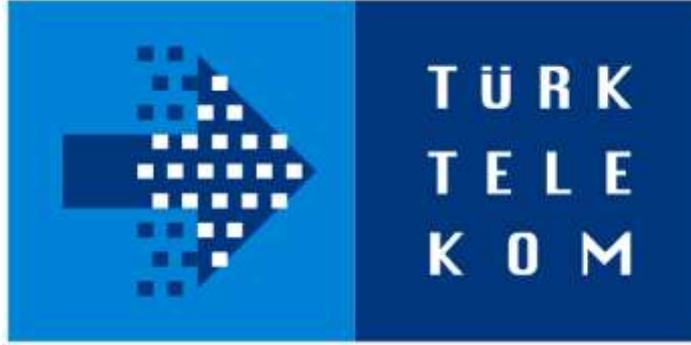


TÜRK TELEKOMÜNİKASYON A.Ş.



INTERIM ACTIVITY REPORT AS OF 30.09.2011
BASED ON SERIAL:XI NO:29 COMMUNIQUÉ OF CAPITAL MARKET BOARD



18 OCTOBER 2011

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1. OVERVIEW OF TÜRK TELEKOM

Türk Telekomünikasyon A.Ş. (“Türk Telekom”) with its subsidiaries, 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 16 million PSTN access lines in service as of 2010 year end and this number decreased to 15.3 million in the second quarter of 2011. Türk Telekom’s PSTN access line capacity is approximately 21.2 million.

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

67% of the wholesale broadband internet access in Turkey was through ADSL. The remaining 23% is attributable to mobile operators¹. The number of ADSL subscribers increased from 6.62 million as of 2010 year end to 6.80 million as of June 30, 2011.

Türk Telekom, having 81.37% 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 merger of Aycell and Aria brands. Thanks to its performance, from its foundation to the third quarter of 2011 its subscriber base rose from 4.8 million to 12.5 million.

Moreover, Türk Telekom operates IT consulting services, telecommunications product and software services and education content businesses through its wholly owned subsidiaries Innova, Sobee, Argela and Sebit. Türk Telekom also operates CRM systems, directory services and call centers through its wholly owned subsidiary AssisTT. Finally Pantel International, data and wholesale capacity provider, joined to Türk Telekom Group in 2010. In addition to these, Türk Telekom has 20% shares of CETEL that holds 76% shares of Altelecom, incumbent fixed line operator in Albania.

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

¹ Source: 2nd Quarter Sector Report of the Information Technologies and Communications Authority

