
Share capital		162,435,773	350,910,000	350,910,000
Adjustment to share capital		12,924,262	27,920,283	27,920,283
Share premium		3,820	8,252	8,252
Revaluation funds		499,067	1,078,134	100,970
Restricted reserves		140,059,385	302,570,290	264,672,010
Retained earnings		293,349,241	633,722,367	631,944,669
Net income for the year		154,346,298	333,434,307	436,204,278
Total equity and liabilities		**1,302,534,756**	**2,813,865,833**	**2,707,145,762**

(*) Euro amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by the Central Bank of Turkey at 31 December 2009 and therefore do not form a part of these financial statements prepared in accordance with the financial reporting standards accepted by the CMB.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2009 EURO*	31 December 2009	31 December 2008
Continuing operations				
Sales	18	2,580,361,963	5,574,355,948	7,006,867,647
Cost of sales	18	(2,271,485,587)	(4,907,090,313)	(6,001,655,956)
Gross profit		**308,876,376**	**667,265,635**	**1,005,211,691**
Sales and marketing expenses	19	(80,625,006)	(174,174,201)	(234,643,522)
General administrative expenses	19	(34,773,514)	(75,121,222)	(70,581,618)
Research and development expenses	19	(33,148,536)	(71,610,783)	(112,123,487)
Other operating income	21	21,776,083	47,042,872	32,990,235
Other operating expenses	21	(1,834,441)	(3,962,942)	(8,310,441)
Operating profit		**180,270,962**	**389,439,359**	**612,542,858**
Financial income	22	49,218,530	106,326,790	162,936,129
Financial expenses	23	(40,378,078)	(87,228,761)	(158,994,916)
Income before tax from continuing operations		**189,111,414**	**408,537,388**	**616,484,071**
Income tax from continuing operations		**(34,765,116)**	**(75,103,081)**	**(180,279,793)**
- Taxes on income	24	(38,006,831)	(82,106,156)	(114,846,442)
- Deferred tax income/(expense)	24	3,241,715	7,003,075	(65,433,351)
Net income for the year		**154,346,298**	**333,434,307**	**436,204,278**
Earnings per share with a nominal value of Kr 1	**25**		**0.95**	**1.24**

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The accompanying notes form an integral part of these financial statements.

FORD OTOMOTİV SANAYİ A.Ş.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2009 EURO*	31 December 2009	31 December 2008
Net income for the year		**154,346,298**	**333,434,307**	**436,204,278**
Other comprehensive income				
Change in the revaluation funds of financial assets	17	452,328	977,164	(1,623,920)
Other comprehensive income		**452,328**	**977,164**	**(1,623,920)**
Total comprehensive income		**154,798,626**	**334,411,471**	**434,580,358**

(*) Euro amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of Turkey at 31 December 2009 and therefore do not form a part of these financial statements prepared in accordance with the financial reporting standards accepted by the Capital Markets Board ("CMB").

The accompanying notes form an integral part of these financial statements.

FORD OTOMOTİV SANAYİ A.Ş.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Share capital	Adjustment to share capital	Share premium	Revaluation fund	Restricted reserves	Retained earnings	Net income	Total equity
Balance at 1 January 2008	**350,910,000**	**27,920,283**	**8,252**	**1,724,890**	**222,562,810**	**628,449,248**	**484,242,121**	**1,715,817,604**
Transfers	-	-	-	-	42,109,200	442,132,921	(484,242,121)	-
Dividends paid	-	-	-	-	-	(438,637,500)	-	(438,637,500)
Total comprehensive income	-	-	-	(1,623,920)	-	-	436,204,278	434,580,358
Balance at 31 December 2008	**350,910,000**	**27,920,283**	**8,252**	**100,970**	**264,672,010**	**631,944,669**	**436,204,278**	**1,711,760,462**
Balance at 1 January 2009	**350,910,000**	**27,920,283**	**8,252**	**100,970**	**264,672,010**	**631,944,669**	**436,204,278**	**1,711,760,462**
Transfers	-	-	-	-	37,898,280	398,305,998	(436,204,278)	-
Dividends paid	-	-	-	-	-	(396,528,300)	-	(396,528,300)
Total comprehensive income	-	-	-	977,164	-	-	333,434,307	334,411,471
Balance at 31 December 2009	**350,910,000**	**27,920,283**	**8,252**	**1,078,134**	**302,570,290**	**633,722,367**	**333,434,307**	**1,649,643,633**

The accompanying notes form an integral part of these financial statements.

FORD OTOMOTİV SANAYİ A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

	Notes	2009 EURO*	31 December 2009	31 December 2008
Cash flows from operating activities:				
Net income for the year		**154,346,298**	**333,434,307**	**436,204,278**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	10	70,636,371	152,595,752	135,971,047
Amortisation	11	8,842,139	19,101,673	26,071,506
Provision for employee benefits		4,997,557	10,796,222	8,258,897
Warranty expense provision	13	34,011,649	73,475,366	106,559,238
Taxation	24	34,765,116	75,103,081	180,279,793
Interest income	22	(11,510,969)	(24,867,147)	(28,949,819)
Interest expense	23	6,585,006	14,225,589	21,450,344
Foreign exchange loss incurred from borrowings		693,317	1,497,775	86,495,796
Provision expenses		658,863	1,423,341	2,820,916
Loss on sale of property, plant and equipment-net	21	759,363	1,640,451	1,493,370
Dividend income		(19,525)	(42,180)	(175,749)
Operating profit before changes in operating assets and liabilities		**304,765,185**	**658,384,230**	**976,479,617**
(Increase)/decrease in accounts receivable		(175,006,229)	(378,065,956)	287,031,399
Decrease/(increase) in inventories		136,305,507	294,460,786	(212,183,424)
Decrease in other current assets		13,626,880	29,438,149	58,307,693
Increase/(decrease) in accounts payable		104,838,168	226,481,894	(344,767,204)
Decrease in other current liabilities		(7,406,243)	(15,999,707)	(10,902,902)
Income tax paid		(75,629,171)	(163,381,698)	(119,500,848)
Warranty expenses paid	13	(42,573,673)	(91,971,906)	(104,736,015)
Employee benefits paid	15	(2,052,242)	(4,433,458)	(7,476,385)
Net cash generated from operating activities		**256,868,182**	**554,912,334**	**522,251,931**
Cash flows used in investing activities:				
Purchase of property, plant and equipment	10	(40,101,145)	(86,630,504)	(62,978,443)
Purchase of intangible assets	11	(333,008)	(719,398)	(630,478)
Proceeds from sale of property, plant and equipment		3,234,108	6,986,645	3,245,771
Decrease/(increase) in other non-current assets		6,749,773	14,581,535	(6,149,829)
Interest received		11,473,684	24,786,599	29,065,877
Dividends received		19,525	42,180	175,749
Net cash used in investing activities		**(18,957,063)**	**(40,952,943)**	**(37,271,353)**
Cash flows from financing activities:				
Interest paid		(8,124,027)	(17,550,335)	(21,699,046)
Dividends paid	17	(183,552,423)	(396,528,300)	(438,637,500)
Proceeds from borrowings		59,168,865	127,822,500	-
Repayments of borrowings		(54,906,296)	(118,614,073)	(121,872,906)
Net cash used in financing activities		**(187,413,881)**	**(404,870,208)**	**(582,209,452)**
Net increase/(decrease) in cash and cash equivalents		**50,497,238**	**109,089,183**	**(97,228,874)**
Cash and cash equivalents at beginning of the year	**4**	**121,493,598**	**262,462,620**	**359,691,494**
Cash and cash equivalents at end of the year	**4**	**171,990,836**	**371,551,803**	**262,462,620**

(*) Euro amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by the Central Bank of Turkey at 31 December 2009 and therefore do not form a part of these financial statements prepared in accordance with financial reporting standards accepted by CMB.

The accompanying notes form an integral part of these financial statements.

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Ford Otomotiv Sanayi A.Ş. (the "Company") is incorporated and domiciled in Turkey and manufactures and sells motor vehicles and parts, primarily commercial vehicles, imports and sells passenger cars. The Company was established in 1959 and presently operates as a joint venture between Ford Motor Company and the Koç Group of Companies. The Company is listed on the Istanbul Stock Exchange, where 17.92% of its shares are currently quoted.

The Company presently has two plants located in Kocaeli and Eskişehir, has a spare part distribution warehouse in Kartal, Istanbul and a branch in Tübitak Marmara Research Centre, Gebze Campus Technological Free Zone ("TEKSEB") established in 2007 for the purpose of conducting research and development and engineering operations. The light commercial vehicle, "Transit Connect", and Transit vehicles (minibuses, pick-ups and vans) are manufactured in Kocaeli. Ford Cargo trucks and their engines are manufactured in Eskişehir.

In 2009, the Company had a total of 7,729 employees on average, composed of 1,416 white-collar and 6,313 blue-collar workers. The Company had a total of 7,593 employees composed of 1,396 white-collar and 6,197 blue-collar workers as of 31 December 2009. (31 December 2008: on average a total of 9,260 employees, composed of 1,493 white-collar and 7,767 blue-collar workers. As of 31 December 2008: total of 8,164 employees consisting of 1,507 white-collar and 6,657 blue-collar workers.)

The registered office address of the Company is as follows: Akpınar Mahallesi, Hasan Basri Cad. No: 2 Sancaktepe, İstanbul.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

The Capital Markets Board ("CMB") regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). The Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25, "The Accounting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by the Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB, which do not contradict with the aforementioned standards shall be applied.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the financial reporting standards issued by the CMB ("CMB Financial Reporting Standards"). Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements commencing from 1 January 2005.

As the differences between IAS/IFRS endorsed by the European Union and IAS/IFRS issued by the IASB have not been announced by TASB yet, these financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as accepted by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. Financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcement dated 17 April 2008 and 9 January 2009, including the compulsory disclosures.

2.1.2 Going concern

The financial statements of the Company are prepared on the basis of a going concern assumption.

2.1.3. Offsetting

Financial assets and liabilities are offset when there is a legal basis, intention to disclose net amount of related assets and liabilities or the obtaining of an asset follows the settling its of liability.

2.2 Changes in accounting policies

2.2.1 Comparatives and adjustment of prior periods' financial statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. The balance sheet of the Company at 31 December 2009 has been provided with the comparative financial information of 31 December 2008 and the statement of income, the statement of changes in equity and the statement of cash flows for the

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

year ended 31 December 2009 have been provided with the comparative financial information, for the year ended 31 December 2008.

Idle capacity expenses amounting to TL11,080,081, classified under "Other operating expenses" as of 31 December 2008 have been classified to "Cost of sales" (Note 18).

Financial statements of the Company prepared for the year ended 31 December 2009 and 2008 have been prepared in accordance with the CMB's Communiqué XI, No: 29 "Principles of Financial Reporting in Capital Markets" ("the Communiqué") dated 9 April 2008. The balance sheet as at 31 December 2008 has been restated in order to conform to the presentation of the current period financial statements prepared within the framework of Communiqué. The effects of changes as a result of these restatements are as follows:

i) Advances given amounting to TL17,007,723, classified under "Property, plant and equipment" as of 31 December 2008, have been classified to "Other current assets" (Note 16).

ii) Prepaid taxes and funds amounting to TL3,825,971, classified under "Other receivables" as of 31 December 2008, have been classified to "Other current assets" (Note 16).

2.2.2 Standards, amendments and interpretations to existing standards

a) Interpretations effective in 2009 and relevant to the Company's financial statements

• IAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

• IAS 23 (revised), in respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The change in accounting policy has no material effect to the Company's 2009 financial statements.

• IFRS 8, Explanations for the "Operating segments" are presented in Note 3 - Segment Reporting.

• IFRS 7 "Financial instruments – Disclosures" (amendment) - effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 July 2009.

• IAS 27 (Revised), "Consolidated and separate financial statements
• IFRS 3 (Revised), "Business combinations"
• IFRS 2 (Revised), "'Share-based payment"
• IAS 31(Revised), " Accounting for jointly controlled entities"
• IFRIC 17, " Distribution of non-monetary assets to shareholders"
• IAS 38 (Revised), "Intangible Assets"

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010:

• IAS 1 (Revised), "Presentation of financial statements".
• IFRS 5 (Revised), "Non-current assets held for sale and discontinued operations".

The Company management expects that the standards, amendments and interpretations to existing standards given above will not have material effect on the financial statements.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value (Note 4).

2.3.2 Trade receivables and valuation allowance

Trade receivables as a result of providing goods or services by the Company directly to a debtor are carried at amortised cost. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the impairment amount decreases due to an event occurring after the write-down, the release of the provision is credited to other income in the current period.

The Company collects most of the receivables from domestic vehicles sales through the "Direct Debit System" (DDS). Within this system which is also named as Direct Collection System; the contracted banks warrant the collection of the receivables within the limits granted to the dealers. Trade receivables are transferred by the contracted banks to the Company's bank accounts at the due dates (Note 7).

2.3.3 Credit finance income/charges

Credit finance income/charges represent imputed finance income/charges on credit sales and purchases. Such income/charges are recognised as financial income or expenses over the period of credit sales and purchases, and included under financial income and expenses.

2.3.4 Inventories

Inventories are valued at the lower of cost or net realisable value. The cost of inventories is determined on the moving monthly average basis. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads and exclude the cost of borrowing. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Idle time expenses arising from the ceases in production other than planned in the factory's annual production plan are not associated with inventories and are recognised as cost of finished goods (Note 9).

2.3.5 Trade payables

Trade payables are recognised at initial cost and subsequently measured at amortised cost using effective interest rate method (Notes 7 and 26).

2.3.6 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets.

The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Land improvements	30 years
Buildings	30 years
Machinery and equipment	5-25 years
Moulds and models	project life
Furniture and fixtures	5-12.5 years
Motor vehicles	9-15 years

FORD OTOMOTİV SANAYİ A.Ş.
NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2009 AND 2008
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Land is not depreciated as it is deemed to have an indefinite useful life.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in other operating income and losses.

Repair and maintenance expenses are charged to the statement of income as they are incurred. Repair and maintenance expenditures are capitalised if they result in an enlargement or substantial improvement of the respective asset (Note 10).

2.3.7 Intangible assets

Intangible assets comprise computer software programmes, leasehold improvements and development costs.

Intangible assets are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period not exceeding five years. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount. The recoverable amount is considered to be the higher of asset's net selling price or value in use. Development costs, comprising of engineering design incurred for the production of new commercial vehicles, are capitalised as discussed in Note 2.3.21 (Note 11).

2.3.8 Impairment of long-lived assets

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognised in the statement of income.

Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

2.3.9 Loans

Loans originated by the Company by providing money directly to a borrower, other than those that are originated with the intent to be sold immediately or in the short-term, are classified as loans originated by the Company. All loans are recognised when cash is advanced to the borrower and measured at amortised cost.

When the loan is provided by the Company by providing money directly to a bank, the loan is secured with marketable securities, Turkish government bonds and treasury bills, acquired under reverse repurchase agreements with banks with a predetermined sale price at fixed future dates and is stated at amortised cost. The accrued interest represents the apportionment to the current period of the difference between future sale prices and the amount provided by the Company. Such originated loans where original maturity at the time the money is directly transferred to the bank is less than three months, are considered and classified as cash equivalents for the purposes of cash flow statements.

Loans originated by the Company that have a fixed maturity are measured at amortised cost using the effective interest rate method.

A provision for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated loan at inception.

2.3.10 Financial investments

Investments intended to be held for an indefinite period of time, and which may be sold in response to a need for liquidity or changes in interest rates are classified as available-for-sale. These are included in non-current assets unless management has the express intention of holding the investments for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management makes the proper classification of such financial instruments at the date they are purchased and monitors this classification regularly.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Equity securities, whose fair values can be reliably estimated, are carried at fair value. All other equity securities classified as available-for-sale are carried at cost after the deduction for any impairment if the Company is not able to make an estimate of the fair values that are sufficiently reliable for certain unlisted equity securities, due to the high variability in the range of reasonable estimates and various outcome probabilities to assess the usefulness of a single estimate. The unrealised gains and losses arising from changes in the fair value of available-for-sale securities are recognised in equity (Note 5).

2.3.11 Share premium

Share premium represents differences resulting from the sale of the Company's subsidiaries and associates' shares at a price exceeding the face values of those shares or differences between the face values and the fair value of shares issued for acquired companies.

2.3.12 Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared. Dividends payable are recognised as an appropriation of profit in the period in which they are declared (Notes 17 and 21).

2.3.13 Taxes on income

Taxes include current period income taxes and deferred taxes. Current year tax liability consists of tax liability on the taxable income calculated according to currently enacted tax rates and to the effective tax legislation as of balance sheet date.

