

TOFAS TÜRK OTOMOBİL FABRİKASI A.S.

31.12.2008

END-OF-TERM ACTIVITY REPORT

**The Term Duties;
Board of Directors**

Mustafa Vehbi Koç

Chairman of the Board of Directors

Born in 1960, has a university degree and serves as the Chairman of the Board of Directors of Koç Holding A.S.

Sergio Marchionne

Vice Chairman of the Board of Directors

Born in 1952, has a university degree and serves as the Chairman of the Board of Directors and CEO of Fiat Auto S.p.A.

Bülent Bulgurlu

Member of the Board of Directors

Born in 1947, university graduate, assigned as Koç Holding A.S. Board Member and CEO.

Paolo Monferino

Member of the Board of Directors

Born in 1946, has a university degree and serves as the CEO of Iveco Fiat.

Temel Kamil Atay

Member of the Board of Directors

Born in 1940, has a university degree and serves as the Vice Chairman of the Board of Directors of Koç Holding A.S.

Alfredo Altavilla

Member of the Board of Directors

Born in 1963, has a university degree and serves as the Vice Chairman of Fiat Auto S.p.A. Responsible for Business Development.

Osman Turgay Durak

Member of the Board of Directors

Born in 1952, university graduate, Assigned as Koç Holding A.S. Automotive Group Head.

Ali Aydin Pandir

Member of the Board of Directors & CEO

Born in 1956, has a university degree and serves as the CEO and Member of the Board of Directors of Tofas.

The Board Of Auditors**Mert S. Bayram**

Auditor

Born in 1971, has a university degree and serves as a Coordinator in the Directorate of the Audit Group of Koç Holding A.S.

Alessandro Gili

Auditor

Born in 1972, university graduate assigned as Fiat Group's Automotive department Accounting Group Head.

Serkan Özyurt

Auditor

Born in 1968, has a university degree and serves as a Coordinator in the Coordinating Unit of the Audit Group of Koç Holding A.S.

Members Assigned In The Boards Of Directors And Auditors Within The Term

(Determined by the Shareholders' Ordinary General Assembly meeting dated 24.04.2008)

Board of Directors

Term of Office

Name Surname Assignment Started Ended

Mustafa V. KOÇ	Chairman	24.04.2008	24.04.2011
Sergio MARCHIONNE	Vice Chairman	24.04.2008	24.04.2011
Temel ATAY	Member	24.04.2011	24.04.2008
Alfredo ALTAVILLA	Member	24.04.2008	24.04.2011
Paolo MONFERINO	Member	24.04.2008	24.04.2011
Ali Aydin PANDIR	Member&CEO	24.04.2008	24.04.2011
Bülent BULGURLU	Member	24.04.2008	24.04.2011
O. Turgay DURAK	Member	24.04.2008	24.04.2011

Auditors

Mert Saban BAYRAM	Auditor	24.04.2008	24.04.2009
Alessandro GILI	Auditor	24.04.2008	24.04.2009
Serkan ÖZYURT	Auditor	24.04.2008	24.04.2009

Authorities and Limits of the Members of Board of Directors and Board of Auditors

Chairman of Board of Directors as well as the Members thereof have the authorities defined in the relevant articles of Turkish Commercial Code and Article 11 of Articles of Association of the Company. Article 16 of Articles of Association of the Company states that duties, authorities and responsibilities of Auditors as well as other matters regarding Auditing are subject to provisions of Turkish Commercial Code.

Information on Capital Structure and Shareholding of Company

Title Of Shareholders Share Group Share Amount (TL) Share (%)

Fiat Auto S.p.A.D		189.279.856,87	37,8560		
Koç Holding A.S.	A	187.938.121,26	37,5876		
Temel Tic. ve Yat. A.S.	A	175.693,44	0,0351		
Suna Kiraç	A	291.510,55	0,0583		
S. Semahat Arsel	A	291.510,55	0,0583		
Mustafa V. Koç		A		194.340,36	0,0389
M. Ömer Koç		A		194.340,36	0,0389
Y. Ali Koç	A	194.340,35	0,0389		
Other	E	121.440.286,26	24,2880		
				500.000.000,00	100

The shareholders holding more than 10% of the company's capital:

By December 31st, 2008 the cap of the registered capital of the company has been increased to 1 billion TL and the (paid) capital is 500 million TL. Our company made a free of charge capital increase in 2005 over a ratio of 11.111111% from internal resources to amount to 50.000.000 TL No capital increase occurred during 2007 and 2008.

