

Türk Telekom

for everything





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Glossary

The information contained herein has been prepared by Türk Telekomünikasyon A.Ş. (the Company) in connection with the operations of Türk Telekom Group companies. Under this Annual Report the term "Company", "our Company", "Türk Telekom", "Türk Telekomünikasyon A.Ş.", "Türk Telekom Group", "Group", "Group Companies" may refer to all or some of the Türk Telekom Group Companies.

The PSTN services and wholesale broadband services are provided by Türk Telekomünikasyon A.Ş., the retail fixed broadband services are provided by TTNET A.Ş., the mobile services are provided by Avea İletişim Hizmetleri A.Ş., the services of convergence technologies are provided by Argela Yazılım ve Bilişim Teknolojileri A.Ş., IT solutions are provided by Innova Bilişim Çözümleri A.Ş., online education software services are provided by Sebit Eğitim ve Bilgi Teknolojileri A.Ş., call center services are provided by AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş., wholesale data and capacity services are provided by Türk Telekom International and its subsidiaries, IPTV, Satellite TV, Web TV, Mobile TV, Smart TV services are provided by TTNET A.Ş. and TV broadcasting and video on demand services are provided by Net Ekran companies.

Türk Telekom® brand used in this report is the joint brand of Türk Telekom Group of companies. All group Companies' legal entities remain intact and adhering to the rules and regulations to which they are subject.

Türk Telekom in Fiber Speed!

We are launching a new era by unifying our mobile, fixed broadband, fixed voice and TV services under the single “Türk Telekom” brand.

In this new era crowned with our new logo representing values such as diversity, innovation, dynamism and customer orientation, the strength of our nationwide fiber infrastructure will demonstrate itself both in mobile and in fixed services.

Türk Telekom **for Turkey!**



As the brands are unified under the brand of “Türk Telekom”, customers will have the opportunity to reach all products and services in the integrated stores of Türk Telekom. This unification will open a new era in communication.

Türk Telekom **for Future!**





Türk Telekom

With our fiber infrastructure and the frequencies we have, our aim is to become the leader of all next generation mobile technologies, not just the leader of 4.5G. A new 4.5G mobile world will rise on Türk Telekom's fiber strength.

Türk Telekom **for Happiness!**





Türk Telekom's 213 thousand kilometers of fiber network in Turkey's 81 cities will make it possible to provide world-class communication and entertainment services, both on mobile and fixed networks.

Türk Telekom **for Entertainment!**



Türk Telekom



As the provider of the richest TV content in Turkey, we also offer our customers 4K technology. We broadcast “UEFA Champions League and UEFA Europa League” matches in 4K format.

About Türk Telekom

As the “Multi play provider of Turkey,” Türk Telekom has 12.9 million fixed access lines, 8 million broadband and 17.3 million mobile subscribers as of December 31, 2015.

About Türk Telekom Group

Türk Telekom, with 175 years of history, is the first and largest integrated telecommunications company in Turkey. In 2015, Türk Telekomünikasyon A.Ş. adopted a “customer-oriented” integrated structure in order to respond to the rapidly changing communication and technology needs of customers in the most powerful and accurate way, while maintaining the legal entities of Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş. intact and adhering to the rules and regulations to which they are subject. In January 2016, Türk Telekom unified its mobile, fixed voice, broadband and TV products and services under the single “Türk Telekom” brand.

As the “Multi play provider of Turkey,” Türk Telekom Group Companies offer a complete range of mobile, fixed voice, broadband and TV services. Türk Telekom Group Companies have a wide service network and product range in the fields of individual and corporate services. As of December 31, 2015, Türk Telekom has 12.9 million fixed access lines, 8 million broadband and 17.3 million mobile subscribers. Türk Telekom Group Companies provide services in all 81 cities of Turkey with more than 34,000 employees with the vision of introducing new technologies to Turkey and accelerating Turkey’s transformation into an information society.

Türk Telekomünikasyon A.Ş. owns 100% of mobile operator Avea İletişim Hizmetleri A.Ş., broadband operator TTNET A.Ş., convergence technologies company Argela Yazılım ve Bilişim Teknolojileri A.Ş., IT solution provider Innova Bilişim Çözümleri A.Ş., online education software company Sebit Eğitim ve Bilgi Teknolojileri A.Ş., call center company AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş., wholesale data and capacity service provider Türk Telekom International and its subsidiaries.

Vision, Mission, Values

Türk Telekom has set itself the mission of offering swift, top quality and affordable services through customer-oriented and integrated communication solutions.

Our Vision

To be the preferred communication operator of the future

Our Mission

To provide fast, high-quality and affordable services to our customers anywhere and anytime by offering customer-focused integrated communication solutions

Our Values

- Customer focus
- Innovation
- People focus
- Trust
- Agility

Our Strengths

Solidarity and Team Spirit

History

Türk Telekom celebrated its 175th anniversary with a spectacular reception held in Ankara with the attendance of President Recep Tayyip Erdoğan.

1994

- Türk Telekom was established on June 30, 1994.

1995

- PTT's telecommunication and postal services divisions were separated on April 24, 1995. All personnel, assets and liabilities related to the telecommunications services of PTT were subsequently transferred to Türk Telekom then wholly owned by the Republic of Turkey Prime Ministry Undersecretariat of Treasury.

2004

- TT & TİM İletişim Hizmetleri A.Ş. was founded on February 19, 2004 through the merger of Türk Telekom's GSM Operator, Aycell, and İş-TİM.
- The trade name TT & TİM İletişim Hizmetleri A.Ş. was changed to Avea İletişim Hizmetleri A.Ş. on October 15, 2004.

2005

- Türk Telekom's privatization was completed on November 14, 2005, with the transfer of 55% of Türk Telekom shares to Oger Joint Venture Group.

2006

- Türk Telekom subsidiary TTNET was established on April 26, 2006, commencing operations on May 14 by obtaining an internet service provider license.
- Türk Telekom increased its shareholding in Avea to 81.12% with the acquisition of 40.56% of the shares of İş-TİM for USD 500 million on September 15, 2006.

2008

- 15% of Türk Telekom shares were offered to the public and listed on the Istanbul Stock Exchange on May 15, 2008.

2010

- Türk Telekom acquired Invitel International (now Türk Telekom International), the leading wholesale capacity and data services provider in Central and Eastern Europe, on October 7, 2010.

2011

- Türk Telekom distributed TL 2.244 billion – its entire 2010 distributable profit – to shareholders in gross cash dividends on 30 May 2011, breaking an all-time record in the history of the Istanbul Stock Exchange.
- Türk Telekom becomes Turkey's first telecommunications company to report its carbon emissions to the Carbon Disclosure Project (CDP).

2012

- Türk Telekom increased its total shareholding in Avea to 89.99%.

2013

- TTNET and Sobee, two wholly owned Türk Telekom subsidiaries, were merged with the transfer of Sobee's entire assets and business to TTNET.
- Türk Telekom announced the restructuring of its executive leadership by combining the roles of Group CEO and General Manager into a single

CEO position and removing the Group CFO position on December 10, 2013, upon a resolution adopted by the Board of Directors. Rami Aslan, who had been serving as Board Member of Türk Telekomünikasyon A.Ş. and as CEO of Oger Telecom, was appointed CEO of Türk Telekomünikasyon A.Ş. on December 10, 2013.

2014

- Türk Telekom's overseas bond offering of up to USD 1 billion (or its equivalent in other foreign currency or Turkish Lira) with a maturity of up to 10 years was oversubscribed eight times by investors from a broad geography. The transaction was the largest corporate bond issue as well as the first-ever dual tranche debt offering across two maturities issued in Turkey. Conducted in two tranches with 5-year and 10-year maturities, the bond issuance was priced at a 30 bps spread to Turkish sovereign issues of similar tenors.
- International credit rating agency Fitch Ratings assigned BBB- (investment grade) with a stable outlook to Türk Telekom's long-term foreign and local currency issuer default ratings and assigned BBB- to senior unsecured rating; and affirmed the rating afterwards as part of its routine review in 2014.
- International credit rating agency Standard & Poor's (S&P) upgraded the corporate credit rating of Türk Telekom from BB+ to BBB- (investment grade), emphasizing that Türk Telekom had strengthened its liquidity position after a successful bond issue of USD 1 billion in June 2014.
- TNET A.Ş. purchased the Turkey media rights of UEFA Champions League and UEFA Europe League matches for three seasons beginning with the 2015-2016 season. It was announced that UEFA Champions League and UEFA Europe League football games would be broadcast via the Türk Telekom Group's digital TV broadcasting platform Tivibu. Pursuant to the contract signed with UEFA, an agreement was also reached with TRT, which became Türk Telekom's free-to-air partner.
- The Türk Telekom Group, the leading telecommunications and communication technology group in Turkey, celebrated its 175th anniversary with a spectacular reception held in Ankara with the attendance of President Recep Tayyip Erdoğan.
- The transfer of the shares of Avea İletişim Hizmetleri A.Ş., which were held by the İş Bank Group, to Türk Telekomünikasyon A.Ş., was completed. With the share transfer, Türk Telekom became the sole owner of Avea İletişim Hizmetleri A.Ş.
- Avea İletişim Hizmetleri A.Ş., has won the below packages in the IMT Service and Infrastructure Authorization Tender (publicly known as 4.5G Authorization Tender) held by the Information and Communication Technologies Authority (ICTA) on August 26, 2015.
 - 2x10 MHz bandwidth in 800 MHz frequency for Euro 380,000,000,
 - 2x7.6 MHz bandwidth in 900 MHz frequency for Euro 216,819,184,
 - 2x20 MHz bandwidth in 1800 MHz frequency for Euro 310,000,000,
 - 2x10 MHz bandwidth in 2600 MHz frequency for Euro 25,858,917,
 - 1x15 MHz bandwidth in 2600 MHz frequency for Euro 22,000,000.
- As a result of this tender Avea,
 - In the 800 MHz frequency, owns the cleanest and the closest package to the 700 MHz frequency, which is an important element for 5G
 - In the 900 MHz frequency, moved out of a disadvantageous position
 - In the 1800 MHz frequency, has the widest capacity, which is the most important frequency for 4.5G
 - Holds 175 MHz of total bandwidth.
 - Has the highest MHz per user.
- Total spectrum fee is Euro 954,678,101.
- Türk Telekom Group announced a partnership with Amazon Web Services (AWS) to provide the most advanced cloud computing solutions to Turkish companies. Under this partnership, all enterprises in Turkey, small or large, will be able to access virtual server services provided through the AWS global cloud network.

2015

- After signing a C&MA (Construction and Maintenance Agreement), Türk Telekom International joined the SEA-ME-WE-5 consortium as a full member. The SEA-ME-WE-5 submarine cable system is scheduled for launch at the end of 2016. The system will interconnect 18 nations with 20,000 kilometers of cable across three continents from Asia to Europe.
- Türk Telekom Group, Turkey's leading integrated telecommunications company, joined the Bridge Alliance, the largest mobile alliance of the leading mobile operators in the Asia-Pacific region. The Türk Telekom Group is the first company to represent Turkey within the Bridge Alliance, which has a combined customer base of over 700 million customers.
- Türk Telekom Group introduced its first smart phone "TT175".

Highlights

Thanks to the integration process centered on sustainable growth, Türk Telekom Group has become the largest integrated telecommunication services company in Turkey, and one of the few of its kind in the world.

January 2015

Avea 4.5G Speed Test

Avea broke a new record by reaching a speed of 3.6 Gbps in the 4.5G speed test conducted at Avea Technology Center in collaboration with Nokia Networks, using Nokia equipment. With this result, Avea quadrupled the country's previous speed record and took its place among the world's top 5 mobile operators to have achieved this speed.

Besides of its 4.5G speed record, Avea tested 4x4 MIMO technology with a simultaneous live demo for the first time in Turkey and reached a speed of 300 Mbps by using a single carrier. Thus, Avea became the first-ever mobile operator to reach this speed, and to test 4x4 MIMO technology in Turkey.

February 2015

Türk Telekom joined the submarine cable system, which will interconnect 18 countries on 3 continents

After signing a Construction and Maintenance Agreement, Türk Telekom International joined the SEA-ME-WE-5 consortium as a full member. The SEA-ME-WE-5 submarine cable system is scheduled for launch at the end of 2016. The system will interconnect 18 countries along more than 20 thousand kilometers across three continents from Asia to Europe.

Turkey's first integrated Smart City Project

Türk Telekom Group has initiated Turkey's first integrated smart city project in Karaman. The applications developed by Türk Telekom Group and its business partners enable the city of Karaman to manage all operations - from traffic and healthcare to public services and energy conservation - at the Smart City Operations Center. As a result, the city has become more livable for its inhabitants, while achieving noteworthy economic and environmental gains.

March 2015

Avea won awards in 9 categories

With its service quality, channel diversity, and solutions-center approach, Avea received a total of nine prizes at the Stevie Awards, which are widely recognized as the 'Oscars' of the business world, in the categories of "Best Customer Services", "Customer Contact Center of the Year", "Customer Service Department of the Year", "Customer Service Complaints Team of the Year", "Innovation in Customer Service", "Best Use of Technology in Customer Service", "Customer Service Leader of the Year", "Customer Service Manager of the Year", and "Business Development Professional of the Year".

April 2015

Türk Telekom Group continues its successful journey spanning 175 years

Türk Telekom Group, Turkey's leading communications technology group, celebrated its 175th anniversary with a spectacular reception held in Ankara with the attendance of President Recep Tayyip Erdoğan. President Erdoğan congratulated Türk Telekom Group for its contributions to Turkey's communications infrastructure and digital transformation.



The most comprehensive personal e-health service in Turkey

By providing technology support to the Ministry of Health's E-Pulse Project, Türk Telekom Group has developed the most comprehensive e-health service in Turkey. With its size and scope, the E-Pulse Project is among the most remarkable e-government projects in Turkey and is another breakthrough achieved by Türk Telekom Group. Under the project, "Digital Health Record" system was launched to enable citizens to carry around and share their medical health records, whenever required.

May 2015

Smart City Antalya

Türk Telekom Group transformed Antalya into a smart city as part of its Smart Cities Project. In November, Turkey hosted the G20 Summit, which brought together world leaders, in smart city Antalya.

June 2015

Türk Telekom Group received a grand financial award

Türk Telekom Group's US\$ 1 billion bond offering received the "Best Corporate Bond Offering in the EMEA" prize at the "Project Finance Awards"



organized in London by the leading financial publication EMEA Finance Magazine. Hence, Türk Telekom became the first telecommunications company in Turkey to win an award from EMEA Finance.

Fitch Ratings has affirmed Türk Telekom's Rating and Outlook

Fitch Ratings has affirmed Türk Telekom's Long-term Foreign and Local Currency Issuer Default Ratings of "BBB-" (investment grade) with Stable Outlook, and senior unsecured rating of "BBB-", as part of a routine portfolio review process.

July 2015

Türk Telekom topped the Bilişim 500 list

Türk Telekom Group ranked first in the 16th edition of the "Bilişim 500" (ICT Top 500) list, which aims to identify the top 500 information and communications technology companies in Turkey. The Group was also named the "Telecommunications Company of the Year". Additionally, Türk Telekom Group company Innova ranked first in the category of "Business Applications: Systems Integrator".

A new period in TV broadcasting

In addition to the IPTV, Web/PC, tablet, mobile phone, and Smart TV platforms Türk Telekom launched satellite platform to offer Tivibu and began to offer users an entirely new, and more pleasant TV watching experience.



Highlights

Implementing a smart auction strategy, Türk Telekom acquired the desired bandwidth of frequency at the auction for IMT-Advanced Authorization ('4.5G Auction') held on August 26.

August 2015

Avea breaks record with the number of patent applications

According to data from the Turkish Patent Institute, mobile operator Avea, a Türk Telekom Group company, filed a total of 18 patent applications during the first half of 2015, which made Avea the top telecommunications company in terms of the number of patent applications filed. The Company filed patent applications for some of its highly interesting Innovation in areas such as the dynamic pricing model based on mobile network traffic intensity, and sentiment analysis, which helps subscribers decide whether or not to place a call.

Turkey's first "smart stadium"

Türk Telekom Group introduced yet another first to football fans in Turkey. Using its superior technology, the Group entirely revamped Fenerbahçe Şükrü Saraçoğlu Stadium, and transformed it into the most smart stadium, complete with a mobile internet infrastructure compatible with 4.5G and WiFi. From high-speed, uninterrupted Internet service to fun applications, secure connection and high-quality communication, the stadium offers fans an enjoyable experience during football matches.

Agile Studio recognized at The International Business Awards

With its Agile Studio application, Türk Telekom Group received the Silver Award in the category of "Human Resources Team of the Year" at The International Business Awards, the world's premier business awards program. This award was a confirmation of the success of the Türk Telekom Group's Innovative applications in the global arena.

The 4.5G auction is completed

Implementing a smart auction strategy, Türk Telekom acquired the desired bandwidth of frequency at the auction for IMT-Advanced Authorization ('4.5G Auction') held on August 26. With these frequency bands, the Group has now attained a strong competitive position- in terms of speed, coverage and capacity - to provide its customers with the best possible service.

Standard & Poors Ratings Services has affirmed Türk Telekom's Rating and Outlook

Standard & Poors Ratings Services has affirmed Türk Telekom's Long-term Foreign and Local Currency Issuer Default Ratings of "BBB-" (investment grade) with negative outlook, and its long term foreign currency senior unsecured debt rating of "BBB-", as part of a routine portfolio review process.