Deferred income tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will affect the future period tax charges based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred tax assets will be utilised or deferred tax liabilities will be settled, are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. Carrying values of deferred tax assets are decreased to the extent necessary, if future taxable profits are not expected to be available to utilise deferred tax assets partially or fully.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities (Note 24).

2.3.14 Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. For export sales significant risk and rewards are transferred to the buyer on FAS, "Final Assignment to Ship" terms. For domestic sales, significant risk and rewards are transferred to the buyer when goods are delivered and received by the buyer or when the legal title is passed to the buyer. Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company. Net sales represent the invoiced value of goods shipped less sales returns. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as interest income on accrual basis (Note 18).

2.3.15 Foreign currency transactions and balances

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Foreign currency exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the statement of income (Notes 22, 23 and 27).

2.3.16 Financial instruments and financial risk management

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. All trade receivables are due mainly from dealers and related parties. The Company has established effective control procedures over its dealers and the credit risk arising from transactions with such dealers is regularly monitored by management and the aggregate risk to any

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

individual counterparty is limited. The Company covered its credit risk from domestic vehicle sales to dealers by setting credit limits for dealers through arranged banks and collects its trade receivables from banks at the due date through the use of Direct Debit System. The use of DDS for receivables from dealers is an effective way to decrease the credit risk. Collaterals obtained from dealers for the receivables regarding domestic spare part sales is another method in the management of the credit risk (Note 7).

Export sales mainly consist of sales to Ford Motor Company and its subsidiaries. Collection terms and conditions are specified in the business agreements with Ford Motor Company. Receivables from Ford Motor Company are collected regularly in 14 days. The collection of receivables resulting from export sales to customers other than Ford Motor Company is secured with letter of credit, letter of guarantee or cash payment.

Price risk

The Company is exposed to equity securities price risk because of investments classified on the balance sheet as available-for-sale. The Company limits the available-for-sale financial assets in order to manage the price risk arising from investments in equity securities.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The risk of funding current and future debt requirements is managed by having an adequate number of quality loan providers constantly available. The Company management keeps cash, credit commitment and factoring capacity to maintain three weeks cash outflows to manage the liquidity risk. The Company maintains a credit commitment amounting to Euro70 million and factoring agreement amounting to TL140 million in case a requirement for use arises. The Company has not utilised any of those commitments as of 31 December 2009.

Interest rate risk

Management uses short-term interest bearing financial assets to manage the maturities of interest bearing assets and liabilities. The Company makes limited use of interest rate swaps, to hedge its floating rate borrowings.

Funding risk

The ability to fund the existing and prospective debt requirements is managed as necessary by obtaining adequate committed funding lines from high quality lenders.

Foreign exchange risk

The Company is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities into local currency. This risk is monitored by management through Audit Committee and regular Board of Director's meetings. Excess cash is invested mainly in hard currency to balance the net foreign currency assets and liabilities and in order to minimise the balance sheet foreign exchange exposure. In addition to this, distribution of the amount of the export orientated production and sales in the related months can increase the foreign assets (Note 27).

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the debt to total capital ratio. This ratio is calculated as total debt divided by total capital. Debt is calculated as total short and long term borrowings, whereas total equity is calculated as equity, as shown in the balance sheet.

	31 December 2009	31 December 2008
Total debt	387,767,655	380,386,199
Total equity	1,649,643,633	1,711,760,462
Debt/Total equity ratio	**0.24**	**0.22**

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3.17 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practical to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated using year-end exchange rates, are considered to approximate their carrying value. The fair values of certain financial assets carried at cost, including cash and amounts due from banks and deposits with banks are considered to approximate their respective carrying values due to their short-term nature. The carrying values of trade receivables along with the related allowances for impairment are estimated to be their fair values due to their short-term nature.

Monetary liabilities

The fair values of monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. Long-term borrowings, which are mainly denominated in foreign currencies, are translated at year-end exchange rates and their fair values approximate their carrying values as floating interest is applied on these loans generally.

2.3.18 Borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings (Note 6). When it comes to the assets which take long time to get ready to usage and sales, borrowing costs related to production or construction are integrated to the cost of the asset.

2.3.19 Provision for employee benefits

Provision for employee benefits represent the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees, completion of one year of service of the employees, employees' being calling up for military service or the death of employees calculated in accordance with the Turkish Labour Law (Note 15).

2.3.20 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the provision amount decreases, in the case of an event occurring after the provision is accounted for, the related amount is classified as other income in the current period.

2.3.21 Research and development expenses

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognised as expense as incurred. Development costs previously recognised as expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over five years (Note 11).

2.3.22 Variable marketing provision

Variable marketing expenses for dealer stocks are accrued for based on the last approved variable marketing programme (Note 8).

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3.23 Warranty provision expenses

Warranty expenses are recognised on an accrual basis for amounts estimated based on prior periods' realisation (Note 13).

2.3.24 Related parties

For the purpose of these financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by/or affiliated with them, and associated companies are considered and referred to as related parties. Key management personnel are defined as board members, general manager and assistant general managers (Note 26).

2.3.25 Earnings per share

Earnings per share disclosed in the statement of income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and the revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year (Note 25).

2.3.26 Comparatives

Comparative figures that are material have been reclassified to conform to the changes to be consistent in presentation in the current period.

2.3.27 Reporting of cash flows

In the statement of cash flows, cash flows during the period are classified under either operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Company's operations.

The cash flows due to investing activities indicate the Company cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid assets with less than three months to maturity (Note 4).

2.3.28 Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in the financial statements and treated as contingent assets or liabilities (Note 13).

2.3.29 Significant accounting estimates and decisions

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognised as of the balance sheet date, contingent assets and liabilities disclosed and the amount of revenue and expenses reported. Although, these estimates and assumptions rely on the Company management's best knowledge about current events and transactions, actual outcomes may vary from those estimates and assumptions.

2.3.30 Accounting policies, changes in accounting estimates and errors

Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3.31 Subsequent events

Subsequent events and announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when the balance sheet is authorised for issue.

In the case that events requiring an adjustment to the financial statements occur subsequent to the balance sheet date, the Company makes the necessary corrections on the financial statements (Note 28).

NOTE 3 - SEGMENT REPORTING

The Company, which is incorporated and domiciled in Turkey, has primary operation of manufacturing and selling motor vehicles and spare parts and selling imported passenger vehicles. The Company's operating segments, nature and economic characteristics of products, nature of production processes, classification of customers in terms of risk for their products and services and methods used to distribute their products are similar. Furthermore, the Company structure has been organised to operate in one segment rather than separate business segments. Consequently, the business activities of the Company are considered to be in one operating segment and the operating results, resources to be allocated to the segment and assessment of performance are managed in this respect.

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2009	31 December 2008
Banks - foreign currency time deposits	272,957,923	240,728,690
Banks - TL time deposits	79,365,807	5,531,229
Banks - TL demand deposits	15,233,531	8,296,872
Banks - foreign currency demand deposits	4,389,285	8,220,024
	371,946,546	**262,776,815**

The maturity period of time deposits is up to three months. The weighted average interest rate for Euro denominated time deposits is 2.81% (31 December 2008: 4.93%). The weighted average interest rate for USD denominated time deposits is 2.50% (31 December 2008: 3.25%). The weighted average interest rate for the TL time deposits is 9.98% (31 December 2008: 15.61%).

The details for cash and cash equivalents presented in the cash flow statements as of 31 December 2009 and 2008 are as follows:

	31 December 2009	31 December 2008	31 December 2007
Cash and banks	371,946,546	262,776,815	360,121,747
Less: Interest accruals	(394,743)	(314,195)	(430,253)
	371,551,803	**262,462,620**	**359,691,494**

NOTE 5 - FINANCIAL ASSETS

	31 December 2009		31 December 2008	
Available-for-sale financial assets:	Shareholding percentage %	Amount	Shareholding percentage %	Amount
Otokar Otobüs Karoseri Sanayi A.Ş. (*)	0.59	2,179,287	0.59	1,202,123
		2,179,287		**1,202,123**

(*)The Company's shareholding in Otokar Otobüs Karoseri Sanayi A.Ş. was stated at market value at the stock quotes at the Istanbul Stock Exchange at 31 December 2009 and 2008 which is assumed to approximate its fair value.

NOTE 6 - FINANCIAL LIABILITIES

	31 December 2009		31 December 2008	
	Effective interest rate %	TL amount	Effective interest rate %	TL amount
Short term borrowings:				
- Euro	2.32	28,088,221	-	-
		28,088,221		-
Short-term portion of long-term borrowings:				
- Euro	2.90	127,875,601	5.60	147,957,546
- USD	2.78	30,293,351	3.63	4,296,282
		158,168,952		152,253,828
Total short-term borrowings		**186,257,173**		**152,253,828**
Long-term borrowings:				
- Euro	2.21	201,510,482	4.91	228,132,371
		201,510,482		**228,132,371**

The redemption schedules of long-term bank borrowings as of 31 December 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
Payment Period	Euro denominated TL	Euro denominated TL
2010	-	81,960,830
2011	50,289,481	49,835,541
2012	91,321,773	36,977,454
2013	37,314,273	36,977,454
2014	22,584,955	22,381,092
	201,510,482	**228,132,371**

The letters of bank guarantee given to financial institutions in connection with the long-term bank borrowings amount to TL242,376,787 (31 December 2008: TL267,344,698).

As of 31 December 2009, borrowings with floating interest rates amount to TL385,626,092 (31 December 2008: TL372,515,134).

The exposure of the borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

Year	31 December 2009	31 December 2008
Up to 6 months	385,626,092	374,919,892
	385,626,092	**374,919,892**

The carrying values of borrowings approximate to their fair values as the effect of the discounting is not significant due to the fact that the applicable financing costs are based on floating interest rates.

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 December 2009	31 December 2008
Trade receivables	343,572,568	234,410,028
Cheques and notes receivable	19,121,282	2,118,591
Doubtful receivables	3,228,090	3,517,060
Less: Unearned credit finance income	(290,198)	(124,548)
	365,631,742	**239,921,131**
Less: Provision for doubtful receivables	(3,228,090)	(3,517,060)
	362,403,652	**236,404,071**

The average due date of trade receivables is one month (31 December 2008: one month) and amortised with 0.76% monthly effective interest rate (31 December 2008: 0.60%).

Export sales are mainly made to Ford Motor Company (Note 26). The collection of receivables resulting from export sales other than Ford Motor Company is under guarantee with letter of credit, letter of guarantee or cash collection.

Long-term trade receivables:	31 December 2009	31 December 2008
Deposits and guarantees given	195,636	107,764
	195,636	**107,764**

Trade payables:	31 December 2009	31 December 2008
Trade payables	361,725,563	160,661,889
Less: Unearned credit finance charges	(199,139)	(58,643)
	361,526,424	**160,603,246**

The average turnover days of the Company's trade payables is 45 days (31 December 2008: 45 days) and amortised with 0.76% monthly effective interest rate (31 December 2008 : 0.60%).

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The maximum exposure of the Company to credit risk as of 31 December 2009 and 2008 is as follows:

	Trade receivables		Other receivables		
31 December 2009	**Related party**	**Other**	**Related party**	**Other**	**Bank deposit**
The maximum of credit risk exposed at the reporting date	**477,299,932**	**362,403,652**	**-**	**102,397**	**371,946,546**
- Credit risk covered by guarantees	**60,000,000**	**279,808,663**	**-**	**-**	**-**
Net carrying value of not overdue and not impaired financial assets	475,298,822	324,640,366	-	102,397	371,946,546
The carrying amount of financial assets whose terms have been renegotiated otherwise be past due or impaired	-	33,363,878	-	-	-
Net carrying value of overdue but not impaired assets	2,001,110	4,399,408	-	-	-
- Amount of risk covered by guarantees	-	4,322,888	-	-	-
Net carrying value of impaired assets	-	3,228,090	-	-	-
- Overdue (gross carrying value)	-	3,228,090	-	-	-
- Provision for impairment (-)	-	(3,228,090)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

	Trade receivables		Other receivables		
31 December 2008	**Related party**	**Other**	**Related party**	**Other**	**Bank deposit**
The maximum of credit risk exposed at the reporting date	**214,685,569**	**236,404,071**	**-**	**796,217**	**262,776,815**
- Credit risk covered by guarantees	**60,000,000**	**139,576,295**	**-**	**-**	**-**
Net carrying value of not overdue and not impaired financial assets	210,150,040	222,901,977	-	796,217	262,776,815
Net carrying value of overdue but not impaired assets	4,535,529	13,502,094	-	-	-
- Amount of risk covered by guarantees	-	8,664,259	-	-	-
Net carrying value of impaired assets	-	3,517,060	-	-	-
- Overdue (gross carrying value)	-	3,517,060	-	-	-
- Provision for impairment (-)	-	(3,517,060)	-	-	-
- Amount of risk covered by guarantees	-	353,064	-	-	-

FORD OTOMOTİV SANAYİ A.Ş.

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The ageing schedule of receivables that are overdue but not impaired is as follows:

	Trade receivables	
31 December 2009	**Related parties**	**Other parties**
1-30 days overdue	571,539	748,019
1-3 months overdue	611,975	5,910
3-12 months overdue	817,596	4,697
1-5 years overdue	-	3,640,782
	2,001,110	4,399,408
Risk covered by guarantees	-	4,322,888

	Trade receivables	
31 December 2008	**Related parties**	**Other parties**
1-30 days overdue	2,618,983	4,265,205
1-3 months overdue	467,514	8,177,858
3-12 months overdue	1,449,032	1,059,031
	4,535,529	13,502,094
Risk covered by guarantees	-	8,664,259

Movements of the Company's impaired receivables are as follows:

	2009	**2008**
1 January	**3,517,060**	**-**
Provisions during the year (Note 21)	229,384	3,517,060
Collections	(518,354)	-
31 December	**3,228,090**	**3,517,060**

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

	31 December 2009	**31 December 2008**
Other receivables:		
Receivables from personnel	42,773	455,174
Other miscellaneous receivables	59,624	341,043
	102,397	**796,217**

	31 December 2009	**31 December 2008**
Other liabilities:		
Payables to personnel	20,585,533	19,744,016
Taxes and funds payable	18,551,459	19,784,062
Variable marketing provision	14,878,104	16,076,342
Expense accruals	11,545,828	9,162,176
Payables to engineering companies	3,532,056	20,200,690
Advances received from customers	3,382,274	971,721
Dividends payable	535,151	443,250
Other short-term liabilities	758,326	705,711
	73,768,731	**87,087,968**

Variable marketing provision is primarily composed of expense accruals related to the inventories at dealers at balance sheet date (Note 2.3.22).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 9 - INVENTORIES

	31 December 2009	31 December 2008
Raw materials	174,990,586	221,866,418
Spare parts	47,626,740	49,791,823
Finished goods	28,041,324	147,281,310
Inventory in transit	27,102,825	75,409,275
Imported vehicles	14,889,127	92,762,562
	292,650,602	**587,111,388**
Less: Provision for impairment of finished goods and spare parts	(1,662,067)	(3,089,120)
	290,988,535	**584,022,268**

