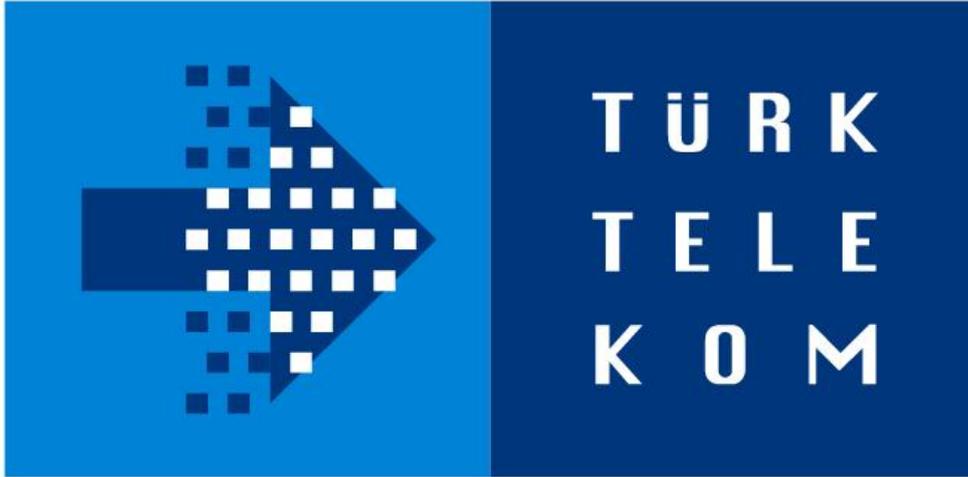


**TÜRK TELEKOMÜNİKASYON A.Ş.**  
**ANNOUNCES FIRST QUARTER 2010**  
**FINANCIAL RESULTS**





## Net Income Increases 88% in Q1 2010

Türk Telekom, the leading communication and convergence technology Company in Turkey, announced 2010 first quarter financial results. Türk Telekom's net income for the period is TL 546 million, which represents an 88 percent increase compared to that of Q1 2009. Türk Telekom's Q1 2010 group revenues have reached TL 2.6 billion with an increase of 3 percent compared to Q1 2009.

### 2010 First Quarter Highlights

- ❖ **Net Income for the period is TL 546 million, which represents an 88 percent increase compared to that of Q1 2009**
- ❖ **Consolidated revenue reached TL 2.6 billion growing 3% YoY**
- ❖ **Mobile revenue increased by 22% YoY to TL 647 million with EBITDA\* margin recovering to 6% in Q1 2010 from 2% average of 2009**
- ❖ **ADSL revenue increased by 21% YoY to TL 601 million with Q1 registering 200K net subscriber growth**

\* EBITDA is a non-GAAP financial measure. The EBITDA definition used in this press release includes Revenues, Direct Cost of Revenues excluding depreciation and amortization, Selling and Marketing expenses, Administrative expenses, and other operating income/(expense), but excludes translation gain/(loss), financial income, income on unconsolidated subsidiaries, gain on sale of investments, income/(loss) from related parties, and minority interest.



**Türk Telekom CEO Dr. Paul Doany's comments on Q1 2010 results:**

"We continue to see revenue growth despite continued competitive pressures in the mobile segment and our consolidated EBITDA margin is in line with our 2010 target level.

Q1 continued the trend of the previous quarter with strong ADSL subscriber growth as a further net 200K were added to the customers enjoying the benefits of our quality internet services which were enhanced in Q1 with the introduction of our Web TV service, Tivibu.

Tivibu was launched on February 24th, 2010 and has reached 150K customers in its first two months. Further content will be added during 2010 in addition to other innovative products and services to follow this year and next.

We are very happy that like Vitamin (Adaptive Curriculum®), I Can Football, Wirofon, and our other convergence products, Tivibu has also been developed by Türk Telekom Group technology companies.

During Q1 we rebranded the JeTTvel product range as Home Advantage and introduced very low call rates to mobile, and free calls to fixed line 7 pm to 7 am. 20% of all our fixed voice customers now enjoy the benefits of the Home Advantage bundled packages.

We have seen in Q1 an increase in average minutes of use and a lower loss of fixed voice access lines which are indicative of customers enjoying both the new bundles and our campaigns.

Compared to 2009 year-end, an EBITDA margin improvement has already started in mobile. Mobile revenues whilst showing strong growth of 22% YoY are flat compared to Q4 2009 indicating the continued competitive environment in the mobile sector.

We continue with our infrastructure and technology investments which will not only support the growth of our business, but improve the quality of our services."

**Financial Highlights\***

(TL millions)	Q1 2009	Q1 2010	% Change
Revenue	2,508	2,584	3%
Net Operating Expenses excluding Depreciation and Amortization**	(1,403)	(1,520)	8%
Operating Profit before Depreciation and Amortization (EBITDA)	1,105	1,064	(4)%
Depreciation and Amortization	(424)	(374)	(12)%
Operating Profit	681	689	1%
Net Financial Income/ (Expense)	(314)	9	103%
Taxes	(148)	(194)	31%
Minority Interest	71	43	(39)%
Net Income	291	546	88%
Capital Expenditure	228	205	(10)%

\* Please see the Reclassification Note (Interest cost of severance expenses) under Additional Information section.

