
Paul Doany - Turk Telekom - CEO

Hi, ladies and gentlemen. It's Paul Doany, Turk Telekom here in Istanbul. I have with me management team from Turk Telekom side, CFO, Finance Director, Marketing Director, International Vice President, Chief Legal Officer, Chief Regulatory in Charge and Chief Operating Officer as well. In addition, from AVEA we have the CEO, the CFO with us, and we have the Investor Relations Director for the Turk Telekom Group.

We have posted a presentation on our website. I believe that you would by now have that before you, so I can take you through it [in the coming] two minutes.

So perhaps I could start very briefly with what's there. I am already on slide four. For those of you who have it, and perhaps those of you who are catching up, on slide four we are showing the shareholding structure. Basically, obviously before the listing, it was 55% government, 45% -- sorry, sorry, 55% Ojer Telekom, 45% Treasury, listing now 15% floated shares.

On slide five we are showing the consolidated performance for the first quarter, comparing that with '07 first quarter, which is up 13% revenue, TRY2,138m up to TRY2,423m. And the operating profit up 24% to TRY666m, from the first quarter last year TRY535m. The net income down TRY515m to TRY399m. Obviously, in the financial section we will explain that's mostly exchange rates, exchange losses.

On the next slide we have a slight update on what we have presented during the roadshow in relation to the Group strategy. So, just very briefly, obviously on PSTN it's fighting back for customers. We now have new voice offers which have been approved by the regulator, so these will be coming to the market very shortly. In fact, we got approval last week for these. And we are launching interesting campaigns as well to promote usage of phones and also on DECT phones, and a number of interesting loyalty programs.

On the broadband side, we will have some new campaigns coming to the market. But to stimulate the market, Turk Telekom as a wholesaler is waiving the connection charge for three months. We've applied for this with the regulator. We expect approval very soon.

And there have been a number of initiatives to the market by the ISPs, various ISPs, of course including TTNNet. I would just say that we still see very weak competition, with the only player being the Smile or the Dogan Group, and that the others, particularly Superonline, are still finding their way with telcom, so they obviously need more time. So it has been a bad month for competition.

And on the mobile side, we've seen very good Avea results. We've had some good progress on cross-selling with TTNNet, on sharing shops, on WiFi and we've also seen favorable interconnection conditions.

In terms of our operational efficiency, we have seen some improvements in relation to our starting position and we continue to improve our synergy programs with Avea. And on the CapEx side, we have good progress on our network upgrades, on NGN, on fiber and the loop. WiMax tender is complete. We will be filing the contracts shortly for under-serviced areas. And synergies with Avea on the network side as well, not just on the commercial side, progressing very well.

On slide seven, for those of you who have it, the regulatory environment. Of course, the draft Electronic Communication Act was discussed in the Parliamentary Commission, so there seems to be some progress and some finality on that. Nothing to report at this time, negative or positive.

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

In terms of interconnection rates, we are happy to see that the decreases will now be effective, obviously, applicable from April 1 for both fixed and mobile. And this is the first time termination rates have been dropped for mobile in excess of fixed, in line with the costs, and this is a good step for us.

In terms of off-net and on-net pricing regulation, applicable from November last year, again, we continue to believe that the application of this will be, in the end, favorable to competition, or more fair competition in the sector.

In terms of legal action against Turkcell for anticompetitive practices, we are progressing with these cases to protect our rights as we see it.

Mobile number portability will be coming to market November '08, the Central Reference Database delivered to the regulator by Avea and by Vodafone. Fixed number portability will be in place in May 2009 and Telekom is actually ready for that. We have no issues there.

The 3G tender has been postponed. We have no update on this, but it would seem from recent statements that it may be relaunched by the end of this year or some time next year.

The MVNO is currently under appraisal by the regulator. Again, nothing new to report on that.

The Competition Authority Investigation on Turk Telekom and on TNet in relation to broadband services is ongoing and we have been preparing our response to their preliminary findings. And we expect to see some closure on this by the end of the year.

On the fixed line business - I am on slide nine - the main PSTN initiatives, obviously second stage rebalancing was completed in '07, as you are aware. So in terms of completed and ongoing initiatives, we have 19 initiatives for churn management that were introduced the end of March and we've seen a voluntary churn reduction by 20% since then. So we are very happy with the progress on this. And we have aligned the customer care personnel across the regions on this effort and we met, in fact, recently with all the management in this past weekend across all regions.

On the fixed fee part, inflationary increase, about 5%, was approved by the regulator and that will be coming into effect within days. We also got approval for two new voice tariff packages that we mentioned during the roadshow and these will be launched basically this month. And these are the tariffs that allow for unlimited usage or a fixed price per call. It means you pay for a minute and the rest of your call is free.

We have also submitted to the regulator for approval a DECT phone support campaign which is very aggressive. We are waiting approval on that. We also got a summer campaign, which we expect approval for. And that is where, basically, a customer commits a certain number of spends for two months, based on the May bill, and gets free minutes within certain criteria. So, all these stimulation and migration campaigns are going rather well. So this is the first time, actually, Turk Telekom has gone to the market with these types of offerings.

In relation to new services, we actually have launched the Videophone, which in fact has received a very favorable response in a very short time. Also, security systems and smarthome and audioconferencing, voicemail, IP Centrex will be coming shortly to the market. These again are being approved by the regulator but advanced stage.

And in terms of the dealer network uplift program, also we are on target and we expect to see major progress over the next 12 months.

On the next slide, further ongoing activities on ADSL. Obviously, the WiFi service, over 2,000 hotspots, and the music portal has been now operating for about three months or so. The Avea-TTNET SME

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

campaign is in effect. Also, a technology package offering that we have with various banks like Garanti, also with Sentim, HP and Intel are ongoing.

We have new campaigns coming to the market, "No home without internet" campaign. Also, special ADSL packages for the corporates, TTNET ISYERIM. The TTNET VIDEO portal was started yesterday without a big noise about it. We just launched it quietly and we will have a big launch in the next four weeks or so, with some interesting additions into it.