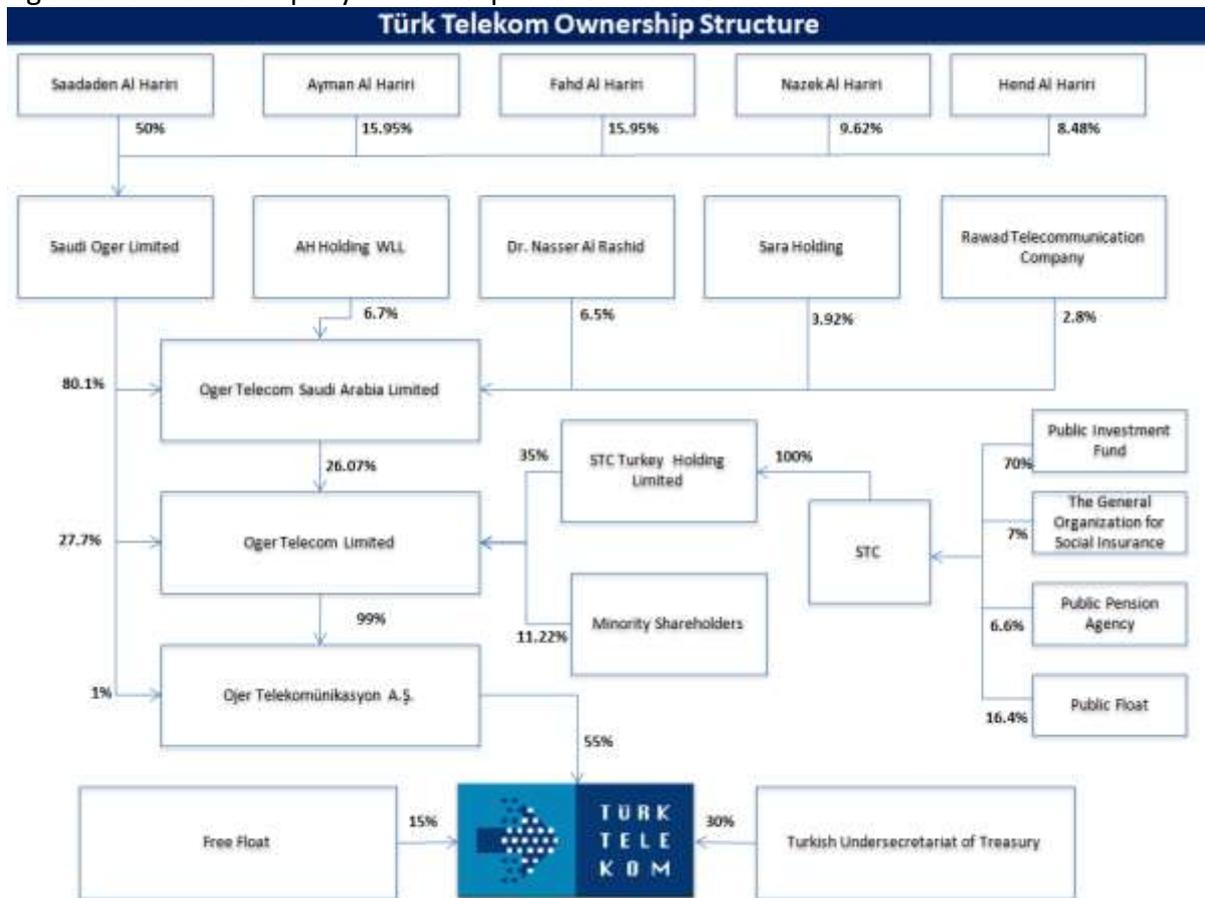
2. CORPORATE STRUCTURE

• Ownership Structure

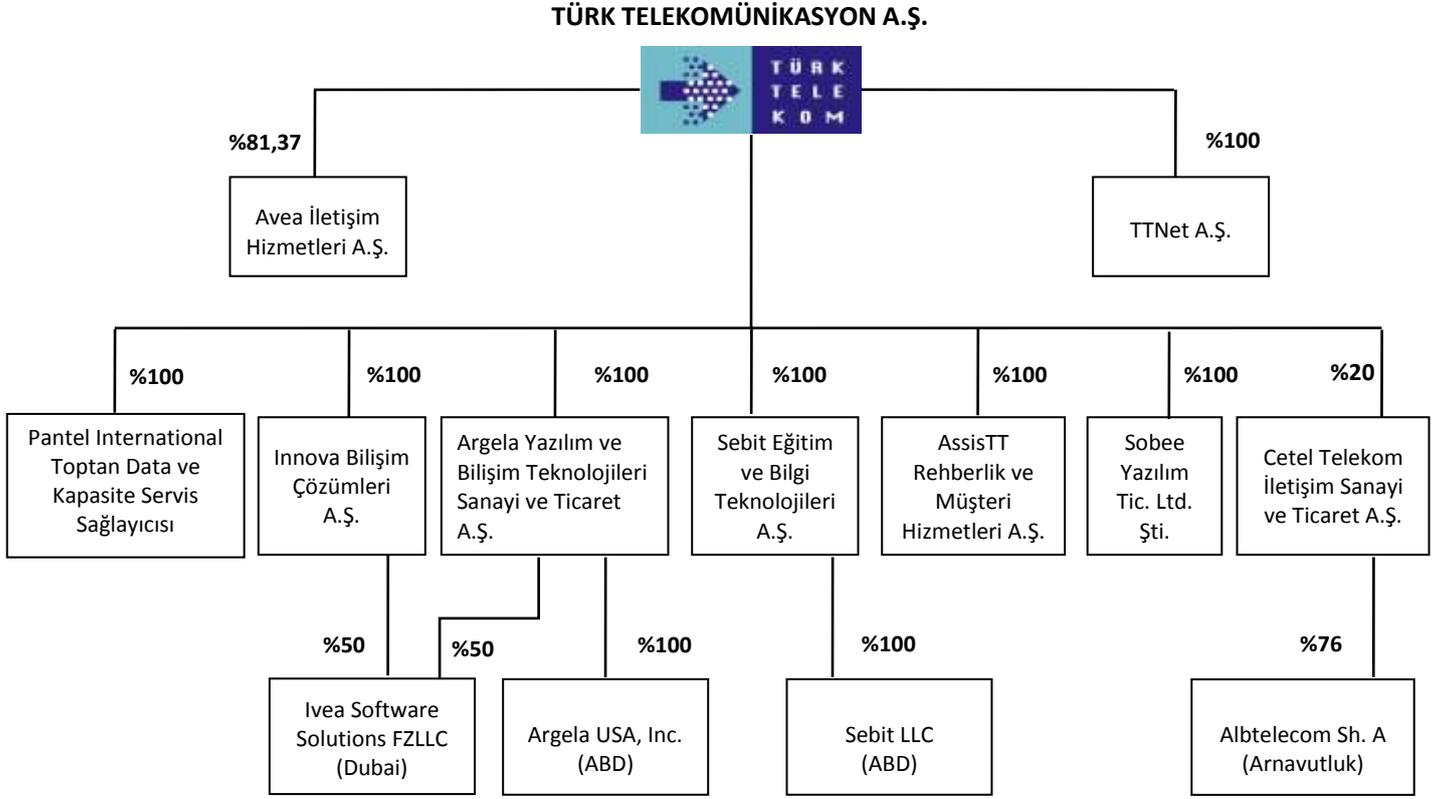
Class	Shareholder	Share Capital (TL)	Share (%)
A	Ojer Telekomünikasyon A.Ş.	1,925,000,000.00	55
B	T.R. Undersecretariat of Treasury	971,249,999.99	30
C		0.01	
D		78,750,000.00	
D	Free float	525,000,000.00	15
Total		3,500,000,000.00	100

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 positive vote is required for the following matters:

- Any proposed amendments to the Articles of Association;
- 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;
- 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:



- **Subsidiaries**



- **Management and Organization**

Board of Directors

Mohammed Hariri
İbrahim Şahin
Hakam Kanafani
Rami M. Aslan
Abdullah Tivnikli
Ghassan Hasbani
Saad Zafer M. Al Kahtani
Mehmet Habib Soluk

Chairman of the Board of Directors
Deputy Chairman of the Board of Directors
Member of the Board of Directors
Member of the Board of Directors
Member of the Board of Directors
Member of the Board of Directors
Member of the Board of Directors
Member of the Board of Directors

Statutory Audit Board

Efkan Ala
Prof. Dr. Aydın Gülan
Lütfi Aydın

Member of the Statutory Audit Board
Member of the Statutory Audit Board
Member of the Statutory Audit Board

Executive Committee

Mohammed Hariri
İbrahim Şahin
Abdullah Tivnikli
Hakam Kanafani
Saad Zafer M. Al Kahtani

Chairman of the Executive Committee
Vice Chairman of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee

Audit Committee

Ghassan Hasbani
Rami Aslan

Chairman of the Audit Committee
Member of the Audit Committee

Senior Management

Hakam Kanafani
Kamil Gökhan Bozkurt
Celalettin Dinçer
Mustafa Uysal
Mehmet Candan Toros
Şükrü Kutlu
Dr. Mehmet Kömürcü
Dr. Ramazan Demir
Erem Demircan
Haktan Kılıç
Dr. Nazif Burca
Memet Atalay
Timur Ceylan