The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Idle time expenses incurred due to unplanned cease of production amounting to TL22,343,655 (31 December 2008: TL11,080,081) have been classified under cost of sales (Note 18).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Machinery and equipment	Moulds	Furniture and fixtures	Motor vehicles	Construction in progress	Total
31 December 2008									
Cost	12,009,181	86,994,958	368,487,421	1,386,638,987	565,511,202	66,952,433	9,062,519	1,942,482	2,497,599,183
Accumulated depreciation	-	(21,855,021)	(99,373,572)	(656,503,699)	(454,324,886)	(45,003,408)	(1,441,979)	-	(1,278,502,565)
Net book value	**12,009,181**	**65,139,937**	**269,113,849**	**730,135,288**	**111,186,316**	**21,949,025**	**7,620,540**	**1,942,482**	**1,219,096,618**
For the year ended 31 December 2009									
Opening net book value	12,009,181	65,139,937	269,113,849	730,135,288	111,186,316	21,949,025	7,620,540	1,942,482	1,219,096,618
Additions	-	1,661,535	-	34,643,848	35,517,145	3,395,972	5,895,759	5,516,245	86,630,504
Transfers	-	326,090	-	2,413,193	1,324,374	-	-	(4,063,657)	-
Disposals	-	-	-	(12,262,387)	(1,284,559)	(1,256,580)	(4,662,798)	-	(19,466,324)
Depreciation charge	-	(2,819,922)	(11,502,881)	(74,304,735)	(60,007,323)	(3,072,277)	(888,614)	-	(152,595,752)
Disposals from accumulated depreciation	-	-	-	8,148,651	1,180,342	564,503	945,732	-	10,839,228
Closing net book value	**12,009,181**	**64,307,640**	**257,610,968**	**688,773,858**	**87,916,295**	**21,580,643**	**8,910,619**	**3,395,070**	**1,144,504,274**
31 December 2009									
Cost	12,009,181	88,982,583	368,487,421	1,411,433,641	601,068,162	69,091,825	10,295,480	3,395,070	2,564,763,363
Accumulated depreciation	-	(24,674,943)	(110,876,453)	(722,659,783)	(513,151,867)	(47,511,182)	(1,384,861)	-	(1,420,259,089)
Net book value	**12,009,181**	**64,307,640**	**257,610,968**	**688,773,858**	**87,916,295**	**21,580,643**	**8,910,619**	**3,395,070**	**1,144,504,274**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Land improvements	Buildings	Machinery and equipment	Moulds	Furniture and fixtures	Motor vehicles	Construction in progress	Total
31 December 2007									
Cost	12,009,181	86,803,496	367,501,677	1,380,462,467	538,531,876	68,179,284	9,527,111	5,447,548	2,468,462,640
Accumulated depreciation	-	(19,065,312)	(87,894,081)	(603,720,038)	(410,244,195)	(49,146,445)	(1,564,206)	-	(1,171,634,277)
Net book value	**12,009,181**	**67,738,184**	**279,607,596**	**776,742,429**	**128,287,681**	**19,032,839**	**7,962,905**	**5,447,548**	**1,296,828,363**
For the year ended 31 December 2008									
Opening net book value	12,009,181	67,738,184	279,607,596	776,742,429	128,287,681	19,032,839	7,962,905	5,447,548	1,296,828,363
Additions	-	113,448	-	8,173,721	11,093,530	6,672,317	2,994,838	4,829,927	62,978,443
Transfers	-	78,014	985,744	20,245,629	16,126,268	-	-	(8,334,993)	-
Disposals	-	-	-	(22,242,830)	(240,472)	(7,899,168)	(3,459,430)	-	(33,841,900)
Depreciation charge	-	(2,789,709)	(11,479,491)	(72,870,157)	(44,304,062)	(3,544,630)	(982,998)	-	(135,971,047)
Disposals from accumulated depreciation	-	-	-	20,086,496	223,371	7,687,667	1,105,225	-	29,102,759
Closing net book value	**12,009,181**	**65,139,937**	**269,113,849**	**730,135,288**	**111,186,316**	**21,949,025**	**7,620,540**	**1,942,482**	**1,219,096,618**
31 December 2008									
Cost	12,009,181	86,994,958	368,487,421	1,386,638,987	565,511,202	66,952,433	9,062,519	1,942,482	2,497,599,183
Accumulated depreciation	-	(21,855,021)	(99,373,572)	(656,503,699)	(454,324,886)	(45,003,408)	(1,441,979)	-	(1,278,502,565)
Net book value	**12,009,181**	**65,139,937**	**269,113,849**	**730,135,288**	**111,186,316**	**21,949,025**	**7,620,540**	**1,942,482**	**1,219,096,618**

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying amounts of fully depreciated property, plant and equipment still in use are as follows:

	31 December 2009	31 December 2008
Moulds and models	168,578,311	169,225,927
Machinery and equipment	90,669,879	87,103,780
Furniture and fixtures	26,474,358	30,906,779
Buildings	5,529,499	5,529,499
Land improvements	237,300	237,300
Motor vehicles	137,275	330,618
	291,626,622	**293,333,903**

The allocation of depreciation expense as of 31 December 2009 and 2008 is as follows:

	31 December 2009	31 December 2008
Cost of production	146,650,368	129,102,551
Research and development expenses	1,659,284	2,629,782
General administrative expenses	1,598,075	1,649,905
Sales and marketing expenses (Note 19)	1,546,855	1,436,756
Construction in progress	1,141,170	1,152,053
Current year depreciation charge	**152,595,752**	**135,971,047**

NOTE 11 - INTANGIBLE ASSETS

	Rights	Development costs	Other	Total
31 December 2008				
Cost	18,382,008	421,719,418	1,591,950	441,693,376
Accumulated amortisation	(15,840,840)	(356,522,986)	(888,450)	(373,252,276)
Net book value	**2,541,168**	**65,196,432**	**703,500**	**68,441,100**
For the year ended at 31 December 2009				
Opening net book value	2,541,168	65,196,432	703,500	68,441,100
Additions	684,872	-	34,526	719,398
Amortisation charge	(1,109,274)	(17,817,294)	(175,105)	(19,101,673)
Closing net book value	**2,116,766**	**47,379,138**	**562,921**	**50,058,825**
31 December 2009				
Cost	19,066,880	421,719,418	1,626,476	442,412,774
Accumulated amortisation	(16,950,114)	(374,340,280)	(1,063,555)	(392,353,949)
Net book value	**2,116,766**	**47,379,138**	**562,921**	**50,058,825**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 11 - INTANGIBLE ASSETS (Continued)

31 December 2007	Rights	Development costs	Other	Total
Cost	17,851,154	421,719,418	1,492,326	441,062,898
Accumulated amortisation	(14,592,701)	(331,855,885)	(732,184)	(347,180,770)
Net book value	**3,258,453**	**89,863,533**	**760,142**	**93,882,128**
For the year ended at 31 December 2008				
Opening net book value	3,258,453	89,863,533	760,142	93,882,128
Additions	530,854	-	99,624	630,478
Amortisation charge	(1,248,139)	(24,667,101)	(156,266)	(26,071,506)
Closing net book value	**2,541,168**	**65,196,432**	**703,500**	**68,441,100**
31 December 2008				
Cost	18,382,008	421,719,418	1,591,950	441,693,376
Accumulated amortisation	(15,840,840)	(356,522,986)	(888,450)	(373,252,276)
Net book value	**2,541,168**	**65,196,432**	**703,500**	**68,441,100**

Development expenses classified under intangible assets are mainly comprised of Transit and Cargo truck engine projects.

The allocation of amortisation charges relating to 31 December 2009 and 2008 is as follows:

	31 December 2009	31 December 2008
Cost of manufacturing	17,817,294	24,667,101
General administrative expenses	1,069,326	1,248,139
Research and development expenses	215,053	156,266
Current year amortisation charge	**19,101,673**	**26,071,506**

NOTE 12 - GOVERNMENT GRANTS

The research and development support received and certainly receivable from Tübitak in 2009 is amounting to TL14,035,168 (31 December 2008: TL9,048,255) has been classified under other operating income (Note 21).

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The Company provides two years of warranty for the vehicles sold by dealers for malfunctions described in the sales agreements. Warranty expense provision is estimated by considering vehicles under warranty as of the balance sheet date and warranty claims of vehicles sold in previous years on a model basis.

Provisions	31 December 2009	31 December 2008
Warranty expense provision	58,038,497	76,535,037
	58,038,497	**76,535,037**

Movements in the warranty expense provision during the year are as follows:

	2009	2008
Balance at 1 January	**76,535,037**	**74,711,814**
Paid during the year	(91,971,906)	(104,736,015)
Additions during the year (Note 19)	73,475,366	106,559,238
31 December	**58,038,497**	**76,535,037**

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Letter of guarantee and letters of credit	31 December 2009	31 December 2008
Letters of guarantee given to banks	242,376,787	267,344,698
Letters of guarantee given to customs	29,610,303	28,175,730
Letter of guarantees	3,681,090	332,629
	275,668,180	**295,853,057**

As of 31 December 2009, total amount of the collaterals, deposits and mortgages obtained by the Company is TL215,498,546 (31 December 2008: TL90,243,129).

The Company's colleteral/deposit/morgage positions as of 31 December 2009 and 2008 are as follows:

Collaterals/deposits/mortgages given by the Company	31 December 2009	31 December 2008
Total amount of the collaterals/deposits/mortgages given for its own legal entity	275,668,180	295,853,057

Tax Conflict:

Büyük Mükellefler Tax Office, which the Company is registered to, imposed tax penalty related to fuel consumption of export vehicles for the year 2007 and following periods amounting to TL3,526,882 for Special Consumption Tax ("SCT") and TL5,316,732 of tax penalty. Anadolu Corporate Tax Office, prior tax office, the Company was registered to, imposed SCT of TL1,603,302 and tax penalty of TL2,433,002 for the years 2005 and 2006. As a result of consultations with their advisors, the Company filed an appeal lawsuit at the court for the annulment of the tax penalty. The Company expects to win the lawsuit and has not provided any provision in the financial statements.

NOTE 14 - COMMITMENTS

The Commitments given for the bank credits to the related banks by the Company are as follows:

a) Regarding the credit agreements made by the Company in 2007, the Company is required to ensure that its export proceeds up to an amount equal to Euro20,000,000 via Garanti Bankası A.Ş. ("Garanti Bankası"), Euro25,000,000 via İş Bankası A.Ş. and Euro49,000,000 via Akbank T.A.Ş. be received into deposit accounts for the year 2009 in these banks. The Company fulfilled export commitments in 2009 as of 31 December 2009.

b) Regarding the credit agreements made by the Company in 2009 amounting to Euro70,000,000 with Garanti Bankası A.Ş., the Company is required to ensure that its export proceeds up to an amount equal to Euro150,000,000 via Garanti Bankası be received into deposit accounts for the year 2009 in this bank. The Company fulfilled export commitments in 2009 as of 31 December 2009.

c) Regarding the other credit agreements made by the Company with Ziraat Bankası A.Ş. ("Ziraat Bankası") in 2009, the Company is required to ensure that its export proceeds up to an amount equal to Euro20,000,000 via T.C. Ziraat Bankası be received into deposit accounts for the year 2009 in this bank. The Company fulfilled export commitments.

d) Regarding the other credit agreements made by the Company in 2009 with Türkiye İhracat Kredi Bankası A.Ş., the Company is required to ensure that its export proceeds up to an amount equal to Euro7,250,000 via Türkiye İhracat Kredi Bankası A.Ş.be received into deposit accounts for the year 2009 in this bank. The Company fulfilled export commitments in 2009 as of 31 December 2009.

NOTE 15 - EMPLOYEE BENEFITS

Long-term provisions

	31 December 2009	31 December 2008
Provision for employee benefits	30,943,135	24,580,371
	30,943,135	**24,580,371**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 15 - EMPLOYEE BENEFITS (Continued)

Provision for employee benefits:

There are no agreements for pension commitments other than the legal requirement as explained below.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL2,365.16 for each year of service as of 31 December 2009 (31 December 2008: TL2,173.18).

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

IFRS requires actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans, Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2009	31 December 2008
Discount rate (%)	5.92	6.26
Turnover rate to estimate the probability of retirement (%)	5	6

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Company calculates the reserve for employee benefits every six months, the maximum amount of TL2,427.04 which is effective from 1 January 2010 (1 January 2009: TL2,260.05) has been taken into consideration in the calculations.

Movements in the provision for employee benefits during the year are as follows:

	2009	2008
1 January	**24,580,371**	**23,797,859**
Interest cost	1,455,158	1,489,746
Actuarial loss	5,310,478	3,420,720
Paid during the year	(4,433,458)	(7,476,385)
Current year service cost	4,030,586	3,348,431
31 December	**30,943,135**	**24,580,371**

NOTE 16 - OTHER CURRENT ASSETS

Other current assets:	31 December 2009	31 December 2008
Prepaid taxes and stoppage	52,218,175	3,825,971
VAT to be deductible	33,374,336	25,009,221
Value Added Tax ("VAT") carried forward	16,553,841	67,499,026
Prepaid expenses	4,112,304	3,884,761
Premiums for research and development support earned	3,784,187	5,327
Other	1,805,590	2,381,188
	111,848,433	**102,605,494**

Other non-current assets:

The Company has advances given to property, plant and equipment purchases amounting to TL2,338,316 as of 31 December 2009 (31 December 2008: TL17,007,723).

NOTE 17 - EQUITY

The composition of the Company's paid-in capital at 31 December 2009 and 2008 is as follows:

Shareholders	31 December 2009	Shareholding percentage (%)	31 December 2008	Shareholding percentage (%)
Koç Holding A.Ş.	134,953,357	38.46	134,953,357	38.46
Vehbi Koç Vakfı	3,428,592	0.98	3,428,592	0.98
Koç Holding Emekli Yardım Sandığı Vakfı	3,259,202	0.93	3,259,202	0.93
Koç Allianz Sigorta T.A.Ş.	-	-	-	-
Temel Ticaret A.Ş.	2,355,885	0.67	2,355,885	0.67
Total Koç Group	143,997,036	41.04	143,997,036	41.04
Ford Motor Company	143,997,036	41.04	143,997,036	41.04
Other (publicly held)	62,915,928	17.92	62,915,928	17.92
Total	**350,910,000**	**100.00**	**350,910,000**	**100.00**
Adjustments to share capital	27,920,283		27,920,283	
Inflation adjusted paid in capital	**378,830,283**		**378,830,283**	

Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the CMB Financial Reporting Standards.

There are 35,091,000,000 unit of shares (31 December 2008: 35,091,000,000 unit) with a nominal value of Kr1 each.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital, Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

In accordance with Corporate Tax Law No, 5520, dated 13 June 2006, Exemption for Sale of Participation Shares and Property, 75% portion of corporations' profits arising from the sale of subsidiary shares which shares that have been carried at least for two years on the balance sheet and the profits from the sale of which are not withdrawn within five years are followed in special reserves. The Company has reserves amounting to TL20,670,398 related to this exemption in its tax financial statements (31 December 2008: TL20,670,398).

In accordance with CMB Financial Reporting Standards, the Company classified the abovementioned amounts under "Restricted reserves", The amount of Restricted reserves is TL302,570,290 as of
31 December 2009 (31 December 2008: TL264,672,010).

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from
1 January 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amount. The valuation differences shall be classified as follows:

• the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";

• the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained Earnings",

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards. Adjustment to share capital has no use other than being transferred to paid-in share capital.

NOTE 17 - EQUITY (Continued)

Based on CMB Decree No. 02/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations in 2009. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publicly declared profit distribution policies. In regards to the profit distribution, in accordance with the decision of the General Assembly, the distribution can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. It is also permitted to retain this amount in the Company reserves if the first dividend amount is below 5% of the paid in/issued capital; however if the Company has increased its paid-in capital without dividend distribution in the previous year when the outstanding shares have been identified as "old" and "new", it is mandatory for companies that will make profit distribution from the net distributable profit of the previous year to make this first dividend distribution in cash.

At General Shareholders Meeting, the Company decided to pay dividend from the net profit of the year 2008 at 26%, that is, gross Kr26 (net Kr26) per TL1 share, amounting to TL91,236,600 in total, and the dividend was paid in April 2009. The Company had also decided to pay dividend from the net profit of the year 2008 at 87%, that is, gross Kr87 (net Kr87) per TL1 share, amounting to TL305,291,700 in total, at the Extraordinary General Shareholders Meeting, held on 18 November 2009 and the dividend was paid in November 2009. The Company made dividends payments amounting to TL396,528,300 in total in 2009.

The distributable current year income in accordance with CMB and statutory accounts which will be subject to the Company's 2009 dividend distribution is as follows:

	According to CMB	According to statutory accounts
Income for the year	408,537,388	456,191,852
Taxes payable (-)	(75,103,081)	(82,106,156)
Net income for the year	**333,434,307**	**374,085,696**
Distributable net profit	**333,434,307**	**374,085,696**
Donations made during the year (Note 19)	8,242,279	
Distributable net current year income including donations	**341,676,586**	

Based on the CMB Decree 7/242, dated 25 February 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the total amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the total amount of the statutory net distributable profit should be distributed. It is stated that dividend distributions should not be made if there is a loss in either the financial statements prepared in accordance with CMB regulations or in the statutory financial statements. Comparing the CMB and statutory accounts for 2009, the distributable profit according to CMB will be used in the calculation considering CMB profit is lower than statutory profit.