We have a retail tariff change on the G.SHDSL. And we have launched the TTNETVITAMIN, which is our contest with the Education Ministry on the Education Program, which also we had mentioned during the roadshow. So that's also up and running and we have about 100,000 students who have already participated in this test over the Internet.

On slide 11, we show the fixed line competition update on Borusan and Telcom. We can just very briefly say that obviously Superonline finally has been acquired by Telcom and we welcome this, as Superonline is a very important competitor, at least by brand and by resources. So, frankly, for the last 12 months they have been very, very inactive, way below their capacity.

We also see call-by-call launches now by basically Superonline, Millenicom, Kocnet and Netone, and we've seen an increase in the minutes with that. So these are good initiatives that give customers a choice, so we are happy with these.

On the next slide, we are giving further highlights on our fixed line revenue. So now we can see the first quarter '07 to first quarter '08 revenue, TRY1.845b up to TRY2.005b, so that's up 9% in revenue. That's in billion lira. And in terms of EBITDA, 49%, TRY909m to TRY985m, again, in line with the guidance that was given.

And on new ADSL connections, we've seen a net addition of 0.4m over the quarter. And again, this is very much due to slow competition, as I've indicated during the roadshow. And we will be seeing some more campaigns. As I've indicated, we are now removing the connection charge from Turk Telekom as a wholesaler to stimulate competition.

And also, we did indicate to you that TTNet for the first quarter was actually slowing down on aggressive acquisitions to give room for competition and also to lower its cost of acquisition, and rather go for upgrading its customer base. And it has been successful in that and has seen an improvement in the profile of its customer base.

On the next slide, we give highlights on our number of access lines. The end of the quarter was about 18m in the first quarter and the ARPU stable at TRY24. Obviously, if you compare last -- well, first quarter '07 to first quarter '08, it's up 8% from TRY22.2 to TRY24. This, of course, has taken the first step of rebalancing which came into effect on March 1. And on the minutes of use per access line, we see a decrease of 4% last quarter to this quarter.

On the next slide, wholesale ADSL is up from 4.5m by the end of the last year to 4.95m. ARPU TRY26, stable. And 22% of new net ADSL subscribers are getting into the unlimited packages, which start at TRY49 as opposed to TRY29 cost to customer. This number was 4%. And that again shows the numbers that I've indicated to you, that TTNet is now going for quality as opposed to numbers and leaving some room for competition.

In terms of headcount, on page 15, the number of employees 38,700, flat basically over this period. But if we take the network employees, or basically the TT legal entity employees, we see also a flat 490 lines per employee efficiency level, again in line with what we had indicated in the roadshow.

I'll hand over to Mr. Cuneyt Turktan now to give you a short presentation on mobile.

Cuneyt Turktan - Turk Telekom - CEO Avea

Good morning, good afternoon. I will summarize the results compared to Q1 '07 to Q1 '08.

When you look at the subscriber numbers, the total market has grow by 15%. On the other side, at Avea we have the growth rate of 30%, from 8.1m subscribers to the 10.5m subscribers. And also, when compared with last quarter, Q4 '07, we have a 5% growth when compared with the first quarter. On the market share wise, when compared Q1 '07 it was 14.9%, now end of Q1 '08 we have 16.8% market share. And we continue to grow on the market share side compared to our competitors.

On the revenue side, compare the Q1 to Q1, there was a 10% growth on a Turkish basis. And it was a total market at Q1 '08 about 3b and we had 482m here, and we had a growth rate of 42% when compared to total market growth trend.

And also, on the ARPU side, we have a continuous growth when compared to the competitors. And at Q1 '08 we had the same ARPU with Turkcell as of end of Q1 '08. So we have continuously had growth on the ARPU side.

On the next chart, page 18, on the revenue side, as I said, we had a 42% growth. It was TRY341m and moved to TRY482m on Q1 '08, and where there was a 1% growth when compared to last quarter, end of last year. And on the -- we see on the EBITDA side much more better growth; it's a 113% growth. It was TRY45m; end of Q1 '08 it's TRY96m and also 38% better than the Q4 '07.

Next slide. On the subscriber base there was a 30% growth and a 5% growth from the last year. When we look at the postpaid/prepaid side, end of Q1 '08 we have 3.760m postpaid and we have 6.710m prepaid subscribers, and we had both -- growth on both sides.

On the churn side, we improved by 2% when compared to Q4 '07. Actually, last year it was a high churn year. However, we had a retention program and we have reduced our churn at the first quarter of '08 by 2%. However, it is 1% higher than the quarter one of '07.

On slide 20, when you look at ARPU, it is 8% better than the Q1 '07. It was TRY14.5 and now at the end of first quarter '08 it is TRY15.7. There is a slight decrease on the -- when compared to the Q4 '07. However, it mainly comes from the minutes of usage -- decrease in the minutes of usage when compared with Q4 '07. It was 174 minutes. Both prepaid and postpaid ARPU is in increasing trend versus Q1 '07. This is 19% and 8%, respectively.

On the CapEx side, we have invested in the first quarter TRY48m. However, our aim is to invest what we have given as a guideline and it is based on the seasonality. It's a slow start, but it will continue to reach the levels we expect to invest.

Number of sites on air was close to 9,000 sites. It was 14% better than the year ago. And the good news is the call drop rates are 34% better than a year ago and 10% better than the last quarter of last year. The coverage has reached almost 100% in less than -- in areas more than 3,000 plus households populated places. And our aim is now to reduce this, based on the decision by the Minister of Transport and Communications and with the agreement with the operator to lower it to 1,000 household places populated areas. EDGE penetration rate, we have 90%, and population coverage today, as of end of first quarter, 94%. And the geography coverage is 70% as of end of first quarter.

Now, let me pass to David Cook for the summary -- to summarize the financials.

David Cook - Turk Telekom - Budget Plan & Analysis Director

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

Thank you very much, Cuneyt. Here's the financials. You'll have seen the consolidated numbers already in our press release that we issued on Friday night.

