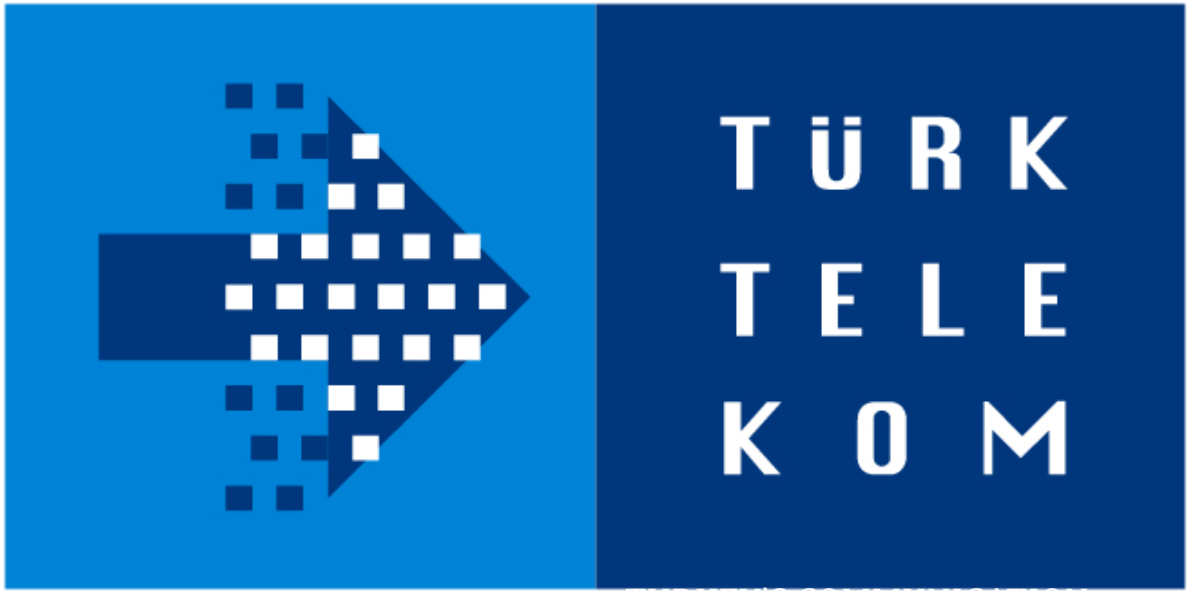


TURK TELEKOMUNIKASYON A.S.



INTERIM ACTIVITY REPORT AS OF 31 MARCH 2009

BASED ON SERIAL:XI NO:29 COMMUNIQUÉ OF CAPITAL MARKET BOARD

20 APRIL 2009

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1. OVERVIEW OF TÜRK TELEKOM

Türk Telekomünikasyon A.Ş. (“Türk Telekom”) provides a wide range of communications services from PSTN to mobile, broadband to value-added services for customers in Turkey.

Türk Telekom is the leading fixed-line operator that provides value-added services beside voice and data services for its corporate and retail customers through its extensive fixed-line telecommunications network, which covers almost 100% of the population.

Turkey had 17.5 million PSTN access lines in service as of 2008 year end and this number decreased to 17.3 million in the first quarter of 2009 and PSTN penetration was 24%, based on total population. Türk Telekom’s PSTN access line capacity is approximately 21.2 million.

Türk Telekom offers infrastructure services for ISPs besides being broadband internet provider having the widest sales network in Turkey, through its wholly owned subsidiary TTNNet.

As of 2008 year end, TTNET’s share of the retail ADSL Internet access market was 95%. 97% of the wholesale broadband internet access in Turkey was through ADSL. The remaining 3% is attributable to cable operators. The number of ADSL subscribers increased from 5.8 million as of 2008 year end to 6 million as of March 31, 2009.

Türk Telekom, having 81% shares of Avea, the third largest mobile operator in Turkey, provides a range of mobile communications services, including pre-paid, post-paid and value-added voice services.

Avea has been founded in 2004 as a result of the unification of Aycell and Aria brands. Thanks to its performance from its foundation to the first quarter of 2009, Avea has been the fastest growing mobile operator in the market, and in the same period its subscriber base rose from 4.8 million to 12.6 million.