In accordance with Communiqué No: XI-29, the equity schedules at 31 December 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
Share capital	350,910,000	350,910,000
Adjustment to share capital	27,920,283	27,920,283
Financial assets fair value reserve	1,078,134	100,970
Share premium	8,252	8,252
Restricted reserves	**302,570,290**	**264,672,010**
- Legal reserves	281,899,890	244,001,610
- Special reserves	20,670,400	20,670,400
Retained earnings	**633,722,367**	**631,944,669**
- Inflation adjustment to equity	428,301,244	428,301,244
- Retained earnings	149,218,665	149,218,665
- Extraordinary reserves	56,202,458	54,424,760
Net income for the year	333,434,307	436,204,278
Total equity	**1,649,643,633**	**1,711,760,462**

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NOTE 17 - EQUITY (Continued)

As of 31 December 2009 and 2008, the restated amounts and the equity restatement differences of the aforementioned nominal values are as follows:

31 December 2009:	Historical values	Restated amounts	Equity restatement differences
Share capital	350,910,000	378,830,283	27,920,283
Legal reserves	281,899,890	340,652,494	58,752,604
Extraordinary reserves	56,202,458	425,347,474	369,145,016
Share premium	8,252	361,733	353,481
Special reserves	20,670,400	20,720,543	50,143
	709,691,000	**1,165,912,527**	**456,221,527**

31 December 2008:	Historical values	Restated amounts	Equity restatement differences
Share capital	350,910,000	378,830,283	27,920,283
Legal reserves	244,001,610	302,754,214	58,752,604
Extraordinary reserves	54,424,760	423,569,776	369,145,016
Share premium	8,252	361,733	353,481
Special reserves	20,670,400	20,720,543	50,143
	670,015,022	**1,126,236,549**	**456,221,527**

Inflation adjustment difference in Equity can be utilised in issuing bonus shares and in offsetting accumulated losses; the carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

The effect of the changes in revaluation fund on other comprehensive income are as follows:

	2009	2008
1 January	**100,970**	**1,724,890**
Fair value increase/(decrease) of financial assets	977,164	(1,623,920)
31 December	**1,078,134**	**100,970**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 18 - SALES AND COST OF SALES

	31 December 2009	31 December 2008
Export sales	3,163,662,076	4,820,720,836
Domestic sales	2,712,935,237	2,346,514,392
Other sales	56,115,359	117,799,272
Less: Discounts	(358,356,724)	(278,166,853)
	5,574,355,948	**7,006,867,647**

Export sales includes research and development service sales to Ford Motor Company amounting to TL50,299,950 (31 December 2008: TL67,970,348).

Sales in unit:

	31 December 2009			31 December 2008		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Transit	21,078	71,604	92,682	25,279	150,842	176,121
Transit Connect	27,701	56,752	84,453	19,252	64,604	83,856
Passenger vehicles	32,585	192	32,777	24,860	819	25,679
Cargo	2,023	382	2,405	2,823	2,595	5,418
Ranger	1,796	25	1,821	1,985	30	2,015
Fiesta Van	-	28	28	993	45	1,038
	85,183	**128,983**	**214,166**	**75,192**	**218,935**	**294,127**

Summaries of cost of production as of 31 December 2009 and 2008 are as follows;

	31 December 2009	31 December 2008
Raw material cost	(3,199,526,148)	(4,639,384,466)
Production overhead costs	(371,771,121)	(467,886,822)
Depreciation and amortisation expenses	(164,467,662)	(153,769,652)
Change in finished goods inventory	(116,699,509)	106,664,081
Idle time expenses	(22,343,655)	(11,080,081)
Total cost of production	**(3,874,808,095)**	**(5,165,456,940)**
Cost of trade goods sold	(1,032,282,218)	(836,199,016)
Cost of sales	**(4,907,090,313)**	**(6,001,655,956)**

NOTE 19 - RESEARCH AND DEVELOPMENT EXPENSES, SALES AND MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	31 December 2009	31 December 2008
Sales and marketing expenses:		
Warranty expenses (Note 13)	(73,475,366)	106,559,238
Advertising expenses	(26,421,513)	42,632,107
Transportation expenses	(21,884,592)	26,890,624
Personnel expenses	(21,611,140)	23,364,117
Spare parts transportation and packaging expenses	(8,778,685)	9,094,311
Dealer and service development expenses	(3,736,931)	7,172,418
Depreciation expense (Note 10)	(1,546,855)	1,436,756
Other	(16,719,119)	17,493,951
	(174,174,201)	**234,643,522**
General administrative expenses:		
Personnel expenses	(31,213,924)	(33,658,748)
Legal consulting and auditing expenses	(11,490,366)	(11,273,611)
Grants and donations (Note 17)	(8,242,279)	(6,180,789)
Other guarantee expenses	(5,458,166)	(2,217,132)
New project administrative expenses	(3,176,303)	(1,363,312)
Repair, maintenance and energy expenses	(2,807,458)	(2,484,277)
Depreciation and amortisation expense (Notes 10 and 11)	(2,667,401)	(2,898,044)
Travel expenses	(2,110,653)	(2,022,646)
Duties, taxes and levies	(948,560)	(2,762,615)
Information technology expenses	(872,281)	(936,180)
Other	(6,133,831)	(4,784,264)
	(75,121,222)	**(70,581,618)**
Research and development expenses:		
Personnel expenses	(40,937,047)	(42,048,097)
Project costs	(21,447,735)	(62,477,750)
Depreciation and amortisation expense (Notes 10 and 11)	(1,874,337)	(2,786,048)
Other	(7,351,664)	(4,811,592)
	(71,610,783)	**(112,123,487)**

NOTE 20 - EXPENSES BY NATURE

The classification of expenses by nature for the years ended at 31 December 2009 and 2008 is as follows:

	31 December 2009	31 December2008
Direct material cost	(3,199,526,148)	(4,639,384,466)
Cost of trade goods sold	(1,032,282,218)	(836,199,016)
Personnel expenses	(287,683,939)	(343,286,582)
Other operational expenses	(221,055,502)	(311,156,817)
Other overhead expenses	(177,849,293)	(223,671,202)
Depreciation and amortisation expenses	(170,556,255)	(160,890,500)
Change in finished goods inventory	(116,699,509)	106,664,081
Financial expenses	(87,228,761)	(158,994,916)
Idle time expenses	(22,343,655)	(11,080,081)
Other expenses	(3,962,942)	(8,310,441)
Total expenses	**(5,319,188,222)**	**(6,586,309,940)**

NOTE 21 - OTHER OPERATING INCOME/EXPENSES

	31 December 2009	31 December 2008
Other operating income and gains:		
Price difference for spare parts and insurance recovery	15,799,028	9,548,783
Premiums for research and development support (Note 12)	14,035,168	9,048,255
Commission income	2,975,021	3,501,087
Licence fees obtained	2,178,935	900,313
Rent income	1,603,528	2,215,213
Insurance claim recoveries	1,332,027	1,819,558
Income from the sale of property, plant and equipment	581,702	691,948
Other	8,537,463	5,265,078
	47,042,872	**32,990,235**

	31 December 2009	31 December 2008
Other operating expenses and losses:		
Loss on sale of property, plant and equipment	(2,222,153)	(2,185,318)
Claim charges for import materials	(907,047)	(794,141)
Prior period price differences	(604,358)	(243,698)
Provision for doubtful receivables	(229,384)	(3,517,060)
Other	-	(1,570,224)
	(3,962,942)	**(8,310,441)**

NOTE 22 - FINANCIAL INCOME

	31 December 2009	31 December 2008
Foreign exchange gains	52,478,580	96,299,407
Finance income from credit sales	28,981,063	37,686,903
Interest income	24,867,147	28,949,819
	106,326,790	**162,936,129**

NOTE 23 - FINANCIAL EXPENSES

	31 December 2009	31 December 2008
Foreign exchange losses	(47,543,174)	(91,391,616)
Finance charges on credit purchases	(21,646,803)	(44,182,322)
Interest expenses	(14,225,589)	(21,450,344)
Other financial expenses	(3,813,195)	(1,970,634)
	(87,228,761)	**(158,994,916)**

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NOTE 24 - TAX ASSETS AND LIABILITIES

Corporate Tax Law was amended by the Law No, 5520 dated 13 June 2006, Law No, 5520 came into force as of 21 June 2006, but many of the provisions came into force effective from 1 January 2006, Accordingly, the corporation tax rate for the fiscal year 2009 is 20% (31 December 2008: 20%), Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction), No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax, Otherwise, dividends paid are subject to withholding tax at the rate of 15%, An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off other liabilities to the government.

In accordance with Tax Law No, 5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" that was published in the official Gazette on 30 December 2003, effective from 1 January 2004, income and corporate taxpayers will apply inflation adjustments to the statutory financial statements, In accordance with the abovementioned Law's provisions, in order to apply inflation adjustment, the cumulative inflation rate ("WPI") over the last 36 months and 12 months must exceed 100% and 10%, respectively, Inflation adjustment has not been applied as these conditions were not fulfilled after 2005.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate,.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

Dividend gains from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

The investment allowance, which has been applied for many years and calculated as 40% of property plant and equipment acquisitions exceeding a certain amount, was annulled with the Law No, 5479 dated 30 March 2006, However, in accordance with the temporary Law No, 69 added to the Income Tax Law, corporate and income taxpayers can offset the investment allowance amounts present as of 31 December 2005, which could not be offset against taxable income in 2005 and:

(a) investments to be made after 1 January 2006 in the scope of the certificate regarding the investments that began in the scope of additional articles 1, 2, 3, 4, 5 and 6 of Income Tax Law No: 193 before it was repealed with the Law No, 4842 dated 9 April 2003, and

(b) investment allowance amounts to be calculated in accordance with legislation effective at 31 December 2005 related to investments which exhibit a technical and economic and integrity and which were started prior to 1 January 2006 in the scope of Income Tax Law repealed 19th article, only against the income related to the years 2006, 2007 and 2008, in accordance with the legislation at 31 December 2005 (including provisions related to tax rates),

The Company reviewed 2006, 2007 and 2008 profit estimations, and decided to use the investment allowance subject to an allowance withholding of 19.8%, in the calculation of corporate tax related to these years.

The Constitutional Court abolished the provisions of Temporary Article 69 of the Income Tax Law regarding the time limitation to the investment allowance in its meeting held on 15 October 2009, and published the minutes of the relevant meeting on its website in October 2009. The decision of the Constitutional Court on the cancellation of the time limitation for investment allowance for the years 2006, 2007 and 2008 came into force with its promulgation in the Official Gazette, dated 8 January 2010, and thereby the time limitation regarding investment allowance was removed. The Company calculated the corporate tax base and accounted for tax provision in the financial statements prepared in accordance with statutory requirements and the CMB as of 31 December 2009, based on the assumption that it would be able to benefit from the TL491,329,522 investment carriedforward from 2008. A tax ruling has been requested from the Tax Office regarding this issue; the Corporate Tax declaration in April 2010 will be prepared in accordance with the response from the Tax Office. The corporate tax provision calculated using the 19.8% investment allowance exemption withholding rate amounts to TL82,106,156. The actual payment of Corporate Tax will be TL829,355 higher than the calculated amount in case that the investment allowance cannot be used in the 2009 Corporate Tax base calculation according to the opinion from the Tax Office.

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

The Company's net tax liabilities as of 31 December 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
Corporate tax provision	82,106,156	114,846,442
Prepaid tax and funds (Note 16)	(52,218,175)	(3,825,971)
	29,887,981	**111,020,471**

The taxation on income for the years ended 31 December 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
Current year corporate tax	(82,106,156)	(114,846,442)
Deferred tax	7,003,075	(65,433,351)
	(75,103,081)	**(180,279,793)**

Calculation of the tax expense reconciliation using the current year tax expense in the statement of income as at 31 December 2009 and 2008 and for the years then ended and current tax ratio based on income before tax is as follows:

	31 December 2009	31 December 2008
Income before tax :	**408,537,388**	**616,484,071**
Current year tax expense calculated with the investment allowance withholding tax of 19,8%	(80,890,403)	(122,063,846)
Investment allowance utilised during the year	-	(68,466,732)
Effective tax rate differences used for temporary differences	-	1,106,134
Tax exemptions	7,587,604	9,919,117
Other	(1,800,282)	(774,466)
	(75,103,081)	**(180,279,793)**

The Company calculates deferred tax assets and liabilities from the temporary differences identified during the evaluation of the differences between the balance sheet prepared under the IFRS Financial Reporting Standards and financial statements prepared for tax purposes.

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 31 December 2009 and 2008 using the current enacted tax rates is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Deferred tax assets:				
Warranty expense provision	58,038,497	76,535,037	11,607,699	15,307,007
Expense accruals	41,934,546	51,351,512	8,386,908	10,270,302
Provision for employee benefits	30,943,135	24,580,371	6,188,627	4,916,074
Difference between the financial statements prepared in accordance with IFRS and tax financial statements:				
- Intangible fixed assets	416,602	(57,086,340)	83,320	(11,417,268)
Unutilized investment incentive allowance earned		-		-
Unearned credit finance income - net	197,456	95,988	39,491	19,197
			26,306,045	19,095,312
Deferred tax liabilities:				
Difference between the financial statements prepared in accordance with IFRS and tax financial statements:				
- tangible fixed assets	610,123,603	620,918,714	(122,024,721)	(124,183,743)
Income accruals	10,975,461	6,949,183	(2,195,091)	(1,389,836)
Inventories	3,903,009	(3,904,114)	(780,602)	780,823
			(125,000,414)	(124,792,756)
Net deferred tax liabilities			**(98,694,369)**	**(105,697,444)**

NOTE 24 - TAX ASSETS AND LIABILITIES(Continued)

Deferred tax movements are as follows:

	1 January 2009	Charged/(credited) to profit and loss	31 December 2009
Deferred income tax liabilities:			
Difference between the financial statements prepared in accordance with IFRS and tax financial statements	(135,601,011)	13,659,610	(121,941,401)
Income accruals	(1,389,836)	(805,255)	(2,195,091)
Inventories	780,823	(1,561,425)	(780,602)
Deferred income tax assets:			
Warranty expense provision	15,307,007	(3,699,308)	11,607,699
Expense accruals	10,270,302	(1,883,394)	8,386,908
Provision for employee benefits	4,916,074	1,272,553	6,188,627
Unearned credit finance income - net	19,197	20,294	39,491
Net deferred tax liabilities	**(105,697,444)**	**7,003,075**	**(98,694,369)**

	1 January 2008	Charged/(credited) to profit and loss	31 December 2008
Deferred income tax liabilities:			
Difference between the financial statements prepared in accordance with IFRS and tax financial statements	(136,785,718)	1,184,707	(135,601,011)
Income accruals	(2,125,351)	735,515	(1,389,836)
Deferred income tax assets:			
Unutilized investment incentive allowance earned	68,466,732	(68,466,732)	-
Warranty expense provision	14,942,363	364,644	15,307,007
Expense accruals	9,588,121	682,181	10,270,302
Provision for employee benefits	4,759,572	156,502	4,916,074
Inventories	512,190	268,633	780,823
Unearned credit finance income - net	377,998	(358,801)	19,197
Net deferred tax liabilities	**(40,264,093)**	**(65,433,351)**	**(105,697,444)**

NOTE 25 - EARNINGS PER SHARE

	31 December 2009	31 December 2008
Net income for the year (TL)	333,434,307	436,204,278
Weighted average number of shares with nominal value of Kr 1 each	35,091,000,000	35,091,000,000
Earnings per share with nominal value of Kr 1 each	**Kr0.95**	**Kr1.24**

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related party balances at 31 December 2009 and 2008 and the transactions with related parties during the year are as follows:

a) Due from related parties:

i) Trade receivables from related parties

	31 December 2009	31 December 2008
Due from shareholders:		
Ford Motor Company and its subsidiaries	330,175,577	144,720,870
	330,175,577	**144,720,870**
Due from related parties:		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	146,461,403	69,718,327
Other	781,196	283,730
	147,242,599	70,002,057
Less: Unearned credit finance income	(118,244)	(37,358)
	477,299,932	**214,685,569**

Export sales mainly consist of sales to Ford Motor Company. Payments terms and conditions are specified in the business agreements with Ford Motor Company, Receivables from the Ford Motor Company are due in 14 days and are collected regularly.