So, just to briefly go through the consolidated numbers, what you are seeing is our revenue grew 13% year on year. That is Q1 '08 compared to Q1 '07. EBITDA margin stayed constant at 45% but our operating profit grew, mainly because of the constant depreciation and amortization level. Our overall net income actually declined. As we stated in our press release, this was mainly due to the TRY200m foreign exchange loss due to our holding of dollar debt and the change of the dollar to lira in Q1.

In terms of our balance sheet, the key thing here is in terms of the cash balance. As we stated in our press release, the TRY2b cash at the end of Q1, in April we'd already given TRY1.4b of that cash as a dividend, as 50% of the 2007 results dividend, and the remainder, the TRY1.37b, will go in the months of June, July and August.

You'll notice the overall debt position has slightly increased during Q1 and we expect it to slowly increase for the remainder of the year, as we explained before during the roadshow and the IPO.

In terms of the cash flow, we can see that the cash from the operations is the same in Q1 '08 as it was in Q1 '07. The big difference between the two years is really that Q1 last year we actually made a TRY1.3b dividend payment, whereas this year that dividend payment was delayed until April. You'll also notice the CapEx was higher in Q1. That's mainly because we've improved some of our processes in the fixed line side and been able to move a bit more quicker during the start of the year.

In terms of the fixed line business, what we see here is that the fixed line business has grown 9%. So the 13% overall growth, 9% comes from the fixed line business and you'll see a large growth on mobile business.

In terms of the fixed line business EBITDA, we've been able to maintain the 49%, the very high 49% EBITDA margin level, which we said we should keep to the 49% to 51% range for this year. And you'll again notice that the operating profit has gone up year on year because of the constant depreciation level. Therefore, the same EBITDA is pushing a higher operating profit. The CapEx here is higher than last year, but it's -- we expect Q2, Q3, Q4 CapEx to be at a lot higher level, to achieve our overall guidance for the year.

In terms of revenue breakdown of the fixed line business, key things here, as we said before, are PSTN and ADSL. Between them they are 84% of our revenue. ADSL has grown from being 16% of our total fixed line revenue last year to 19% this year. The big growth is the ADSL, 25% year-on-year growth in our ADSL, driven by large volume growth. And last year we did some price cutting on our unlimited packages and we also halved our connection fees. On the PSTN, the year-on-year growth of 5% is mainly driven because of the tariff rebalancing that we did in March of 2007.

What you'll also notice is in our revenue we have a line called construction revenue now, because in the fixed line business we are subject to IFRIC 12. It's not a material impact on the Q1 '08 or the Q1 '07 numbers. It was about TRY190m for the full year 2007. And this relates to upgrade capital expenditure in the year. And it's around about the 10% [mark] that we've put on that, as per the normal IFRIC rules for that.

In terms of the operating expenses in the fixed line business, what we are looking at is, compared to a 9% year-on-year growth we are looking at only a 4% growth in the operating expenses. That's mainly driven by the fact that the depreciation is, in fact, constant between the two years. And our personnel costs have grown quite a lot year on year, mainly driven by inflation or the pay rise. In terms of the other expenses, our bad debt is down. But overall, 4% only increase in costs, which is why we've been able to keep our EBITDA and also our operating profit has been able to be pushed up.

In terms of the mobile profitability, what we'll do is I'll pass it over to Eren Gura, who is the CFO of Avea.

Eren Gura - Turk Telekom - CFO Avea

Good afternoon to everyone.

As stated before, our revenues year on year in the first quarter have reached TRY482m, representing a 42% increase with respect to the same quarter last year. Our total operating expenses have increased by 30% only compared to the last quarter -- first quarter '07, sorry, reaching TRY386m. We have reached an EBITDA of TRY96m, representing an EBITDA margin of 20% compared to 13% the same period last year and an 18% 2007 full year EBITDA margin.

Due to the FX movement in the Turkish lira against the U.S. dollars, we have booked about TRY177m FX loss resulting from our \$1.6b (sic - see press release) debt, financial debt. We have made an investment of TRY43m, representing 10% of the total revenues, approximately the same level as last year. But as stated before by my CEO, this has a seasonality effect. In the spring and summer months the CapEx will increase, will be made with an accelerated manner.

As far as the OpEx breakdown, 60% of our OpEx is basically cost of services, 30%, 31% is selling and marketing expenses, and lastly 10% represents general and administrative expenses.

Thank you.

Paul Doany - Turk Telekom - CEO

Okay. We can go to Q&A now.

QUESTION AND ANSWER

Operator

(OPERATOR INSTRUCTIONS). The first question comes from the line of Thomas Chadwick. Please go ahead with your questions, announcing your company name and location.

Thomas Chadwick - Merrill Lynch - Analyst

Good afternoon. Tom Chadwick from Merrill Lynch in London. My main question revolves around your guidance on your mobile. Am I correct in believing that you've lowered your guidance on the revenue side from 30% to 35% at the IPO to 25% to 30%? If so, what are the principal reasons for that?

And do you have any kind of longer-term concerns, now that the big opportunity, which I guess is 3G, looks to be pushed back somewhat? Have you got any concerns about the competitive landscape?

Paul Doany - Turk Telekom - CEO

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

Okay. I'll hand you over now to Eren, but the guidance we gave was 25% to 30% on the subscriber base and we actually gave an outlook in our press release in relation to the market conditions. Perhaps Eren can elaborate.

Eren Gura - Turk Telekom - CFO Avea

Our guidance was based on our budget assumptions, obviously, our 2008 budget. We are -- basically, in the first quarter we are meeting our budget targets slightly lower than our budget assumptions, about 3%, 4% on the revenue side. And this slight revision of the guidance for 2008 revenue is basically the result of this guidance.

Paul Doany - Turk Telekom - CEO

And also there is the termination rates.

Eren Gura - Turk Telekom - CFO Avea

Exactly. And by April 1, '08 telecommunication authority has reduced the termination rate of all the operators by 35%. And approximately the full year effect of the revenue -- on the revenue of this declining termination rate is about 20%. So this new guidance is the result of this decline in the interconnection revenues. But on the EBITDA level, I must say that since our operations will be reduced in the same manner, our EBITDA margin will -- EBITDA guidance and margin will -- is valid.