“UEFA Super Cup” ignites excitement for Champions League and Europa League

In August, Tivibu began broadcasting UEFA Champions League and UEFA Europa League matches, of which Türk Telekom Group purchased the broadcasting rights for Turkey. The UEFA Super Cup match between Barcelona FC and Sevilla FC was the first UEFA match broadcast live on Tivibu.

September 2015

Türk Telekom Group’s new vision on corporate services

Thanks to its customer-focused and integrated structure, Türk Telekom Group can meet all communications needs of enterprises by adopting one-stop-shop service approach. The Group announced that it would introduce the concept of “next-generation businesses” to Turkey. Accordingly, Türk Telekom Group opened a new phase in Turkey with its customer-focused approach and integrated structure. The Group’s new corporate objective is to support the growth of next-generation businesses that are transformed with Türk Telekom’s technology and help them become leaders in the region.



PILOT Summit

Türk Telekom PILOT, Turkey’s first startup accelerator initiated by the private sector, aiming at accelerating innovative startups via Türk Telekom’s know-how and technology, completed its third batch successfully.

PILOT Entrepreneurship Summit, held in September 2015, brought together prominent entrepreneurs and investors from Turkey and abroad, and other key players of the startup ecosystem. At the PILOT Entrepreneurship Summit, the world-renowned entrepreneur and investor Shervin Pishevar, Founding Partner at Sherpa Ventures, shared his experiences with the audience, whereas the most successful startups of the third batch were announced.

Türk Telekom Group hosted Europe’s telecom giants

Türk Telekom Group Company Argela, hosted Europe’s telecommunications giants in Istanbul. These companies came together within the framework of the COMBO Project, a major project initiated by the European Union to determine the roadmap toward 5G networks, the future of mobile communications. In addition to intense knowledge sharing, several technical tests were also conducted during the event, which marked an important milestone for 5G networks.

The Company having the highest EBITDA

Türk Telekom ranked first as the company with the highest EBITDA on the “Fortune 500 Turkey” list, which is issued annually by Fortune Magazine.

October 2015

SMEs of Anatolia Technology Meetings

Türk Telekom Group organized “SMEs of Anatolia Technology Meetings” in Kayseri, Malatya, Konya, Denizli, Manisa, Eskişehir and Istanbul. At these meetings, the Group shared information with SMEs on how technology contributes to brands and the new opportunities in the business world. Additionally, experts in various fields explained the changing dynamics of the business world and shared success stories from different regions.



Honored by the United Nations

Türk Telekom CEO Mr. Rami Aslan was a guest speaker at the 6th edition of the annual “Social Good Summit”, which was held in New York to coincide with UN Week. Mr. Aslan participated in a panel discussion entitled “Digital Citizenship”, during which projects of significant impact on the development of nations were discussed. Türk Telekom Group was invited to the Summit to share

Highlights

Türk Telekom launched its first own branded smart phone TT175.

its “Life’s Simpler with the Internet” project, which the UN presented to the world as an exemplary practice.

Türk Telekom shared its smart city solutions at the Broadband Forum

Türk Telekom participated in the 15th Broadband World Forum, which is held in London and brings together the world’s leading telecommunications and technology companies. Mehmet Ali Akarca, CEO of the Corporate Business Unit of Türk Telekom shared smart city applications, which were implemented for the first time in Turkey, setting an example for the region, with the participants of the Forum.

Türk Telekom CEO Rami Aslan delivered a speech at the European Parliament

Mr. Rami Aslan shared Turkey’s broadband Internet experiences with members of the European Parliament, European Commission representatives, and executives from leading telecommunications companies at a closed session on the topic of “Broadband Internet Investments in the Digital Age”. Developments in the digital world were discussed at the FT-ETNO Summit, which was organized by the Financial Times and ETNO (European Telecommunications Network Operators’ Association).



Türk Telekom Academy

As part of the integration process, Türk Telekom took an important step forward in human resources, the Group’s strategic focus area, and merged Türk Telekom, Avea and TTNET academies under one roof, the “Türk Telekom Academy”. With this merger, the Group established Turkey’s largest integrated corporate academy serving more than 34 thousand employees.

November 2015

Partnership with Amazon Web Services

Türk Telekom Group announced its partnership with Amazon Web Services (AWS) to provide the most advanced cloud computing solutions to Turkish companies. Thanks to this partnership agreement, Turkish companies are now able to meet their technology needs, such as virtual servers, through BuluTT Market, which is made available by Türk Telekom Group and Amazon Web Services. Under this partnership, all enterprises in Turkey, small or large, can take advantage of virtual server services provided through AWS global cloud network.

Türk Telekom Group joined forces with Bridge Alliance

Türk Telekom Group, Turkey's biggest integrated telecommunications group, joined the Bridge Alliance, the largest mobile alliance of the leading mobile operators in the Asia-Pacific region. Türk Telekom Group is the first company to represent Turkey within Bridge Alliance, which has a combined customer base of more than 700 million customers.

Turkey's first Telephone Library is four years old

Türk Telekom revamped the content and the technology infrastructure of the Telephone Library, which was established in collaboration with Boğaziçi University's Technology and Education Laboratory for the Visually Impaired (GETEM) in 2011, on the 'International Day of Persons with Disabilities'. The Telephone Library was further improved with new applications, a user-friendly audio menu, enhanced content and functions; meanwhile the number of audio books reached 1,000 in more than 50 categories including art history, Sufism, theater, and biographies among others. With its new content and technology, the Telephone Library was re-launched with a touching TV commercial on the International Day of Persons with Disabilities.



The first Türk Telekom branded smart device: TT175

Türk Telekom launched its first own branded smart phone TT175. TT175 is Turkey's first operator-branded smart phone with a fingerprint recognition feature.

12 patent applications for 5G

Türk Telekom Group company Argela, filed a total of 12 patent applications with USPTO (United States Patent and Trademark Office) related to 5G technology under its ProgRAN project. With this achievement, which is considered to be reflective of Türk Telekom Group's know-how and experience, Turkey joined global technology giants working on 5G technology.

December 2015

Business Leaders Summit

Türk Telekom Group brought together the senior managers of the biggest corporations in Turkey at the Business Leaders' Summit meetings held in Ankara, Istanbul and Izmir, Turkey's major cities. At these events, managers of the leading companies in Turkey shared their own inspirational success stories and the transformation stories of their companies with participants. Meanwhile, Türk Telekom Group explained its technology solutions that help companies stay ahead of global competition.

The Sunlight Project celebrated its first graduates

The Sunlight Project, which is carried out jointly by Türk Telekom's subsidiary Avea and EY-DER (Association for Living without Obstacles), celebrated its first graduates. The Sunlight Project aims to teach children with low vision – one percent to 10 percent – how to function independently. One hundred children, who completed the first term of the program, learned how to use their vision in only 7 months.

Two awards for Türk Telekom Group

According to the results of the "Capital 500 - Top 500 Private Companies in Turkey" survey, which is conducted annually by Capital magazine, Türk Telekom Group was named the "Biggest Creator of Employment in Turkey" and "The Most Profitable Company".

Tivibu launched 4K TV broadcasts

Tivibu began broadcasting 4K content. 4K TVs have four times the amount of pixels, thus they offer picture four times sharper than HD.4K broadcast was offered for the first time in Turkey, without the need for satellite receivers or remote controls, through a rapid and simple installation process.

Türk Telekom International won two "Global Carrier" awards

At the Global Carrier Awards 2015, Türk Telekom Group company Türk Telekom International, received two first place awards for the third year running: "Best Data and Wholesale Voice Carrier in Central & Eastern Europe" and was awarded the "Best Sales Team".

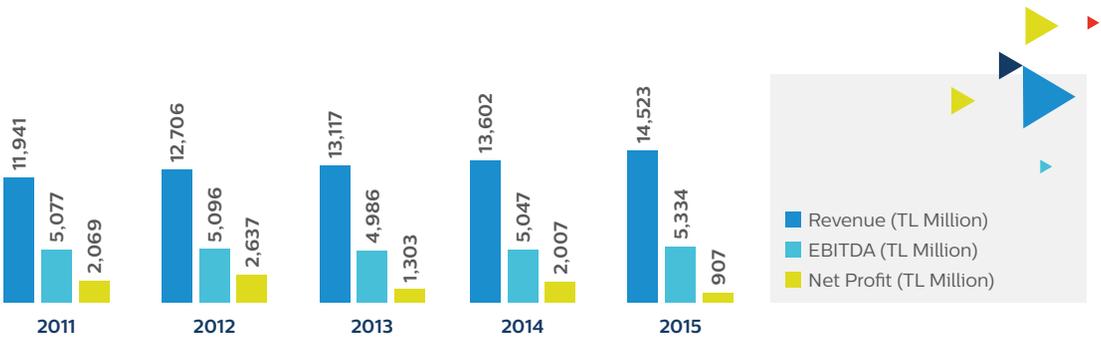
Key Performance Indicators

Financial Indicators

Revenue, EBITDA and Net Income

Türk Telekom Group left behind a very successful year with strong revenue, EBITDA and operational performance. The Group met its full year guidance for 2015 at the high end of the range in both revenue and EBITDA. Group revenues excluding non-operational construction revenues increased

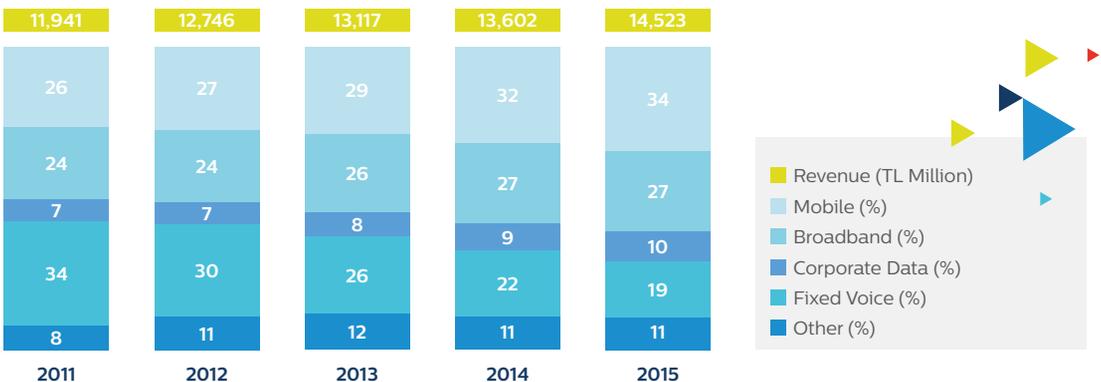
by 7.2% to TL 14.2 billion, the fastest pace of growth since 2011. EBITDA increased by TL 287 million to TL 5.3 billion with a robust EBITDA margin of 37%. Depreciation of TL against USD and EUR affected Group net income negatively and Türk Telekom Group posted TL 907 million net income.



Breakdown of Consolidated Revenues

Share of high growth businesses; mobile and broadband revenues reached 61% in 2015, compared to 50% in 2011. Fixed voice revenues was the third largest revenue item contributing a 19%

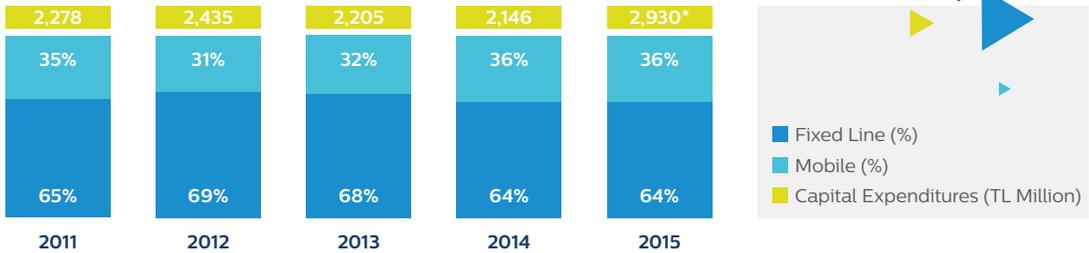
share in 2015, down from 34% in 2011. The share of corporate data revenues, another high growth business, increased to 10% in consolidated revenue.



Capital Expenditures

The Group invested TL 2.9 billion in 2015 (excluding 4.5G authorization fees), marking 20% CAPEX/

sales ratio. Group also booked TL 3.0 billion 4.5G authorization fee in 2015.



*Excluding 4.5G authorization fee

Capital Expenditures /Sales

Consolidated CAPEX guidance (excluding 4.5 authorization fees) for 2015 was revised upwards to around TL 2.9 billion from around TL 2.3 billion in October, due to accelerated mobile network investments and the impact of currency

depreciation on CAPEX and the Group recorded TL 2.93 billion CAPEX in line with the guidance. CAPEX/sales ratio is increased compared with previous years, to 20%



Key Performance Indicators

Summary Income Statement (TL million)

TL Million	2011	2012	2013	2014	2015	2014-2015 Change (%)
Revenue	11,941	12,706	13,117	13,602	14,523	6.8
Net Operating Expenses excluding Depreciation and Amortization	(6,864)	(7,610)	(8,131)	(8,555)	(9,189)	7.4
Earnings before Interest Tax Depreciation and Amortization (EBITDA)	5,077	5,096	4,986	5,047	5,334	5.7
Depreciation and Amortization	(1,577)	(1,697)	(1,780)	(2,002)	(2,272)	13.5
Operating Profit	3,501	3,400	3,207	3,045	3,062	0.6
Net Financial Income/ (Expenses)	(891)	(33)	(1,500)	(469)	(1,801)	284.0
Tax	(710)	(773)	(439)	(607)	(399)	(34.3)
Net Profit for the Period (Before Minority Interest)	1,900	2,593	1,267	1,969	862	(56.2)
Net Profit for the Period (For the Main Shareholder)	2,069	2,637	1,303	2,007	907	(54.8)

Revenues

Consolidated revenues increased by 6.8% year-over-year (up by TL 921 million) to TL 14.5 billion in 2015, mainly due to a 15.2% increase in mobile (up by TL 654 million), 6.9% increase in broadband (up by TL 252 million) and 20.3% increase in corporate data (up by TL 236 million). Excluding the non-operational construction revenue adjustment, top line growth was 7.2% year-over-year, at the high end of the guidance range.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

The Group reached an agreement with Turkcell Group to resolve the court cases, executive proceedings and disputes with a Settlement Protocol which had a positive impact of TL 146 million on 2015 EBITDA. Excluding this one off item, EBITDA realized at TL 5.2 billion, at the high end of the guidance range.

Depreciation and Amortization

Total depreciation and amortization expense was TL 2.3 billion in 2015 with a 13.5% year-over-year increase.

Operating Profit

Operating profit realized at TL 3.1 billion, mainly due to the increase in depreciation and amortization expenses in 2015.

Net Financial Income / Expense

In 2015 as a whole, a TL 1.8 billion net financial expense was recorded, mainly due to depreciation of the Turkish Lira against the US Dollar and Euro.

Tax Expense

Tax expense decreased by 34.3% year-over-year to TL 399 million in 2015.

Net Income

In 2015 due to a weaker Turkish Lira against the US Dollar and Euro, net income was TL 907 million (TL 0.26 per share). The settlement with Turkcell Group

regarding court cases, executive proceedings and disputes had a one-time TL 267 million positive impact on group net income in 2015.

Summary Balance Sheet (TL million)

	2011	2012	2013	2014	2015
Intangible Assets	3,540	4,050	4,536	4,789	8,262
Fixed Assets	8,156	8,347	8,350	8,194	8,565
Other Assets	3,499	3,850	4,353	4,356	6,109
Cash and Cash Equivalents	977	961	1,005	2,538	2,838
Total Assets	16,174	17,208	18,245	19,878	25,774
Shaholders' Equity	3,260	3,260	3,260	3,260	3,260
Reserves and Retained Earnings	2,509	3,195	2,067	3,043	1,733
Financial Liabilities	5,346	6,038	8,334	8,878	11,803
Provision for Severance Payments	563	749	588	556	635
Other Liabilities	4,496	3,965	3,998	4,141	8,342
Total Equity and Liabilities	16,174	17,208	18,245	19,878	25,774

Total Assets

In 2015, total assets increased 30% to TL 25.8 billion. Total assets grew mainly due to the fixed line capital expenditures and 4.5G authorization.

Total Equity and Liabilities

The increase in other liabilities is mainly due to the acquisition of Avea shares from Is Bank Group and 4.5G authorization.

Ratios

	2011	2012	2013	2014	2015
Net Debt/EBITDA	0.88	1.01	1.47	1.26	1.68
Net Debt/Total Assets	0.28	0.30	0.40	0.32	0.35
Debt (Total Liabilities/ Total Equity)	1.80	1.67	2.42	2.15	4.16
Debt (Financial) / Total Equity	0.93	0.94	1.56	1.41	2.36
Current Ratio	0.72	1.04	0.96	1.52	0.99

Key Performance Indicators

Operational Indicators

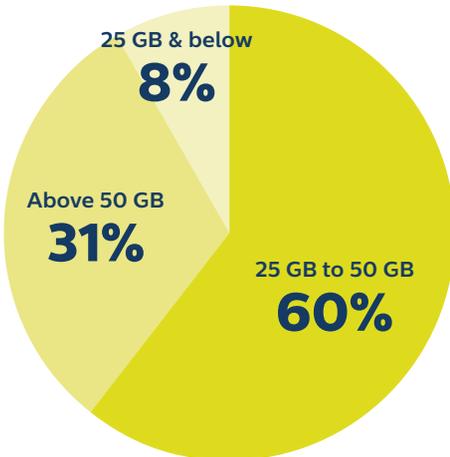
Broadband Operational Indicators	2011	2012	2013	2014	2015	2014/2015 Change (%)
Subscribers (million)	6.8	7.0	7.3	7.6	8.0	5.5
ARPU (TL)	36.2	36.8	39.4	41.0	42.0	2.5

Türk Telekom with its nationwide 213 thousand kilometer fiber network, continued its leadership in this area, expanding FTTH/B and FTTC homepass to 12.1 million in 2015. Fiber subscribers increased to 1.5 million, while total broadband subscribers reached 8 million. ARPU realized at TL 42 in 2015.