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NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Due to related parties:

i) Trade payables to related parties

	31 December 2009	31 December 2008
Trade payables to shareholders:		
Ford Motor Company and its subsidiaries	48,359,755	25,264,047
	48,359,755	**25,264,047**
Due to related parties:		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	10,008,146	10,329,158
Opet Petrolcülük A.Ş.	3,238,097	580,489
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	1,830,971	1,543,997
Setur Servis Turistik A.Ş.	1,243,057	1,415,284
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	1,511,084	973,716
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	881,183	200,171
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	478,615	886,155
Koç,net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	217,167	270,585
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	207,211	97,142
Ram Sigorta Aracılık Hizmetleri A.Ş.	170,123	462,580
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	154,409	280,445
V,K,V, Amerikan Hastanesi	82,351	96,359
Koç Üniversitesi	52,812	-
Promena Elektronik A.Ş.	33,161	423,401
Palmira Turizm Ticaret A.Ş.	28,075	142,126
Tofaş Türk Otomobil Fabrikası A.Ş.	19,828	1,495
Setair Hava Taşımacılığı A.Ş.	12,676	-
Aygaz A.Ş.	10,071	283
Other	675	8,747
	20,179,712	17,712,133
Less: Unearned credit finance charges	(11,846)	(7,275)
	68,527,621	**42,968,905**

Due to Ford Motor Company mainly comprise vehicle and material stocks in transit, license fees and engineering expenses for the projects.

ii) Other payables to related parties

	31 December 2009	31 December 2008
Koç Holding A.Ş.	2,058,220	1,970,709
Yapı ve Kredi Bankası A.Ş.	791,392	708,979
	2,849,612	**2,679,688**

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

c) Sales to related parties:

	31 December 2009	31 December 2008
Ford Motor Company	3,101,421,893	4,655,963,424
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	684,457,657	499,162,297
Other	31,796,102	10,944,712
	3,817,675,652	5,166,070,433
Less: Financial income from credit sales	(6,628,640)	(7,760,497)
	3,811,047,012	**5,158,309,936**

d) Major material, service and fixed asset purchases:

	1 January - 31 December 2009			
	Materials	Services	Fixed assets	Total
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	46,207,015	39,544	46,246,559
Opet Petrolcülük A.Ş.	15,793,781	-	-	15,793,781
Koç Holding A.Ş.	-	7,211,429	-	7,211,429
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	7,001,512	-	7,001,512
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	6,554,607	-	-	6,554,607
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	2,552,878	3,971,831	6,524,709
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	4,452,931	-	61,009	4,513,940
Setur Servis Turistik A.Ş.	-	3,548,920	-	3,548,920
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	41,583	1,967,515	1,403,408	3,412,506
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	821,720	-	821,720
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	544,995	-	-	544,995
Koç,net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	-	469,455	-	469,455
Promena Elektronik Ticaret A,Ş,	-	259,519	-	259,519
V,K,V, Amerikan Hastanesi	-	239,517	-	239,517
Koç Üniversitesi	-	92,191	-	92,191
Palmira Turizm Ticaret A.Ş.	-	60,028	-	60,028
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	45,190	-	45,190
Aygaz A.Ş.	42,387	-	-	42,387
Tofaş Türk Otomobil Fabrikası A.Ş.	-	23,924	-	23,924
Otokar Otobüs Karoseri Sanayi A.Ş.	15,466	-	-	15,466
Arçelik A.Ş.	3,763	-	-	3,763
	27,449,513	70,500,813	5,475,792	103,426,118
Less: Unearned credit finance charges	(1,455,477)	-	-	(1,455,477)
	25,994,036	**70,500,813**	**5,475,792**	**101,970,641**

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NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2008			
	Materials	Services	Fixed assets	Total
Domestic purchases:				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	49,538,745	8,258	49,547,003
Opet Petrolcülük A.Ş.	13,057,418	-	-	13,057,418
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	8,699,442	-	8,699,442
Setur Servis Turistik A.Ş.	-	8,664,856	-	8,664,856
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	8,213,680	-	3,391	8,217,071
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	7,970,931	-	-	7,970,931
Palmira Turizm Ticaret A.Ş.	-	6,916,417	-	6,916,417
Koç Holding A.Ş.	35,156	6,277,798	-	6,312,954
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	2,361,407	-	2,959,911	5,321,318
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	2,406,585	2,061,572	4,468,157
Promena Elektronik Ticaret A.Ş.	-	1,631,371	-	1,631,371
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	759,257	-	759,257
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	514,386	-	-	514,386
Koç.net Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş.	192,409	298,178	7,998	498,585
V.K.V. Amerikan Hastanesi		332,116		332,116
Aygaz A.Ş.	273,633	-	-	273,633
Koç Üniversitesi	-	110,248	-	110,248
Sanal Merkez Ticaret A.Ş.	-	72,935	-	72,935
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	64,949	-	64,949
Tofaş Türk Otomobil Fabrikası A.Ş.	59,566	-	-	59,566
Otokar Otobüs Karoseri Sanayi A.Ş.	51,239	-	-	51,239
Migros Türk Ticaret A.Ş.	-	43,174	-	43,174
Otomotiv Lastikleri Tevzii A.Ş.	21,005	-	-	21,005
Arçelik A.Ş.	19,968	-	-	19,968
Grundig Elektronik A.Ş. (*)	2,260	-	-	2,260
Otoyol Sanayi A.Ş.	302	-	-	302
Beldeyama Motorlu Vasıtalar Sanayi ve Ticaret A.Ş.	74	-	-	74
	32,773,434	85,816,071	5,041,130	123,630,635
Less: Unearned credit finance charges	(2,576,717)	-	-	(2,576,717)
	30,196,717	**85,816,071**	**5,041,130**	**121,053,918**

(*) Koç Holding A.Ş. sold Sanal Merkez A.Ş shares as of July 2008.

(**) Koç Holding A.Ş. sold Migros Türk Ticaret A.Ş shares as of June 2008.

(***) Commercial Title of Beko Elektronik A.Ş. changed as Grundig Elektronik A.Ş.

(****) Koç Holding A.Ş. sold Otomotiv Lastikleri A.Ş shares as of July 2008.

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Import purchases:

	31 December 2009	31 December 2008
Ford Motor Company	2,161,037,341	2,889,866,075

e) Licence fees paid to Ford Motor Company and included in cost of sales:

	31 December 2009	31 December 2008
	40,827,730	39,834,834

f) Donations to foundations related to Koç Group, included in general administrative expenses:

	31 December 2009	31 December 2008
	8,047,458	6,065,617

g) The details of deposits to related banks:

Deposits to related banks:	31 December 2009	31 December 2008
Yapı ve Kredi Bankası A,Ş,		
- TL time deposits	34,225,835	1,028,518
- Foreign currency time deposits	30,177,941	74,949,350
- Foreign currency demand deposits	4,140,808	7,696,631
- TL demand deposits	5,478,616	5,308,527
	74,023,200	**88,983,026**

The Company, as sub borrower, utilised TL30,114,000 equivalent of USD20 million and TL54,007,500 equivalent of Euro25 million of the loan obtained by Koç Holding. The Company obtained the loans from the consortium of Koç Holding and 14 financial institutions

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NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

h) Commission incomes and expenses:

Commission income

	31 December 2009	31 December 2008
Yapı ve Kredi Bankası A.Ş.	2,975,021	13,417,081

Commission expense

	31 December 2009	31 December 2008
Yapı ve Kredi Bankası A,Ş,	10,746,025	13,417,081
Koç Tüketici Finansmanı A,Ş,	7,859	951,876
	10,753,884	**14,368,957**

Commissions paid to Koç Tüketici Finansmanı A.Ş. and Yapı ve Kredi Bankası A.Ş. are accounted for as sales discounts.

i) Interest income:

	31 December 2009	31 December 2008
Yapı ve Kredi Bankası A.Ş.	6,960,186	8,682,049

j) Dividend income:

	31 December 2009	31 December 2008
Otokar Otobüs Karoseri Sanayi A.Ş.	42,180	175,749
	42,180	**175,749**

k) Compensation of key management personnel:

The Company defined its key management personnel as board of directors' members, general manager and assistant general managers.

Compensation of key management personnel includes salaries, premiums, Social Security Institution employer's contribution, employer's contribution of unemployment insurance and the attendance fees.

The total amount of compensation given to key management personnel of the Company was TL9,478,612 in 2009 (31 December 2008: TL8,645,517).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The table below summarises the Company's exposure to foreign currency exchange rate risk at 31 December 2009 and 2008. The Company's foreign currency denominated assets and liabilities have been presented below in carrying amounts, categorised by currency.

31 December 2009

	USD Original currency	TL	Euro Original currency	TL	Other TL	Total
Assets:						
Cash and cash equivalents (Note 4)	20,207,187	30,425,961	114,293,293	246,907,801	13,446	277,347,208
Trade receivables	3,461,816	5,212,456	154,216,660	333,154,251	1,689,499	340,056,206
Other receivables	57,359	86,365	369,068	797,297	12,645	896,307
Inventories	208,166	313,435	7,841,304	16,939,570	386,912	17,639,917
Other current assets	-	-	351,405	759,140	-	759,140
	23,934,528	**36,038,217**	**277,071,730**	**598,558,059**	**2,102,502**	**636,698,778**
Liabilities:						
Short-term borrowings(Note 6)	-	-	13,002,000	28,088,221	-	28,088,221
Short-term portion of long-term borrowings (Note 6)	20,119,115	30,293,351	59,193,445	127,875,601	-	158,168,952
Trade payables	9,347,704	14,074,838	29,001,374	62,651,667	813,500	77,540,005
Other current liabilities	44,777	67,421	646,350	1,396,699	710,524	2,174,644
Long-term borrowings (Note 6)	-	-	93,278,934	201,510,482	-	201,510,482
	29,511,596	**44,435,610**	**195,122,103**	**421,522,670**	**1,524,024**	**467,482,304**
Net foreign currency position	**(5,577,068)**	**(8,397,393)**	**81,949,627**	**177,035,389**	**578,478**	**169,216,474**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2008

	USD Original currency	TL	Euro Original currency	TL	Other TL	Total
Assets:						
Cash and cash equivalents (Note 4)	6,277,640	9,493,675	111,723,997	239,178,732	276,307	248,948,714
Trade receivables	5,071,670	7,669,887	80,166,796	171,621,077	1,361,549	180,652,513
Other receivables	21,844	33,034	195,109	417,689	97,805	548,528
Inventories	256,556	387,989	9,256,219	19,815,713	1,411,396	21,615,098
Other current assets	-	-	354,014	757,873	-	757,873
	11,627,710	**17,584,585**	**201,696,135**	**431,791,084**	**3,147,057**	**452,522,726**
Liabilities:						
Short-term portion of long-term borrowings (Note 6)	(2,840,893)	(4,296,282)	(69,113,203)	(147,957,546)	-	(152,253,828)
Trade payables	(7,695,631)	(11,638,103)	(22,402,506)	(47,959,285)	(3,138,331)	(62,735,719)
Other current liabilities	(273,371)	(413,419)	(1,553,159)	(3,325,002)	(249,286)	(3,987,707)
Long-term borrowings (Note 6)	-	-	(106,564,075)	(228,132,371)	-	(228,132,371)
	(10,809,895)	**(16,347,804)**	**(199,632,943)**	**(427,374,204)**	**(3,387,617)**	**(447,109,625)**
Net foreign currency position	**817,815**	**1,236,781**	**2,063,192**	**4,416,880**	**(240,560)**	**5,413,101**

NOTE 27 -FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign exchange risk

The Company is exposed to foreign exchange risk arising primarily against to Euro and partly against respect to USD,

31 December 2009	Gain/Loss	
	Appreciation in foreign currency	Depreciation in foreign currency
Change in USD against TL by 10%		
USD net asset/(liabilities)	(839,739)	839,739
USD net hedged amount	-	-
US Dollar net gain/(loss)	**(839,739)**	**839,739**
Change in Euro against TL by 10%		
Euro net asset/(liabilities)	17,703,539	(17,703,539)
Euro net hedged amount	-	-
Euro net gain/(loss)	**17,703,539**	**(17,703,539)**
Change in other foreign currency against TL by 10%		
Other foreign currency denominated net asset/(liabilities)	57,848	(57,848)
Other foreign currency denominated- hedged amount	-	
Other foreign currency denominated net gain/(loss)	**57,848**	**(57,848)**

31 December 2008	Gain/Loss	
	Appreciation in foreign currency	Depreciation in foreign currency
Change in USD against TL by 10%		
USD net asset/(liabilities)	123,678	(123,678)
USD net hedged amount	-	-
US Dollar net gain/(loss)	**123,678**	**(123,678)**
Change in Euro against TL by 10%		
Euro net asset/(liabilities)	441,688	(441,688)
Euro net hedged amount	-	-
Euro net gain/(loss)	**441,688**	**(441,688)**
Change in other foreign currency against TL by 10%		
Other foreign currency denominated net asset/(liabilities)	(24,056)	24,056
Other foreign currency denominated hedged amount	-	-
Other foreign currency denominated net gain/(loss)	**(24,056)**	**24,056**

FORD OTOMOTİV SANAYİ A.Ş.
NOTES TO FINANCIAL STATEMENTS
AT 31 DECEMBER 2009 AND 2008
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 27 -FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign exchange risk (Continued)

The comparative amounts for total export and import amounts as at 31 December 2009 and 2008 and for the years then ended are as follows;

	31 December 2009	31 December 2008
Total export amount	3,163,662,076	4,820,720,836
Total import amount	2,621,066,573	3,417,503,766

The Company's net assets are exposed to foreign exchange risk which arises from export sales. The Company manages its foreign currency position to minimise its foreign exchange risk, currency exposure arising from foreign currency denominated borrowings and trade payables is managed through assets denominated in foreign currency.

Interest rate risk

The Company's interest rate sensitive financial instruments are as follows:

	31 December 2009	31 December 2008
Fixed interest rate financial instruments		
Financial assets		
- Designated as fair value through profit or loss (*)	352,323,730	246,259,919
Financial liabilities	-	2,404,758
Floating interest rate financial instruments		
Financial liabilities	385,626,092	372,515,134

(*)Financial assets designated as fair value through profit or loss consists of fixed interest rate bank deposits with maturity less than three months and denominated in TL and foreign currency,

If the interest rates of variable interest-bearing USD and Euro denominated borrowings were 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL849,133 at December 2009 (31 December 2008: TL1,957,947 lower/higher), due to higher/lower interest expense.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Liquidity Risk

The table below shows the liquidity risk arising from financial liabilities of the Company:

31 December 2009	Carrying value	Total contractual cash outflow	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years
Non-derivative financial instruments					
Financial liabilities	387,767,655	399,017,503	91,897,705	98,293,352	208,826,446
Trade payables					
-Related party	68,527,621	68,527,621	68,527,621	-	-
-Other	361,526,424	361,526,424	361,526,424	-	-
Other liabilities					
-Related party	2,849,612	2,849,612	2,849,612	-	-
-Other	73,768,731	73,768,731	73,768,731	-	-

31 December 2008	Carrying value	Total contractual cash outflow	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years
Non-derivative financial instruments					
Financial liabilities	380,386,199	414,898,908	26,483,163	137,175,294	251,240,451
Trade payables					
-Related party	42,968,905	42,968,905	42,968,905	-	-
-Other	160,603,246	160,603,246	160,603,246	-	-
Other liabilities					
-Related party	2,679,688	2,679,688	2,679,688	-	-
-Other	87,087,968	87,087,968	87,087,968	-	-

NOTE 28 - SUBSEQUENT EVENTS

Constitutional Court's decision to cancel the limitation for utilizing investment incentive regarding the years "2006, 2007 and 2008", became effective starting from 8 January 2010 after being published in the Official Gazette, abolishing the time limitation related to investment incentive. The methodology used by the Company related to corporate income tax base according to statutory and CMB are disclosed in detail in Note 24.

NOTE 29 - DISCLOSURE OF OTHER MATTERS

There are no other matters other than stated above, which would materially affect or that would have material effect on the financial statements, required for the purpose of understanding and interpreting the financial statements or on their interpretation and understandability.

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Ford Otomotiv Sanayi A.Ş. Corporate Governance Principles Compliance Report

1997 Ford Motor Company and Koç Holding became equal partners

1. Corporate Governance Principles Compliance Statement

Ford Otosan has adhered to and implemented the Corporate Governance Principles published by the Capital Markets Board during the period of its operation ending on December 31, 2009, except for the matters stated below.

• Representation of minority shares in the Board of Directors
• Cumulative voting method
• Independent members
• Prohibition regarding competing / dealing with the company
• Corporate Governance Committee

The nature of the matters of non-conformity, the grounds for these and the conflicts of interest they caused have been clarified in the related parts of the report.

SECTION I - SHAREHOLDERS

2. Shareholders Relations Department

An Investor Relations Team was established in the company in 2004. This unit reports to CFO, Oğuz Toprakoğlu (otoprako@ford.com.tr /0262 3156900) and is directed by Assistant General Manager - Treasury, Tuncay Selçuk (tselcuk@ford.com.tr /0262 3156960) and Treasury Manager, Burak Çekmece (bcekmece@ford.com.tr /0262 3156962).

The Investor Relations Team works to ensure that investors and equity analysts are informed. For achieving this objective, separate meetings are organized with the concerned parties, investor conferences and road shows are attended and all questions coming in by telephone or e-mail are answered. In 2009, the Team attended 1 Investor Conference and held one-on-one meetings with over 50 investors and analysts.

3. The Use of Shareholders Rights to Obtain Information

All of the questions posed during the period regarding participation in the General Shareholders' Meeting, distribution of non-paid-up shares, dividend payments and withholding taxes were answered either verbally or in writing.

The "Investor Relations" section in the company's website (www.fordotosan.com.tr) includes all kind of information and announcements regarding the utilization of rights by shareholders by using electronic tools effectively.