Thomas Chadwick - Merrill Lynch - Analyst

Okay. And what about the outlook for 3G? Obviously, the delay in the tender -- we were looking for a fairly kind of aggressive rollout of 3G as soon as you could get a license. What -- how do you -- what's your reaction to the delay and what does it mean to your business?

Cuneyt Turktan - Turk Telekom - CEO Avea

Well, the delay was actually based on the Ministry, Ministry of Transport and Communications. They first say that we have to cover -- all operators should cover the even lower than the 1,000 populated areas. That was important. So we are taking care of the maximum coverage in Turkey, going down to even zero populated, meaning that almost close to 100% population coverage. So that's why it was delayed. And, of course, the delay means one and other thing from our side. It was very important that it was delayed. We were looking for fair market competition. We were always claiming that 3G should be post number portable. It's a post off-net, on-net regulation and foster a lower interconnect rate. So that was another thing.

However, at Avea we are preparing our network. We are investing on the next generation networks like softswitches plus IP backbone and basically we are preparing our network, other than the base stations. And we expect that the licenses will be out by the end of this year or beginning of next year, and we are ready to acquire a license. And already, not only on the network side, we are investing also in value-added services which will be launching as a 3G product. So we are preparing ourselves.

Paul Doany - Turk Telekom - CEO

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

In fact, from the Turk Telekom side also what we've done is we've furthered now the agreement to support Avea, in relation to both coverage indoors, in the main cities, and also for covering these towns with lower population levels, where obviously Turkcell is way in the lead there. And our agreement now is in place and this is a place where we will be able to support Avea in terms of the rollout program on the infrastructure side. It means sites and all the backhaul links. And, of course, they will provide the base station. So this delay in 3G actually gives us more time to get these things right, if you like.

Thomas Chadwick - Merrill Lynch - Analyst

Okay. Thanks very much.

Paul Doany - Turk Telekom - CEO

Welcome.

Operator

The next question comes from the line of Eli Cohen. Please go ahead with your question, announcing your company name and location.

Eli Cohen - Fortis Investments - Analyst

Hi, good afternoon. This is Eli Cohen from Fortis Investments in London. My question is about Turkcell's circumvention of the on-net pricing floor and satisfy the regulator. One, are you planning new legal action against their current on-net pricing?

And two, since they've started to follow that policy, have you seen increased pressure on fixed line revenues? In other words, in Q2 so far are you seeing a worsening pressure on fixed line compared to Q1?

Paul Doany - Turk Telekom - CEO

Actually, on the second part, we haven't seen any change, frankly, on the fixed line side. But as I indicated in the presentation, we finally got approval for our new tariffs which we had slightly indicated during the roadshow. And these are tariffs which we announced, in fact, in our press meeting yesterday here, which basically is around two tariffs. One is where customers will be able to pay for a minute and speak for an hour, up to an hour. And the other one is basically unlimited usage against a fixed fee. So we are very happy with this and now we have these campaigns.

But the gist of our, let's say, legal concerns, shall I say, before I discuss the legal actions we are taking, is in relation to the positions that Turkcell and Turk Telekom, despite both being in significant market power status, we do not have the same obligations in relation to filing our tariffs for approval. So Turkcell can have a campaign that they simply notify the regulator about, even though the regulator is finally beginning to take some steps in that respect, which is not frankly our objective. What we would like is for us to have the same freedom that they have, as opposed to having everything approved. So this is one of the major issues that we have.

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

The second major issue that we have that we started legal action last year is about their termination rates, because it is our contention that their termination rate is actually way above their costs. And we cite that, in defense of our view, we cite firstly that either they're predatory pricing practices, meaning they are retailing on-net way below their costs, which is [totally] illegal, or if that is their costs then we would like to pay the same amount. So we have like a dual complaint which obviously, since the introduction of these regulations last year, tariff regulations, obviously our previous court case simply progresses in that regard.

So we have nothing really new to report, other than that we are still standing up to defend our rights in relation to these matters on Turkcell's pricing, meaning retail pricing number one, and also on Turkcell's termination rates.

Eli Cohen - Fortis Investments - Analyst

Thank you.

Operator

Your next question comes from the line of Vladimir Postolovsky. Please go ahead with your question, announcing your location and company name.

Vladimir Postolovsky Analyst

(Inaudible) in London. A few questions, if I may. I am sorry if you mentioned it, but I couldn't hear everything properly. So, I'm curious, what is your current guidance for revenue growth this year, EBITDA margin and CapEx for fixed line, mobile business and maybe consolidated operations overall? That's the first question.

Paul Doany - Turk Telekom - CEO

Okay.

David Cook - Turk Telekom - Budget Plan & Analysis Director

In terms of the guidance, what we've said, and we also said in the press release, in terms of revenue and EBITDA our guidance is high single digit growth year on year. In terms of CapEx, what we said was it would be between TRY1.5b and TRY1.7b on a consolidated level.

Vladimir Postolovsky Analyst

All right. And how about revenue growth for fixed line, mobile, do you break it down?

David Cook - Turk Telekom - Budget Plan & Analysis Director

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

Yes. On the fixed line, what we said was we were looking at mid single digit growth on the fixed line side, compared to the 9% we did in Q1. And on EBITDA, what we said was we were looking to keep the margin, EBITDA margin, more or less the same as 2007. Therefore, we're looking at more or less mid single digit growth on the EBITDA side. In terms of CapEx, what we said was somewhere in the region of TRY1.1b to TRY1.3b was our guidance. In terms of mobile, what we said on the CapEx was it would be somewhere in the region of TRY350m to TRY450m, but we gave ourselves scope between the two, maybe to invest a bit more in mobile and maybe less in fixed, but keep to the overall guidance of TRY1.5b to TRY1.7b total CapEx.

Vladimir Postolovsky Analyst

And growth for mobile, you mentioned 25% to 30%, right?