MNP (Mobile Number Portability) was introduced in Turkey on November 9, 2008. This is expected to strengthen the free competition in the market. As of March 31, 2009, Avea was the leader at MNP with a net addition of 480,000. In addition, Avea was granted one of the 3G licences with a tender held on November 28, 2008 and Administrative Board of the Council of State has approved the draft Concession Agreement that will be signed between the companies that have been awarded one of the licences at the 3G tender and the Telecommunication Authority. The draft Concession Agreement with the opinions of the Council of State has submitted for the approval of TA.

Moreover, Türk Telekom operates IT consulting services, telecommunications product and software services and education content businesses through its wholly owned subsidiaries Innova, Argela and Sebit. The Company also operates CRM systems, directory services and call centers through its wholly owned subsidiary AssisTT. In addition to these, Türk Telekom has 20% shares of CETEL that holds 76% shares of Albtelecom, incumbent fixed line operator in Albania.

Sobee that was acquired in March is the newest member of Türk Telekom Group. With the acquisition of Sobee that was founded by world-famous games developer Mevlüt Dinç in 2001, the Group has entered the game industry. Türk Telekom and Sobee now aim at contributing to the growing Turkish games market and making Turkey to be able to get a good share in the global games market. New games that were developed and will be launched in the near future by

Sobee are purposed to be offered not only in Turkish Market but also in the regional and global markets in accordance with the aim of exporting the products and services of information and communication businesses those belong to Türk Telekom.

In addition to providing quick, economic and high quality services everywhere and every time for its customers, Türk Telekom supports various education projects, sports, art and environment sensibility related activities as part of its sense of social responsibility.

2. CORPORATE STRUCTURE

• Ownership Structure

Class	Shareholder	Share Capital (TL)	Share (%)
A	Ojer Telekomünikasyon A.Ş.	1,925,000,000.00	55
B	T.R. Undersecretariat of Treasury	971,249,999.99	30
C		0.01	
D		78,750,000.00	
D	Free float	525,000,000.00	15
Total		3,500,000,000.00	100

The Türk Telekom Shareholders' Agreement and the Articles of Association further state that the Turkish Treasury owns a "golden share" (Class C share). The "golden share" is required under the Telephone Law and provides that, in order to protect Turkey's national interests relating to national security and the economy, the Turkish Treasury's approval is required for the following matters:

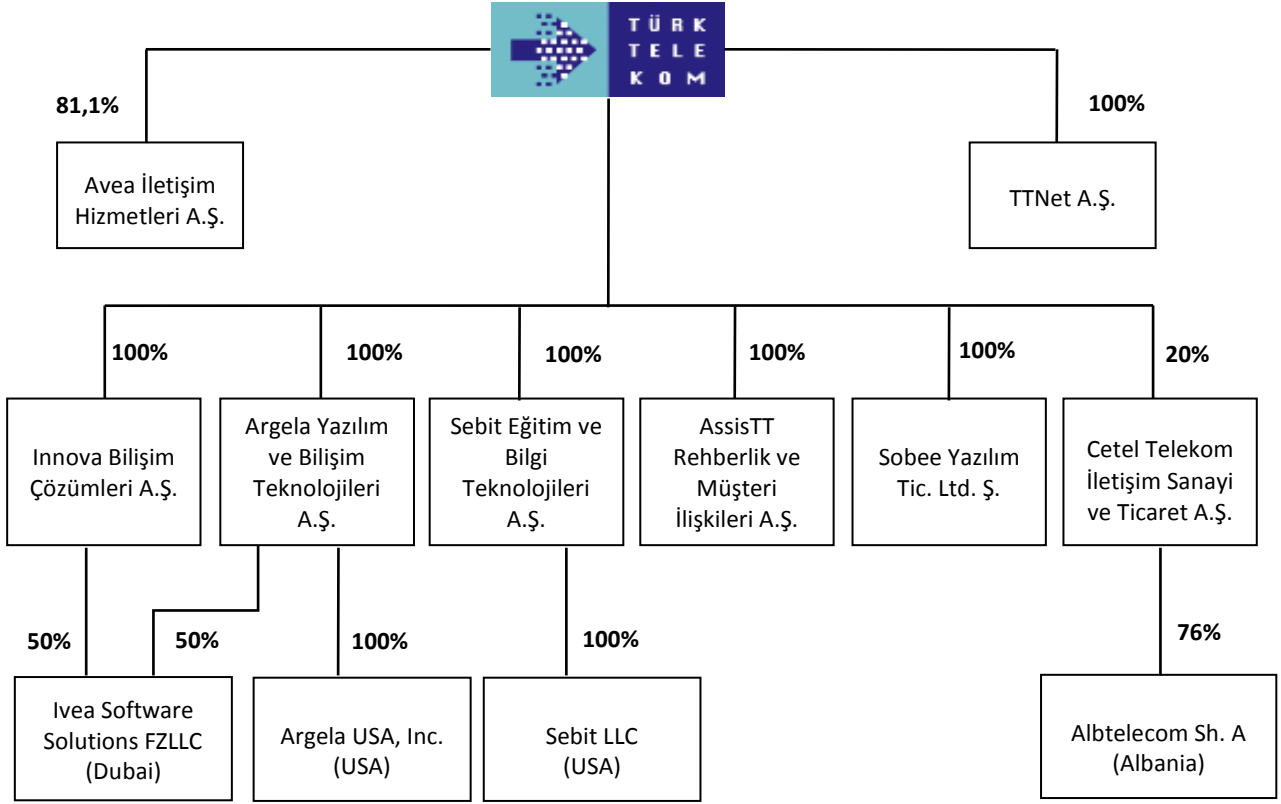
- a) Any proposed amendments to the Articles of Association;
- b) The transfer of any of the Company's registered shares (i.e., the Class A shares) which would result in a change in management control;
- c) The registration of any transfer of the Company's registered shares in the shareholder ledger.