Türk Telekom Group CEO
CEO
VP Sales
Group CFO / Acting VP Finance
VP International Sales and Wholesale
VP Human Resources Support and Regulations
VP Legal
VP Strategy and Business Development
VP Marketing and Communications
VP Customer Relations
Head of Internal Audit
VP Operations
VP Technology

3. MEETINGS OF THE BOARD OF DIRECTORS

In the period of this report, meetings of the Board of Directors were held on 18.07.2011

- With the resolution dated July 18, 2011

Approval of our Company's Activity Report and Consolidated Financial Statements regarding the period between 01.01.2011 – 30.06.2011 which was prepared as per the International Financial Reporting Standards and audited under the Turkish Capital Board Communiqué 29 Serial No. XI has been resolved.

4. PERSONNEL MOVEMENTS

Consolidated headcount as of 2010 year end and third quarter of 2011 are 34,138 and 35,614 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, interest risk, and credit risk.

6. MATERIAL ISSUES IN THE PERIOD

- **Avea Extraordinary General Assembly Meeting Announcement**

Turk Telekom's subsidiary, Avea's Board has decided to hold an Extraordinary General Assembly Meeting on Friday, 29th of July, 2011 to discuss the below mentioned agenda:

1. Reduction of share capital by taking into account the previous year losses and increasing it back by the reduction amount.
2. The required amount of capital for the increase shall be paid in cash or by conversion of shareholder loans
3. Board's proposal regarding the amendment of Article 6 of Articles of Association, which is titled "Capital", shall be discussed and resolved.

- **Tax Assessment about the Tax Examination dated 2010 at the extent of the Law numbered 6111**

As we announced in 14 September 2010, we had a tax examination by Ministry of Finance for the fiscal years of 2005, 2006, 2007 and 2008. We applied to Tax Office in order to take advantage of the 3rd article of the law numbered 6111.

The results which are obtained after the examination at the extent of the law numbered 6111 are listed as below:

1. After applying to Tax Office in order to take advantage of the law numbered 6111, tax penalty which is imposed since the VAT that had to be calculated and declared in the capacity of limited liability tax payer was under declared, is paid to the Tax Office by the tax amount of TL 23,777 thousand with TL 7,327 thousand interest amount. TL 23,777 can be considered as deductible VAT in VAT 1 Declaration Form
2. After applying to Tax Office in order to take advantage of the law numbered 6111, tax penalty which is imposed since VAT deductions were made more than the required amount in 2006, 2007 and 2008, is paid to the Tax Office by the tax amount of TL 12.200 thousand with TL 2,536 thousand interest amount.
3. In 2005 and 2006, in some periods, tax overpayment and in some other periods tax underpayment was calculated over dividend payments to undersecretaries of treasury. For tax overpayments, tax refund was proposed by Tax Office. Otherwise tax penalty was proposed to be imposed for tax underpayment. We have applied to Tax Office in order to take advantage of the law numbered 6111 and demanded net tax refund by offsetting the amount of tax penalty. If there will be any developments regarding this issue, they will be made public immediately.

- **Change in Board of Directors**

Our Board of Directors has resolved in 22 July, 2011 that Mehmet Habib Soluk is assigned to vacant Board of Directors membership on behalf of Turkish Treasury which owns golden share (Class C share) according to Article 10 of Articles of Association. His membership will be

submitted to the approval of shareholders in the next General Assembly as per Article 315 of Turkish Trade Law

- **Postponement of Avea Extraordinary General Assembly Meeting**

Considering the proposals of shareholders of Avea İletişim Hizmetleri A.Ş. (Avea), Board of Directors of Avea unanimously decided to postpone the Extraordinary General Assembly Meeting with the resolution No. 392 dated 27.07.2011 which was previously decided to be held on July 29, 2011. The new agenda and date of the Extraordinary General Assembly Meeting of Avea will be decided within sixty days.

- **Guidance Change**

On the back of strong revenue growth in H1, we believe consolidated revenue growth in 2011 will be 9 to 10%. Our EBITDA margin guidance remains as low to mid 40%. Due to accelerated growth and acceleration of infrastructure investment CAPEX will be around TL2.2bn.