David Cook - Turk Telekom - Budget Plan & Analysis Director

In terms of revenue, yes, because of the -- what we said on the guidance, we gave the guidance before we had the termination rate change, so we were talking about 30%, 35%. Of course, with the termination rate change, and I'm sure you'll see that on the Turkcell numbers, it obviously brings down your revenue a little bit, obviously helps in terms of -- there in terms of the EBITDA probably, but in terms of revenue just into the 25% to 30% range on the 35% range.

Vladimir Postolovsky Analyst

Thanks. And you mentioned something about tariffs, but again I couldn't hear. There will be a tariff increase, right, of about 5%, and when?

Paul Doany - Turk Telekom - CEO

The tariff increase has been approved, so that probably will apply from like next week, so we're talking about days away. And that's the first stage fixed fee increase, which is roughly about 5%. It depends on the tariff plan, but it's in the range of 5%. And the rest of the inflation increase will be coming in in August on the fixed fee side, to reach the full 9%.

Vladimir Postolovsky Analyst

So you actually expect weighted average tariff to go up by about 9% across the board?

Paul Doany - Turk Telekom - CEO

That's the fixed fee, for the fixed fee part. For the call charges, we are expecting to introduce the increase actually roughly around the September time frame.

Vladimir Postolovsky Analyst

Okay. Thanks. And the last question is on your fixed line dynamics. Obviously you're under pressure from mobile. So what's the latest, the number of fixed lines? Is it -- does it continue to fall and does the pace overall accelerate or slows down, please?

Paul Doany - Turk Telekom - CEO

Actually, there's no change in our guidance on this, that we would see a further decline and by the end of the year there may be a slight decline from where we started off the year. But as I indicated, now that we have finally gotten approval for our new tariffs, which frankly are very aggressive and are necessary, that begin to have things like unlimited usage on the local calls where obviously we have unlimited capacity secondly speaking, that should begin to redress this reduction in terms of minutes, basically, and of course for customers as well.

We also have new initiatives. For example, for newlyweds and new construction, which tries to promote the use of a fixed line as opposed to just being for an ADSL line. So one -- people may get a line, but don't use it or even decide not to have a line. Obviously ADSL is one of the forces that compels people to get a line, so we'd like them to use it. And these new tariffs now, with the new wedding campaign, for example, we're expecting some good results. And also, with the DECT phone campaign, we will be allowing customers to buy any DECT phone to get a large block of free minutes, buying the phone from anywhere, basically, and just plugging it in. This will be valid for a short period of time. And again, this is basically to promote usage and also to promote the use of DECT phones in the home, as obviously having a wireless device in the home makes it more convenient for usage and storage of numbers.

Vladimir Postolovsky Analyst

Can I still push you for your best estimate of the total number of PSTN lines by the end of the year? Because obviously you've been trying to -- I'm sure you're trying to support the fixed line business and trying to grow the number of lines and they're still falling, right? Which is not unusual, it happens in every market. So again, just looking at it quarter on quarter, there's an acceleration in Q1 compared to Q4. So should we expect -- do I understand you correctly, that you actually expect the process to slow down and then maybe to have 17.9m by the end of the year, because if we continue that trend, it looks to me more like somewhere between 17m and 17.5m?

Paul Doany - Turk Telekom - CEO

I think, frankly, we have given guidance on the revenue side and the margin side, which I think gives you some feeling as to where we believe we're going to be on this. And the bulk of our initiatives are going to be impacting the second half of this year and a lot more next year. Because of our distribution, the uplift program for all our shops will basically be finalized by mid next year, where again we are reducing the number of our outlets. But then making them much better quality for our customers, we will begin to see some very big impacts, we believe, next year. That's the reason that we can't give you an academic guidance on this. We said that we expect to be slightly in line with what we have and we will end the year slightly below what we started with and that's the best I can tell you right now.

Vladimir Postolovsky Analyst

Okay. Thank you very much.

Paul Doany - Turk Telekom - CEO

Thank you.

Operator

The following question comes from the line of William Kirby. Please go ahead with your question, announcing your company name and location.

William Kirby - Nevsky Capital - Analyst

Thank you, yes. William Kirby from Nevsky Capital in London. Two questions, if possible, please. Firstly, do you expect to be able to maintain the same level of ARPU as Turkcell in your mobile segment for the rest of the year or do you think Q1 was exceptional because of what happened in the market during the quarter?

And secondly, the number of ADSL subscribers you have has -- seems to have gone up by 40 or 50% year on year, while revenues are only up by 25%. So, for the full year, what sort of ARPU or ARPL decline should we be seeing in ADSL? Thank you.

Paul Doany - Turk Telekom - CEO

Okay. Maybe on ADSL we can start, since the phone is closer to us. We'll switch to mobile in a minute. Mr. Cook.

David Cook - Turk Telekom - Budget Plan & Analysis Director

Yes. I think, as we said before, what we said was that the revenue for Q1 is up 25% year on year on the basis of a high volume growth. But we recognize that last year we also brought down quite considerably, between about 50% to 70%, our unlimited prices and we also brought down our connection fee by about 50%. So we were expecting lower ARPU in Q1. In fact, we were expecting lower ARPU compared to Q1 for the whole of this year. What we said is the ARPU for ADSL this year will be TRY26, which is in fact what we achieved in Q1. We don't expect a deterioration in that ARPU for the remainder of this year, so we expect to keep to that.

And in terms of the total number of ADSL subscribers, it's going to depend, as we said before, on competition becoming strong. It hasn't happened in Q1. TNet as an ISP is still 95% of the retail market, ADSL. And we're still expecting those ISPs to get stronger and come up with better promotions that will incentivize customers to take up ADSL, and that's the key to achieving our guidance of 6m.

Paul Doany - Turk Telekom - CEO

I think the only thing I would add to that is that the education initiative now is now in check. The Education Ministry will be certifying the content, as the program is now in place in terms of at least competition for the students. And we believe that that is going to be supporting us on the PC penetration and therefore ADSL, as we would be having the bundle of ADSL, the education program and we'll have our education software, all three, in all the schools in the country. I think that will be one incentivization to push that market.

I'll hand over now to Cuneyt for the mobile.