As publicly disclosed in the Public Offering Prospectus, the real and legal persons directly or indirectly holding a stake in the Company's share capital are listed below:

Holding 55% stake in the Company, Ojer Telekomünikasyon A.Ş. is owned by Oger Telecom Limited by 99% and Saudi Oger Limited by 1%. STC Turkey Holding Limited, Oger Telecom Saudi Arabia Limited, and Saudi Oger Limited have respective shares of 35%, 26% and 23.54% in Oger Telecom Limited, whereas the remaining 15.5% is held by other persons holding less than 5% share. STC Turkey Holding Limited is wholly owned by Saudi Telecom Company. Saudi Oger Limited has 80.1% share in Oger Telecom Saudi Arabia Limited, whereas AH Holding WLL holds 6.7%, Dr. Nasser Al Rashid 6.5%, Sara Holding 3.9% and Rawad Telecommunication Company 2.8% share. The shares in Saudi Oger Limited are totally owned by Rafiq Hariri Family.

- Subsidiaries

TÜRK TELEKOMÜNİKASYON A.Ş.



- **Management and Organization**

Board of Directors

Mohammed Hariri	Chairman of the Board
İbrahim Şahin	Deputy Chairman of the Board
Dr. Paul (Boulos H.B.) Doany	Member of the Board and CEO
Abdullah Tivnikli	Member of the Board
İsmet Yılmaz	Member of the Board
Saad Zafer M Al Kahtani	Member of the Board
Samir Asaad O Matbouli	Member of the Board
Basile Yared	Member of the Board
Mehmet Habib Soluk	Member of the Board
Dr. Ali Arıdurdu	Member of the Board

Statutory Audit Board

Efkan Ala	Member of the Statutory Audit Board
Prof. Dr. Aydın Gülan	Member of the Statutory Audit Board
Doç. Dr. Tuna Tuğcu	Member of the Statutory Audit Board

Audit Committee

Mohammed Hariri	Chairman of the Audit Committee
İbrahim Şahin	Member of the Audit Committee
Saad Zafer M Al Kahtani	Member of the Audit Committee

Senior Management

Dr. Paul (Boulos H.B.) Doany	Chief Executive Officer
Celalettin Dinçer	VP Operations
Ersin Topçuoğlu	VP Finance
Mehmet Candan Toros	VP International Sales and Wholesale
Şükrü Kutlu	VP Regulation and Support Services
Kamil Gökhan Bozkurt	VP Human Resources
Dr. Mehmet Kömürcü	VP Legal
Tunç Yorulmaz	VP Strategy and Business Development
Erem Demircan	VP Marketing and Internal Communications
Aydın Çamlıbel	VP Sales
Paul Taylor	Commercial Transformation Officer
Dr. Nazif Burca	Head of Internal Audit

3. MEETINGS OF THE BOARD OF DIRECTORS

In the period of this report, meetings of the Board of Directors were held on January 7, 2009, January 12, 2009, January 28, 2009, February 19, 2009, February 27, 2009, March 2, 2009 and March 11, 2009.