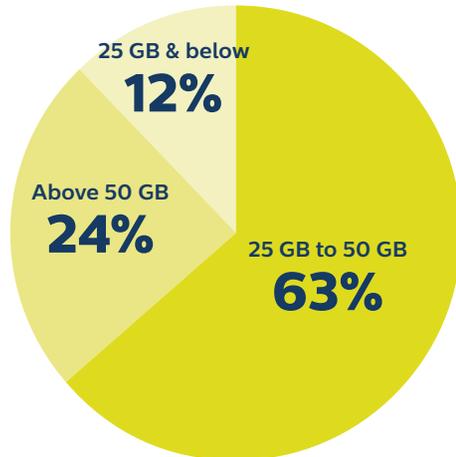
With the increasing data usage in the market and demand for higher speed, the share of subscribers in higher fair usage quota tariffs reached 31% as of 2015 year-end.

Fair Usage (Subscriber Breakdown)

Q4 2015



Q4 2014



Mobile Operational Indicators	2011	2012	2013	2014	2015	2014/2015 Change (%)
Subscribers (million)	12.8	13.5	14.5	16.3	17.3	5.7
Postpaid Subscribers (million)	5.6	6	6.5	7.8	8.7	11.8
Prepaid Subscribers (million)	7.2	7.5	8	8.5	8.5	0.2
ARPU- Blended (TL)	20.4	21.6	22.3	22	23.5	6.9
MoU (minutes)	304.7	341.5	366.2	405.8	435.3	7.3
Number of Communication Towers	21,523	24,106	27,415	29,747	34,583	16.3
2G Population Coverage (%)	97.6	97.9	98.2	98.5	98.5	
3G Population Coverage (%)	78.9	79.4	84	84.3	85.4	

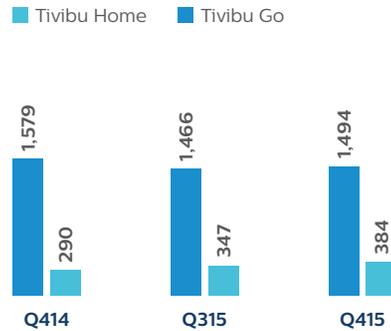
As of 2015 year end, Türk Telekom Group mobile subscribers had reached 17.3 million with a 932 thousand increase. In 2015, net subscriber acquisition via mobile number portability was 427 thousand. Türk Telekom mobile subscriber market share was at 23.6% as of 2015 year end.

Türk Telekom Group maintained its postpaid ratio leadership in the market with a 51% postpaid ratio. At the same time, smartphone penetration increased to 66% in 2015 and the Group closed the year as the leader in this area again.

In 2015, mobile ARPU realized at TL 23.5 with 7% increase and MoU increased to 435 minutes.

Türk Telekom Group mobile revenues increased by 15% in 2015. Mobile data revenues growing 42% year-over-year in 2015 reached to 32% of total service revenues in the last quarter of the year. The Group spent over TL 1 billion in the mobile segment in 2015, investing in mobile network and channels to make them ready for 4.5G technology as of April, 1, 2016.

TV Operational Indicators



Since Türk Telekom launched its first pay TV services in 2010, the Group has continued to enrich its TV content and at the end of 2014 it acquired the Turkish broadcasting rights of UEFA Champions League and UEFA Europa League games. Tivibu Home TV subscriber additions accelerated in the second half of the year with the start of the games in the third quarter of 2015 and with 95 thousand net additions. Subscriber number increased to 384 thousand in 2015 with ARPU almost doubled year-over-year and reached TL 20 in the last quarter of the year.

Key Performance Indicators

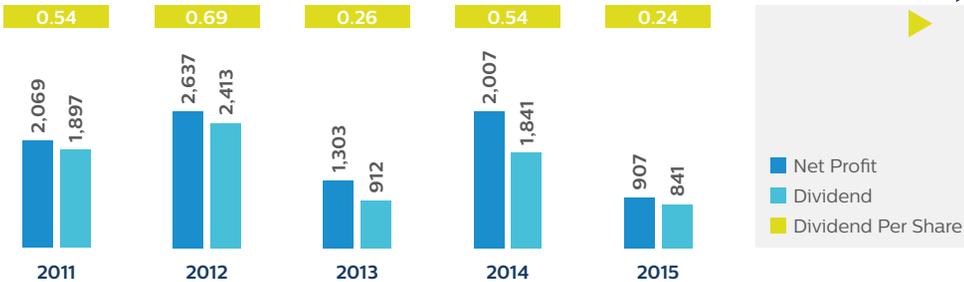
Total Access Lines and ARPU	2011	2012	2013	2014	2015	2014/2015 Change (%)
Total Access Lines (million)	15.2	14.3	13.7	13.2	12.9	-2.1
Naked Broadband Subscribers (million)	0.2	0.7	1.2	1.8	2.6	43.7
Fixed Voice ARPU (TL)	22.1	22.4	21.7	21.2	20.9	-1.1
Fixed Voice MOU (minutes)	107.3	104.4	102.4	93.0	83.1	-10.7

Decline in total access lines has been decelerating while decline in fixed voice lines was more than offsetting increase in naked broadband subscribers. Additionally, decline in access line was kept under control with various campaigns for fixed voice subscribers.

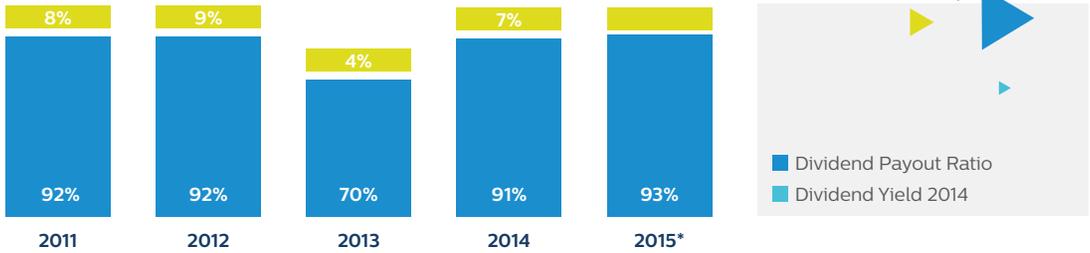
Dividend

Ranking in the top-tier of the BIST Dividend Index, Türk Telekom has paid out more than TL 12 billion in dividends since 2008. A dividend payment of TL 841 million is planned for distribution in relation to the Company's 2015 profits. Dividend distribution, was decided with a Board resolution, and is subject to General Assembly approval.

Net Profit and Dividend



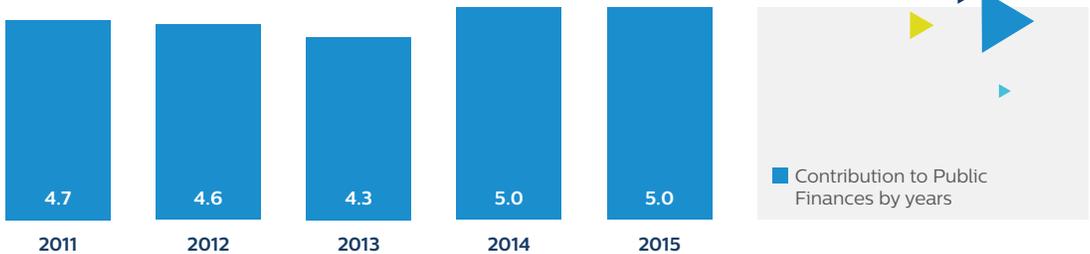
Dividend Yield and Dividend Payout Ratio



*If the General Assembly approves the Board's proposal, the dividend payout ratio will be 93% for 2015.

Contribution to Public Finances

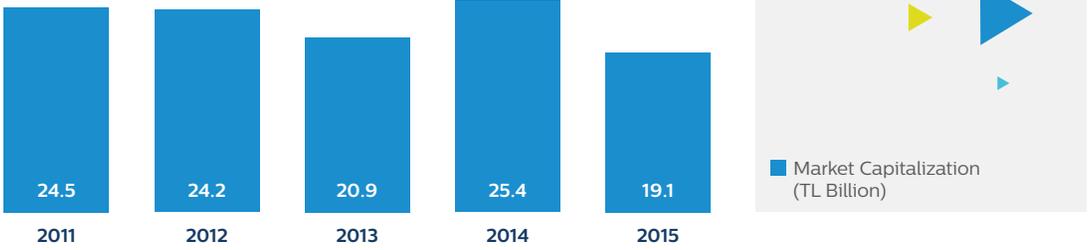
In 2015, Türk Telekom Group made a contribution of TL 5 billion to Turkey's public finances through tax payments and Treasury shares transferred to the state.



Key Performance Indicators

Market Capitalization

The market capitalization was TL 19.1 billion as of 2015 year-end.



Türk Telekom has paid out more than TL 12 billion in dividends since 2008. A dividend payment of TL 841 million is planned for distribution in relation to the 2015 profits*

Share Information

Company Name	Türk Telekomünikasyon A.Ş.
Scope of Activity	Telecommunications and Technology Services
Stock Exchange	Borsa İstanbul (BİST)
BİST Ticker	TTKOM
Bloomberg Ticker	TTKOM TI
Reuters Ticker	TTKOM IS
IPO Date	May 15, 2008
Free Float	15%
Number of Listed Shares	525,000,000
Average Daily Trading Volume (01.01.2015-31.12.2015)	TL 19.8 million
Market Capitalization (31.12.2015)	TL 19.1 billion
Gross Dividend per share 2015	TL 0.52596
Net Dividend per share 2015	TL 0.44706
Closing Price (31.12.2015)	TL 5.46
Highest Price (01.01.2015-31.12.2015)	TL 7.71
Lowest Price (01.01.2015-31.12.2015)	TL 5.33
ISIN	TRETTLK00013

Performance in 2015 and guidance for 2016

Each year, Türk Telekom discloses its expectations for the Group's consolidated financial results on the Public Disclosure Platform. This guidance for expected results is prepared taking into consideration the macroeconomic conditions in the country including the official growth and inflation forecasts. Evaluating the historical market conditions and competitive environment as well as future forecasts in all sectors where Group companies operate, Türk Telekom consolidates forecasts collected from subsidiaries to establish a single Group-level guidance.

As a result of comprehensive market analyses, expectations are disclosed for the Consolidated Revenue, Consolidated EBITDA and Consolidated CAPEX accounts. In the event that expectations change during the course of the year, the revised expectations are disclosed to all shareholders and stakeholders via the Public Disclosure Platform.

In February, 2015, Türk Telekom provided guidance on consolidated revenue, EBITDA and CAPEX expectations for the year. Expected growth in consolidated revenue excluding construction revenue adjustment* was forecast in the range of 5-7%, with a consolidated EBITDA expectation of TL 5.1-5.2 billion and estimated CAPEX amount of TL 2.3 billion (excluding 4.5G authorization fees).

The Group revised its 2015 CAPEX guidance (excluding spectrum licence fees) to around TL 2.9 billion in October 2015 from around TL 2.3 billion determined at the beginning of the year, due to accelerated mobile network investments and depreciation of the Turkish Lira.

As of year-end 2015, consolidated revenue totaled TL 14.5 billion with 7% year-over-year growth and EBITDA amounted to TL 5.3 billion while capital expenditures were TL 2.9 billion.

Guidance for 2016

Under normal circumstances, guidance for 2016 is as below;

- Consolidated revenue to grow (excluding construction revenue adjustment) by 7% to 9% over 2015;
- Consolidated EBITDA to be between TL 5.5 billion and TL 5.7 billion;
- Consolidated CAPEX to be around TL 3.2 billion.

*Construction accounting adjustment is a non-operational revenue line booked in conjunction with upgrades to our fixed line infrastructure, such as the upgrade from copper to fiber based network

Awards

Türk Telekom ranked first on the “ICT Top 500” list, and was also named the “Telecommunications Company of the Year”.



“Turkey’s Top ICT Company” Award

Türk Telekom ranked first on the 16th edition of “Bilişim 500” (ICT Top 500) list; conducted by M2S Research and Marketing Services; which aims to identify the top 500 information and communications technology companies in Turkey. Türk Telekom was also named the “Telecommunications Company of the Year”. Additionally, Innova, a Türk Telekom Group company, ranked first in the category of “Business Applications: Systems Integrator”.

Finance and Investor Relations Awards

The “Best Corporate Bond in EMEA” Award

As the largest and first-ever dual tranche corporate bond offering across two maturities issued out of Turkey, Türk Telekom Group’s bond offering received the “Best Corporate Bond in EMEA” prize at the EMEA Finance Awards.

Turkey’s Most Valuable Telecommunications Brand

In the 8th edition of the “Turkey 100 – Turkey’s Most Valuable Brands” survey, conducted by Brand Finance, Türk Telekom was selected as the “Most Valuable Telecommunications Brand in Turkey, with an estimated brand value of US\$ 2.475 billion.

Company with the highest EBITDA in Turkey

Türk Telekom the only telecommunications company, ranked among the top 10 companies in Turkey, and was also named the company with the highest EBITDA, according to the “Fortune 500 Turkey” list, an annual ranking of the top 500 corporations in Turkey.

Three Awards from the Investor Relations Society of Turkey

At the second edition of the Investor Relations Awards organized by the Turkish Investor Relations Society (TÜYİD), Türk Telekom won two first place awards: “Web Site of the Year” and “Best Public Disclosure of Financial Results”. The Company also won the third place award for the “Best Annual Report”. Türk Telekom achieved a great success by winning TÜYİD awards in three different categories.

Corporate Social Responsibility Award

IPRA Golden World Public Relations Award

The “Life’s Simpler with the Internet” project, which aims to provide Internet literacy education to people older than 35 years of age, received the IPRA Golden World-Excellence in Public Relations award. The project was also a finalist in the European Excellence Awards.

Business Awards

#1 of the Fixed Line Category in the Turkish Customer Satisfaction Index

According to the results of the 2014 Turkish Customer Satisfaction Index survey, conducted by KalDer (Turkish Society for Quality) and KA Research, a multinational research firm, with consumers in 81 cities by using the CATI (computer-assisted telephone interviewing) method and econometric analysis, Türk Telekom ranked highest in the “Fixed Lines” category.

Golden Compass Award in Sponsorship Communication

At the 14th edition of the Golden Compass Public Relations Awards, organized by the Public Relations Association of Turkey (TUHID), Türk Telekom won an award in the Sports Sponsorships-Sports category with its project entitled “Galatasaray Commemorates Legends, Türk Telekom Publicizes It”.

Interactive Media Awards

Türk Telekom won a total of six awards at the Interactive Media Awards, organized by the Interactive Media Council to recognize the highest standards of excellence in website design and development and honor individuals and organizations for their outstanding achievement.

The award categories are listed below:

- BuluTT – Best In Class
- TTNET – Best In Class
- Wirofon – Best In Class
- Investor Relations – Best In Class
- TTNET WiFi – Outstanding Achievement
- Happiness Is At Your Home- Outstanding Achievement



“Best Educational Technology Application” Award

Türk Telekom Academy’s “Network Specialist Certificate Program” won the TEGEP award in the “Best Educational Technology Application” category. TEGEP- Learning and Development Awards are aimed at recognizing investments and efforts in education and development, and sharing values and significant contributions in this field.

Human Resources Team of the Year

With its “Agile Studio: HR As The Leader Of Agile Transformation” practice, Türk Telekom Group won the Silver Award in the category of “Human Resources Team of the Year” at The International Business Awards, the world’s premier business awards program.

“SAP Transformation Project of the Year” Award

Türk Telekom received the “SAP Transformation Project of the Year” award, which is granted to only one corporation every year at the SAP Forum Istanbul event. In addition, Türk Telekom collected two further awards: “SAP Quality” and “Procurement Transformation Project of the Year”.

“Best Big Data Solution” Award

TTNET, a Türk Telekom company, won the “Best Big Data Solution” award at the TDWI Best Practices Awards, the most prestigious technology awards program for the recognition of Innovative big data, business intelligence, and data management.

Message from the Chairman of the Board of Directors

Türk Telekom, as Turkey's most valuable telecommunication brand, will continue adding value through its new and integrated structure.

Türk Telekom closed 2015 with major achievements, while implementing one of the world's fastest and most successful integration processes. Crowned with many accomplishments we delivered in our businesses, 2015 was a year that matched Türk Telekom's 175-year adventure. As Turkey's most valuable telecommunications brand, we are ready to move forward with new and even more ambitious targets in 2016.

The telecommunications sector continues to grow and evolve in parallel with ever-changing technologies and customer needs. Türk Telekom is very excited by Turkey's increasing role in the global economy coupled with advancements in telecommunications technology.

According to the analysts, today there are 10 billion devices connected to the internet, while by 2020 this is expected to surge to 34 billion, 70% of which will be comprised of the internet of things. Again by 2020, 30-50 billion devices are forecasted to communicate digitally and the time required for an individual to stream all the videos in the network will be 5 million years. Hence, in the near future, data is expected to be the new oil.