7. MATERIAL ISSUES AFTER THE END OF PERIOD

- **ICTA's resolution regarding Fiber Internet Access**

Information and Communication Technologies Authority (ICTA) resolved (2011/DK-10/504, 03.10.2011) that services for fiber access (fiber to the home (FTTH)/ fiber to the premises (FTTP)) will be excluded from the process of market analysis for five years or exclusion will last until fiber internet subscribers reach 25% of fixed broadband subscribers in accordance with Ministry of Transport and Communications' relevant submission. According to ICTA, the resolution has been made in order to encourage the adoption of internet access services and development of infrastructure-oriented competition. Pursuant to the resolution, sharing the fiber-optic infrastructure with other operators by companies which already invested in or will invest in fiber, is envisaged to be left to the market's own dynamics until a certain time period.

- **Extraordinary Genel Assembly Meeting**

It has been resolved that our Company's Extraordinary General Assembly Meeting shall be held in Türk Telekomünikasyon A.Ş. HQ The Culture Centre, Turgut Özal Bulvarı 06103 Aydınlikevler, Ankara on 14 November 2011 at 3.00 p.m. in order to discuss the following agenda items.

TÜRK TELEKOMÜNİKASYON A.Ş.
EXTRAORDINARY GENERAL ASSEMBLY MEETING
November 14, 2011

1. Opening and Election of the Chairmanship Committee;
2. Authorizing the Chairmanship Committee to sign the minutes of the Extraordinary General Assembly Meeting, and the List of Attendees
3. Temporary appointments made by the Board of Directors to the Board of Directors for the positions became vacant because of resignations shall be submitted to the approval of the General Assembly as per Article 10 of the Articles of Association of our Company and Article 315 of the Turkish Trade Law and under the same conditions in order to be valid as of the appointment date; and the membership of the elected members shall be approved as of the appointment date for the remaining office of the Board of Directors;
4. Election of members to the Board of Directors, defining the salaries of the members of the Board of Directors;
5. Election of members to the Board of Statutory Auditors, defining the salaries of the Statutory Auditors;
6. Giving information to the General Assembly regarding the disclosure policy revised by the Board of Directors;
7. Comments and closing.

8. SUMMARY FINANCIAL RESULTS

• **Summary Türk Telekom Consolidated Balance Sheet as of 2011 Q3 and 2010 YE**

<i>TL million</i>	2011 H1	2010 YE
Intangible Assets	3,459	3,517
Tangible Assets	7,858	7,435
Other Assets	3,442	2,929
Cash and equivalents	958	1,219
Total Assets	15,717	15.100
Share capital	3,260	3,260
Other Reserves and Currency Translation Reserve	(1,250)	(1,112)
Reserves and retained earnings	1,782	1,575
Interest Bearing Liabilities	5,755	4,199
Provisions for long-term employee benefits	621	607
Other Liabilities	4,075	4,119
Net Income	1,474	2,451
Total Equity And Liabilities	15,717	15,100

- **Summary Türk Telekom Consolidated Income Statement as of 2011 Q3 and 2010 Q3**

<i>TL million</i>	2011 Q3	2010 Q3
Revenues	8,921	7,957
<i>Change</i>	<i>12%</i>	
EBITDA	3,832	3,511
<i>Change</i>	<i>9%</i>	
<i>Margin</i>	<i>43%</i>	<i>44%</i>
Operating Profit	2,656	2,383
<i>Change</i>	<i>11%</i>	
<i>Margin</i>	<i>30%</i>	<i>30%</i>
Profit Before Tax	1,840	2,411
<i>Change</i>	<i>(24%)</i>	
<i>Margin</i>	<i>21%</i>	<i>30%</i>
Tax Expense	-500	-607
Minorities	134	88
Profit/(Loss) For The Year	1,474	1,892
<i>Change</i>	<i>(22%)</i>	
<i>Margin</i>	<i>17%</i>	<i>24%</i>