- With the resolution no.1 at the meeting no.1 held on January 7, 2009, it was decided that:

Board of Directors elected Mr. Mohammed Hariri as Chairman of Audit Committee and İbrahim Şahin and Saad Zafer M. Al Kahtani as members of the Audit Committee in accordance with the resolution, dated June 9, 2008 no.15, carried because of the changes in the Board memberships at our Company's Extraordinary General Meeting held on November 14, 2008,

- With the resolution no.4 at the meeting no.2 held on January 28, 2009, it was decided that:

Our Company's 2009 Extraordinary General Assembly Meeting will be held on February 25, 2009 at 10.30 a.m. at Türk Telekomünikasyon A.Ş. Kültür Merkezi, Turgut Özal Bulvarı, Aydınlikevler, Ankara.

- With the resolution no.5 at the meeting no.3 held on February 19, 2009, it was decided that:

Consolidated financial statements for the period of January 1, 2008 – December 31, 2008 that were prepared based on Serial:XI No:29 Communique of Capital Market Board were approved.

4. PERSONNEL MOVEMENTS

Headcount as of 2008 year end and first quarter of 2009 are 34.025 and 35.445 respectively.

5. FINANCIAL RISK MANAGEMENT

Main financial instruments of the Company are bank credits, open credits, cash and short term deposits. They are being used with the aim of increasing the use of funds for the operations. The risks stemming from these instruments are liquidity risk, foreign exchange risk and credit risk.

6. MATERIAL ISSUES IN THE PERIOD

- **Cosmofon Tender**

On March 13, 2009, our Company made the final offer for the tender regarding the sale of Cosmofon for which we announced that we had made a preliminary offer that is not binding with a Regulatory Disclosure dated 17 December 2008.

Cosmofon is a mobile operator in Macedonia and fully owned by OTE of Greece.

- **Turkcell’s Interconnection Related Lawsuit against Turk Telekom**

The Court decided to reject the case filed by Turkcell İletişim Hizmetleri A.Ş. against Türk Telekom for our demand that TL 30,067,503 resulted from inadvertent missing accrual of the amount due under the Interconnection Agreement shall be paid by Turkcell to Türk Telekom until May 31, 2002. The decision dated December 25, 2008 which was received by our Company on March 13, 2009 confirms that Türk Telekom has a receivable of TL 30,067,503 (principal) from Turkcell. Interest shall also be added to the said amount.

- **Avea Unlimited TL 55 Flat-Rate Tariff to All Directions**

On February 5, 2009 Avea launched Turkey’s first and only post-paid tariff that allows unlimited calls in all directions within the country irrespective of operator for a flat-rate charge of TL 55 per month (TL 66.65 with VAT and SCT). In the weeks that followed, this new schedule induced large numbers of mobile phone subscribers to switch to Avea. However for technical reasons, the company has had to suspend taking on new subscribers under this tariff until the technical problem can be resolved and beginning with April 1, 2009 new subscriptions to the tariff has restarted.

- **Fenercell**

The first implementation of Avea’s “Mobile Telecommunications Cooperation” service model in Turkey was launched on February 23, 2009 and involved the Fenerbahçe Sports Club. Under the agreement, Fenerbahçe Sports Club will be conducting all of its activities under its wholly-owned subsidiary, Fenerbahçe İletişim Hizmetleri, and will be marketing its products under the “Fenercell” trademark. This agreement represents a significant and ground-breaking venture in the Turkish mobile market, where existing opportunities to compete are severely limited. Fenercell will also create opportunities to supply technology-assisted value added services to fans while also providing them with normal mobile telephony and SMS services at competitive prices.

- **Extraordinary General Assembly Meeting**

Our Extraordinary General Assembly Meeting held on February 25, 2009 at which it was decided to invest the Board of Directors and/or one or more board members designated by the board with the authority to approve the acquisition of one or more companies by our company and/or by our group companies, except that the total cost of such acquisitions shall not exceed USD 1,000,000,000 (one billion US dollars) in 2009. Issues regarding the Extraordinary General Meeting were published in no.7263 of Trade Registry Gazette on March 5, 2009.

- **JeTTvel Tariffs**

Our Company started to offer 3 new tariffs to its customers in January 2009, called JeTTvel. Our customers who choose one of the JeTTvel tariffs below, will have the advantage of talking more on the phone paying the fee of single tariff they chose in accordance with their needs. Every

customer who migrate one of the JeTTvel tariffs until December 2009, will gain free minutes as much as in package minutes used during the first three invoice periods.