As Turkey's pioneer communication and entertainment company, we are preparing Turkey for such kind of future. We will be the main pillar to provide these technologies through innovation, our outstanding fiber infrastructure and rich product offerings for our consumers.

We strive for a better future and to achieve the same primary goal shared with the Turkish people. We believe that Turkey, with its robust and growing economy, young, dynamic and tech-savvy population, as well as geographically and culturally strategic position, will continue to draw investments in the years to come. To achieve this, we believe that a reliable and extensive communication infrastructure is critical. We set off to do our part in this task and created the largest communication backbone in Turkey. Having invested

20 billion TL between 2005 and 2015, we have become the pioneer company in the sector. We have proved to be Turkey's leading telecom company and one of the largest investors with the most powerful communication infrastructure.

At Türk Telekom, we operate with the aim of making Turkey's digital revolution happen. We strive to make technology accessible for everyone and a part of community development. We are pleased to see that all our efforts and achievements aimed at adding value to Turkey have paid off in many respects. In this regard, we plan to take another big step for Turkey and will invest 10 billion TL in the coming three years.

Ten years ago, when we decided to invest in Türk Telekom, we knew that we were doing the right thing. With this vision in mind, we have always acted with the responsibility of being a pioneer in the technological transformation that would accord with the bright future of Turkey. We have centered our investments around innovation, using our expertise in information and communication technologies. We are a huge family of over 34,000 employees in all 81 provinces of Turkey. As we did in the past and are currently doing now, we are determined to continue investing in the future for the digital revolution and sustainable economic growth of Turkey.

I would like to thank and extend my regards to all our employees, customers, shareholders, business partners and stakeholders for their valuable contribution to Türk Telekom in 2015.



Mohammed Hariri
Chairman of the Board of Directors



Mohammed Hariri
Chairman of the Board of Directors



Assessments of Board of Directors

Turkey's leading telecommunications and convergence technology group Türk Telekom, left behind a very successful year with strong revenue, EBITDA and operational performance.

Assessment on the Financial and Operational Results

Turkey's leading telecommunications and convergence technology group Türk Telekom, left behind a very successful year with strong revenue, EBITDA and operational performance. The Group met its full year guidance for 2015 at the high end of the range in both revenue and EBITDA.

Group revenues excluding non-operational construction revenues increased by 7.2% to TL 14.2 bn in 2015, the fastest pace of growth since 2011. EBITDA was TL 5.3 bn with a robust EBITDA margin of 37%.

At the beginning of 2015 CAPEX guidance (excluding spectrum licence fees) was determined as TL 2.3 billion. In October, it was decided to revise the CAPEX guidance (excluding spectrum licence fees) up to around TL 2.9 billion from around TL 2.3 billion, due to accelerated mobile network investments and the impact of currency depreciation on CAPEX. Year-end CAPEX (excluding 4.5G authorization fees) realized at TL 2.93 billion in line with full year guidance.

The Group posted TL 907 million net income in 2015 mainly due to depreciation of the Turkish Lira against the US Dollar and Euro. The Board of Directors proposed a TL 841 million dividend distribution, which corresponds to a payout ratio of 93%.

Operational highlights of 2015 was as follows;

- Broadband subscribers reached 8 million, with a net gain of 416 thousand in full year. Fiber subscribers increased to 1.5 million.
- Fiber network expanded by 2 million year-over-year homepass additions to 12.1 million, out of which 3.3 million is FTTH/B, and 8.7 million is FTTC.
- Mobile subscribers reached 17.3 million, with 932 thousand net gains in 2015.
- Postpaid ratio realized at 51%, the highest in the market, up from 48% a year ago.
- Smartphone penetration increased to 66%, sustained the leadership in the market, 14 percentage points up from a year ago.
- Home TV subscribers increased to 384 thousand with 95 thousand net additions in 2015. ARPU almost doubled year-over-year and reached TL 20 following the launch of sports packages including UEFA Champions League and Europa League games in the second half of the year.

Risk Assessment by the Board of Directors

Türk Telekom Group, in line with its operations, is exposed to Financial, Regulatory, Strategic and Operational risks. These risks are closely monitored, managed and methodologies to identify their magnitudes are being constantly developed. The risks and how they are managed are explained in detail below.

Financial Risks

Türk Telekom Group is exposed to financial risks such as liquidity risk, foreign exchange risk, interest rate risk and counterparty risk. To avoid liquidity risk, the Group obtains long-term financing from various regions in the world (The United States, Europe, Gulf Region, Japan, China, and Turkey) and various investment groups (commercial banks, international financial institutions such as EIB and EBRD, officially supported export credit agencies, and security investors). This strategy enables the Group to secure long-term financing at lower costs and also eliminates the Group's dependency on a single region or investment group.

Long-term financing and diversified sources result in the Group holding liabilities in foreign currencies. Due to net liabilities denominated in foreign currencies and fluctuating exchange rates, the Group is often exposed to foreign exchange risk, which may have a negative impact on cash flow and the balance sheet.

Türk Telekom minimizes the negative impact of foreign exchange risk on its cash flow by carefully planning foreign currency cash flow. Firstly, the Group holds a well-balanced portfolio of foreign currencies (US Dollar and Euro) to avoid adverse impacts on the balance sheet. Additionally, in the face of exchange rate fluctuations between the Turkish Lira and these foreign currencies, the Group initiated a long-term hedging strategy in 2015, and realized a hedging transaction of US\$ 500 million, of which details are provided in the footnotes to the financial statement.

To avoid interest rate risk, Türk Telekom has entered a US\$ 1,050 million interest-rate swap, of which details are provided in the footnotes to the financial statements. Together with the use of fixed-cost funds such as bonds, Türk Telekom reduces its exposure to the risk of a floating interest rate.

With regard to its financial assets, Türk Telekom maintains its strategy of minimizing exposure to counterparty risks by implementing limits and a diversification policy.

Türk Telekom protects itself against financial risks based on the evaluations and approval of the Treasury Committee, which is appointed by the Board of Directors.

Regulatory Risks

In Turkey, telecommunications operators are subject to primary and secondary regulations imposed by various authorities. These regulations can occasionally affect Türk Telekom's competitive position, financials, and profitability. In order to minimize these effects, the Company closely monitors all applicable regulations and conducts its operations in full compliance with these regulations. For the effective mitigation of risks that might arise from non-compliance, a robust control mechanism has been established.

Additionally, the possible effects of new regulations on the Company's operations, competitiveness and profitability are evaluated and properly managed in collaboration with related business units.

Strategic Risks

Türk Telekom operates in an increasingly competitive (e.g. strong and numerous entrants, pressure on prices of products/services) and regulated market with significant technological innovations. Being aware of this, Türk Telekom rigorously analyzes the market positioning of competitors, technological developments and consumer trends. Taking into account these factors, proactive risk management activities for achieving higher customer satisfaction and higher revenues are carried out within the Company's strategic priorities.



Assessments of Board of Directors

The Internal Audit Unit performs assurance checks and consultancy to evaluate and further develop the risk management, internal control and corporate governance processes of Türk Telekom and Group companies.

In line with changing customer expectations, new products and services are developed through systematic risk analyses, where necessary infrastructure and technology investments/ deployments are conducted to facilitate the “best customer experience”.

Moreover, the Company compensates for market share loss due to regulations or other market developments through new and innovative products and services; while at the same time carefully seizing opportunities for smart acquisitions in both domestic and foreign markets.

Operational Risks

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Some examples include infrastructure and technology systems outages, leakage of customer information due to cyber-attacks and inability to maintain high quality service due to various technical problems. These problems may result in lower customer satisfaction, regulatory penalties and, as a result, reputational damage and decreasing revenues.

As part of Operational Risk Management efforts, Türk Telekom meticulously implements a Business Continuity Management plan. Business

Continuity Management (BCM) is defined as a holistic management process that identifies potential threats to an organization and the impact on key business operations those threats, if realized, might cause, and which provides a framework for building organizational resilience with the capability of an effective response that safeguards the interests of the organization’s internal and external stakeholders, reputation, and brand value. Accordingly, Türk Telekom periodically performs Business Impact Analysis and Risk Assessment activities on critical products and services, monitors performance in line with business continuity objectives, and undertakes the necessary improvements. Moreover, all IT and Network operations are carried out in line with security policies; potential problems are constantly analyzed and controlled via early warning mechanisms. Regulations as well as international best practices and standards are closely monitored; compliance with these regulations and standards is audited in a strict manner.

The above-mentioned risks are identified, assessed, monitored and reported through periodic consultation with business units. Meanwhile, the interactions between these risks are also evaluated and a monitoring system is developed for risks that affect each other.

The number and variety of risks increases in parallel with the scope and size of Türk Telekom Group's operations. Therefore, the Group purchased a software program developed by one of the world's leading companies in order to manage this process in a fast and effective manner, and put it into service at the end of 2015, following the completion of adaptation and development phases.

Assessment of the Board of Directors on Early Identification and Management of Risks Committee

The Early Identification and Management of Risks Committee fulfilled all of the duties described in the related regulation. The Committee convened five times in 2015 and effectively analyzed the identified risks, notified the Board of Directors about significant risks, provided the necessary resources for the efficient performance of the Corporate Risk Management function, and provided coordination between Corporate Risk Management, Internal Audit and other functions.

Assessment of the Board of Directors on Corporate Governance Committee Activities

The Corporate Governance Committee fulfilled all of the duties described in the related regulation. The Committee convened two times in 2015 and evaluated the compliance of independent board member candidates with the independence criteria stipulated in Capital Markets Board legislation, obtained the signed independence statements of candidates and submitted its report to the Board of Directors.

Assessment of the Board of Directors on Internal Control and Internal Audit Practices

Türk Telekom has set up the necessary internal control systems in order to reach its strategic goals; achieve efficiency and productivity in all Company operations; ensure the reliability and accuracy of financial and operational data; safeguard its assets; protect customers' personal information; and ensure compliance with applicable laws, regulations, policies and procedures.

Internal Audit Unit performs assurance checks and consultancy to evaluate and further develop the risk management, internal control and corporate governance processes of Türk Telekom and Group companies.

Reporting to the Board of Directors and the Audit Committee, the Internal Audit Unit operates in accordance with the principles approved by the Board of Directors and the international standards for internal auditing. Accordingly, an independent organization audited the Company's internal audit processes and provided a quality assurance report. The majority of the auditors hold internationally recognized certificates such as CIA, SMMM, CISA and CFE. According to their respective areas of expertise, audit teams perform audits related to finance, operations, IT and compliance.

The audits evaluate the efficiency of current internal controls designed to eliminate the risks associated with various business processes. The Unit analyzes the reasons and effects of the control shortcomings identified during audits, receives information from the relevant departments about action plans to resolve the issues identified and monitors whether these actions are implemented on time. In addition to audit activities, the Unit also conducts inspections and investigations as needed.

Assessment of the Board of Directors on Audit Committee Activities

Audit Committee was set up upon the Board of Directors' resolution dated June 16, 2008, pursuant to Capital Markets Board Communiqué Series: X, No: 22. The Audit Committee was created to support the Board of Directors in the fulfillment of supervisory duties, including monitoring the accuracy of the Company's financial statements, compliance with in-house and external regulations, internal control systems, the quality, independence and performance of independent auditors, as well as the Company's internal audit function. The Committee acts in line with the duties and responsibilities delegated to it by the Board of Directors, and reports to the Board of Directors.

Assessments of Board of Directors

The Board of Directors is kept informed about the Committee's meetings and activities.

The Audit Committee consists of three members chosen among independent Board Members by the Board of Directors, as well as three observer members chosen among the Directors nominated by the Company's Class A shareholders as stipulated in the Articles of Association. The Committee convenes at least five times per year and more frequently if deemed necessary. Committee meetings are held on the same day as Board of Directors meetings; at least four of the meetings take place on dates just before the public disclosure of the Company's financial statements. The Board of Directors is kept informed about the Committee's meetings and activities.

The Audit Committee has effectively fulfilled all of its duties by convening 5 times in 2015.

Audit Committee operates in accordance with the Audit Committee Regulation approved by the Board of Directors. Some of the Committee's activities carried out in line with the referenced regulation include:

- Prior to public disclosure of the Company's financial statements and data, the Audit Committee analyzes the sufficiency and conformity of these, and presents its opinion to the Board of Directors;
- The Audit Committee monitors the selection of the independent external audit firm and makes recommendations to the General Assembly with the consultation of the Board of Directors;
- The Audit Committee holds regular meetings with the independent auditors, receives information on relevant issues such as the audit work, key findings, important changes in accounting policies, and etc., and informs the Board of Directors whenever deemed necessary;
- The Audit Committee monitors the activities of the Internal Audit Unit, receives information on issues such as the review of risk assessment results, approval of the annual internal audit plan, important internal audit findings and the relevant actions taken, as well as internal audit performance indicators, and holds meetings with the Head of Internal Audit.

The Board of Directors

Mohammed Hariri (1958)

Chairman of the Board of Directors

Mohammed Hariri is the Chairman of the Board of Directors of Oger Telecom Limited. He also serves as the Chairman of Türk Telekomünikasyon A.Ş.; TTNET and Avea İletişim Hizmetleri A.Ş. in Turkey. Hariri is also the Vice Chairman–Finance & Investment of Saudi Oger Limited and has been a member of the Company’s management for over 30 years. He is the Chairman of Oger Telekomünikasyon A.Ş., Oger Telecom Ltd., Cell C, GrupMed International Holding Ltd., Group Med S.A.L. (Holding), Bank Med S.A.L. and its subsidiaries in Beirut and Geneva, Saudi Med Investment Company and Al Mal Investment Holding. He is a Board Member of Arab Bank plc–Jordan and serves on the Board of Directors of various companies of the Saudi Oger Group, including 3C Telecommunications (PTY) Ltd in South Africa, Oger International S.A. and Entreprise de Travaux Internationaux (ETI) in France. Hariri is a member of the Board of Directors of Associations des Banques du Liban. He is a member of the Advisory Board of Deutsche Bank PWM Middle East and Africa. Elected as a member of the Board of Directors of Türk Telekom in November 2005, Hariri served as the Chairman of the Audit Committee between June 2008 and April 2009, and has been serving as the Chairman of the Board since April 2008, as the Chairman of the Executive Committee since April 2009 and as a member of Corporate Governance Committee since October 17, 2012.

Kemal Madenoğlu (1964)

Independent Board Member, Vice Chairman of the Board of Directors

Born in Seydişehir, Konya, Kemal Madenoğlu received his Bachelor’s degree in 1988 from the Sociology Department, Faculty of Science and Literature, Middle East Technical University (METU). In 1989, he started to work as Assistant Expert in the Social Planning Department at the State Planning Organization. Between 1992 and 1994, he earned his master’s degree in Sociology at the University of Colorado in the U.S. In 1995, he was appointed as a Planning Expert. From February 2003 to June 2009, he served as Director General for Social Sectors and Coordination. Between June 2009 and June 2011, he served as Undersecretary of the State Planning Organization. In June 2011, he was appointed as Undersecretary of the Ministry of Development. Alongside this job, in 2009, he began serving as the Chairman of the Board of Trustees of Kyrgyzstan–Turkey Manas University, and as the Coordinator of the Istanbul Financial Center between 2009 and 2014. On October 17 2014, he was appointed Undersecretary of the Turkish Prime Ministry, and remains in this position to date. Madenoğlu was the coordinator of 2010 Turkey Report of the United Nations Millennium Development Goals. In 2010, he supported the work of Deputy Prime Minister Ali Babacan at the UN High Level Panel on Global Sustainability, which was established by the UN Secretary–General. He coordinated the preparation process and the Turkey Report of RIO+20, the United Nations Conference on Sustainable Development held in 2012 in Rio de Janeiro, Brazil, and participated in by Turkish President Mr. Recep Tayyip Erdoğan. He represented Turkey in work concerning the 2013–2014 Sustainable Development Goals run by the UN. Madenoğlu is fluent in English; he is married and has three children.

The Board of Directors

Abdullah Tivnikli (1959)

Member of the Board of Directors

After earning his B.S. in Mechanical Engineering from Istanbul Technical University, Abdullah Tivnikli completed an MBA at the same university. Following an invitation by the public authority involved in participation banking to develop the legal infrastructure for Turkey's participation banking model in Turkey, he actively took part in the establishment of Albaraka Türk Participation Bank. He has been a Member and subsequently the Vice Chairman of the Board of Directors of Kuveyt Türk Participation Bank since 1989. He is presently Executive Director of Eksim Group. Tivnikli has been serving as a Board Member of Türk Telekom and Member of the Executive Committee. Tivnikli is also a Board Member at Türk Telekom Group companies, TTNET and Avea, and he is the Vice Chairman of the Board of Directors of Argela, AssisTT, Innova and Sebit.

Cenk Serdar (1968)

Member of the Board of Directors

After graduating from Bilkent University-Industrial Engineering department in 1991, he completed his MBA at University of Pennsylvania-The Wharton School. He started his professional career as Consumer Services Division Head at Superonline in 1998, after that he served as Internet Services Director at Doğan Medya Group; Senior Vice President of Direct Banking at Garanti Bank between 1999-2001. Between 2001 and 2002 he was the CEO of Ixir, Internet Service Provider. He worked as Chief Technical Officer at Garanti Bank between 2002 and 2004 and Chief Sales and Marketing Officer at Doğuş Oto. In 2005, he was appointed CEO of Mapco, a subsidiary

of Turkcell. Between 2005-2009 he served as Chief Value Added Services Officer at Turkcell. He served as Global Mobile Payments Director, Global Data and Communication Services Director and Global Consumer Products Director at Vodafone Headquarters, London between 2009-2013. Serdar has been serving as Chief Consumer Officer of Saudi Telecom Company since 2013 and as a member on the Boards of Avea İletişim Hizmetleri A.Ş., Contact Centers Company and SALE Advanced Co. Ltd.