The request for nominating of a private auditor has not been set down in the Articles of Incorporation as an individual right; it has been predicted that the provisions of the Turkish Commercial Code will be implemented. There was no request during the period of operation for the appointment of a private auditor.

4. Information on Shareholders' Meeting

During the calendar year of 2009, two General Shareholders' Meetings were held; one ordinary meeting on March 25th and one extraordinary meeting on November 18th. Both meetings achieved a participation of on average 84% and convened at sessions that were open to the public. The meetings can be attended by stakeholders and the media.

Invitations to the Shareholders' Meetings have been sent out in accordance with the regulations set by the Turkish Commercial Code and the Capital Markets Board.

As from 21 days before the date of the Shareholders' Meetings, the agenda of the meeting, the power-of-attorney samples, the Board of Directors' Report, the Auditor's Report, the Independent Auditor's Report, Financial Statements and the Dividend Distribution Proposal are made accessible to all shareholders for examination purposes at the Company's Finance Department and published in the website. In addition, Annual Report including the documents mentioned above and the other information are given out upon request.

Some shareholders who want to ask questions have utilized their rights at the Shareholders' Meetings and satisfactory responses were given to these questions.

There are no provisions in the Articles of Incorporation requiring important resolutions having to be taken at the Shareholders' Meeting related to division, the purchase, sale and lease of significant amounts of assets, etc. Important resolutions are taken by the Board of Directors, who represents 82.08% of the company capital.

Care is taken to have invitation announcements published in newspapers with high circulation and to hold Shareholders' Meetings at central locations that are easily accessible to shareholders.

The Shareholders' Meeting Minutes are published in the website and made available to all shareholders at the Finance Department for examination purposes.

5. Voting Rights and Minority Rights

There are no privileged voting rights generally. However, according to the provisions of the Articles of Incorporation:

• In order for the resolutions of the Shareholders' Meetings to be valid, shareholders representing more than half of B or C group shares must have cast an affirmative vote.

• The principle has been set forth that half of the members of the Board of Directors must be elected from candidates representing Group B and the other half from candidates representing Group C shares. It has also been set forth in the same way that one of the auditors shall be elected from among candidates representing Group B and the other from among candidates representing Group C shares.

• In addition, it is also required by Article 389 of the Turkish Commercial Code that amendments to the Articles of Incorporation be approved by privileged shareholders of Group B and C at the Shareholders' Meeting.

There are no companies that are reciprocal shareholders.

Because of the provisions of the Articles of Incorporation stated above, minority shares cannot be represented at the Board of Directors nor can cumulative voting be applied.

6. Dividend Policy and Deadline for Dividend Distribution

There are no dividend privilege rights in shares.

In the annual reports of the company presented at the Shareholders' Meetings in the last years, one of the company's strategies has been announced as "ensuring a high return for our shareholders." Besides, as it is emphasized in these reports, Ford Otosan's dividend policy is "a predictable and stable dividend payment except during periods of huge investment or periods of severe economic downturns but, on the other hand, within periods of moderate economic recession."

In accordance with this policy, TL 396,528,300 dividend in total was distributed in the calendar year of 2009; TL 91,236,600 was paid on April 2, 2009 and TL 305,291,700 on November 23, 2009.

7. Transfer of Shares

Group A shares may be freely transferred. The transfer of registered shares, which correspond to Group B and C that are held by Koç Group and Ford Motor Company, are subject to certain restrictions stipulated in article 7 of the Company's Articles of Incorporation.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Information Disclosure Policy

Ford Otomotiv Sanayi A.Ş is committed to a policy of complete, true, clear, transparent and accurate public disclosure of all material information in a timely manner, in order to keep shareholders and the investing public informed about the company's operations. In this frame, company's Corporate Disclosure Policy in accordance with the Corporate Governance Principles as defined in Part II Article 1.2. was published in the website and announced to the public.

9. Disclosure of Material Events

18 special case disclosures were issued in the calendar year of 2009. One of these disclosures was additional announcement made on request of the Istanbul Stock Exchange (ISE). All special case disclosures were issued within the time required.

Since the company's shares are not quoted in foreign stock markets, no special case disclosure has been issued for any stock exchange outside of the ISE.

10. The Company's Website and Its Contents

The address for access to the Ford Otomotiv Sanayi A.Ş. official website is www.fordotosan.com.tr. The website is available both in Turkish and English.

"Corporate Information", "Investor Relations" and "Corporate Governance" sections of the website encompass trade register information, the latest shareholder and management structure, the Company's Articles of Incorporation, annual reports, periodical financial statements and reports, agendas and meeting minutes of the General Shareholders' Meetings, auditors' reports, environment report, Corporate Governance principles, standards of corporate conduct, announcements and special case disclosures made by the company, contact information and all related data.

11. Disclosure of the Company's Ultimate Controlling Individual Shareholder / Shareholders (Beneficial Ownership)

It is clearly disclosed in all documents related to the company that two of our major shareholders, the Ford Motor Company and the Koç Group, have a 41.04% shareholding in the capital of Ford Otomotiv Sanayi A.Ş. In this context, as it is already publicly known that some of the Ford Motor Company shareholders and again that some of the individuals in the Koç Family are "real persons final dominant shareholders," neither separate calculation nor announcement has been made to this effect.

12. Disclosure on Insiders

The names of the members of the Company Board of Directors, Auditors and senior management are announced each year in the Annual Reports of the Company. Changes that take place during the year are publicized by special case disclosures.

The list of persons in a position of receiving insider information as of the date of the report has been given below:

Rahmi M. Koç: Chairman of the Board

John Fleming: Vice-Chairman of the Board

Bülent Bulgurlu: Board Member

Y. Ali Koç: Board Member

Ali İhsan İlkbahar: Board Member

C.B. Frank Lazzaro: Board Member

Ingvar M.Sviggum: Board Member

Steven Adams: Board Member

O. Turgay Durak: Board Member

Michael R. Flewitt: Board Member
General Manager

Mehmet Apak: Auditor

Adnan Nas: Auditor

Nuri Otay: Deputy General Manager

Oğuz Toprakoğlu: Asst. General Manager (Finance - CFO)

Ernur Mutlu: Asst. General Manager (Product Development)

Haydar Yenigün: Asst. General Manager (Kocaeli Plant)

Mustafa Menkü: Asst. General Manager (Inönü Plant)

Burak Gökçelik: Asst. General Manager (Engineering)

Ahmet Kınay: Asst. General Manager (Purchasing)

Ahmet Şatıroğlu: Asst. General Manager (Total Quality)

Cengiz Kabatepe: Asst. General Manager (Material Planning & Logistics)

Taylan Avcı: Asst. General Manager (New Projects)

Tuncay Selçuk: Asst. General Manager (Treasury)

Aykut Özüner: Asst. General Manager (Marketing, Sales and After Sales)

SECTION III – STAKEHOLDERS

13. Informing Stakeholders

Stakeholders are regularly informed by the company about matters concerning them.

Employees are informed by management at every opportunity through electronic mail or printed documents. Besides this type of information-sharing, general and departmental open-door meetings are organized for this purpose. Employee union representatives also attend the general meetings at company offices, offering their views.

Explanations about sharing information with shareholders, investors, dealers, suppliers and other stakeholders have been disclosed in related parts of the report.

14. Participation of the Stakeholders in the Management

Some of the activities regarding the participation of stakeholders in management are as follows:

It is discussed and reached a mutual understanding with the labor union before changes are made in working conditions, working environment and employee rights; decisions are taken together.

Dealers' participation in management is achieved through the "Dealers Council," which was formed many years ago. This Council, made up of representatives elected by dealers, meets every two months and develops suggestions concerning company sales and marketing activities together with management representatives. There is also a Dealers Meeting organized every year with the attendance of all dealers.

A Suppliers Meeting is held twice a year for local suppliers of the company. These meetings, which are attended by almost all of our suppliers, act as a platform where the two sides of the supply chain discuss how to make procedures more effective and productive, basing their comments on the views presented by auxiliary industry companies.

15. Human Resources Policy

As in other companies of the Koç Group, the tenet "Our most valuable capital is our human resources." comprises the essence of human resources policies at Ford Otosan. The vision of the company is set forth as: "To take its place among the first five companies preferred by employees in Turkey and to create a Ford Otosan culture of happy, loyal personnel."

Our Human Resources Management strategies are; to create high performance culture, to train leaders digesting the latest technology, using their social and technical abilities moderately, to develop a learning organization, to form an HR process conducting the evolution, to improve and to perpetuate.

The "Business Life Assessment and Improvement Survey" distributed every year measures employee satisfaction, loyalty and pinpoint areas for development, facilitating taking steps for improvement.

The company has signed a 2 year agreement in September 2008 with blue colored personnel through Turkish Metals Union. Except union representatives who are appointed in accordance with the Collective Labor Agreement, there is no other representative from the company appointed to manage employee relations. This relationship with the union is essentially the job of the Human Resources Directorate.

16. Information on Relations with the Clients and Suppliers

One of the basic strategies of the company is to achieve perfect customer satisfaction regarding the products and services we market. With this aim, many research studies and numerical measurements are carried out by the company and other independent sources to achieve product quality as well as perfect sales and after-sales services. In addition, a new program has been exercised to measure dealer satisfaction numerically. In the light of the results of these studies and in consideration of customer demands, our activity plans are mapped out to increase product and service quality and consequently customer satisfaction.

Besides the various units in the company working on total quality, our Customer Relationship Management (CRM) Department works to answer customer needs and eliminate causes of complaints.

17. Social Responsibility

Ford Otosan has adopted the principle of developing the environment, community and life standards of the people it works for. The company's environmental policies have been announced in our website. The Kocaeli and Inönü Plants both have Environmental Impact Assessment Reports. All of Ford Otosan facilities are holders of ISO 14000 certificates. In recent years, new projects have been launched to protect and develop the environment through cooperation with the TEMA Foundation (Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats).

No lawsuits have been filed against the company during this period for damages to the environment, and no related complaint has been received.

Company's corporate citizenship projects and details are explained separately in the related sections of the Annual Report.

SECTION IV – BOARD OF DIRECTORS

18. The Structure and Composition of the Board of Directors and Independent Members

The list of the Board of Directors is included in the Annual Report. Only one of the ten Board members is an executive member (General Manager Michael R. Flewitt).

There are no independent members in the Board of Directors. Since there is no requirement stipulated in this respect in related regulations, the Statutes have not set forth a need for an independent Board member.

The Chairman of the Board and the members are granted permission at each Annual Ordinary General Shareholders' Meeting in accordance with articles 334 and 335 of the Turkish Commercial Code to undertake business that falls into the business scope of the company on behalf of themselves or of others and to be shareholders in companies that undertake such business. The members of the Board of Directors are thus allowed to take on other duties, with no restrictions, outside of the company, within the framework of this permission.

19. Qualifications of Board Members

Although there are no regulations in the Articles of Incorporation specifying basic qualifications to be fulfilled by Board members, all of the current members of the Board have the qualifications set forth in Articles 3.1.1, 3.1.2 and 3.1.5 of Part IV of CMB Corporate Governance Principles.

20. The Mission, Vision and Strategic Goals of the Company

The company's mission has been designated as "To be Turkey's leading automotive company with optimal automotive products and services to fit customer needs and expectations and to be the commercial vehicle center of Ford of Europe." This mission has been defined in the last annual reports of the company and has been made known to the public at every opportunity.

The activities and results related to the basic strategies formulated to bring this mission about are assessed regularly through performance goal methods by the Board of Directors. The results of the assessment of the Board are disclosed in the Annual Reports.

21. Internal Control and Risk Management Mechanism

The Board of Directors will undertake risk management activities essentially through the Audit Committee. In fulfilling its duties, the Audit Committee reviews in detail and makes an assessment of the reports submitted by the Internal Control Department, conveys the needed instructions to management and when necessary, presents these to the Board of Directors for their information and approval.

The Internal Control Department reviews all company procedures in terms of risk management, tests the appropriateness of the audit mechanisms in connection with this as well as their effectiveness and level of implementation. The department also determines the measures to be taken in dealing with deficiencies, if any, working in cooperation with the operational units of the company, reporting the results of its studies to the Audit Committee. While doing these activities in the audit plan annually; Internal Control Department also makes use of the Sarbanes Oxley (S-Ox) standards which the publicly-traded companies in USA have to comply with.

Ford Otosan evaluates its sales organization with the dealer auditors reporting directly to the Internal Control Department and presents the results to the Audit Committee. The Company has a Business Continuity and Rescue Plan including the scenarios such as natural disasters, destruction of critical information and staff etc. and keeps this plan up to date with the practices done each year.

For better review of strategies, effective allocation and usage of the resources, carrying out the activities in compliance with the laws and regulations and improving company's corporate governance; the processes regarding financial, operational, strategical and external risks are assessed with the participation of top management and necessary arrangements are made.

In addition to the Internal Control Department, the internal audit units of our two major shareholders, Koç Holding and the Ford Motor Company and the independent auditors also inform the Audit Committee of the findings from the regular audits that they perform at the company.

22. Authority and Responsibilities of the Members of the Board of Directors and Executives

The authorities of the Board members and executive management have been set out in Articles 9, 10 and 11 of the Articles of Incorporation. In summary, according to the Turkish Commercial Code and the provisions of the Articles of Incorporation, the Board of Directors is authorized to take all decisions about all procedures other than those that are required to be taken at the General Shareholders' Meeting.

There are no provisions in the Articles of Incorporation defining the responsibilities of the Board members and executive management. It has not been found necessary to set this down in the Articles of Incorporation since the provisions of article 336 and subsequent articles of the Turkish Commercial Code and other related regulations describe this matter in detail.

23. Principles of Activity of the Board of Directors

The Board of Directors meets regularly at least three or four times during the year with the participation of all of its members. At these meetings, all the activities of the company are reviewed and decisions are taken on important matters. In addition to these regular meetings, the Board of Directors may meet to take decisions on matters deemed necessary with a simple majority of members or in accordance with Article 330/2 of the Turkish Commercial Code the Board may take a decision without actually convening.

In the calendar year of 2009, 19 Board of Directors' resolutions are taken and no circular type BOD resolution has been adopted. The agendas for the regular meetings are prepared by the Board of Director's Secretarial Office in consideration of previous decisions and decisions that need to be taken on certain matters. Agendas for other meetings define matters that are required by law to be decided upon by the Board.

The Board of Directors Secretarial duty is managed by the Assistant General Manager - Finance (CFO).

Since no member has opposed to decisions taken at the meetings in recent years, no indication of opposition has been made in the minutes and consequently no such report has been made to the auditors.

An effort is made to have matters falling within the scope of Article 2.17.4 of Part IV of Corporate Governance Principles discussed in the presence of all members at the regular meetings of the Board. Nonetheless, in matters that have legal urgency, this rule is not followed.

The Articles of Incorporation make no provision for weighted votes or veto rights on the part of members of the Board of Directors.

24. Prohibition of Carrying Out Transactions with the Company and Prohibition of Competing with the Company

The chairman of the Board and the members are granted permission at each Annual Ordinary Shareholders' Meeting in accordance with Articles 334 and 335 of the Turkish Commercial Code to undertake business that falls within the business scope of the company on behalf of themselves or of others and to be shareholders in companies that undertake such business.

The Ford Motor Company and the Koç Group, both active in many areas of the automotive sector, are major shareholders of the company. A large part of the Board members comprise persons who engage in active duty in one of the two groups. For this reason, it is inevitable that the situations falling into the scope of articles 334 and 335 of the Turkish Commercial Code should arise.

In this context, the fact that both Ford and the Koç Group are represented by an equal number of members in the Board of Directors and that the executive member (the General Manager) does not, in his implementation, engage in any of the activities stated in the said articles, there is no cause for a conflict of interest.

25. Ethical Rules
The "Ford Otosan Standards of Corporate Conduct", that was originally created in 2002 for the purpose of determining basic ethical principles for the company and its employees, was revised in 2008 for increasing the effectiveness. Comprising sixteen guidelines, the text of these principles was distributed to and signed by all personnel working at the company at the time. The same procedure has continued to be carried out for personnel joining the company after that date. In addition, all employees are issued reminders of the guidelines two times a year. With the latest revision, an on-line test is made for employees after confirmation to check the comprehension of the standards.

Being included also in the company website, Ford Otosan Standards of Corporate Conduct are being updated and reviewed each year.

26. Number, Structure and Independency of Committees Established by the Board of Directors
Audit Committee and Compensation Committee have been formed within the Ford Otosan Board of Directors.

Audit Committee, comprising Y. Ali Koç and C.B. Frank Lazzaro, meet three times a year in general before the regular meetings of the Board. The working principles of the committee have been put forth in a written set of procedures. Reviewing and monitoring detailed data on the company's financial status, risk management, independent auditing and internal control mechanisms and presenting all views and decision drafts to the Board of Directors are among the duties of the Audit Committee.