Our company's shares of series 11-19 issued following the capital increases and quoted in the Stock Exchange Market and shares of series 20 issued due to the merger with the annulled Tofas Oto Ticaret A.S. were subjected to change with the shares of series 21 in 2001 within the Regulations of the Capital Market Board. The said shares of series 21 were registered in Istanbul Stock Exchange Market under quote number H-2001/155 and also our shares of series 22 were issued with free of charge capital increase of 164.06455 made within the year 2003. Our said shares order no.22 were quoted at the Stock Exchange Market with quote number H-2003/61 and again as result of the capital increase of 11,111111% realized in 2005, our share series no.24 were issued and quoted at the Stock Exchange Market with quote number H-2005/69. The series 23 in between were not related with the capital increase and they were not issued due to dematerialization procedures. Accordingly and as of December 31st, 2006 following the regulations of Central Registration Board in order to follow the nondematerialized shares the lot modifications of which were realized, our share series 21 and 22 were started to be followed recordingly in terms of the dematerialization of the capital market tools. Also, according to the related regulations of the Capital Market Board and the related applications of Central Registration Board, some regulations started to take effect in terms of the registered follow up of capital market tools including our shares series no.24 as of December 31st, 2007 according to the related legislation.

In terms of dematerialization of the capital market tools and dematerialization system, related with the registered follow up of the shares following the decision of the Capital Market Board dated October 28th, 2005 and no.43/1318, all circulating shares in the stock exchange market and all shares care of settlement and custody bank were dematerialized. Necessary information can be accessed from the address www.mkk.com.tr of the Central Registration Board (MKK). It is worth to mention that our

Shareholders who physically hold our company shares shall apply to our Company headquarters and shall complete first the transactions of the previous years, if any, and subsequently apply to Yapi Kredi Yatirim Menkul Degerler A.S.or the representative Yapi Kredi Bankasi A.S. branches.

The necessary information related with the issue can also be obtained from Corporate Governance and Shareholder Relations Division at our Company Headquarters. Our shareholders who physically hold their shares are requested to apply the said Division at our headquarters primarily to use their rights before 31/12/2007 and then to dematerialize their shares. Afterwards, they have to apply Yapi Kredi Yatirim Menkul Degerler A.S. which carries out the dematerialization transactions on our company's behalf.

According to the general announcements of MKK related with the dematerialization of the shares and following the temporary article no.6 of the Capital Market Board, it is not possible for our beneficiary shareholders to use their shareholder rights unless they dematerialize their shares.

According to the transactions of non paid shares and dividends of our company continuing without term and based on the capital increases of the previous years and according to the data obtained from the records of the Central Registration Board A.S., Tofas currently having around 25.000 investors and shareholders is listed in IMKB-100 and Corporate Governance Indexes. Our company shares are quoted in Luxembourg Stock Exchange Market and traded in the international markets

From the site www.tofas.com.tr under the section "Investor Relations", our shareholders can access to the corporate, financial and stock exchange information related to our company from the subsections "Corporate Governance", "Shareholder Relations" and "Stock Market Information", meanwhile they can also send an e-mail to borsa@tof.com.tr and obtain the other information related to our Company from the Corporate Governance and Shareholder Relations Division and to make transactions in terms of relations with shareholders and to provide communication.

Amendments to the Articles of Association within term

There is no amendment to Articles of Association within the term.

Dividends distributed in the last three years and their ratios:

Our Company has paid our Shareholders a cash dividend totaling to 90.000.000.-TL corresponding to 18% of the net profit of 2007 as of 12.05.2008. Also in 2007, 60.000.000.- TL cash dividend corresponding to 12% of the profit of 2006 is distributed as of 14.05.2007 and in 2006, 50.000.000.- TL cash dividend corresponding to 10% of the profit of 2005 is distributed as of 15.05.2006.

Issued securities

Our company issued stocks of 520-TL as of its establishment. The entire of these issued stocks was redeemed by payment on due term. As of the establishment our issued shares of the series 1-10 were replaced by the series 11 and our shares series 11-20 were replaced by the shares series 21, then share series 22 and finally series 24 were issued. As mentioned above the procedures related with the dematerialization of the shares are conducted through the issuing company, intermediary institution/bank and MKK. According to the related decision of Capital Market Board, all shares are followed accordingly as of 31/12/2007.