Hakam Kanafani (1965)

Member of the Board of Directors

Kanafani is a member of Türk Telekom's Board of Directors and Chief Advisor to the Chairman. Kanafani is a Board member of Oger Telecom and he serves on the Boards of Türk Telekom Group's technology companies, namely Argela, Innova and Sebit and is the Vice-Chairman of Türk Telekom International Group. Before that he was the Group CEO of Türk Telekom and previously Chief Business Development and Synergy Officer for Oger Telecom. Previously, he was the CEO of JAWWAL, Palestine's first private cellular network. Kanafani started his career at the NASA Goddard Space flight center. Kanafani is a University Trustee Scholar and holds Beta Gamma Sigma honors from the USA. He graduated from the University of Maryland, College Park. He was a founding member of Young Global Leaders and Young Arab Leader. He is a member of the Board of Directors at SAMENA, ETNO and was a Board member of GSMA. Kanafani is on GTB's Power 100 list for telco executives worldwide and was named "Best CEO for Investor Relations in Turkey" in 2011, 2012 and 2013.

Nasser Sulaiman A. Al Nasser (1972)

Board Member

Nasser Sulaiman A. Al Nasser received his Bachelor's degree in Electrical Engineering. Al Nasser has vast experience in the telecommunications sector. Over the course of his career, which started in the late 1990s, he played an active role in STC GSM network expansions across the Kingdom of Saudi Arabia. Later, between 2003 and 2007, he served as the General Manager of Technical Standards and Numbering at the Information and Communications Technology Commission. At the same time, he oversaw various committees on market regulation and liberalization. He then joined Etihad Etisalat Company (Mobily) as Vice President of Operations. Al Nasser has been serving as Senior Vice President of Technology and Operations at Saudi Telecom Company since 2015.

Mazen Abou Chakra (1976)

Member of the Board of Directors

Mazen Abou Chakra serves as executive member of the Board of Directors of Oger Telecom Limited, and acts as the Chief Legal Officer and Deputy CEO of Oger Telecom Limited. He is also a member of the Board of Directors of 3C Telecommunications PTY Limited and Cell C (Pty) Limited in South Africa and Assist Rehberlik ve Müşteri Hizmetleri A.Ş. in Turkey and member of the Supervisory Board of Türk Telekom International Group. Mr. Abou Chakra began his career as a trainee at the law firm of DePardieu Brocas & Maffei in Paris before moving to the law firm of Shearman & Sterling (Paris). Prior to joining Oger Telecom, he served as an associate at Nabil Abdel-Malek Law Offices in Beirut. Mr. Abou Chakra was admitted to the Beirut Bar Association and holds a degree (Maitrise) in Law from Saint Joseph University in Beirut and a Masters in International Business Law from Paris I-Sorbonne University in Paris.

Rami Aslan (1972)

CEO and Member of the Board of Directors

Rami Aslan is the Chief Executive Officer and member of the Executive Committee and the Board of Directors of Türk Telekom. He serves on the Boards of Türk Telekom Group's broadband communications and mobile companies TTNET and AVEA. Mr. Aslan serves also as Chairman of the Board of Directors of several technology companies, including Argela, Innova and Sebit; one of the largest call centers in Turkey AssisTT as well as international capacity provider Türk Telekom International Group.

After obtaining his Bachelor's degree with a major in Management Information Systems from McGill University in Canada, he worked for a few years in the IT sector in Ontario, Canada. Mr. Aslan obtained his MBA degree at McGill in 1997 and later joined TD Bank of Canada Corporate Banking Division covering the Information Technology and Telecommunications Sector. He later joined Citigroup where he worked mainly covering the sector out of London, and later Bahrain and Dubai. Mr. Aslan joined Dubai based Oger Group in 2005. During his nine years with Oger, Mr. Aslan oversaw the share transfer period following the privatization of Türk Telekom in November 2005 and later took the helm as CEO and Executive Board Member of Oger Telecom Ltd. in Dubai. In December 2013, Mr. Aslan took over the Türk Telekom Group CEO role and has started the recent transformation and integration initiatives in the Türk Telekom Group Companies.

The Board of Directors

Fahri Kasırğa (1953)

Independent Board Member

Kasırğa graduated from Istanbul Kabataş Erkek High School, after completing his primary and secondary education in Çayeli-Rize. After graduating from Istanbul University Faculty of Law in 1977, he started his internship as a candidate judge in Rize in 1978; then, in August 1979, he was accepted as Hopa Public Prosecutor. In December 1979, he left his job to fulfill his national service. He returned to service as Erzurum-Olur Deputy Public Prosecutor and served as Public Prosecutor of Trabzon-Çaykara, Sakarya-Karasu and Chief Public Prosecutor of Ordu-Fatsa, Diyarbakır, Kocaeli, respectively. In 2001, he was appointed as Ankara Chief Public Prosecutor; while he was performing this duty, he was appointed Undersecretary of Ministry of Justice in 2010. Due to the 2007 General Elections, he was appointed Minister of Justice and served as Minister of Justice between May 8, 2007 and August 29, 2007. Then he returned to his duty of Undersecretary of Ministry of Justice. After performing this assignment about one year more, he was appointed Prime Ministry High Counselor. Appointed as Undersecretary to the Prime Ministry on January 20, 2014, Kasırğa has served as Presidential Secretary-General since September 11, 2014. Kasırğa is married and has two children.

İbrahim Eren (1980)

Independent Board Member

Born in London, İbrahim Eren graduated from Boğaziçi University in International Relations and Political Science. Beginning his career at Boğaziçi Group while studying, he worked in executive positions of national and international companies in technology and media sectors during their establishment and restructuring process. Who Pictures, which Eren founded in the US, produced documentaries, 3D animations and advertorials. İbrahim Eren obtained his Master's degree from Westminster University Media Management and worked as representative of ATV Europe TV Channel in England while studying. After his graduate study at UK state television company BBC and Westminster University, he returned to Turkey and worked with Turkuvaz Media Group as Deputy General Manager of ATV. Eren has worked at TRT (Turkish Radio and Television) as Deputy General Manager since August 2013. Being responsible for 10 channels at TRT including TRT1, he is also a Board member at Euronews. He is married with one child.

Yiğit Bulut (1972)

Independent Board Member

Chief Advisor of the President, Economist, Financial Analyst, Banker, Journalist, Columnist. Yiğit Bulut worked as economy commentator at Kanal 6, Kanal E and CNN Turk and columnist at Radikal, Vatan, Referans and Haberturk. He was the producer and the presenter of Parametre and Finans Analiz TV programs. He also worked as a teaching assistant at Doğuş University. Between 2009 and 2012, he was the Chief Production Director of Haberturk TV, economy commentator at Bloomberg TR and columnist at Haberturk Newspaper. Between 2012 and 2013, he was the Chief Production Director of 24 TV and columnist at Star Newspaper. He continued to present the TV discussion program “Sansürsüz” in TV 24, transferring from Haberturk TV. He served as the Prime Minister’s Chief Advisor between July 2013 and August 2014 and has served as Chief Advisor of the President since August 2014. He graduated from Galatasaray High School and Bilkent University, Faculty of Banking and Finance. He studied for a Master’s degree at Sorbonne University. He speaks English and French.

Talat Aydın (1961)

Board Member

Born in Erzincan, Talat Aydın studied in Erzincan through high school. He then received his Bachelor’s degree in Mechanical Engineering from Erciyes University and his Master’s degree in Engineering from Gazi University. After working in the public sector as Engineer and Senior Engineer, Aydın served as Auditor for the Prime Ministry’s High Auditing Board between April 2001 and April 2003. From May 2003 to July 2009, he was Director General of Land Transport at the Ministry of Transportation, and later served as Deputy Undersecretary from August 2009 to October 2011. Talat Aydın is currently Advisor of the Ministry of Transport, Maritime Affairs and Communications, which was established on November 1, 2011. Aydın speaks English; he is married and has three children.

Changes in the Board of Directors

Upon the resignation of Independent Board Member İbrahim Şahin on October 13, 2014, Kemal Madenoğlu was appointed on February 19, 2015 to the vacant Independent Board Member position for the remaining term of office of the Board of Directors; this appointment is approved by the General Assembly.

The members of the Board of Directors were elected to serve a three-year term at the General Assembly Meeting held on July 8, 2015.

Upon the resignation of Board Member Khaled Hussain S. Biyari, Nasser Sulaiman A. Al Nasser was appointed to the vacant Board Member position for the remaining term of office of the Board of Directors; this appointment shall be submitted for the approval of the next General Assembly.



The Board Committees

The members of the Board of Directors were elected at the Ordinary General Assembly Meeting on July 08, 2015 for a three-year term.

Audit Committee

Independent Board Member İbrahim Eren is the Chairman of the Audit Committee; Independent Board Member Yiğit Bulut serves as Committee Member, while Non-executive Board Members Mazen Abou Chakra and Nasser Suleiman A. Al Nasser serve as Observer Members.

Corporate Governance Committee

Independent Board Member İbrahim Eren is the Chairman of the Corporate Governance Committee, while Non-executive Board Members Mohammed Hariri and Cenk Serdar, and Corporate Governance and Compliance Manager Süleyman Kısaç serve as Committee Members.

Early Detection and Management of Risks Committee

Independent Board Member Yiğit Bulut is the Chairman of the Early Detection and Management of Risks Committee, while Non-executive Board Members Mazen Abou Chakra and Cenk Serdar serve as Committee Members.

Executive Committee

Board Member Mohammad Hariri is the Chairman of the Executive Committee, while Board Members Rami Aslan, Abdullah Tivnikli and Nasser Suleiman A. Al Nasser serve as Committee Members.

Statutory Audit Board

Lütfi Aydın (1960)

Statutory Audit Board Member

After completing his bachelor's degree at the Faculty of Theology at Marmara University, Lütfi Aydın obtained a Master's degree in management of public enterprises from Istanbul University. Following various positions in local government, he held the office of director at different departments within the Ministry of Culture and the Ministry of Transportation. He worked as the Assistant General Manager at the Ministry of Transportation, General Directorate of Communications between 2007 and 2014. He has been working as General Manager of Service Provision at the Ministry of Labor and Social Security, Social Security Institution since July 24, 2014. Aydın has been a member of the Audit Board at Türk Telekom since February 2011.

Ali Polat (1972)

Statutory Audit Board Member

Born in Elbistan, Kahramanmaraş, Ali Polat graduated from Istanbul University, Faculty of Political Sciences, Department of Finance in 1997. He received his Master's degree from Marmara University, Institute of Banking and Insurance in 2000, and earned his doctoral degree at the same University in 2007. During his higher education studies, Polat also worked at Faisal Finans Kurumu, Family Finans Kurumu, and Türkiye Finans Kurumu, in various departments including foreign transactions and international banking. In 2001, he worked at the finance department of F-Secure, a multinational company specializing in security software development, in San Jose, California. In 2009, Polat interrupted his banking career, which began in 2000, in order to work as a Teaching Assistant Professor at King Saud University's College of Business Administration.

Between April 2009 and August 2014, he taught courses on banking and finance at the Master and Bachelor levels, and conducted academic research. Polat has written numerous articles, published in national and international magazines, as well as copyrighted books. He has been serving as Chief Adviser to the Prime Minister since September 2014. Polat is fluent in English; he is married and has three children.

Mustafa Koç (1967)

Statutory Audit Board Member

Born in Kütahya, Mustafa Koç graduated from Istanbul Technical University, Department of Electrical and Electronic Engineering in 1989. He began his professional career at PTT (National Postal Service), and worked as Director of Telephone Services, Regional Director, Vice President and Group Director within PTT and Türk Telekom until 2012. In September 2012, Koç was appointed Director General of Innovation and Educational Technologies of the Ministry of National Education. Between August 13, 2014 and March 16, 2015, he served as a Member on the Board of Directors of PTT. In March 2015, he was appointed Director General of Communications under the Ministry of Transport, Maritime Affairs and Communications. Koç is fluent in English; he is married and has two children.

Changes in the Statutory Audit Board

Audit Committee Member Süleyman Karaman resigned his position on February 9, 2015. The members of the Audit Committee were elected to serve a three-year term at the General Assembly Meeting held on July 8, 2015.

Message from the CEO

As the biggest “Multi play provider” of the sector, we crowned Turkey’s biggest brand unification with the new Türk Telekom logo and brand identity, which represents innovation, dynamism and customer-orientation.

“One Telekom, Türk Telekom” Era Starts

In 2015, we embarked on Türk Telekom’s 175th year and we achieved many firsts in numerous areas. We completed a major portion of the integration process in record time, transforming ourselves into Turkey’s first integrated communication and entertainment company. The extraordinary performance we exhibited during this process was a true success story that set a global example, and now, we are one of the few integrated operators in the world.

As Türk Telekom, we deliver our products and services to our customers in all 81 cities of Turkey with more than 34 thousand employees. Our top priorities remain the same: to meet the needs of customers in the fastest way possible, to continuously improve the efficiency of our operations and to make Turkey’s digital revolution happen. Developing technology in an ever-evolving world requires a new understanding with respect to organization and management. Today, customers seek connectivity, mobility and convergence.

With this understanding in mind, we took major steps in 2015 toward offering a full range of communication services at a single point. We

brought together our management discipline and all our solutions from the call center to support services with an integrated approach. We focused on offering all our products and services to customers through our integrated stores and on generating more value through campaigns.

Being Turkey’s first and the largest integrated communication and entertainment company, we unified Avea, TTNET and Türk Telekom brands under the single brand of “Türk Telekom.” As the biggest “Multi play provider” of the sector, we crowned Turkey’s biggest brand unification with the new Türk Telekom logo and brand identity, which represents innovation, dynamism and customer-orientation. Now, as “Turkey’s leading convergence player” we deliver our customers mobile, internet, phone and TV services under a single “Türk Telekom” brand with the convenience of one stop shops.

While providing state-of-the-art technologies to our customers, we continue to add value to the Turkish economy and increase the competitive power of Turkey in the region. With this vision in mind, we invested 20 billion TL in the sector over the past decade until the end of 2015.



Rami Aslan

CEO and Member of Board of Directors





Message from the CEO

As Türk Telekom, with our smart strategy in the Authorization Tender regarding IMT Services and Infrastructures, which paved the way for 4.5G services, we reached ideal frequencies in mobile coverage and capacity.

In addition to these important steps we have taken as part of our integration process, we also completed 2015 with strong operational performance and financial results. The accelerated topline growth momentum demonstrates that the steps we have taken to lead the convergence initiatives started to bear fruits. Total revenues increased by 6.8% to TL 14.5 billion, the fastest pace of growth since 2011. We also delivered a record high full year EBITDA level at 5.3 billion TL.

Today, as Türk Telekom, we maintain our leadership in the sector with 12.9 million fixed access lines, 8.0 million broadband, 17.3 million mobile and 1.9 million Tivibu subscribers.

In 2015 our fixed broadband revenues increased to 3.9 billion, enjoying a rise in both average revenue per user and subscriber number. Share of up to 16 Mbps packages increased to 53% from 33% the previous year, while fiber based broadband subscription reached to 22% of our base. Türk Telekom's investments in the transition to fiber technology was a spearhead for the sector, as the company installed 79% of the total fiber length in Turkey.

Mobile communication, an essential part of our lives, remains significant both in terms of voice and data. Our mobile revenues continued to grow with an increase of 15.2% in 2015. Our strong subscriber net add of 932 thousand, the retention of our leadership position in terms of postpaid subscribers in Turkey and the strong growth in data revenues all played a part in this success. Moreover, we continued to have the highest postpaid ratio in the market with 51%. During 2015, we maintained our leadership position in smartphone ownership thanks to our competitive strategic practices, hence our smartphone penetration increased to 66% by year-end.

We are getting ready for a brand-new era in mobile after the launch of 4.5G service in the upcoming period. We have seized a substantial opportunity in terms of coverage and quality after we obtained frequencies at the 4.5G tender that brings normalization and a level playing field to the sector. As Türk Telekom, we received the best frequencies at 800, 900 and 1800 MHz in mobile coverage and capacity, achieving the optimum frequency balance for our services today and in the future.

A brand-new era will start for Turkey on the day 4.5G is launched. Fiber infrastructure will form the roots that will feed the 4.5G communication points. Our widespread fiber infrastructure of 213 thousand kilometers will play a key role in expanding the 4.5G penetration in Turkey.

In TV business, on the other hand, we took major steps in developing and enriching the content of our television platform, Tivibu. Based on a three-year agreement, we began broadcasting UEFA Champions League and UEFA Europa League games as exclusive content on Tivibu starting with the 2015–2016 season. Tivibu also started broadcasting through satellite platform in July, making the service accessible to the entire country.

2015 was the year we further enriched our data center efforts and diversified the products we offer to the corporate segment as well. As Türk Telekom, one of our top priorities is to make Turkey a digital hub in the region, that is equipped with best-in-class information and communication technologies, and to position our country as the data center of the region. Besides our cloud services, we also provided data center and security services through BuluTT and maintained our current strong position in offering corporate services in the areas of end-to-end information and communication technologies.