JeTTvel 100:

- Monthly Tariff Fee (including VAT and SCT): TL 19 ,
- Description of Tariff: Monthly tariff fee includes 100 minutes free local call.

JeTTvel 200:

- Monthly Tariff Fee (including VAT and SCT): TL 23,
- Description of Tariff: Monthly tariff fee includes 200 minutes free local call.

JeTTvel 300:

- Monthly Tariff Fee (including VAT and SCT): TL 27,
- Description of Tariff: Monthly tariff fee includes 300 minutes free local call.

7. MATERIAL ISSUES AFTER THE END OF PERIOD

• Collective Bargaining Agreement

Turk Telekom has reached a settlement with the Labor Union and the new collective agreement is signed on April 8, 2009. According to the settlement which will cover 18,559 unionized employees for March 1, 2009 - February 28, 2011 period; wage increases for the 1st, 2nd, 3rd and 4th 6-months will be 3%, 3.5%, 2.5% and 2.5% respectively. There will also be an inflation adjustment for 3rd and 4th 6-months only. If CPI exceeds the 3rd and 4th 6-months wage increases, 75% of the difference will be compensated. There will not be any inflation linked adjustment for the first two 6-months period.

• 3G Vendors of Avea

Our Company's affiliate Avea İletişim Hizmetleri A.Ş has agreed with Ericsson, Huawei and ZTE companies to provide the service infrastructure for the 3G mobile service technology expected to be in service this year. According to the agreements made, Avea's 3G infrastructure will be provided by Ericsson in Marmara and Aegean regions; by Huawei in Central Anatolian and Mediterranean; by ZTE in Eastern Anatolia, its Northern part and Southeastern Anatolia regions.

• GSMobile

Avea enlarged the scope of "Mobile Telecommunications Cooperation" service model with Galatasaray Sport Club after it launched the model first with Fenerbahce Sport Club on February 23, 2009. GSMobile service was launched on April 10, 2009.

• Approval for 3G Licenses by the Council of State

Administrative Board of the Council of State has approved the draft Concession Agreement that will be signed between the companies that have been awarded one of the licences at the 3G tender and the Telecommunication Authority.

The tender for authorization of IMT/2000/UMTS services has been held on November 28, 2008 and our Company's affiliate, Avea has been awarded C type license (30 MHZ) for a fee of EUR 214 Mn (excluding VAT).

- **The Decision of The Board on Dividend Distribution**

The resolution no.18 of our Company's Board Meeting on 09.04.2009 about Dividend Distribution Proposal and the Dividend Distribution Table, which is prepared in accordance with CMB announcement on "2008 Dividend Distribution" is the following;

Our Company's Board of Directors decided to recommend to distribute the 100% of the remaining profit of 2008 as cash dividend after first and second legal reserves are set aside which is 1,490,156,976.53 TL to the General Assembly to be held on May 11, 2009. This amount corresponds to 0.4257591 Kurus (%42.57591) gross cash dividend per each share worth for 1 Kurus nominally.

The details of the Board Resolution to be proposed to General Assembly are the following;

It is resolved for the decision of our Company's General Assembly to be held on May 11,2009;

1. Our company's net profit of the fiscal year 2008 according to the independently audited consolidated financials prepared in accordance with "CMB Communiqué About Financial Reporting in Capital Markets Serial: XI No:29" is 1,752,212,271.97 TL and according to the Turkish Commercial Code clauses is 2,610,791,955.67 TL,
2. According to the CMB announcement dated January 12, 2009, the profit after tax amount of 1,752,212,271.97 TL is the base amount for dividend distribution,
3. In accordance with Article 466 of Turkish Commercial Code, it is obligatory to set aside first legal reserves until the reserve amount reaches 20% of the paid in capital. Accordingly, to set aside the 5% of the statutory net profit which is 130,539,597.78 TL as first legal reserves for 2008.
4. After setting aside the first legal reserve of 130,539,597.78 TL from consolidated net profit of 1,752,212,271.97 TL (base amount for dividend distribution), remaining 1,621,672,674.19 TL shall be the distributable profit of 2008. Adding the donations made in 2008 of 12,390,000 TL, 1,634,062,674.19 TL shall be the base for first dividend.
5. The minimum dividend payout ratio determined by CMB for 2008, 20% of 1,634,062,674.19 TL (first dividend base) shall be distributed as cash first dividend. The second legal reserve of 131,515,697.65 TL shall be set aside and the remaining 1,163,344,441.69 TL shall be distributed as cash second dividend.
- a. Total cash dividend amount to be distributed of 1,490,156,976.53 TL shall be covered by current period net profit
- b. Accordingly 0.4257591 Kurus (%42.57591) gross cash dividend per each share worth for 1 Kurus nominally shall be distributed to our shareholders and total gross cash dividend distribution amount shall be 1,490,156,976.53 TL.