Compensation Committee members are John Fleming and Bülent Bulgurlu. There are no written procedures setting down the Committee's working principles.

Because there are no independent members in the Board of Directors, the Committee members are likewise not independent. Therefore there is no Corporate Governance Committee at the Company yet. The executive members of the Board have not taken on duties in the committees.

27. Remuneration of the Board of Directors
At this term, the remuneration of the chairman and the Board members is a monthly gross amount of TL 1,355. The General Manager, who is a member of the Board of Directors, also receives a monthly salary in connection with this duty plus a performance-based premium.

The company has not lent any amounts to any of the members of its Board of Directors nor to its executives, nor has it extended credit to them, either directly or through a third party, nor offered any guarantees in their favor such as sureties.

Amendments Proposed by Ford Otomotiv Sanayi A.Ş. in The Articles of Incorporation

OLD TEXT

Object and Scope:
Article 3 -

The Company has been incorporated in order to engage in the below defined industrial and commercial activities.

A) To manufacture, assemble, sell, import and export automobiles, trucks and all types of motor vehicles and their parts and components.

For this purpose, the Company:

a) may build and operate factories and workshops in Turkey and abroad.

b) may enter into cooperation with foreign manufacturers for assembly and sale of their products in Turkey or abroad.

c) may import all kinds of materials and items as and when needed for its manufacturing and assembly activities and within its fields of business.

d) may operate in free zones and establish and operate bonded warehouses, ports and similar premises for its import, export, assembly, manufacturing, research and development operations.

e) may establish and organize sales, service and spare parts organizations for marketing its products inside and outside Turkey.

f) may enter into all kinds of commercial, financial and industrial operations.

g) may engage in engineering, research and development activities in the field of automotive, may manufacture, purchase and sell software, hardware, machinery, equipment, raw material and intermediate products to be used for these activities, may sell the products of these activities, and establish relations with domestic and foreign companies for these purposes.

h) may enter into representation, distributorship, agency, license, know-how or similar agreements with Turkish and foreign companies.

B) Whether covered by the preceding paragraph or not, the Company:

a) may deal with all types of trading operations, including but not limited to imports, exports, domestic trade and representation;

b) may manufacture and assemble all kinds of agricultural machines and instruments and all kinds of machinery, equipment and spare parts within the scope of its contracts, with a view to improving the productivity of its industrial and assembly plants.

C) The Company may participate in the establishment of corporations manufacturing, distributing and marketing raw materials, parts and products within its fields of business, and may purchase and if required, dispose of its equity stocks, provided that it does not engage in brokerage and portfolio management business in any manner whatsoever.

D) The Company may purchase, sell or otherwise trade, and establish or annul mortgages on, all types of real properties within its fields of business in accordance with the applicable laws.

E) The Company may participate in the organizations and corporations producing, distributing and marketing electrical energy, and may purchase and if required, dispose of its equity stocks, provided that it does not engage in brokerage and portfolio management business in any manner whatsoever.

F) The Company may purchase and carry out transactions with debentures, bonds and other securities, provided that it does not engage in brokerage and securities portfolio management business in any manner whatsoever. The Company may further purchase and if required, dispose of the stocks of trading banks and consumer finance companies with a view of participation.

G) The Company may make donations and contributions to foundations, associations, universities, and similar institutions established for social purposes, in line with the principles set by the Capital Market Board.

In addition to and apart from the above listed operations, if and when the Company intends to enter into other activities deemed necessary and advisable for the Company in the future, the Company may extend its fields of business by decisions of its General Assembly of Shareholders upon proposals of the Board of Directors, provided, however, such decisions require an amendment to these Articles of Incorporation, prior consents of the Capital Market Board and the Ministry of Industry and Commerce shall be obtained.

OLD TEXT

Head Office and Branches:
Article 4 -

The legal head office of the Company is located in İstanbul at the address of Fatih Mahallesi Hasan Basri Caddesi Köymenkent Samandıra Kartal and the business centre is located in Kocaeli.

In case of any change in its registered office address, the new address shall be registered in the trade registry, announced in the Turkish Trade Registry Gazette and notified to the Capital Market Board and Ministry of Industry and Commerce. Any notice and correspondences delivered to the registered and announced address shall be deemed to have been duly served to the Company itself. Should the Company leave its registered and announced address, but fail to register its new address in due legal time, it shall constitute a just cause of dissolution of the Company.

The Company may open branches in Turkey and abroad based on a Board of Directors' resolution and with prior notice to the Capital Market Board and Ministry of Industry and Commerce.

OLD TEXT

Registered Capital:
Article 6 -

The Company has accepted the Registered Capital System under the provisions of the Capital Market Act 2499 dated 28.07.1981 and has been included in this system by a decision ref. 16 dated 09.03.1982 of the Capital Market Board.

The registered capital of the Company is YTL 500,000,000 (five hundred million), divided into 50,000,000,000 (fifty billion) shares each with a nominal value of Ykr. 1 (one new kurus).

The issued and fully paid capital of the Company is YTL 350,910,000 (three hundred and fifty million nine hundred and ten thousand) and out of this capital, YTL 758,076 has been fully paid, YTL 165,095 has been nominally capitalized from the extraordinary reserve fund, YTL 259,309,018 has been nominally capitalized from the Asset Revaluation Fund, YTL 849,061 from Cost Increase Fund, YTL 31,331,250 has been capitalized nominally from the dividend amounts that was paid as share certificates, YTL 23,270,986 has been capitalized nominally from Real Estate Sales Profit in accordance with temporary Article 28 of Corporate Tax Law, YTL 35,214,014 has been capitalized nominally from inflation restatement accounts and YTL 12,500 has been capitalized nominally by the assets transferred as a result of merger by way of take over of Otosan Pazarlama A.S.

Distribution of the issued shares corresponding to YTL 350,910,000 capital by the groups of shares and certificate values are as listed below:

Shareholders	Ranks	Group of Shares	No. of Shares	Nominal Value (YTL)	Share Percentage (%)	Registered Bearer
Local Shareholders:						
Local Shareholders	12	A	7,239,689,162	72,396,891.62	20.63	Registered
Local Shareholders	12	B	13,451,607,162	134,516,071.62	38.33	Registered
Foreign Shareholder:						
Ford Motor Co.	12	C	14,399,703,676	143,997,036.76	41.04	Registered
TOTAL			35,091,000,000	350,910,000.00	100.00	

A total of 7,239,689,162 shares of Class-A, with a total nominal value of YTL 72,396,891.62 held by local shareholders, are shares in circulation.

Ford Motor Company, holding Class-C shares of the Company, is entitled to the provisions of the Code on Direct Foreign Investments and the relevant positive law by virtue of the Decree of the Council of Ministers, ref. 6/9910, dated 02.05.1968.

Up to the above mentioned registered capital ceiling, the Board of Directors may increase the capital by issuing new registered share certificates with a denomination of Ykr. 1(one) or its multiples, which represents a share nominal value of Ykr. 1(one) each, at rates and in amounts envisaged by the Capital Market Board, with a view of utilizing and encouraging small savings.

The sale price of share certificates shall be paid in cash and in advance. New share certificates can not be issued unless and until the issued share certificates are fully sold and paid for.

Upon request of the shareholders, the Board of Directors is authorized to replace big denominations of share certificates with smaller denominations provided complying with the relevant regulations of Capital Market Board with a view to facilitate the transfer and circulation of shares, on the condition that the replaced share certificates are returned and cancelled.

When deciding to issue new share certificates, the Board of Directors may:

- Issue preferred shares or shares above nominal value; or
- Restrict the option right of the existing shareholders.

The rules of the Capital Market Board regarding dematerialization of share certificates and dematerialized securities should be followed.

OLD TEXT

Board of Directors:
Article 8 -

The Company's business and affairs are to be administered by the Board of Directors which shall consist of 8 or 10 members to be elected among the shareholders by the General Assembly in accordance with the Turkish Commercial Code.

Half of the directors shall be elected from among the nominees of Class-B Shareholders, and the other half of the directors shall be elected from among the nominees of Class-C Shareholders. In cases where the provision of Article 315 of the Turkish Commercial Code is required to be implemented, such provision shall be applied.

The Board of Directors meets with the presence of one more than half of the number of its members and takes its decisions with the affirmative vote of simple majority of the members present in the meeting, provided, however, that the affirmative vote of the majority of the present members representing Class-B group and Class-C group are separately obtained.

The Board of Directors may further take its decisions without a meeting, pursuant to the provisions of the second paragraph of Article 330 of the Turkish Commercial Code, provided however that such decisions are taken in unanimity.

The directors shall be elected for a maximum period of three years. A new election shall be held for all the directors at the end of this period. The directors who have completed their service may be re-elected.

The General Assembly may, if it deems necessary, decide at any time to replace any member of the Board of Directors. In such case, the provisions of Paragraph 2 of this Article 8, of this Articles of Incorporation shall be implemented.

OLD TEXT

Duties and Powers of the Board of Directors:
Article 9 -

The rights, obligations, responsibilities and liabilities of the Board of Directors, the conduct of Board meetings, resignation, death or non-eligibility of the directors, elections by the Board of Directors for vacancies, remunerations of the directors and other related issues shall be governed by the provisions of the Turkish Commercial Code.

The Board of Directors is authorized to take all decisions except for the issues which specifically require a resolution of the General Assembly of Shareholders pursuant to the Turkish Commercial Code and these Articles of Incorporation. The following transactions also require decisions of the Board of Directors:

1. To make proposals to the General Assembly for the amendments to be made in the Articles of Incorporation of the Company when necessary.

2. To make proposals to the General Assembly for any change in the registered capital of the Company when necessary.

3. To increase the capital up to the registered capital ceiling and to issue shares for this purpose.

4. To approve annual business plans and product cycle plans for domestic and foreign markets.

5. To approve annual budgets of the Company.

6. To appoint and when necessary dismiss the senior management (General Manager, Senior Assistant General Manager and other Assistant General Managers) of the Company;

   The General Manager and two Assistant General Managers shall be elected from among the nominees of the members representing Class-B in the Board of Directors, and the Senior Assistant General Manager and the other two Assistant General Managers shall be elected from the nominees of the members representing Class-C.

   Furthermore, the Board of Directors may appoint a number of additional Assistant General Managers if it deems necessary.

   The Board of Directors shall further decide remuneration and other fringe benefits of the General Manager, Senior Assistant General Manager and Assistant General Managers.

7. To approve the interim and periodic financial statements and forecasts of the Company.

8. To approve the credits in excess of 2,000,000.- (two million) U.S. Dollars or Turkish lira equivalent, or with a term of more than 6 (six) months, which are not included in the budget previously approved by the Board of Directors.

9. To purchase, sell, scrap, lease or dispose of the tangible or intangible fixed assets of which cost or net book value exceeds 500,000.- (five hundred thousand) U.S. Dollars or Turkish lira equivalent.

10. To approve additional funding to proceed with projects previously approved by the Board of Directors where there is a cost overrun.

11. To decide for the purchase and sell all types of real properties and immovables.

12. To prepare the year-end balance sheets, income statements and activity reports and submit such documents to the auditors and the General Assembly.

13. To enter into, or make amendments in contracts, with the following persons for an amount in excess of 500,000.- (five hundred thousand) U.S. Dollars or Turkish lira equivalent, except for the cases listed in the preceding paragraphs 1 to 12:

    - with Class-B and C Shareholders,
    - with entities where Class-B and C Shareholders directly or indirectly hold 30% or more of the capital of the shares, or
    - with real persons who alone, directly or indirectly, hold more than 20% of the Class-B or C Shareholders;

14. To effect the following transactions, extend the term thereof, terminate or cancel them:

    - All kinds of capital participations, in any amount,
    - And;
      * Cash investments other than capital participation (except for routine bank and cash management transactions),
      * Lending transactions, which are not in the form of lending business, (except for the advances made to side industries in the course of business, routine bank transactions and routine cash management transactions),

      in excess of 250,000.- (two hundred and fifty thousand) U.S. Dollars or Turkish Lira equivalent.

15. To enter into trademark, patent, copyright and know-how agreements (except for routine software licenses) and give commitments on non-routine matters with regard to intellectual and industrial property rights.

16. To take decisions as to the establishment of mortgages or similar encumbrances on the Company's immovables or as to removal, including termination thereof.

17. To determine the human resources policy, make substantial and major amendments therein, enter into agreements with the workers' unions or make amendments therein (directly or through union of employers of which the Company is a member) and resolve major labor disagreements and disputes.

18. To effect major modifications in the warranty conditions of the Company products.

19. To make donations to the charity associations or non-profit-bearing organizations in a yearly amount in excess of 100,000.- (one hundred thousand) United States Dollars or Turkish Lira equivalent.

20. To make dividend distribution proposals to the General Assembly.

21. To request the bankruptcy of the Company or apply for composition.

22. To appoint legal advisors for the Company.

23. To appoint an Independent Audit Company in accordance with the applicable laws.

24. To approve all marketing plans, appoint the dealers, and terminate the dealer contracts.

25. To approve vehicle sales-incentive programs, advertisement and sale improvement programs in excess of 500,000.- (Five Hundred Thousand) U.S. Dollars or Turkish Lira equivalent.

26. To approve the changes, which are to be made to the pricing strategies of vehicles, determined in accordance with the budget.

27. To approve all cost overrun in the annual marketing budget.

28. To enter into employment, recruitment and consulting agreements.

29. To appoint, or extend the term of assignment of dispatchees appointed by Class-B or Class-C Shareholders to work in the Company for a term exceeding six months).

30. To approve and discuss the changes in all products.

31. To approve and discuss monthly sales and production programs.

32. To enter into any agreement with a term of more than one year or the amount of which exceeds 250,000.- (Two Hundred and Fifty Thousand) United States Dollars or Turkish equivalent and which are not included in the above stated Articles and not included in a budget approved by the Board of Directors, or to decide on the payment of claims,

33. To delegate any of its powers defined in the preceding paragraphs 1 to 32 to the Company Executive Committee (or other committees formed by the Board of Directors), modify and revoke the powers delegated as above.

34. To resolve any disagreements on the issues within the powers among the senior members of the Executive Committee (or other committees formed by the Board of Directors) of the Executive Committee.

OLD TEXT

Representation of the Company:
Article 11 -

The power to manage and represent the Company before the third parties is vested in the Board of Directors. In order for the documents to be issued and contracts to be signed by the Company to be valid, they must bear the signatures affixed under the trade name of the Company by the persons authorized to commit the Company by the signatures.

Those authorized to sign, their degree of authority and those to be authorized to affix their signatures singly shall be determined by the decision of the Board of Directors.

OLD TEXT

General Assembly:
Article 14 -

The General Assembly holds ordinary or extraordinary meeting.

Ordinary meetings are held at least once a year within three months as of the end of every accounting period of the Company.

Extraordinary meetings are held in any case and at any time deemed necessary in the course of the Company business, or upon demand of any internal auditor.

Unless a higher quorum is provided for in the Law, the meeting quorum for all meetings of the General Assembly is 60% of the total issued shares of the Company and decisions are taken by the affirmative vote of Shareholders or their proxies representing at least 60% of the total issued shares of the Company. However, in order for the resolutions of the General Assembly to be valid, the affirmative votes of the shareholders representing more than half of the total Class-B shares and more than half of the total Class-C shares are required.

Meeting and decision quorum for the General Assembly of any preferred Class-B and Class-C Group meeting shall be a simple majority of the total shares for each respective group.

OLD TEXT

Temporary Article 2 -

The nominal value of each Company share certificate, which was TL 2,500 previously, is amended as Ykr. 1 as a result of the Law on Amendments to Turkish Commercial Code No. 5274. Therefore 4 shares, each of which has a denomination of TL 2,500 shall be exchanged with a share that has a nominal value of Ykr 1. Shareholders that have shares not sufficient for exchange with one complete share with nominal value of Ykr.1 shall be given a fraction receipt and when the fraction receipts are sufficient to make an exchange they will be exchanged with a share certificate. With respect to said exchange, all rights of the shareholders, arising from the shares they have, are reserved.

The Rank 10 share certificates, which represent the issued and fully paid capital of the Company of TL 292,425 billion, are share certificates that have a nominal value of TL 2,500 issued before the Law No. 5274. The Rank 11 share certificates, which represent YTL 58,485,000, are share certificates that have a nominal value of Ykr. 1 issued after Law No.5274 (issued on 27.05.2005). The share certificates of Rank 10 and 11 that represent the existing capital of the Company shall be incorporated in and replaced by Rank 12 share certificates provided each rank to be calculated with its value. With respect to said incorporation and exchange, all rights of the shareholders, arising from the shares they have, are reserved.