We also conducted projects that will benefit society in a wide range of areas from health services to smart cities thanks to our know-how and expertise. Another groundbreaking accomplishment was to transform Karaman and Antalya, the city that hosted G-20 in 2015, into smart cities. Türk Telekom continues its relentless efforts to develop technologies of the future. As a result of our wholly-owned subsidiary Argela's efforts, that would steer the future of 5G technologies, we made 12 patent applications on 5G to the US Patent and Trademark Office in 2015. This success has placed Turkey among the global technology giants working on 5G.

We continue to generate value for our employees. In 2015, we initiated a very important project that will help them advance in their career paths according to their talents, bringing together Türk Telekom, Avea and TTNET academies under a single roof called “Türk Telekom Academy.” The academy marked yet another first in Turkey as the country's largest integrated corporate school, covering over 34,000 employees.

In addition to our core activities, we are making sustainable investments for future generations with the vision to contribute to society. In 2015, we introduced many corporate social responsibility projects in this regard. The “Life is Simpler with Internet” project, which initially targeted to change the lives of 30,000 people, has increased the internet literacy rate among adults aged over 35 and helped all segments of society make better use of the advantages offered by technology. The “Daylight” project enabled children with visual disabilities to sustain their lives independently and continue their education like other regular students. The “Talking Steps” project, on the other hand, allowed individuals with visual disabilities to enjoy audio guidance to locate their current position, specific stores, exits and information desks in shopping malls via their smartphones, and enable them navigate in a mall without any assistance from others.

Looking ahead, we are extremely excited to have commenced a year in which we will celebrate many new accomplishments thanks to the integration of brands, the company's strength in convergence and our valuable employees. With the renewed Türk Telekom brand, we are embarking on a new era during which we will redefine the communication sector.

I would like to extend my gratitude to all our stakeholders for their valuable contribution to our group in 2015.



Rami Aslan

CEO and Member of Board of Directors

Türk Telekom Group Management

Rami Aslan

CEO and Member of Board of Directors

Rami Aslan is the Chief Executive Officer and member of the Executive Committee and the Board of Directors of Türk Telekom. He serves on the Boards of Türk Telekom Group's broadband and mobile communications companies "TTNET" and "AVEA". Mr. Aslan also serves as Chairman of the Board of Directors of several technology companies, including Argela, Innova and Sebit; one of the largest call centers in Turkey "AssisTT" as well as international capacity provider Türk Telekom International Group. After obtaining his Bachelor degree with a major in Management Information Systems from McGill University in Canada and working for a few years in the IT sector in Ontario, Canada. Mr. Aslan pursued his studies and obtained his MBA degree at McGill in 1997 and later joined TD Bank of Canada Corporate Banking Division covering the Information Technology and Telecommunications Sector. He later joined Citigroup where he worked mainly covering the sector out of London, and later Bahrain and Dubai. Mr. Aslan joined the Dubai based Oger Group in 2005. During his nine years with Oger, Mr. Aslan oversaw the share transfer period following the privatization of Türk Telekom in November 2005 and has later taken the helm of the CEO and Executive Board Member of Oger Telecom Ltd. in Dubai. In December 2013, Mr. Aslan took over the Türk Telekom Group CEO role and has started the recent transformation and integration initiatives in the Türk Telekom Group Companies.

Erkan Akdemir

CEO of the Consumer Business Unit, TTNET & CEO, Avea

Akdemir has a B.S. degree from the Department of Electrical and Electronics Engineering of Hacettepe University and an M.S. degree in Telecommunications from the University of Colorado in the US. Before joining Avea, he was the CEO of Cisco Systems Turkey. Previously, he

served as the Chairman of the Board of Directors of Kablo Net and of Eurasiasat, and he led Türk Telekom as the Chairman of the Board of Directors from 2002 until the privatization of the company. Other highlights of his career include being a Telecommunication Expert and Advisor of the Undersecretary of State Planning Organization, being a board member of the Telecommunications Regulatory Authority of Turkey, various positions in Turkish Standards Institute and Enka. Erkan Akdemir was appointed CEO of Avea as of June 2009 and CEO of the Consumer Business Unit of TTNET as of December 30, 2014.

Mehmet Ali Akarca

CEO of the Corporate Business Unit, TTNET

Mehmet Ali Akarca holds a Bachelor's degree in Industrial Economics from the University of Nottingham and an MSc degree in Tourism and Marketing from the University of Surrey. He started his career at Koç Holding as a Management Trainee and held several management positions within the Group companies. He was General Manager of BookinTurkey.com (2001-2003), General Manager of Koc.net Telecom (2003-2011), and Deputy General Manager of Koç Media Marketing (2011-2012). He joined Türk Telekom in October 2012 as Vice President of the Marketing and Communications Department (later renamed the Corporate Department in December 2012). Mr. Akarca served as Chief Corporate Commercial Officer between September 2014 - December 2014 and has been CEO of the Corporate Business Unit of TTNET since December 30, 2014. Mehmet Ali Akarca is married and has two children.

Kaan Aktan

Chief Consumer Finance Officer, TTNET

After Galatasaray High School, he graduated from Boğaziçi University, Economics in 1995. He started his career at Anadolu Group. He worked at PepsiCo-Pepsi Bottling Group Turkey Operation from 2002 and in Texas Pacific Group Investment

Fund Turkey Asset Management companies as Financial Manager from 2007. He joined Türk Telekom in 2010 as Director of Financial Projects. He was appointed TTNET CFO in May 2013. He assumed the roles and responsibilities of TTNET CEO in addition to his current roles and responsibilities and became Acting CEO of TTNET between September 2014 and December 2014. He has been Chief Consumer Finance Officer of TTNET since February 16, 2015. Kaan Aktan is married and has two children.

Bahattin Aydın

Chief Human Resources Officer

He graduated from Boğaziçi University, Psychology in 1997. He obtained his master's degree from Marmara University, Human Resources in 1998. He began his business career at United Parcel Services Turkey as Human Resources Manager in 1997. Between 1998 -2010, he worked as Group Manager in the Recruitment, International Operations and Informatics Departments, and worked as Director in the Retail Group at Yıldız Holding; Human Resources General Management. He was the Director of Human Resources of Sugar, Chewing Gum, Beverage and Marketing Departments at Yıldız Holding before he joined the Avea. He started his Avea career in December 2010 as Human Resources Senior Director. He attended Harvard Business School and INSEAD Leadership and Human Resources Management programs. Aydın, who has Coaching Training Institute (CTI) Professional Coach Certification, is also a member of the Organizational Learning and Team Coach of the Learning Organization. Aydın, who is a member of Boğaziçi Yöneticiler Vakfı's Board of Trustees, is also Head of the Ethics Committee at Avea. He lectures at various universities as guest lecturer in the fields of human resources. He is married and has three children.

Hüseyin Balcı

Chief Consumer Sales Officer, TTNET

After completing his undergraduate study in finance at Anadolu University, Faculty of Economics and Administrative Sciences in 1994, Hüseyin Balcı started his professional career in 1997 as the Chain Stores Sales Representative at Atlas Gıda Pazarlama, an affiliate of Yıldız Holding A.Ş. Between the years 1999 and 2006, at Rekor Gıda

Pazarlama, a subsidiary of the group, he undertook the tasks respectively as follows: Chain Stores Chief Sales Officer, Sales Operation Manager and Turkey Sales Manager. In 2006, after being appointed Deputy Director General at Merkez Gıda Pazarlama, a sales company operating in the cooking oil category, he was assigned to the position of General Director in 2009-2011. Between the years 2011 and 2012, he undertook the General Director position at Atlas Gıda Pazarlama, a sales company operating in cookie-cake category. Before joining Avea in 2013 as Chief Sales Officer, he worked as Trade General Manager at Ülker Bisküvi A.Ş. He has been the Chief Consumer Sales Officer at TTNET since September 2014.

Necdet Mert Başar

Chief Corporate Marketing Officer, TTNET

Mert Başar graduated from Kadıköy Anatolian High School and holds a Bachelor's degree in Business Administration from Istanbul University. He began his career in Yaman Bilişim Dağıtım in 1995. Beginning with 1999, he worked as a manager in Compaq Computer and Hewlett Packard marketing and customer management departments, and as Turkcell Corporate Customers Marketing Director for more than 5 years before assuming the Chief Marketing Officer position at TTNET in April 2013, and worked as Chief Consumer Marketing Officer, Fixed Line between September 2014-December 2014 and has been Chief Corporate Marketing Officer of TTNET since December 30, 2014.

Kadir Boysan

Chief Corporate Sales Officer, TTNET

Having worked at Avea between September 2009 and December 2014, Kadir Boysan graduated from METU, Industrial Engineering and obtained postgraduate degrees from Imperial College, London School of Economics and Yale University, respectively. Starting his professional career at P&G as brand manager, he worked as brand manager responsible for the Middle East at RJ Reynolds International. He successfully completed many projects in strategy development and performance enhancement in telecommunications, retailing, banking and many other sectors while working at Bain & Co. between 2000-2007. Before joining the Avea family, Kadir Boysan worked as an executive at MasterCard Advisor and led building

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and application of strategy for MasterCard Europe and primary banks. He first worked as Strategy VP, then he worked as Partnership and Business Development VP at Avea and has worked as Chief Corporate Sales Officer at TTNET since December 30, 2014.

Dr. Nazif Burca **Head of Internal Audit**

Nazif Burca graduated from the Public Administration Department at Ankara University in 1990. He began work as an Accounting Controller and Chief Controller at the Ministry of Finance between 1990 and 2003. Mr. Burca earned his master's degree from the University of Illinois, USA in 2001-2002. He was appointed Türk Telekom Vice President of Finance in February 2003. He held this position until November 2006. In December 2006, he was assigned as Consultant to the CEO and served in that role until June 2007. He has worked as Head of Internal Audit since July 2007. Mr. Burca completed his doctorate studies in accounting and finance. He is married and has three children.

Doğan Coşgun **Chief Legal Officer**

Doğan Coşgun, graduated from İstanbul University Law Faculty in 1996 and received his Master Degree in Private Law Section at Marmara University in 2003. Having worked at various private law firms and legal departments of private companies, Mr. Coşgun took office at Yıldız Holding A.Ş. between the years 2000 and 2008 respectively as Lawyer, Legal Counsel, Legal Affairs Director, and he served as Chief Legal Officer at Turkuvaz Media Group between the years 2008 and 2011. Doğan Coşgun begun working at Avea İletişim Hizmetleri A.Ş. in May 2011. After working as Legal Affairs Director and Chief Legal Officer at Avea, he was appointed as Türk Telekom Chief Legal Officer.

Dr. Ramazan Demir **Chief Regulation Officer**

After Ankara Science High School, he graduated from Bilkent, Industrial Engineering and obtained his doctorate degree from MIT, Sloan School of Management in Operations. He developed and managed investment models at leading asset management company Putnam Investment. He founded and managed operational efficiency departments at leading aviation companies at capital free market between 2000 and 2005. He worked as Manager and Director responsible from Global Marketplace design, search engine and vertical product portfolio at Yahoo between 2005 and 2009. He worked as Strategy and Business Development VP at Türk Telekom between October 2009 and October 2012. Dr. Demir lastly worked as a consultant on strategy, regulation and digital subjects. He worked as advisor to the Board at one of the leading media groups, Adconion. He has five certificated patents on internet technology, search engine and digital services. Chief Regulation Officer Mr. Demir is married and has two children.

Çağrı Dönmez **Chief TV Officer, TTNET**

Çağrı Dönmez graduated from Boğaziçi University, Department of Computer Engineering in 1997. He then earned his MBA, MIS and Master in Finance from the Henry B. Tippie College of Business at the University of Iowa. Dönmez began his professional career as a consultant and then worked at Akbank. Before joining Türk Telekom Group, he was the Vice President of Marketing at Digitürk, where he spent eight years in various management positions.

Hakan Dursun

Chief Strategy and Business Development Officer

Hakan Dursun leads Türk Telekom Group's strategy function as Chief Strategy and Business Development Officer. Previously, as the Advisor to Türk Telekom Group CEO, he worked closely with the Board of Directors and executive teams of Türk Telekom Group companies, and has thus taken an active part in many projects having a strategic priority for the Group. Hakan Dursun started his career in strategic management consulting at Boston Consulting Group (BCG)'s Istanbul office, and continued his career in the New York office of the same company. Having put his signature under a great many important projects in such diverse industries as finance, energy and banking, Hakan Dursun then continued his consulting career at Booz Allen Hamilton and Delta Partners companies in Turkey and the Middle East. He has played a pioneering role in defining strategies and restructuring the leading telecommunication operators in the region. Following his consulting career, Hakan Dursun assumed the regional director role in charge of Turkey and the Mediterranean countries at British Telecom (BT). Throughout his executive career, he has carried out many successful projects and partnerships in strategy, transformation, technology and commercial fields with the leading telecommunication operators in the region. Hakan Dursun graduated with a high honors degree in Industrial Engineering from Boğaziçi University in Turkey; and has then had an MBA degree from the same university with high honors.

Fırat Yaman Er

Chief Business Planning Officer

He graduated from Boğaziçi University, Business Administration and completed his MBA at San Francisco State University. Mr. Er started his career at Doğan Holding in 1997, evaluating investment opportunities in various sectors. Afterwards, Mr. Er joined Aria İletişim Hizmetleri A.Ş., the challenger mobile operator in Turkey in 2001. He took an active role in the merger of Aria and Aycell and continued his role at Avea İletişim Hizmetleri A.Ş. after the merger. Mr. Er has extensive knowledge of

strategic planning and mergers & acquisitions and over 10 years of telecommunications experience. He served as Chief Business Planning Officer at Oger Telecom with responsibility for the five-year plans of Oger Telecom's subsidiaries operating in Southeast Europe, Turkey, the Middle East and South Africa, prior to his appointment as Chief Business Planning Officer of Türk Telekom. Er is married and has a daughter.

Metin Erhan

Chief Procurement and Vendor Management Officer

He graduated from Istanbul Technical University, Electronics and Communication Engineering; then he obtained his master's degree in Controlling and Computer Engineering from the same university in 1993. While continuing his Master's, he began his business career at Alcatel-Teletas as a software engineer; after completing his military service, he served in several international and domestic functions at the same firm (R&D, Sales Support, Project Management). He switched to Hewlett Packard as telecom projects manager in 2008. After working two years at Hewlett Packard, he started work as Procurement Director at Avea. In addition to this position, he managed Change Management Directorate function for a while. Lastly, he worked as Technology Operations Senior Director and was appointed Chief Procurement and Vendor Management Officer on April 30, 2014.

Dehşan Ertürk

Chief Consumer Marketing Officer, TTNET

He graduated from Marmara University, Department of Economics (English) and obtained master's degree in City University of New York, Department of Marketing. Starting out as Account Manager at Procter & Gamble in 1998, Ertürk served as a consultant during his Master's education between 1999-2002. Before joining Avea in 2010, he took office as Product Manager at Ülker between 2004-2005 and then worked at Turkcell as Customer Acquisition Marketing Manager, gnctrkcell Program Management Director, Prepaid Card Loyalty and Income Management, Marketing Manager and Department Head in charge of

Türk Telekom Group Management

Corporate Strategy, respectively between 2006–2010. He has worked as Chief Consumer Marketing Officer at TTNET since December 30, 2014.

Abdurrahman Güvenlioğlu **Chief Support Services Officer**

He graduated from Bilkent University, Computer Technologies Department and Anadolu University, Faculty of Economics. After years of working in merchandising, in 2005 he began work at Türksat Uydu Haberleşme ve Kablo TV İşletme A.Ş. as Administrative and Social Affairs Manager. He took roles in all official processes during the demerger, process of Cable TV from Türk Telekom to Türksat A.Ş. before the privatization of Türk Telekom. After the demerger, he continued working as Cable TV Content Manager. Between 2011–2014, he served as TTNET Procurement and Tivibu Content Director. He was appointed as Chief Support Services Officer on April 30, 2014. He is married and has three children.

Nimet Güvентepe **Chief Corporate Customer Care Officer, TTNET**

Nimet Güvентepe graduated from Middle East Technical University, Department of City and Regional Planning in 1996. She then earned her MBA from Istanbul Bilgi University. Güvентepe began her professional career as Customer Manager at Akbank. Later, she worked at Kapital Factoring as Portfolio Manager and Regional Manager, respectively. In 2003, she joined Türk Telekom Group as Sales Manager at Aycell Communication Services. Güvентepe undertook important duties during the merger of Aycell and Aria, such as developing the sales and customer service processes and integrating the sales channels. After holding various management positions at both the retail and corporate sales departments of Avea, Güvентepe joined AssisTT, a Türk Telekom Group company, as Vice President

of Sales, Marketing and Customer Management in 2014. She is the TTNET Corporate Customer Care Officer since March 2015. Ms. Güvентepe is married and has a child.

Murat Kırkgöz **Chief Financial Officer**

Mr. Kırkgöz graduated from Boğaziçi University's Mechanical Engineering Department in 1996 and started his career at Koç Group that same year. He joined Aria in 2001 and served in various roles in the Finance Department until the company merged with Aycell to form Avea in 2004. He served as Budget & Control Director (2005), Interim Chief Financial Officer (2009), and Finance Transformation Director (2010) at Avea. In 2011, he was transferred to Oger Telecom as Deputy CFO, Group Financial Controller. He was appointed Türk Telekom CFO effective October 9, 2012. Mr. Kırkgöz is married and has two children.