Cuneyt Turkcan - Turk Telekom - CEO Avea

Now, looking at ARPUs, if you look at Q1 '07 it's at TRY14.5 and that continues to increase. And Q3 '07 is at TRY17.1, due to seasonality, summer season. And now we have ended up with TRY15.7, which is, if you look at the year-on-year basis, a growth. And we still, at the second quarter, sustained an increase in our prepaid ARPU. We are comfortable with that.

I believe I shouldn't make any comment on the Turkcell side, but we have a growth on the prepaid side. Plus, we can say that our rate of usage has increased in ours. What we have done actually, as you know, that we have unlimited tariffs and those unlimited tariffs have been cannibalized with the limited on-net, reduced off-net and we start picking up rated minutes, which is increasing ARPU also. Thank you.

William Kirby - Nevsky Capital - Analyst

Great. Thank you.

Operator

We have a follow-up question from the line of Vladimir Postolovsky. Please go ahead with your question, sir.

Vladimir Postolovsky Analyst

Hello. Two more questions, if I may, please. The first one is we have tried to ask it in a different way, but directly. After Turkcell came up with their new on-net pricing, on the mobile side specifically, what has changed competitive -- competition wise? Because obviously you made significant progress in Q1. Do you expect that you will continue gaining market share with the same base in Q2 or do you think that Turkcell has come back a little bit and the market shares stabilized somewhat in Q2?

And the second question is your dollar-denominated debt. What's your policy with regard to going forward? Are you planning to pay it down or hedge, or are you going to keep it in dollars pretty much? Thanks.

Paul Doany - Turk Telekom - CEO

Okay. Frankly, we don't understand this comment that somehow in Q1 Turkcell's behavior was different than any time before. We didn't see that Turkcell had less campaigns or did anything different than it did before, frankly. I don't know -- they may have been giving guidance that they are being held back or something. There are certain regulations that they have to follow, but they didn't do anything that shows as if these regulations are something that they are respecting, frankly. So at least from the retail side, we haven't seen anything.

Eren Gura - Turk Telekom - CFO Avea

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

For the hedge side, I understand that we were -- we are hedging our dollar loans. As a matter of fact, we are hedging periodically our financial indebtedness which is in U.S. dollars in maturity and a smaller portion in euros. We are hedging with a period of six months to one year. We don't go beyond one year because simply the hedging cost is far too expensive. But we do monitor and we do hedge our FX position periodically and prudently.

Vladimir Postolovsky Analyst

I'm sorry. I have follow-ups on both, then. If you're hedging it perfectly, then why there are significant ForEx losses in Q1?

And on the mobile question, yes, Turkcell has been claiming that they are unable to carry on with their previous campaigns in Q1, but forget what they say. My question to you is do you -- in terms of your net additions and your feeling of market share, in Q2 did you see any difference to Q1? Thanks.

Eren Gura - Turk Telekom - CFO Avea

Can I just make a correction? We are hedging the debt service currently, not the full amount -- notional amount of the loan. Okay? FX losses that were TRY177m actually is the Turk -- mark-to-market value of our total debt.

Vladimir Postolovsky Analyst

Right.

Eren Gura - Turk Telekom - CFO Avea

So that's why we are having FX loss, but in order to protect ourselves to the exchange movements for the debt service, we are hedging the debt service.

Vladimir Postolovsky Analyst

Fair enough. And with regard to the principal, are you planning to -- are you planning any hedging or are you planning to convert it into Turkish liras?

Eren Gura - Turk Telekom - CFO Avea

Well, no. For the notional amount of the loan it doesn't make any sense because it's -- first of all, it's nine-year tenure. Okay? We will carry in U.S. dollar terms, but for each debt service, including principal at -- of the debt service, principal and interest, we will hedge and we will try to make -- our revenues are in Turkish lira. We will make sure that we will not be affected for the debt service when we have to pay, every six months.

Vladimir Postolovsky Analyst

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

And on the mobile follow-up?

Eren Gura - Turk Telekom - CFO Avea

Sorry? For the subscriber growth? Yes?

Vladimir Postolovsky Analyst

Did you see anything different on the mobile market in Q2 competition-wise compared to Q1?

Eren Gura - Turk Telekom - CFO Avea

Okay. We have grown by 5.7% in the first quarter with respect to the year-end. Based on the two months' results, we see that the growth pace is continuing.

Vladimir Postolovsky Analyst

Okay. Thank you.

Paul Doany - Turk Telekom - CEO

Okay. Thank you.

Operator

The next question comes from the line of Istvan Mate-Toth. Please go ahead with your question and announce your company name and location.

Istvan Mate-Toth - Credit Suisse - Analyst

Good afternoon. Istvan Mate-Toth from Credit Suisse. I just wondered if you could help me reconcile two of the statements you have made on your mobile business. On the one hand, you have revised your revenue guidance downward from 30%/35% to 25%/30% on account of the MTR cuts. At the same time, I think you just stated that you continue to feel confident that you are able to increase prepaid ARPUs going forward. And I was just wondering that if you revised the revenue growth guidance downward, does it mean that previously you thought that you would be able to increase prepaid ARPUs a little bit more than currently thought or maybe your net debt guidance has come down? So I was just wondering that if there is still an ARPU growth story, why exactly did you have to revise your guidance downward.

Cuneyt Turkcan - Turk Telekom - CEO Avea

What we see as the first one, we said prepaid ARPU has actually lower impact on the blended ARPU, so [there is an 8%] increase, as we have said, has increased that. So we are comfortable with the targets. So that's the -- however, on the guidance side (technical difficulty), which I believe justifies what we see on

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

the ARPU side. There may be a -- there is a continuation in increase for the first two months, but we will see. But we are comfortable, in terms of the guidance for the 25% to 30%.

Paul Doany - Turk Telekom - CEO

So basically what we're saying is that there are no underlying changes on the market that we have felt at this point in time. Okay? And the only structural issue is on the termination rates, which basically subtracts from both revenue and cost side, as reported to you earlier.

The comment made to you on the ARPU on prepaid is showing that, despite the recent environment, we saw the ARPU actually stable and going up. So this means that we don't see any real impact on the overall market outlook, if you like.