The Board of Directors shall commence the exchange of share certificates, in line with the relevant arrangements, following entry into force of dematerialization of capital market instruments.

NEW TEXT

Object and Scope:
Article 3 -

The Company has been incorporated in order to engage in the below defined industrial and commercial activities.

A) To manufacture, assemble, sell, import and export automobiles, trucks and all types of motor vehicles and their parts and components.

For this purpose, the Company:

a) may build and operate factories and workshops in Turkey and abroad.

b) may enter into cooperation with foreign manufacturers for assembly and sale of their products in Turkey or abroad.

c) may import all kinds of materials and items as and when needed for its manufacturing and assembly activities and within its fields of business.

d) may operate in free zones and establish and operate bonded warehouses, ports and similar premises for its import, export, assembly, manufacturing, research and development operations.

e) may establish and organize sales, service and spare parts organizations for marketing its products inside and outside Turkey.

f) may enter into all kinds of commercial, financial and industrial operations.

g) may engage in engineering, research and development activities in the field of automotive, may manufacture, purchase and sell software, hardware, machinery, equipment, raw material and intermediate products to be used for these activities, may sell the products of these activities, and establish relations with domestic and foreign companies for these purposes.

h) may enter into representation, distributorship, agency, license, know-how or similar agreements with Turkish and foreign companies.

i) May engage in training activities, relating to production, development, supply, sales, maintenance and repair services of automotive products and similar topics and establish private education institution for this purpose.

B) Whether covered by the preceding paragraph or not, the Company:

a) may deal with all types of trading operations, including but not limited to imports, exports, domestic trade and representation;

b) may manufacture and assemble all kinds of agricultural machines and instruments and all kinds of machinery, equipment and spare parts within the scope of its contracts, with a view to improving the productivity of its industrial and assembly plants.

C) The Company may participate in the establishment of corporations manufacturing, distributing and marketing raw materials, parts and products within its fields of business, and may purchase and if required, dispose of its **equity stocks**, provided that it does not engage in brokerage and portfolio management business in any manner whatsoever.

D) The Company may purchase, sell or otherwise trade, and establish or annul mortgages on, all types of real properties within its fields of business in accordance with the applicable laws.

E) The Company may participate in the organizations and corporations producing, distributing and marketing electrical energy, and may purchase and if required, dispose of its **equity stocks**, provided that it does not engage in brokerage and portfolio management business in any manner whatsoever.

F) The Company may purchase and carry out transactions with debentures, bonds and other securities, provided that it does not engage in brokerage and securities portfolio management business in any manner whatsoever. The Company may further purchase and if required, dispose of the **stocks** of trading banks and consumer finance companies with a view of participation.

G) The Company may make donations and contributions to foundations, associations, universities, and similar institutions established for social purposes, in line with the principles set by the Capital Market Board.

H) Subject to compliance with the principles determined by the Capital Market Board the Company may issue guarantee security, surety ship or establish pledge including mortgage in favor of itself or third parties.

In addition to and apart from the above listed operations, if and when the Company intends to enter into other activities deemed necessary and advisable for the Company in the future, the Company may extend its fields of business by decisions of its General Assembly of Shareholders upon proposals of the Board of Directors, provided, however, such decisions require an amendment to these Articles of Incorporation, prior consents of the Capital Market Board and the Ministry of Industry and Commerce shall be obtained.

NEW TEXT

Head Office and Branches:
Article 4 -

The legal head office of the Company is located in İstanbul at the address of **Akpınar** Mahallesi Hasan Basri Caddesi **No: 2 Sancaktepe** and the business centre is located in Kocaeli.

In case of any change in its registered office address, the new address shall be registered in the trade registry, announced in the Turkish Trade Registry Gazette and notified to the Capital Market Board and Ministry of Industry and Commerce. Any notice and correspondences delivered to the registered and announced address shall be deemed to have been duly served to the Company itself. Should the Company leave its registered and announced address, but fail to register its new address in due legal time, it shall constitute a just cause of dissolution of the Company.

The Company may open branches in Turkey and abroad based on a Board of Directors' resolution and with prior notice to the Capital Market Board and Ministry of Industry and Commerce.

NEW TEXT

Registered Capital:
Article 6 -

The Company has accepted the Registered Capital System under the provisions of the Capital Market Act 2499 dated 28.07.1981 and has been included in this system by a decision ref. 16 dated 09.03.1982 of the Capital Market Board.

The registered capital of the Company is **TL** 500,000,000 (five hundred million **Lira**), divided into 50,000,000,000 (fifty billion) registered shares each with a nominal value of **Kr.** 1 (one **Kurus**).

The permission given by the Capital Market Board for the registered capital ceiling is valid between 2010 – 2014 (5 years). Even if the registered capital ceiling is not reached at the end of 2014, for the Board of Directors to adopt a resolution to increase the capital after 2014; it should acquire a permission from the Capital Market Board for the previously permitted ceiling or for a new ceiling amount and also acquire an authorization from the General Assembly for a new term. In the absence of such an authorization the Company shall be deemed excluded from the registered capital system.

The issued and fully paid capital of the Company is **TL** 350,910,000 (three hundred and fifty million nine hundred and ten thousand **Lira**) and out of this capital, **TL** 758,076 has been fully paid, **TL** 165,095 has been nominally capitalized from the extraordinary reserve fund, **TL** 259,309,018 has been nominally capitalized from the Asset Revaluation Fund, **TL** 849,061 from Cost Increase Fund, **TL** 31,331,250 has been capitalized nominally from the dividend amounts that was paid as **share** certificates, **TL** 23,270,986 has been capitalized nominally from Real Estate Sales Profit in accordance with temporary Article 28 of Corporate Tax Law, **TL** 35,214,014 has been capitalized nominally from inflation restatement accounts and **TL** 12,500 has been capitalized nominally by the assets transferred as a result of merger by way of take over of Otosan Pazarlama A.S.

Distribution of the shares corresponding to **TL** 350,910,000 capital by **the groups of shares** are as listed below:

Shareholders	Group of Shares	No. of Shares	Nominal Value **(TL)**	Share Percentage (%)	Registered Bearer
Local Shareholders:					
Local Shareholders	A	7,239,689,162	72,396,891.62	20.63	Registered
Local Shareholders	B	13,451,607,162	134,516,071.62	38.33	Registered
Foreign Shareholder:					
Ford Motor Co.	C	14,399,703,676	143,997,036,76	41.04	Registered
TOTAL		35,091,000,000	350,910,000.00	100.00	

A total of 7,239,689,162 shares of Class-A , with a total nominal value of **TL** 72,396,891.62 held by local shareholders, are **shares** in circulation.

Ford Motor Company, holding Class-C shares of the Company, is entitled to the provisions of the Code on Direct Foreign Investments and the relevant positive law by virtue of the Decree of the Council of Ministers, ref. 6/9910, dated 02.05.1968.

The Board of Directors **may issue registered shares and increase the issued capital up to the registered capital ceiling, when it deem necessary in accordance with the Capital Market Board Law.**

The sale price of **shares** shall be paid in cash and in advance. New **shares** can not be issued unless and until the issued shares are fully sold and paid for.

When deciding to issue new shares, the Board of Directors may:

- issue preferred shares or shares above nominal value; or
- restrict the option right of the existing shareholders.

The shares representing the capital are tracked electronically in accordance with the principles for dematerialization.

NEW TEXT

Board of Directors:
Article 8 -

The Company's business and affairs are to be administered by the **Board of Directors** which shall consist of 8 members **at least** to be elected by the General Assembly in accordance with the Turkish Commercial Code. **The total number of the members of the Board of Directors shall be even.**

Half of the **directors** shall be elected from among the nominees of Class-B Shareholders, and the other half of the directors shall be elected from among the nominees of Class-C Shareholders. In cases where the provision of Article 315 of the Turkish Commercial Code is required to be implemented, such provision shall be applied.

The Board of Directors meets **with the presence of one more than half of the number of its members** and takes its decisions with the affirmative vote of simple majority of the members present in the meeting, provided, however, that the affirmative vote of the majority of the present members representing Class-B group and Class-C group are separately obtained.

The Board of Directors may further take its decisions without a meeting, pursuant to the provisions of the second paragraph of Article 330 of the Turkish Commercial Code, provided however that such decisions are taken in **unanimity**.

The directors shall be elected for a **maximum** period of three **years**. A new election shall be held for all the directors **at the end of this period. The directors who have completed their service may be re-elected.**

The General Assembly may, **if it deems necessary**, decide at any time to replace members of the **Board of Directors.** In such case, the provisions of Paragraph 2 of this Article 8, of this Articles of Incorporation shall be implemented.

NEW TEXT

Duties and Powers of the Board of Directors:
Article 9 -

The rights, obligations, responsibilities and liabilities of the **Board of Directors**, the conduct of Board meetings, resignation, death or non-eligibility of the directors, elections by the **Board of Directors** for vacancies, remunerations of the directors and other related **issues** shall be **governed by the provisions of the Turkish Commercial Code.**

The Board of Directors is authorized to take all decisions except for the issues which specifically require a resolution of the General Assembly of Shareholders pursuant to the Turkish Commercial Code and these Articles of Incorporation. The following transactions also require decisions of the **Board of Directors:**

1. To make proposals to the General Assembly for the amendments to be made in the Articles of Incorporation of the Company when necessary.

2. To make proposals to the General Assembly for any change in the registered capital of the Company when necessary.

3. To increase the capital up to the registered capital ceiling.

4. To approve annual business plans and product cycle plans for domestic and foreign markets.

5. To approve annual budgets of the Company.

6. To appoint and when necessary dismiss the senior management (General Manager, Senior Assistant General Manager and other Assistant General Managers) of the Company;

   The General Manager and two Assistant General Managers shall be elected from among the nominees of the members representing Class-B in the **Board of Directors**, and the Senior Assistant General Manager and the other two Assistant General Managers shall be elected from the nominees of the members representing Class-C.

   Furthermore, the **Board of Directors** may appoint a number of additional Assistant General Managers if it deems necessary.

   The Board of Directors shall further decide remuneration and other fringe benefits of the General Manager, Senior Assistant General Manager and Assistant General Managers.

7. To approve the interim and periodic financial statements and forecasts of the Company.

8. To approve the credits in excess of 2,000,000.- (two million) U.S. Dollars or Turkish lira equivalent, or with a term of more than 6 (six) months, which are not included in the budget previously approved by the **Board of Directors.**

9. To purchase, sell, scrap, lease or dispose of the tangible or intangible fixed assets of which cost or net book value exceeds 500,000.- (five hundred thousand) U.S. Dollars or Turkish lira equivalent.

10. To approve additional funding to proceed with projects previously approved by the Board of Directors where there is a cost overrun.

11. To decide for the purchase and sell all types of real properties and immovables.

12. To prepare the year-end balance sheets, income statements and activity reports and submit such documents to the auditors and the General Assembly.

13. To enter into, or make amendments in contracts, with the following persons for an amount in excess of 500,000 (five hundred thousand) U.S. Dollars or Turkish lira equivalent, except for the cases listed in the preceding paragraphs 1 to 12:

    - with Class-B and C Shareholders,
    - with entities where Class-B and C Shareholders directly or indirectly hold 30% or more of the capital of the shares, or
    - with real persons who alone, directly or indirectly, hold more than 20% of the Class-B or C Shareholders;

14. To effect the following transactions, extend the term thereof, terminate or cancel them:

    - All kinds of capital participations, in any amount,
    - And;
      * Cash investments other than capital participation (except for routine bank and cash management transactions),
      * Lending transactions, which are not in the form of lending business, (except for the advances made to side industries in the course of business, routine bank transactions and routine cash management transactions),

      in excess of 250,000.- (two hundred and fifty thousand) U.S. Dollars or Turkish Lira equivalent.

15. To enter into trademark, patent, copyright and know-how agreements (except for routine software licenses) and give commitments on non-routine matters with regard to intellectual and industrial property rights.

16. To take decisions as to the establishment of mortgages or similar encumbrances on the Company's immovables or as to removal, including termination thereof.

17. To determine the human resources policy, make substantial and major amendments therein, enter into agreements with the workers' unions or make amendments therein (directly or through union of employers of which the Company is a member) and resolve major labor disagreements and disputes.

18. To effect major modifications in the warranty conditions of the Company products.

19. To make donations to the charity associations or non-profit-bearing organizations in a yearly amount in excess of 100,000.-(one hundred thousand) United States Dollars or Turkish Lira equivalent.

20. To make dividend distribution proposals to the General Assembly.

21. To request the bankruptcy of the Company or apply for composition.

22. To appoint legal advisors for the Company.

23. To appoint an Independent Audit Company in accordance with the applicable laws.

24. To approve all marketing plans, appoint the dealers, and terminate the dealer contracts.

25. To approve vehicle sales-incentive programs, advertisement and sale improvement programs in excess of 500,000.- (Five Hundred Thousand) U.S. Dollars or Turkish Lira equivalent.

26. To approve the changes, which are to be made to the pricing strategies of vehicles, determined in accordance with the budget.

27. To approve all cost overrun in the annual marketing budget.

28. To enter into employment, recruitment and consulting agreements.

29. To appoint, or extend the term of assignment of dispatchees appointed by Class-B or Class-C Shareholders to work in the Company for a term exceeding six months).

30. To approve and discuss the changes in all products.

31. To approve and discuss monthly sales and production programs.

32. To enter into any agreement with a term of more than one year or the amount of which exceeds 250,000.- (Two Hundred and Fifty Thousand) United States Dollars or Turkish equivalent and which are not included in the above stated Articles and not included in a budget approved by the Board of Directors, or to decide on the payment of claims.

The Board of Directors may establish advisory, coordination and/or similar nature committees consisting of its members and other non-member persons on those matters as it deem appropriate. The Chairman and members of these committees and principles for reporting, working and holding meetings shall be determined and revised where necessary by the Board of Directors.

Save for those transactions which necessitates a Board of Directors resolution as per the rules of positive law, the Board of Directors may delegate any of its powers to the Executive Committee or other committees modify and revoke the powers delegated as above.

Any disagreements among the senior members of the Executive Committee or other committees shall be resolved by the Board of Directors.

NEW TEXT

Representation of the Company:
Article 11 -

The power to manage and represent the Company before the third parties is vested in the **Board of Directors**. In order for the documents to be issued and **contracts to be signed** by the Company to be **valid**, they must be signed by the **persons authorized to represent the Company** and the signatures **must be affixed** under the trade name of the Company.

Save for those transactions which necessitates a Board resolution as per the rules of positive law, the Board of Directors may delegate its powers of management and representation to the directors of the Board and company managers who are not required to be shareholders, under the terms designated by the Board of Directors, and may modify or revoke powers and duties in part or whole, as it deem necessary. In this respect, those who are authorized to sign on behalf of the Company and their degree of authority shall be determined by the decision of the Board of Directors.

NEW TEXT

General Assembly:
Article 14 -

The General Assembly holds **ordinary** or **extraordinary** meeting.

Ordinary meetings are held at least once a year within three months as of the end of every accounting period of the Company.

Extraordinary meetings are held in any case and at any time deemed necessary in the course of the Company business, or upon demand of any internal auditor.

Announcements regarding the General Assembly meeting shall be made at least 3 weeks before the meeting date.

Unless a higher **quorum** is provided for in the Law, the meeting **quorum** for all meetings of the General Assembly is 60% of the total issued shares of the Company and decisions are taken by the affirmative vote of Shareholders or their proxies representing at least 60% of the total issued shares of the Company. However, in order for the resolutions of the General Assembly to be valid, the affirmative votes of the shareholders representing more than half of the total Class-B shares and more than half of the total Class-C shares are required.

Meeting and decision **quorum** for the General Assembly of any preferred Class-B and Class-C Group meeting shall be a simple majority of the total shares for each respective group.

At least one of the Directors of the Board, statutory auditors, authorized officers having responsibility in preparation of the financial statements, and officers who has sufficient knowledge to make explanations on matters relating to special agenda items, shall be present during the General Assembly meeting. The chairman of the meeting will inform the General Assembly, the reasons for absenteeism, for those who do not attend the meeting.

NEW TEXT

Temporary Article 2 -

While the **nominal value of the shares** was TL 2,500 previously, it was amended as **1 New Kuruş as a result of the Law on Amendments to Turkish Commercial Code No. 5274 and thereafter amended as 1 Kuruş in accordance with the Cabinet Decision No.2007/11963 dated April 4, 2007, whereby the term “new” in New Turkish Lira and New Kuruş has been removed to be effective from January 1, 2009. Due to these amendments the total share quantity has been decreased, whereby 4 shares, each of which has a denomination of TL 2,500 shall be exchanged with a share that has a nominal value of Ykr 1.** With respect to said exchange, all rights of the **shareholders**, arising from the shares they have, are reserved.