Orçun Onat **Chief Consumer Customer Care Officer, TTNET**

After graduating from METU, Industrial Engineering, he started his career as R&D specialist at Migros. He worked as Marketing project leader, Head of Marketing strategic planning and coordination and Head of CRM and Migros Club Card respectively. He developed projects on customer loyalty programs, campaign management, segmentation and channel management and was named "Best Koç Employee" in 2005. He completed the MBA program at Koç University. Joining Ramenka Russia in 2005, he worked as Deputy CEO responsible for marketing, sales, category management and logistics. Simultaneously, he was Board member and Head of Procurement at Malina Customer Loyalty Coalition Program and Efficient Consumer Response Organization in Russia. He worked as Customer Services Group VP at Avea between August 2009–September 2014. Mr. Onat has

been Chief Customer Care Officer of TTNET since September 2014. He received awards for three consecutive years at Stevie Awards in Customer Services Management category.

Kaan Sümer

Chief Corporate Finance Officer, TTNET

Kaan Sümer graduated from Political Science and International Relations Department of Boğaziçi University in 1999 and completed his Executive MBA at Bahçeşehir University in 2012. Kaan Sümer started his professional career at PriceWaterhouseCoopers, in the Consultancy Services Department in 2000 and left PWC in 2003 as an Expert Consultant. Then he worked at Yaşar Holding as the Executive responsible for Financial Control of the Food Branch until 2005. Between 2005–2007, he worked as Consultancy Unit Manager at Deloitte. Having the Certified Public Accountant status, Kaan Sümer worked as the Director of Consolidation and Financial Reporting at Oger Telecom just before joining Avea in 2013. He worked as Avea CFO between March 2013–February 2015 and has been working as Chief Corporate Finance Officer at TTNET since February 16, 2015.

Dr. Coşkun Şahin

Chief Technology Officer

He graduated from Istanbul Technical University, Electronics and Communication Engineering in 1987, obtained his Master's degree in 1990 in the same department, and received his Ph.D. in Controlling and Computer Engineering in 1997. After working for TÜBİTAK Information Technologies Institute between 1991 and 1997 and as researcher and technical manager in the automation, defense and consumer electronics sectors, he has worked in the GSM sector in several positions since 2001. He served as Avea Technology Vice President from 2009 and was appointed Türk Telekom Technology Vice President on April 30, 2014, to lead technology, network and operations organizations across Türk Telekom and Avea. In September 2014, TTNET was added to his responsibilities. He has published several international scientific and technical articles, technical reports and has received seven patents in the electronics and communication fields.

Cemil Yıldırım

Chief Administrative Affairs Officer, Avea

Cemil Yıldırım holds a BA degree in Business Administration from Marmara University, Faculty of Economics and Administrative Sciences. He served as: Chief Accounting Officer at İzdaş Foreign Trade Inc.; Chief Executive Officer and Board member at Atermit Inc.; Advisor to Belbim Inc. CEO; Assistant General Manager, Deputy General Manager at İSTAÇ Inc.; Assistant General Manager at BİMTAŞ Inc; Board member at İSTON Inc.; Advisor to Turkland Bank CEO, respectively. In 2008, Mr. Yıldırım joined Avea as the Chief Administrative Officer. He is married and has two children.

Yavuz Yıldırım

President of Wholesale Clients Business Unit

Yavuz Yıldırım graduated from Uludağ University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1999. After a period engaging in trade, he began his professional career at Telsim Telekomünikasyon A.Ş. in 2002. Yıldırım assumed various roles within the sales and marketing departments of Telsim, Nortel Networks Netaş, and Vodafone, respectively. In 2009, he joined Türk Telekom as SME Sales Operations Manager and made significant contributions to the establishment of the SME Sales Channel. In November 2011, he was appointed to the position of Wholesale Director. Yıldırım has been serving as President of Wholesale Clients Business Unit at Türk Telekom since April 2015.

Changes in Senior Management

A new Chief TV Officer position was created within the organizational structure of TTNET, and Çağrı Dönmez was appointed to this position.

Nimet Güventepe was appointed to the position of Chief Corporate Customer Care Officer at TTNET.

Chief Field Management Officer Tevfik Fikret Karaman decided to retire on January 15, 2016.

CEOs of Türk Telekom Group Companies

Ümit Atalay **Innova CEO**

Upon graduation from Middle East Technical University's department of Computer Engineering in 1984, Ümit Atalay began his professional career at ITT CR Systems in Denmark in 1985. Atalay worked in various positions at Alcatel in Germany and Bell Northern Research Company in the UK between 1989 and 1992, returning to Turkey in 1992 to begin work as the System Security Manager of Pamukbank. He worked as a Manager responsible for Public Operations at Otomasyon A.Ş. for five years from 1994. A founding partner of Innova IT Solutions Inc., since 1999, Ümit Atalay has served as a Board member in the fields of public projects, large-scale projects and new technology development. He is serving as co-CEO of Innova with Aydın Ersöz, since 2007.

Aydın Ersöz **Innova CEO**

Following his graduation from Robert College in 1980, Mr. Ersöz received his BA in Electrical and Computer Engineering from Princeton University. After completing an MS at Stanford University in the same field, he began working in Silicon Valley in the US. Starting in 1988, Mr. Ersöz worked in various positions at IBM Turkey for five years, followed by five years at Info Otomasyon A.Ş., a local SI, where he was General Manager for the last three years of his tenure. Mr. Ersöz co-founded Innova IT Solutions in 1999. Following the acquisition of Innova by Türk Telekom in 2007, Mr. Ersöz has served as co-CEO of the company and member of the Board.

Cengiz Öztelcan **Türk Telekom International CEO**

Cengiz Öztelcan has B.S. and M.S. degrees in Mechanical & Aeronautics Engineering from Texas A&M University; and MBA degree from the University of Washington. During the initial phases of his career, he assumed engineering positions at Boeing and Intel, whereas later on he chose to continue in sales & marketing and worked several years as Regional Business Manager of EMEA. He joined to Türk Telekom in 2010 as the International Investments Director and simultaneously worked as the CEO of Türk Telekom Euro GmbH since 2011. After serving as the Chief Sales and Marketing Officer of Türk Telekom International, Öztelcan was appointed acting CEO and CEO. Öztelcan is married and has two children.

Ali Dülgeroğlu **Assistt CEO**

Ali Dülgeroğlu graduated from the Computer Engineering Department at Istanbul University. He received his MBA degree from New York University. Ali Dülgeroğlu started his career in the USA in 2011, and continued in different levels of management positions at several companies. He joined Türk Telekom Group in 2009 with a project management position in TTNET Operations. He continued his career as Vice President of Operations at Assistt. He has been the General Manager of Assistt since November 21, 2012. Ali Dülgeroğlu is married and has two children.

Bülent Kaytaç **Argela CEO**

Bülent Kaytaç holds a B.Sc. in electrics and electronics from Marmara University, Istanbul, Turkey. He also studies Management Information Systems and obtained an MBA from European University in Belgium. In addition to his business activities, Bülent Kaytaç has served as a visiting lecturer in computer and communications engineering at Marmara University in Istanbul. As CEO and founder, Bülent Kaytaç is responsible for market strategy, technological vision and its execution. In former roles, he had a five year stint at Nortel and more than 10 years of experience at Alcatel, where he managed key software development projects in the areas of communications and internet in Belgium, Norway and Turkey. Mr. Kaytaç brings over 25 years of design, development, business development and successful leadership experience in the field of telecommunications. Following his lengthy international experience, Bülent Kaytaç brought his global vision to Turkey in 2000. He then founded two companies in the telecom technology arena and led the Innovation drive at both companies via intensive R&D activities. Before founding Argela, he founded Oksijen Technology, which was formerly a provider of intelligent networks and core infrastructure elements for wireless and wireline communications networks. Within three years of operation, the company brought considerable recognition to the global and Turkish telecommunications industries through strong regional business growth and worldwide visibility.

Ahmet Eti **Sebit CEO**

Ahmet Eti, the founder of SEBIT A.Ş. and Sebit LLC (Arizona), the creator of the award winning Vitamin and Adaptive Curriculum, is CEO of SEBIT and Chairman of Sebit LLC. He began his career in 1988 as a Researcher at TÜBİTAK and there he founded the Computer Aided Education and Multimedia Research Laboratory. In 1996, after the privatization of the Laboratory by the Science Council, he founded Sebit and realized many award winning global projects such as Akademia and its Chinese version Tian-yi. With the acquisition of Sebit by SBS, he acted as Global E-learning Director of Siemens and implemented the Malaysian Math and Science Teaching Courseware Development Project and iClass, the largest educational R&D project of the European Commission's 6th Framework Programme. In 2007, he sold his stake in Sebit to Türk Telekom. Between the years 2008 and 2011, "Adaptive Curriculum" was honored with several awards including; the CODiE Awards by The Software and Information Industry Association (SIIA) as "The Best Online Educational Solution" and "The Best Virtual School Solution," "Best Content Service" award at the World Communication Awards and "Distinguished Achievement Award" from the Association of US Educational Publishers. In 2001, Eti was named Turkey's Most Creative and Innovative Young Entrepreneur in the World Junior Entrepreneur Businessman Contest; in 2004, he was honored with the Professor Mustafa N. Parlar Training and Research Association's Technology Encouragement Award. Ahmet Eti received B.S. and M.S. degrees in Electrical and Electronic Engineering from Middle East Technical University. He developed and spearheaded many projects in various countries for both governments and NGOs with his expertise in creating and modeling Innovative education solutions and he has highly contributed to the transformation of education globally.

Organizational Structure and Changes



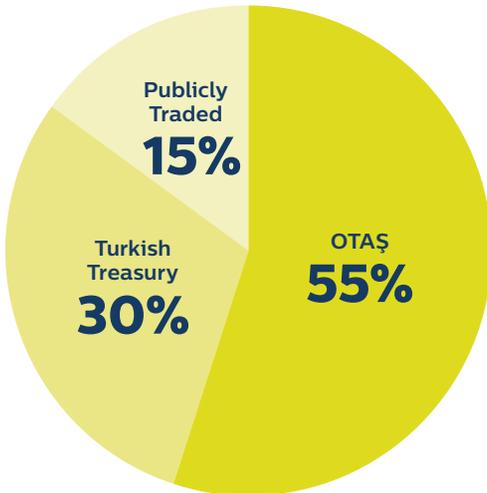
* Not in the scope of functional integration.

** The position of Chief TV Officer was established in 2015 under the Consumer Business Unit.

Capital Structure and Changes

With a strong capital structure consisting of a 55% stake held by Ojer Telekomünikasyon A.Ş., 30% held by the Turkish Treasury, and free float of 15%, Türk Telekom is one of the leading companies in Turkey.

- The Turkish Treasury's Group B bearer non-public share ownership is 30%, and Group D bearer public share ownership is 1.68%. In addition, the Turkish Treasury owns a "golden share" (Group C share) with a nominal price of TL 0.01.
- Group A bearer non-public share ownership of Ojer Telekomünikasyon A.Ş. is 55% and "Group D" bearer public share ownership of Oger Telecom Ltd. Company is 0.8%.
- Group D bearer public shares correspond to 15% of Türk Telekom's paid-in capital.





Sector Outlook

Türk Telekom has the country's most extensive fiber infrastructure with a 213 thousand km network across all 81 cities, and owns 79% of the total fiber infrastructure in Turkey.

There are 676 enterprises operating in the Turkish electronic communication sector, and 1,108 authorizations have been granted as of November 2015.

The net sales revenues of Türk Telekom and other mobile operators for the third quarter of 2015 reached to approximately TL 8.2 billion, with a 12% year-over-year increase.

Fixed Voice Market

In Turkey, as of the third quarter of 2015, there are 11.7 million fixed voice subscribers, corresponding to a 15.1% penetration rate. Considering that the average household size in Turkey is 3.6, it can be concluded that fixed voice services are used by a large portion of the population.

The volume of fixed voice traffic declined from 3.3 billion minutes in the third quarter of 2014 to 2.6 billion minutes in the third quarter of 2015. In the Turkish electronic communication sector, mobile to mobile traffic accounted for 91.9% of all voice traffic in the third quarter of 2015.

In recent years, the market has witnessed an increase in the share of alternative operators. Wholesale line rental services, introduced to the market in 2012, have allowed alternative operators to offer fixed line services to customers in a more flexible way. These operators generally offer fixed telephony services as a side product of Internet packages, which form an integral part of their multi-play marketing strategy.

Broadband Market

The Turkish broadband market has grown from only 6 million subscribers in 2008 to 46.7 million subscribers as of third quarter 2015. The number of broadband users increased by 17.4% year-over-year and 5.4% quarter-over-quarter in the third quarter 2015.

In the broadband market as of the third quarter of 2015, there were 37.5 million mobile subscribers and 9.2 million fixed broadband subscribers. In terms of average data usage per subscriber, the fixed broadband segment led the way with a monthly 60.1 GB, followed by the mobile broadband segment on 1.4 GB.

There has been an increase in average data usage by mobile broadband subscriber since the launch of 3G technology; however, due to the usage habits and needs, large portion of total data traffic has been handled by fixed network.

In order for consumers to experience the capacity and speed that will be provided by 4.5G, mobile network should be supported by a strong fiber infrastructure. This highlights that Türk Telekom's leadership position is set to be reinforced further.

There are 9.2 million subscribers in the fixed broadband segment, which is comprised of xDSL, fiber and cable Internet users. While this segment is dominated by xDSL technology, there is a striking increase in the number of fiber subscribers. The number of fiber subscribers reached approximately 1.6 million with a 15% year-over-year growth as of the third quarter of 2015.

The population penetration rate in the Turkish fixed broadband market as of September 2015 was 8.9% for DSL and 0.8% for cable. By increasing fixed broadband population penetration via investments in fiber, Turkey has increased its ranking among OECD countries over the years. As of year-end 2014, Turkey ranked 10th among OECD nations with a fiber market share of 16.4%, surpassing numerous prominent European nations.

Operators have boosted their infrastructure investments in fiber and rapidly expanded high-speed network coverage in Turkey. As of third quarter of 2015, Türk Telekom boasted the country's most extensive fiber infrastructure with a 213 thousand km network across all 81 provinces. Türk Telekom holds 79% of total fiber infrastructure in Turkey.

Türk Telekom Group not only offers wholesale services in the fixed broadband market, but also leads the retail fixed broadband market.

In Turkey, there are around 70 active operators with Internet service provider (ISP) authorization. The ISPs' revenues increased by 13% over the prior year to hit TL 4.7 billion in 2014.

As of the third quarter, total fixed broadband usage in Turkey amounted to 1.6 million TB. Of this total, 91.3% corresponds to data download and 8.7% to data upload. While 27.5% of the country's fixed broadband users prefer packages with a connection speed of 4-8 Mbps, the share of those preferring speeds of 10-30 Mbps has risen to 62%.

In the third quarter of 2015, the number of users who access the Internet via mobile computers and phones increased by 20.7% year-over-year to 37.5 million, in parallel with the rise in smartphone penetration. Türk Telekom maintained its market leading position in terms of smartphone penetration, with a rate of 66% in 2015. The mobile broadband market saw total usage of 156.7 thousand TB in the third quarter of 2015. A breakdown of mobile Internet users indicates that a high percentage (37.2%) prefer capacity of 1-4 GB.

Mobile Market

As of the end-September 2015, there were 73.2 million mobile subscribers in Turkey, corresponding to a 94.3% penetration rate. There are three mobile operators in the market, namely Türk Telekom Group, Turkcell and Vodafone. As of the third quarter of 2015, Türk Telekom Group's market share stood at 23.2%, Turkcell's at 46.8% and Vodafone's at 30.1% in terms of subscriber number.

Mobile Internet usage rose 24.3% over the previous quarter to 156.7 thousand Tbytes in the market, where the year saw numerous tariff and package campaigns with increased data content. In parallel, operators' data service revenues and their weight in overall revenues continued to rise. As of the third quarter of 2015, the ratio of data service revenues to overall mobile revenues was 40.4% for Türk Telekom Group, 30.1% for Turkcell and 40.5% for Vodafone.



Sector Outlook

The IMT-Advanced Authorization Tender held by the Information and Communication Technologies Authority, has been a milestone in Turkey's technological advancement.

As of the third quarter of 2015, postpaid subscribers accounts for 47% of the market in Turkey. The fact that the rate is 61% in European countries suggests that Turkey still has room to grow its postpaid subscriber base, which generates higher ARPU. Throughout the year, operators continued to retain current, or acquire new postpaid customers by means of attractive offers. As of the third quarter of 2015, Türk Telekom Group leads its peers in terms of the postpaid subscriber rate with 50.1%, versus 47.1% for Turkcell and 44.5% for Vodafone.

Turkey surpassed many European countries in the third quarter of 2015 with 404 minutes of mobile phone usage (MOU). This figure was 329 minutes in France, 307 in Switzerland and 292 in Norway, the three European countries which stood out in this regard in the third quarter of 2015. As for domestic operators, MOU stood at 447 minutes in Türk Telekom Group, 434 minutes in Vodafone and 317 minutes in Turkcell as of third quarter of 2015.

Spectrum Auction

The IMT-Advanced Authorization Tender held by the Information and Communication Technologies Authority, in order to ensure a fairer frequency band distribution and competition among mobile operators, has been a milestone in Turkey's technological advancement. At the tender, designed to allow the entry of a fourth operator into the market, a total bandwidth of 390.4 MHz was placed on sale. While there were no bids for the frequency band earmarked for a fourth operator, the current operators purchased 365.4 MHz of bandwidth. And considering that prior to the tender the operators had bandwidth of 183.8 MHz, their total bandwidth has nearly tripled in size.

At the tender held on 26 August 2015, operators placed bids totaling EUR 3,356,112,643 for 18 packages in 5 frequency bands, exclusive of VAT. Türk Telekom Group bid a total of EUR 954,678,101 (representing a 16% premium above the minimum price), Vodafone EUR 777,974,460 (a 39% premium) and Turkcell EUR 1,623,460,082 (an 84% premium).