Istvan Mate-Toth - Credit Suisse - Analyst

Okay. That's very clear. Thank you very much. And I have a small follow-up question on your broadband initiative. I see that ARPU is at your guidance level. A, do you expect any changes to the unbundling rates, which have been, I think, fairly recently announced?

And secondly, could you elaborate a little bit on some of your content initiatives, either IPTV or any other, which you hope would boost your broadband revenues going forward?

Paul Doany - Turk Telekom - CEO

Okay. On the ARPU side, the main initiatives -- actually, the guidance we give is basically stable ARPU, as we've indicated to you. And our strategy, as we indicated also, is basically to encourage customers to switch upwards. And our main initiatives are basically the WiFi hotspots that so far have been free. They will be now attracting a price that will be free only if a person is above the lowest package limits. That's something new to the market.

The video portal actually has not been announced, but it's actually been fired up. In four months it will be announced. Again, this will be something which will be free for a while and then it has very, very good content, actually, on that one. And we are going to launch it with a very important film of a famous comedian; he is supporting us. And also we will have some special further short clips of both music and interesting sports and some, let's say, old political statements like famous speeches or things like this, which also are differentiators, plus of course the music.

Now, with these initiatives, we believe that we will be able to stimulate the market leading to the IPTV launch, which is now expected to be online by the end of the year. We have signed a contract with SeaChange and Argela. Argela is our subsidiary and SeaChange will be mostly focusing on the video-on-demand part. Argela are going to do the middleware part and we are reasonably on target there. In terms of our access network, we have done a lot of tests on our network. And we are also progressing with fiber-to-the-curb or fiber to the nearest economical point in our network and we have good progress in that respect. So we believe we will be able to have the right quality service leading up to HD where necessary. Nothing else to report currently on this.

Istvan Mate-Toth - Credit Suisse - Analyst

Okay. And no news on any change on the unbundling fees?

Paul Doany - Turk Telekom - CEO

On the unbundling fees, 63 exchanges have actually been opened up now, according to the program set by the regulator. And the prices are the same, obviously, which is TRY5.75 for shared unbundled, TRY17 for full unbundled, plus of course some extra charges like one-time connection charges and such like.

Istvan Mate-Toth - Credit Suisse - Analyst

Okay. Thanks very much.

Paul Doany - Turk Telekom - CEO

Thank you.

Operator

The next question comes from the line of [Dumrud Kanambarchi]. Please go ahead with your question. Okay. The line of Dumrud Kanambarchi is now open. Okay. It seems that the question has been withdrawn. There is a follow-up question from the line of Tom Chadwick. Please go ahead with your question, sir.

Thomas Chadwick - Merrill Lynch - Analyst

Thank you. Just a very brief one on your dividend payments going forward. Those are based on your net income, as far as I understand. Is that after your FX charges? Is that correct? Could you just confirm that?

David Cook - Turk Telekom - Budget Plan & Analysis Director

Yes, that's correct. It's based on the net income.

Thomas Chadwick - Merrill Lynch - Analyst

So if you have a fairly substantial FX loss over the course of this year, your dividend payment could be materially reduced?

Operator

Gentlemen, please wait online as we reconnect the line. It just dropped. Just one more moment, Mr. Chadwick.

David Cook - Turk Telekom - Budget Plan & Analysis Director

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

(Technical difficulty) technical fault. Yes, in terms of the dividend, it is on the net income. The net income clearly is after FX gains or losses. And it will be net income less the legal reserve and what will remain will be dividend distributable.

Thomas Chadwick - Merrill Lynch - Analyst

Hello?

Operator

The line of Mr. Tom Chadwick is now open.

Thomas Chadwick - Merrill Lynch - Analyst

Yes. It was just following that up with the observation that your dividend is therefore quite vulnerable to FX losses. And I was just wondering whether you have any kind of thoughts about how you might hedge not only your service component, but also the balance sheet impact.

David Cook - Turk Telekom - Budget Plan & Analysis Director

That's a fair point. And I think, as we said before, the issue with the lira against the dollar is a very (technical difficulty) hedge. And our position has been (technical difficulty) the lower dollar interest cost. And the difference between the lower dollar interest cost and lira loan cost is such (technical difficulty) offsets any potential exchange gain or impact. So we prefer not to do it (technical difficulty). Clearly, if the position (technical difficulty) becomes a lot cheaper, we can review that position.

Thomas Chadwick - Merrill Lynch - Analyst

Okay. Thanks.

Operator

The next question comes from the line of [Bashak Hinchcote]. Please go ahead with your question, announcing your company name and location.

Bashak Hinchcote - Raymond James - Analyst

Hi, everyone. This is Bashak Hinchcote from Raymond James. I had a quick question on mobile subscriber numbers. According to the telecom authority's numbers on Vodafone and Turkcell's announcement, your first quarter number stands at 10.9m, whereas the announced figure is 10.5m. Could you explain the difference? Thank you.

Cuneyt Turktan - Turk Telekom - CEO Avea

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

Firstly, we had a (technical difficulty) in Telekom. I would not like to make a comment on [telecom authority part] we end up with 10.5m subscribers at the end of March. They may have the latest published figures than late -- end of March. We are at 10.5m subscribers end of -- net subscribers end of first quarter '08. We will check the telecom authority numbers.

Bashak Hinchcote - Raymond James - Analyst

Okay. Thank you. Because they are end of March figures I'm talking about.

Cuneyt Turktan - Turk Telekom - CEO Avea

Okay. We will check it then. Thank you.

Bashak Hinchcote - Raymond James - Analyst

Okay.

Operator

The following question comes from the line of Osman Memisoglu. Please go ahead with your question, announcing your company name and location.

Osman Memisoglu - Finans Invest - Analyst

Hi. This is Osman from Finans Invest in Istanbul. Thank you very much for the presentation. I have a few questions related to Avea, the mobile side. First, you said the interconnection revenues, they were going to decline. Could you tell us what percentage of Avea's revenues are interconnect revenues?