6. The distribution of the cash dividends to our shareholders shall begin on May 27, 2009, at Merkezi Kayıt Kuruluşu A.Ş. Süzer Plaza Askerocağı Caddesi No:15 Kat:2 34367 Elmadağ-Şişli İstanbul

- **The Lawsuit Against Turkcell**

Türk Telekom filed a lawsuit against Turkcell İletişim Hizmetleri A.Ş. on April 8, 2009 for collection of excess interconnection fees and compensation of losses because of high level of termination rate charged by Turkcell against “cost + reasonable profit” principle and acting against regulations and internetwork and cooperation agreement in which It entered with our Company.

The said lawsuit has been brought on the grounds of compensating for the direct or indirect damages our Company has been exposed to as a result of Turkcell İletişim Hizmetleri A.Ş.’s practice of charging our Company with a higher call termination rate than it charge its own subscribers and continuing this practice which is against the agreement and regulations; in the said lawsuit, with all our rights regarding the excess being reserved, it has been required that TL 10,000 be collected for the overcharged interconnection termination rates for now and TL 10,000 be collected for the direct or indirect damages .

- **Ordinary General Assembly Meeting Date and Agenda**

In the meeting of Board of Directors held on April 14, 2009, it is decided that General Assembly Meeting will be held on May 11 (Monday), 2009 at 10.30 a.m to discuss the issues on the following agenda. Meeting will be held at Türk Telekomünikasyon A.Ş. Kültür Merkezi, Turgut Özal Bulvarı, Aydınlıkevler, Ankara.

AGENDA

1. Opening and Election of the Chairmanship Committee;
2. Authorization of the Chairmanship Committee to sign the minutes of the General Assembly Meeting and the List of Attendees;
3. Reading, discussion and approval of the Board annual reports, Audit Board reports and Independent Audit company’s report summaries for the year 2008;
4. Reading, discussion and approval of the balance sheet and the profit/loss accounts for the year 2008;
5. Approval of the deduction of the previous year losses from statutory reserves and reporting this deduction on financial tables of the first half of 2009,
6. Discussion and decision on the Board offer on dividend distribution for the year 2008;
7. Release of the Board and Audit Board members from operations and actions of the Company during the year 2008;

8. Discussion and decision on the Board offer about extension of the contract with the Independent Audit company to audit operations and accounts of the company for 2009 as per Article 14 of the Regulation on Independent External Audit in the Capital Markets issued by the Capital Market Board, and Article 17/A of the Articles of Association of Türk Telekom;
9. Informing the shareholders of the dividend distribution and the related policy;
10. Informing the General Assembly of the disclosure policy prepared by the Board;
11. Informing the General Assembly of donations and aids made during 2008;
12. Informing the General Assembly of the transactions made with the related parties during 2008;
13. Decision on allowing the Board directors as per Articles 334 and 335 of the Turkish Trade Law to personally/on behalf of others carry out business in/out of the Company's fields of operation or to become partner and carry out other actions to/at companies who are engaged in such business;
14. Requests and closing.

• **Election of New Audit Committee Members and Formation of the Executive Committee**

In the meeting held on April 9, 2009, our Company's Board of Directors decided to ;

- Constitute a Sub-Committee of the Board under the name of Executive Committee, appoint Mohammed Hariri as Chairman of the Committee , İbrahim Şahin as Vice President, and Abdullah Tivnikli, Saad Zafer M.Al Kahtani and Boulos H.B. Doany as members of the Committee with the decision no.20,
- Appoint Basile Yared as Chairman of the Audit Committee, and Mehmet Habib Soluk and Samir Asaad O. Matbouli as members of the Committee with the decision no.21

- **New Interconnection Charges Determined by Telecommunication Authority**

Also we would like to disclose that Telecommunication Authority has approved new Interconnection Termination Rates that will be effective from May 1, 2009.