Company participations and affiliates

By 31.12.2008, the participation amount of our company in ENTEK Elektrik Üretimi A.S. centrally located in Izmit with a capital of 98.918.756-TL is 13.188.000 TL and our participation ratio is 13,33%. The General Assembly of our subsidiary related with the activities of 2008 was made on 19/02/2009.

By 31.12.2008, the participation amount of our company in our affiliate KOÇ FIAT KREDİ Tüketici Finansmanı A.S. operating in Istanbul with a capital of 30.000.000-TL is 29.999.996- TL and the participation ratio is 99,99%. The General Assembly of our subsidiary related with the activities of 2007 shall be made in 15/04/2008.

By 31.12.2008, the participation amount of our company in our affiliate MEKATRO Arastirma Gelistirme ve Ticaret A.S. operating in Kocaeli with a capital of 150.000-TL is 145.500-TL and the participation ratio is 97%. The General Assembly of our subsidiary related with the activities of 2008 was made on 13/02/2009.

Also by 31.12.2008, the participation amount of our company in PLATFORM Arastirma Gelistirme Tasarim ve Ticaret A.S. operating in Bursa with a capital of 1.000.000-TL is 990.000- TL and the participation ratio is 99%. The General Assembly of our subsidiary related with the activities of 2008 was made on 26/01/2009.

Other than these, by 31.12.2008, the participation amount of our company partner to FER MAS Oto Ticaret A.S. operating in Istanbul with a capital of 5.500.000-TL is 5.468.000- TL and the participation ratio is 99,4181% The General Assembly of our subsidiary related with the activities of 2007 was convened in 12/03/2008.

General Assembly Meeting minutes and the list of attendants of our company partnerships and affiliates can be accessed through our company's web site and can be analyzed.

Exports

Tofas increased its exports in 2008 by 43.28% and reached to 209,474 exported units.

Foreign exchange equivalent of our exports has reached to EUR 1,719 million. (1,164 in 2007)

Exports (unit)	2008	2007	Change %
Cars	45,811	52,108	-12.12
Light Commercial Vehicles	143,056	72,966	96.06
CKD/SKD	20,607	21,120	-2.43
Total	209,474	146,194	43.28

Production

Our production was 212,493 units in 2007 and reached to 267,436 units with an increase by 25.86% in 2008.

Model	2008	2007
Doblo	104,007	135,241
MCV	111,810	10,628
Albea	10,553	18,006
Palio – Palio Van	2,331	4,501
Linea	17,932	23,147
CKD / SKD	20,703	20,970
Total	267,336	212,493

Sales and Turnover

Evaluation of the Turkish Automotive Market-First 12 Months

It is seen that the Turkish automotive market is narrowed by approximately 16,9% in 2008 when compared to 2007. It can be said that the main reason underlying the regression in demand is the global financial crisis that has mainly impacted our country in the last quarter. Sales of TOFAS is decreased by approximately 21% when compared to the same period.

When the passenger car and light commercial vehicle markets are taken into account, it is seen that the passenger car market has been narrowed by around 14.4% when compared to 2007 whereas the light commercial vehicle market has been narrowed by around 20.8% which has been highly affected by the crisis.

Sales of TOFAS has been decreased by 15.1% in the in the light commercial vehicles market that was narrowed by 20.8% when compared to the last year. It is seen that our sales volume in passenger cars market is decreased by 27.2% when compared to 2007.

Our market share in the passenger car market (Fiat+Alfa Romeo+Lancia) is decreased by 1.5 points when compared to 2007 and completed the year 2008 around 8.7%. In the commercial vehicles market, Fiat brand has shown a growth by approximately 1.2 points when compared to 2007 and completed the year 2008 with a market share of 18.3%. In the light of the foregoing, our total market share has been decreased by 0.6 points when compared to 2007 and completed the year 2008 around 12.4%.

As of September 2008, market share of the FIAT brand of our company was 8.9% in AUTO and 17.4% in LCV. Our total market share is 12.2%.

Domestic and foreign sales figures are shown below.

	Domestic Market		Foreign Market		TOTAL	
	2007	2008	2007	2008	2007	2008
Cars	38,001	30,215	52,108	45,811	90,109	76,026
Light Commercial Vehicles	40,230	38,154	72,966	143,056	113,196	181,210
CKD/SKD			21,120	20,607	21,120	20,607
Total	78,231	68,369	146,194	209,474	224,425	277,843

Net Sales

The impacts of the global crisis that started particularly in the second half of the year had become more intense in the last quarter and led to significant regression in local and foreign markets as well as loss of orders. Despite all these negative conditions, the turnover of our Company has increased by 31% when compared to the last year.