Also, the lower rates, they are effective since April 1, but did you sign officially with Turkcell with this new rate yet?

And for the sector, what -- since the first quarter was a bit slow, what kind of penetration rate do you expect in 2008?

And finally, the exclusive distributor agreements, they are going to expire in July. Are you expecting to win some distributors from, let's say, that are with Turkcell or Vodafone after July? Thank you.

Cuneyt Turktan - Turk Telekom - CEO Avea

Let me start with the distributor side. We have three distributors now. We are comfortable there. But we will decide in July whether that can be changed (technical difficulty). But today we have three distributors and we have (technical difficulty) dealers, exclusive dealers, and we have (technical difficulty) other points of sales. (Technical difficulty) are [sub-dealers], so we are comfortable with our distributor and dealer structure (technical difficulty) you look at it for (inaudible) tariffs.

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

Let me pass (multiple speakers).

Eren Gura - Turk Telekom - CFO Avea

The connection revenues cost about [40%] of our total revenues.

Osman Memisoglu - Finans Invest - Analyst

Okay. The penetration rate guidance for '08, for the market?

Eren Gura - Turk Telekom - CFO Avea

Penetration guidance --.

David Cook - Turk Telekom - Budget Plan & Analysis Director

Well, in terms of penetration, it depends on the competition, depends what Vodafone and Turkcell do. We've given guidance on what we think there will be the number of subscribers. In terms of market share (technical difficulty).

Osman Memisoglu - Finans Invest - Analyst

That was the reason I asked, because they were, I guess -- well, at least they said they were less aggressive in the first quarter, so would you expect a lower penetration rate than before? That was my reasoning. But --.

Cuneyt Turktan - Turk Telekom - CEO Avea

Regarding the position for the new interconnection rate coming into effect, basically it was announced on April 1. Telecommunication authority asked the operators to agree commercially on a new interconnect rate between themselves. If it's not agreed, then telecommunication authority may -- the reference date that they announced, in April 1, to be effective from the date of the announcement as a kind of arbitration. (Technical difficulty).

Osman Memisoglu - Finans Invest - Analyst

So you have not agreed yet?

Cuneyt Turktan - Turk Telekom - CEO Avea

But there's a waiting period and after that --

David Cook - Turk Telekom - Budget Plan & Analysis Director

90 days.

Cuneyt Turktan - Turk Telekom - CEO Avea

In 90 days -- after 90 days, telecommunication authority will intervene.

Osman Memisoglu - Finans Invest - Analyst

Okay.

Cuneyt Turktan - Turk Telekom - CEO Avea

But it will be effective from April 1.

Paul Doany - Turk Telekom - CEO

Historically, we can tell you what has happened. Like last year, for example, it was the same situation. The new rates were prescribed April 1 and as always is the case with these things, nobody's happy about them and we tried to challenge them. Within 90 days, if the parties do not reach an agreement and then we pay each other the old rates. And then, at the end of the third month, obviously having failed then the prescribed rates apply and the parties pay each other the monies that are outstanding. But if two parties agree, then they can start now. Of course, within 90 days, if two parties reach an agreement, then the new rate applies. And what we can say also, which is something we mentioned during the roadshow, maybe for your benefit also, is that Vodafone and Turkcell, for example, agreed to pay each other rates above the prescribed rate.

Osman Memisoglu - Finans Invest - Analyst

Right.

Paul Doany - Turk Telekom - CEO

Well, there's nothing wrong in paying each other more, but you can't pay each other less because of non-discrimination. This is where we are. And that's the practice.

Osman Memisoglu - Finans Invest - Analyst

When you do get the lower rates, will that affect your off-net pricing? Will you be more aggressive in your off-net offering to your customers?

Cuneyt Turktan - Turk Telekom - CEO Avea

Jun. 10. 2008, TTKOM.IS - Q1 2008 TURK TELEKOMUNIKASYON AS Earnings Conference Call provided by Thomson One

Of course, we will look at market conditions. There will be opportunities to be aggressive. But of course our aim is to have the lower rates, mobile, lower mobile termination rates. We will look at the market conditions. Of course we will try to get benefit as much as we can.

Osman Memisoglu - Finans Invest - Analyst

Okay. Thank you.

Operator

The next question comes from the line of Omar Grant. Please go ahead with your question, announcing your company name and location.

Omar Grant - Lusight Research - Analyst

Hello. It's Omar Grant calling from Lusight Research in Toronto. I just wanted to follow up on this ForEx loss. I know you guys had said you just hedged the interest expense but, going forward, I just want to make sure my assumptions are correct, that you're willing to accept the fluctuations that are going to hit your net income quarter after quarter on this, whether it's positive or negative. I just want to make sure my assumption is going to be correct.

David Cook - Turk Telekom - Budget Plan & Analysis Director

Yes, that's the correct assumption. That's what we've been saying. Correct.

Omar Grant - Lusight Research - Analyst

Okay. Because it was significant in Q1.

David Cook - Turk Telekom - Budget Plan & Analysis Director

Yes. And we also -- if you've read the prospectus, you'll note in the prospectus we said we were expecting a TRY200m FX loss in Q1. So it's not a surprise. There was a bad loss against lira against the dollar in Q1. It's very unusual, but it happens.

Omar Grant - Lusight Research - Analyst

Okay. Thank you. That's all I had. Thank you very much. I appreciate it.

Paul Doany - Turk Telekom - CEO

Thank you.

Operator

Okay. So there appear to be no questions. I'll hand back to you for any final comments.

Paul Doany - Turk Telekom - CEO

I think the only thing, we'd like thank you, obviously, for your questions and we are posting the information on our website that we hope people are obviously reaching in both English and Turkish. I have nothing else from my side. Mr. Cook?

Cuneyt Turktan - Turk Telekom - CEO Avea

Thank you. Just to say thank you on the Avea side.

Paul Doany - Turk Telekom - CEO

Okay. Thank you very much.

DISCLAIMER

Thomson Financial reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON FINANCIAL OR THE APPLICABLE COMPANY OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

© 2005, Thomson StreetEvents All Rights Reserved.