Call Origination and Termination Rates for Türk Telekomünikasyon A.Ş Network (Kr/min*)			Call Termination Rates for GSM Networks (Kr/min*)		
Local	On-net	Off-net	Turkcell	Vodafone	Avea
1.39	1.71	2.70	6.55	6.75	7.75

*excluding VAT and SCT

- **JeTTvel 600**

Our Company also launched JeTTvel 600 tariff as of April 1 for its customers preferring to stay with the limited packages at the end of the campaign period but in need of a bigger minute package, while the campaigns for JeTTvel 100, 200 and 300 main tariffs are continuing. Tariff fee for JeTTvel 600 is TL 39, including 600 minutes local calls and all taxes.

- **JeTTfon Tariffs**

Our Company started to offer unlimited tariffs to its customers on April 1, 2009. With JeTTfon Plus Turkey all local and long distance calls are offered in the tariff fee. With JeTTfon Plus Turkey, which is a combination of JeTTfon main tariff which is TL 55 per month including all taxes and Plus Turkey additional package which is TL 7 per month including all taxes, our customers will talk with whole Turkey just paying TL 62.

With JeTTfon, which is local unlimited main tariff, all our individual customers paying TL 55 for local calls including all taxes and fixed fee will be able to talk unlimitedly.

With the Plus Turkey additional package, which can be bought along with all JeTTvell main tariffs and JeTTfon main tariff, our customers who will be able to talk long distance unlimitedly paying an additional fee of TL 7, will also talk with whole Turkey without any fee.

JeTTfon tariffs are valid only for fixed line calls and fair usage right is 3,000 minutes per month.

8. SUMMARY FINANCIAL RESULTS

- Summary Türk Telekom Consolidated Balance Sheet as of 2008 Q1 and 2009 Q1

<i>TL million</i>	2008 Q1	2009 Q1
Intangible Assets	2,675	2,695
Tangible Assets	6,313	6,431
Other Assets	2,267	2,455
Cash and equivalents	2,034	927
Total Assets	13,289	12,508
Share capital	3,260	3,260
Reserves and retained earnings	3,124	2,061
Interest Bearing Liabilities	2,464	3,206
Provisions for long-term employee benefits	997	689
Other Liabilities	3,444	3,292
Total Equity And Liabilities	13,289	12,508

- Summary Türk Telekom Consolidated Income Statement as of 2008 Q1 and 2009 Q1

<i>TL million</i>	2008	2008 Q1	2009 Q1
Revenues	10,195	2,423	2,508
<i>Change</i>			4%
EBITDA	4,342	1,080	1,087
<i>Margin</i>	43%	45%	43%
Operating Profit	2,710	666	664
<i>Margin</i>	27%	27%	26%
Profit Before Tax	2,136	504	368
<i>Margin</i>	21%	21%	15%
Profit/(Loss) For The Year	1,752	399	291
<i>Margin</i>	17%	16%	12%

- **Summary Türk Telekom Consolidated Revenue Breakdown as of 2008 Q1 and 2009 Q1**

<i>TL million</i>	2008	2008 Q1	2009 Q1
Domestic telephony	5,218	1,303	1,205
ADSL	1,670	369	496
Wireless operations	2,113	482	532
Data service revenues	239	51	72
International settlements	216	49	51
Interconnect	172	41	46
Leased lines	556	141	136
Rent from GSM Operators	114	31	28
Other	34	18	9
Discounts/returns	-1	-1	0
Business segment eliminations	-236	-64	-68
Sub-Total net revenue	10,095	2,420	2,507
Construction Revenue (IFRIC 12)	100	3	1
Total net revenue	10,195	2,423	2,508

- **Summary Türk Telekom Consolidated OPEX Breakdown as of 2008 Q1 and 2009 Q1**

<i>TL million</i>	2008	2008 Q1	2009 Q1
Personnel costs	-2,146	-524	-489
Domestic interconnection	-504	-152	-136
Maintenance and repairs	-523	-90	-72
Bad debt provision expense	-259	-65	-75
Taxes	-507	-131	-150
Commissions	-320	-54	-105
International interconnection	-102	-21	-29
Advertising and marketing expense	-294	-49	-60
Other expenses	-1,364	-306	-346
Sub-Total operating expenses	-6,019	-1,392	-1,462
Construction Expense (IFRIC 12)	-91	-3	-1
Total operating expenses	-6,110	-1,395	-1,463