\*\* Net Operating expenses include operating expenses, other operating expenses and other operating income.

**Revenues**

Türk Telekom's consolidated revenues grew 3% YoY to TL 2,584 mn in Q1 2010. The main drivers of revenue growth in the period are Mobile (+22% YoY, from TL 532 mn to TL 647 mn) and ADSL (+21% YoY, from TL 496 mn to TL 601 mn)

**Net Operating Expenses (excluding Depreciation and Amortization)**

Net Operating expense of TL 1,520 mn for Q1 2010 is 8% (TL 117 mn) higher than Q1 2009.

Main areas of cost increase compared to Q1 2009 were mobile interconnection and fixed business commercial expenses.

**Operating Profit before Depreciation and Amortization (EBITDA)**

Operating profit before depreciation and amortization slightly decreased to TL 1,064 mn in Q1 2010, resulting in a consolidated EBITDA margin of 41%.

**Depreciation and Amortization**

Total depreciation and amortization charges at TL 424 mn showed 12% decrease compared to Q1 2009, primarily as a result of full amortization of some fixed assets in the fixed line business.



### **Operating Profit**

Türk Telekom's operating profit improved to TL 689 mn YoY with an operating profit margin of 27%.

### **Net Financial Income / (Expense)**

Türk Telekom recorded a net financial income of TL 9 mn in Q1 2010 compared to TL 314 mn net financial expense recorded in Q1 2009; mainly attributable to FX impact.

### **Corporate Taxes**

The higher corporate tax charge recognized in Q1 2010 is a result of the higher underlying profitability of the company, with no change in the tax rate at 20% of taxable profits.

### **Net Income**

The net income of the period is TL 546 mn, or 0.156 Kuruş per share compared to TL 291 mn, or 0.083 Kuruş per share in Q1 2009.

### **Dividend Distribution**

The Board's proposal regarding the dividend distribution has been approved at the Ordinary General Assembly Meeting held on April 6<sup>th</sup>, 2010. Accordingly gross dividend per share is about 0.45 Kuruş and net dividend per share is about 0.39 Kuruş. Dividend distribution shall begin on May 24<sup>th</sup>, 2010.

### **Additional Information**

Türk Telekom has invested about TL 205 mn in the quarter with primary focus in continuing to improve the quality of the services and products we provide to our customers.

As of March 31, 2010, Türk Telekom's net debt is TL 2,775 mn with a gross debt of TL 3,501 bn and cash and cash equivalents of TL 727 mn.

Türk Telekom Group's total headcount at the end of the quarter is 33,881.

### **Reclassification Note**

Interest cost of severance expenses have been reclassified to severance pay interest cost under financial expenses from Cost of sales, marketing, sales and distribution expenses and general administrative expenses. The table below shows Q1 2009 figures before and after reclassification.

(TL millions)	Q1 2009 After Reclassification	Q1 2009 Before Reclassification
Net Operating Expenses excluding Depreciation and Amortization	(1,403)	(1,420)
Operating Profit before Depreciation and Amortization (EBITDA)	1,105	1,087
Operating Profit	681	664
Net Financial Income/ (Expense)	(314)	(296)

### Outlook

Macroeconomic situation of Turkey is improving with some GDP growth expected. Türk Telekom Group is very well positioned to grow its consolidated revenue. Though the growth is likely to be less than 5% this year, given uncertainty of price recovery in mobile.



## About Türk Telekomünikasyon A.Ş. (ISE: TTKOM)

Türk Telekom, the leading communication and convergence technology Company in Turkey, provides integrated telecommunication services from PSTN and GSM to broadband internet. As of March 31, 2010; Türk Telekom group companies have 16.4 mn Fixed Access Lines, 6.4 mn ADSL Connections and 11.7 mn Mobile Subscribers. Group companies have a modern network infrastructure covering the whole country and offer a wide variety of services to residential and commercial customers all over Turkey. Apart from 81% shares in Avea, one of the three GSM operators in Turkey, Türk Telekom owns 99.9% of TNET, Argela, Innova, Sebit A.Ş. Sobee, and AssistTT companies. Türk Telekom also has an indirect minority share in Albtelecom, the Albanian incumbent telecom operator. 55% of Türk Telekom shares belongs to Ojer Telekomünikasyon A.Ş. and 30% belongs to Turkish Treasury. The remaining 15% is publicly traded. Türk Telekom shares are listed in Istanbul Stock Exchange since May 2008.

## Disclaimer

This release includes forward-looking statements. All statements other than statements of historical facts included in this press release, including, without limitation, certain statements regarding our operations, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as, among others, "may," "will," "expect," "intend," "plan," "estimate," "anticipate," "believe" or "continue."

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. All subsequent written and verbal forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.