Sales revenue of our Company as calculated in accordance with the International Financial Reporting Standards has been realized as follows:

	2008	2007	Change %
Foreign sales	3,309,772	2,037,627	62.43
Domestic sales	1,356,819	1,534,689	-11.59
Other revenues from core businesses	131,435	86,625	51.73
Total	4,798,026	3,658,941	31.13

INVESTMENTS

The total investments made by our Company during 2008 was totaled to EURO 326,557 million.

Financial Status

Monetary values in foreign currency are converted by using the end-of-term exchange rates since they are close of the current balance sheet values. Since accounts payables and other monetary liabilities are of short-term, the current values are considered as close to the transferred values.

In this context, long term foreign currency loans related to investment costs (non-derivative protection instrument) and actual and estimated sales of light commercial vehicles (Doblo and Mini Cargo (MCV)) (items subject to protection) have an effective cash flow protection in between. Long term loan liabilities will be covered from a portion of the sales proceeds to be made to Fiat and PSA from 2008 until December 2015 as per the MCV production agreements signed between the Company and Fiat and Peugeot Citroen Automobiles S.A. (PSA). Furthermore, the transferred amounts of the relevant long term liabilities will be covered from the ongoing Doblo sales made to Fiat until the end of 2008.

Management Activities and Results

By the end of the period, our company's top management and their duties are as follows:

Name-Surname	Position
ALI AYDIN PANDIR	CEO & Board Member
CENGİZ EROLDU	Financial Director
MASSIMO RISI	Industrial Operations Director Fiat & Commercial Vehicles Business
OKAN BAS	Division Director
KEMAL YAZICI	R&D Director
SELÇUK ÖNCER	Accounting Director
ALTAN AYTAÇ	Supply Chain Director
M. OSMAN SOYOGUL	Production Director
BURHAN ÇAKIR	Human Resources Director
TURHAN ÇELTIKÇIOĞLU	After Sales and Spare Parts Director
YÜKSEL ÖZTÜRK	Purchasing Director
AHMET NUMAN ALTEKİN	Quality Director
ÇAĞLAR SAHİN	MCV Project Director
BANU KALAY ERTON	Corporate Relations Director Alfa Romeo and Lancia Business Division
ARZU ÇOLAKOĞLU	Director
A.TUNÇ NOYAN	IT Director

We can summarize the other administrative issues related with our personnel as follows:

The registered personnel number of the company by 31.12.2008 is 8,051.
1,237 of this are officers and administrators and 6,814 are workers.

The IFRS severance payment liability of our company as of 31.12.2008 is TL 70,046,104.76
which is fully reserved.

Our staff's social rights are regularly and periodically provided within the legal regulations.

General Assembly Information

The Minutes of the Meeting and the List of Participants issued and signed in relation with the 40th Ordinary General Assembly Meeting of our Company held on 24.04.2008 is posted at our website. The General Assembly has discussed and approved our consolidated financial statements dated 31.12.2007 issued in accordance with IFRS within the scope of the articles of agenda as well as other matters included within the context of the Report Board of Directors.

It has been decided to accept the profit distribution proposal of the Board of Directors and distribute a cash dividend of TL 90,000,000 corresponding to 18% and therefore to pay 0,18 Kr = net cash dividends for each share certificate of 1 Kr nominal value to fully liable institutions and institution partners who receives profit shares through an office and permanent representative in Turkey and to pay cash dividends of gross 0,18 Kr and net 0,155 Kr for each share certificate of 1 Kr nominal value to our other shareholders and the profit distribution date has been determined as May 12th, 2008.

Furthermore, as a result of the election for the membership of the Board of Directors, Mr. Mustafa V. Koç, Mr. Sergio Marchionne, Mr. Ali Aydin Pandir, Mr. Temel Atay, Mr. Bülent Bulgurlu, Mr. O. Turgay Durak, Mr. Alfredo Altavilla and Mr. Paolo Monferino, all of whom are the current members, are reelected whereas Mr. Mert Bayram, Mr. Alessandro Gili and Mr. Serkan Özyurt are reelected as the Auditors.

Mr. Mustafa V. Koç is appointed as the Chairman and Mr. Sergio Marchionne is appointed as the Vice Chairman pursuant to Decision 2008/08 of the Board of Directors on the Distribution of Duties of the Board of Directors.

The minutes of the General Assembly Meeting also includes that a total of TL 2,147,755.34 donation has been made to foundations and associations with tax exemption including TL 2,000,000 donation to Vehbi Koc Foundation in 2007, that Mert Saban Bayram, Serkan Özyurt and Alessandro Gili are appointed as the Auditors until the next Ordinary General Assembly Meeting to be held for examining the accounts of the year 2008, that the appointment of Ernst&Young-Güney Bagimsiz Denetim ve Serbest Muhasebeci Mali Müsavirlik A.S. as the independent auditors by the Board of Directors as of the financial year of 2008 is approved and the relevant agreement is accepted.

Profit Distribution Table can be found at our Company website

TO THE BOARD OF DIRECTORS OF

TOFAS Türk Otomobil Fabrikasi A.S.

REPORT OF THE COMMITTEE RESPONSIBLE FOR AUDITING

We hereby convene to examine and deliver opinion on the auditing studies and auditing report performed and drafted by Ernst&Young - Güney Bagimsiz Denetim ve Serbest Muhasebeci Mali Müsavirlik A.S. that executes the independent auditing studies of the company for the accounting period between January 1st - December 31st 2008 and the Consolidated financial statements and its footnotes which are under the responsibility of the Company and issued in accordance with the IAS / IFRS and drafted in compliance with the formats obliged to be observed in accordance with the Communiqué Volume: XI, No: 29 of Capital Markets Board (CMB).

In this examination, we have assessed the consolidated financial statements of the accounting period between January 1st and December 31st 2008, which are to be publicized, in terms of accuracy and compliance with the accounting principles observed by the Company and the facts. We have obtained opinions of the auditor of the independent auditing company and the responsible directors of the company whenever it is deemed necessary.

According to our opinion, the consolidated financial statements issued in accordance with the Communiqué Serial XI., No: 29 of Capital Markets Board (CMB) accurately reflect the financial status of the Company as of the mentioned period and the actual outcomes of the activities pertaining to the mentioned period.

As a result, we hereby present to the opinion of the Board of Directors the approval of the report containing the auditors report drafted by our independent auditor Ernst&Young - Güney Bagimsiz Denetim ve Serbest Muhasebeci Mali Müsavirlik A.S. and the consolidated financial statements underwent independent audit as attached to the report and the notes related to these financial statements. Istanbul, 19.02.2009.

Yours Sincerely,

COMMITTEE RESPONSIBLE FOR AUDITING

O. Turgay DURAK

Paolo MONFORINO

To the Board of Directors of

TOFAS Türk Otomobil Fabrikası A.S.

REPORT OF COMMITTEE IN CHARGE WITH CORPORATE GOVERNANCE

As a result of the first Dating Report issued upon performing Corporate Governance Rating on our Company, our rating was determined as 7.57 (75.72), after which our rating was revised and increased to 7.74 (77.36) as a result of our improvement activities towards Corporate Governance. Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.S. also re -confirmed the said rating within the framework of Corporate Governance Rating Reports issued by the said rating company.

In line with the Corporate Governance applications and Corporate Governance Rating activities carried out by our Company, the said rating company has issued an "Interim Revision on Corporate Governance Rating" within the scope of the 2nd rating period and submitted to our Company on 27.11.2008.

As stated and mentioned in the newly revised Rating Report, our rating is revised and increased to **8.16** as a result of our Company's due diligence in implementing CMB Corporate Governance Principles and implementing this in the form of an active and continuous process and also continuance of improvement activities towards this matter.

In this context, the previously confirmed rating of our Company is revised and increased from 7.74 (77.36) to 8.16 (81.59) in general average.

It is hereby agreed to inform our stakeholders and notify ISE on the revised Rating Report issued by the concerning rating company as a result of the evaluations so as to contain our new rating that is determined as 8.16. 28.11.2008

Yours Truly,

CORPORATE GOVERNANCE COMMITTEE

Cengiz EROLDU

Ali Aydın PANDIR

O.Turgay DURAK

(*). Furthermore, the Corporate Governance Principles Declaration and Adoption Report as well as the Corporate Governance Rating Reports can be found at the Company website (www.tofas.com.tr).