When operators' new market shares in terms of frequency bands are compared with their market shares in terms of subscribers, only Türk Telekom Group is seen to have a frequency band share larger than its share of subscribers, in a confirmation of its ambitions for the mobile market in the coming period.

By paying the lowest premium vis-à-vis its competitors at the tender, Türk Telekom Group has obtained all the frequency packages that it required.

In the 900 MHz band—the most important frequency for indoor coverage,—The Group increased its total bandwidth to 20 MHz and overcame its previously disadvantageous position. Türk Telekom began providing the 3G service over the 900 MHz frequency band by December 1, 2015.

Türk Telekom Group now holds the best position in 800 MHz and 1800 MHz, which are the key frequency bands for 4.5G technology. In 1800 MHz, the most valuable 4.5G frequency, the Group has the widest capacity with the 70 MHz band width. Besides, the Group also has the 800 MHz frequency package, which is closest to the 700 MHz frequency —set to be crucial in 5G.

As such, Türk Telekom Group has obtained the largest capacity in frequency packages under 2 GHz, and is now lead the next generation mobile technologies and offer the best 4.5G experience with the highest quality and capacity, by capitalizing on its rich frequency portfolio and its vast fiber infrastructure investments nationwide.

Türk Telekom Group has paid the Undersecretariat of the Treasury the first installment of the spectrum fee, which was divided into one advance payment followed by three six-monthly installments. The first installment was paid in October, 2015.

TV Market

The main pay TV broadcasting platforms in Turkey are Türk Telekom Tivibu, Digitürk, D-Smart, Turkcell TV+ and Türksat. The IPTV service is offered by Türk Telekom Tivibu and Turkcell TV+, and satellite platform services by Türk Telekom Tivibu, Digitürk and D-Smart. Türksat, on the other hand, is the only operator that actively provides cable TV services in Turkey.

In 2015, Türk Telekom Group started to exercise the Turkish media rights of UEFA Champions League and UEFA Europa League matches and developed its content, in a huge move for the TV market. As a result, all UEFA Champions League and UEFA Europa League football matches will be broadcast, starting from the 2015–2016 season until the 2017–2018 season, on Türk Telekom Tivibu.

As Turkey's first IPTV provider, Türk Telekom expanded its broadcast service to the satellite platform in 2015 and started broadcasting in 4K quality in December 2015. Türk Telekom Group's IPTV subscribers numbered 309 thousand as of the end of 2015. Türk Telekom Group made a strong entry into the satellite platform segment and had 75 thousand subscribers as of the end of 2015. As for the satellite segment, as of the third quarter of 2015 Digitürk has a total of 2.9 million paid TV subscribers, whereas D-Smart had about 1 million pay TV subscribers. Filbox, which stepped into the market in the second quarter of 2015, had 10 thousand subscribers as of the third quarter of 2015. Cable TV services provider, Türksat had 1.2 million cable TV subscribers as of the third quarter of 2015.

Türk Telekom Group's Operations

Türk Telekom Group offers a wide range of services from fixed voice to broadband services and from TV services to innovative convergence technologies.

Türk Telekom Group offers a wide range of services, including fixed voice, broadband connection, mobile services, TV as well as innovative convergence technologies.

TTNET, broadband operator; Avea, one of Turkey's three mobile telecoms operators; Argela, convergence technologies company; Innova, provider of IT solutions; Sebit, online education software company; AssisTT, call center company offering guidance and customer services; Türk Telekom International, data and capacity services wholesale provider and Türk Telekom Group, which owns %100 stakes of its subsidiaries, have a total of 12.9 million fixed line customers, 8 million broadband customers (wholesale) and 17.3 million mobile line customers, as of year-end 2015.

Future Vision and Strategic Approach

With its perspective always focused on the communication of the future, Türk Telekom has set itself the mission of offering speed, top quality and economic services to its customers through customer-oriented and integrated communication solutions, anywhere, at anytime.

Having a robust infrastructure, value added services diversified year after year, the capacity to translate state-of-the-art-technologies into services, as well as strong international partnerships, Türk Telekom Group continuously boosts its regional clout and figures among the top IT companies of its region and the world.

Türk Telekom Group plans to maintain its leadership and become the region's top communication and entertainment services provider by adding value to core telecoms services, and sharpening its competitive edge in new generation communication services, with a view to contributing to Turkey's digital transformation. Powered by its group synergy, Türk Telekom Group designs multiple offers which feature fixed voice, fixed internet, TV, mobile voice and mobile internet services, and provides all-inclusive package offers and end-to-end solutions which meet all the communication needs of consumer and corporate customers, in order to respond to all communication services.

While working towards this goal, Türk Telekom duly takes into account the personal, social and business needs of consumer and corporate customers, and strives to yield efficient and services, which allow access to data and content via a vast range of devices.



Türk Telekom Group's Strategic Focus Areas

An analysis of the international telecoms market reveals that new areas of revenue- account for an increasingly large portions of total revenue. In parallel with this global trend, the growth in the Turkey's telecommunications market is also expected to come from data services and other new areas of revenue. The consumer segment's growth is expected to depend on data use and pay TV, whereas the corporate market's growth will come from the growth in ICT and mobile data services.

Under current market conditions, Türk Telekom Group's strategic priorities to achieve its goal for "sustainable growth through a customer-oriented and integrated organization" are still valid.

Segmented Approach for Best Customer Experience

- To maintain its position as Turkey's leading telecommunications group, TT Group delivers the best customer experience by offering all telecoms services with an integrated segmented structure and meets the end to end needs of consumer and corporate customers

- To become the first choice of consumer customers with integrated and customer-oriented telecoms services, by establishing a single brand in the consumer customer segment
- To become the first choice of companies by offering end-to-end and top-quality solutions to meet customer needs in the corporate segment

Effective and Efficient Operations

- To capitalize on the group synergy, TT Group creates lean processes which support operational productivity and maximize value
- To bring Turkey's IT infrastructure up to the highest level through smart investments

New Revenue Streams

- To grow in new areas of revenue such as TV, ICT and digital, on top of core telecoms products and services to reinforce TT Group's position in the consumer and corporate segments

Invest in People

- To invest in people to achieve organizational excellence and to become one of Turkey's most preferred companies to work for



Türk Telekom Group's Operations

The new concept stores inaugurated in line with the Joint Dealer Network Project create a fully-equipped and attractive dealer network where customers can meet all their telecoms needs in a single store.

Consumer Services

In line with its customer centric focus, Türk Telekom Group companies have started to offer their services via a single platform.

The new concept stores – Türk Telekom Group Stores (TTM) – integrating Türk Telekom, TTNET and Avea sales channels to meet customers' all communication needs through one-stop shop started in late 2014, and continued to expand at full speed during 2015.

The new concept stores inaugurated in line with the Joint Dealer Network Project create a fully-equipped and attractive dealer network where customers can meet all their telecoms needs in a single store. As such, these stores offer easy and comfortable access to the entire product portfolio of TT, TTNET and Avea, create cross sales opportunities, and provide a much better customer experience with a new store design, digital boards, live devices, and the Tivibu experience area.

To offer the optimum customer experience, TTM stores are equipped with in-store technologies such as live devices, digital monitors and top speed Internet.

The Sales Workforce Efficiency Department was founded, and the Group reached agreement with consultant firms to support dealers in their personnel selection, assessment and recruitment processes in order to recruit highly qualified personnel.

In order to maximize the customer satisfaction and deliver perfect service quality, Türk Telekom Consultant service started to serve to newly launched TTM dealers. Likewise, Tivibu Consultant implementation also started. Consultants are critical in personnel trainings to enable that the entire TTM store personnel attain capabilities to perform activations in all categories.

A Foreign Language Camp was organized for one employee of each of dealerships most visited by foreign customers. Furthermore, Arabic and English tariff catalogue and after-sales information flyers was published for the entire channel personnel. In this manner, the Group strives to offer the optimum experience to foreign customers as well.

Key services and operations in 2015

In 2015, Türk Telekom Group continued to make consumer customers' lives more comfortable and offered different experiences via addressing all fixed and mobile communication needs through its innovative services and products.

**GIGA GIGA BYTE'LI
TARİFELER AVEA'DAN GELİR**

PROFESYONEL TARİFELER

CEPTEN İNTERNET 4 GB	HER YÖNE 1000 DK	HER YÖNE 1000 SMS	39 TL
CEPTEN İNTERNET 2 GB	HER YÖNE 1000 DK	HER YÖNE 1000 SMS	29 TL

**Avea faturalıya yeni gelene
12 ay sözünüze**

The advertisement features a man in a suit holding a smartphone, standing next to a large red sign that displays two professional tariff options. The sign is supported by colorful blocks representing various mobile services like WhatsApp, Instagram, and music. The background shows a scenic view of the sea and sky.

Postpaid GSM Market

Owing to its strong offering portfolio in the postpaid GSM market and a continuously enhanced customer experience, Türk Telekom Group reached 8.7 million postpaid subscribers in 2015 with 12% increase.

By presenting customized offers to different customer segments, Türk Telekom Group continues to respond to the full range of rapidly changing customer needs. In the youth and professional segments, which have a higher demand for Internet, the Woops Çok Net Campaign, Woops Süper Fırsat Campaign, Akıllı Profesyonel Tarifler and Profesyonel 2GB/4GB tariffs were launched. Customers were offered the opportunity to meet all their needs within a single tariff -via Parleментар Tarif for the civil servant segment, the Prime Yaz Klasik Campaign for the high income segment and Bol Keççe Tariffs, Avantajlı 1GB/2GB Tariffs and EşsizTariff for the mass segment.

To clients with an increased demand for mobile internet, the Group offered complimentary 12 GB of Internet via the Hediye İnternet Campaign, thereby ensuring their loyalty.

To those customers willing to join Avea as a family, the campaign "Ailecek Avealınız" offered a discount opportunity. As the first time in the sector, Veresiye Tarife allows craftsmen to pay their bills at more convenient times; the chance to postpone up to 60 TL in bill payments provided significant comfort to many craftsmen.

The regionally varying customer habits were met with specific tariffs such as Şehre Özel Mini, Şehre Özel Maksi and Şehre Özel 4GB.

Customers willing to tap into Türk Telekom Group's synergy, enjoyed the privilege of being an Avea, Türk Telekom or TTNET customer with the Prime Büyük Buluşma, Gönül Bol and Dev Fırsat campaigns.

Türk Telekom Group's Operations

On the mobile front, Türk Telekom has reinforced its ongoing partnerships with Turkey's top football teams.



Prepaid GSM Market

In 2015, Türk Telekom continued to shape the highly competitive mobile prepaid market with its groundbreaking offers.

In the first months of the year, Büyük Fırsat campaign, proposing to meet all GSM needs,

targeted prepaid customers with high demand for both minutes and Internet access through convenient price offers. In 2015, with Çok Net and Süperonik packages, the Group preserved its position as the mobile operator offering the best solutions to the youth segment's rising demand for internet and minutes.

At year-end 2015, Türk Telekom shaped the market with its offers such as the campaigns Süper Fırsat Gençlik Portföyü, Yeni Yıl Portföyü, Gece İnternet as well as extra Internet packages designed to meet the voice and Internet demands of all customer need categories. As such, Türk Telekom became the first operator to provide prepaid customers with offers up to 10 GB.

Partnerships in mobile

On the mobile front, Türk Telekom has reinforced its ongoing partnerships with Turkey's top football teams. The business model based on a win-win strategy has not only led to a large expansion of the subscriber base, but also made a significant contribution to Turkish football.

On top of basic mobile communication solutions, by offering extra benefits to those customers who are keen supporters of their football team, brand loyalty was reinforced and a positive impetus was injected into brand recognition. Customers were

granted numerous privileges such as the chance to buy tickets in advance, complimentary game tickets, jerseys signed by their favorite players, the chance to meet players in autograph sessions, opportunity to be informed on team news in advance, and travel to team games in Europe. Subscribers were also called by their favorite football players on birthdays, religious festivals and other such occasions to make them feel special.

In 2015, too, competitive offers were launched on football team-associated mobile lines, and the Sınırsız 500 and 600 tariffs were launched for fans with a high demand for mobile Internet.

As part of mobile virtual network operator partnerships, the Group also continued its collaborations with the brands BİMcell, PTTcell and Teknosa Mobil.

BİMcell was launched in March 2012 as part of a partnership scheme between the supermarket chain BİM Birleşik Mağazalar A.Ş. and Avea. Thanks to its simple and conveniently priced tariff and package range, BİMcell continued to be in demand.

Launched in January 2013 as a partnership between PTT and Avea, PTTcell now reaches its customers in 2,000 PTT offices across the 81 provinces. PTTcell continues its growth with its portfolio of postpaid, prepaid, retail and corporate products.

As a result of the partnership with Sabancı Group, TeknoSA Mobil was launched in May 2015. On sale in close to 300 TeknoSA stores across the 81 provinces, TeknoSA Mobil is keen on growing through the high-data TeknoSA Mobil tariffs that come with devices sold in stores, complete with bonus checks and additional discounts.

Woops Gets a Brand Image Revamp

Türk Telekom Group's youth brand Woops restructured its brand communication strategy in June 2015 around the theme "Sana ... Yakışır!", encouraging youngsters to act as themselves. With this theme, Woops is preferred by around 3.4 million young subscribers.

Since launch, Woops has presented youth with a wide range of packages, brand partnerships, social

TEKLİF "NET"



Kampanyadan, şimdi TTNET'ü olup 34 ay kalma süresi verenler yararlanabilir.

media campaigns handing out the most popular devices, as well as data offers customizable according to user needs.

In 2015, Woops signed partnership deals with companies in areas like travel, clothing and food, which are within youth's interest such as AnadoluJet, DeFacto, English Time and Tchibo to bolster Woops's brand recognition and brand image. With the "Woops Cepten Eve Kampanyası" launched in back to school season, young individuals who leave their homes to study were

Türk Telekom Group's Operations

Avea Prime continued to add color to the lives of customers in 2015 by helping them feel good with its life enhancing benefits and comforts.

Şimdi Avea Prime'li olmanın tam zamanı

Her yöne
1500 dk

Her yöne
1500 SMS

Cepten
6 GB internet

TTNET
50GB limitsiz internet

85 TL

Avea Prime

given the opportunity to call home free of charge and speak to their families for as long as they wished.

With "Woops'tan Eğlendiren Kampanya", customers benefited free-of-charge from diverse content services such as the "Oyun Servisi", "Etkinlik

Rehberi Paketi", and "Kaç Yıl Oldu Paketi" as well as the "Ringa Serisi" for duration of one to three months. Woops introduced to the sector the concept of transforming minutes with the package "Kafama Göre", thus giving customers the opportunity to utilize their package in optimum manner. With "Süpersonik Paket", which includes 1,000 minutes in all directions, Woops appealed to youngsters who demand longer minutes. In November 2015, the "Yeni Süper Fırsat Teklifleri" package was launched to couple ample Internet access with convenient price. Meanwhile, "Woops'tan Bol İnternetli Geceler Kampanyası", which can be combined with these offers, offered complimentary Internet usage at night time. The result was an all-round solution responding to all the needs of young individuals.

Avea Prime

Launched in December 2013, Avea Prime is committed to making a difference in the lives of private customers by offering them special moments to savor life. Avea Prime continued to add color to the lives of customers in 2015 by helping them feel good with its life enhancing benefits and comforts.

At every moment, customers fully enjoyed the privileges of the Avea Prime world, with a wide range of offers such as free-of-charge parking,

airport transfers, airport lounge services across the world, special discounts and offers at select brands and venues, as well as Prime Special Service Team delivered to the customer's doorstep and the Prime Call Center accessible directly free of charge.

In 2015, in due consideration of customers' communication needs, a package reflecting the power of Group companies was offered. With the "Avea Prime & TTNET Büyük Buluşma" campaign, customers could fully enjoy both mobile services and fixed broadband Internet.

In addition, the launch of the "Avea Prime Yaz Kampanyası" gifted customers mobile data and WiFi access.

Activities for Mobile Professional & SOHO & Public Employee Segments

In March 2015, Turkey's first mobile Internet tariffs, Akıllı Profesyonel Tariffs were launched to appeal to customers who mainly use their mobile phone for Internet and have limited demand for minutes and SMS.

In the same month, for teachers working for the Ministry of National Education or private schools, Pekiyi and Yıldızlı Pekiyi Tariffs were launched to enable them to fully enjoy Internet and minutes, not to mention unlimited talk time among subscribers of the same tariff.

In September, newcomers to the Profesyonel 2GB and 4GB tariffs were granted additional 1GB mobile internet for 12 months, so that they could fully enjoy their mobile online experience. From May 2015 onwards, special offers were formulated to appeal to craftsmen.

The Veresiye Tarife with 1GB or 2GB Internet was launched in May to allow craftsmen with cash flow problems to postpone the payment of their bills, in order to increase the number of mobile activations.

To help to meet their gas needs, one of their top cost items of craftsmen, a gift campaign with Shell was launched in July.

In August, the company launched the Alarm Monitoring System Service Campaign in

collaboration with the security firm Tepe Güvenlik. During the campaign, this service was offered to shop owners at affordable cost, without any activation fee and free of charge for the first three months.

In order to boost craftsmen's business, the company offered a TL 1,000 discount in Fiat-branded commercial vehicles in July.

Ücretsiz İşyeri Sigortası Kampanyası, launched in 2014, was enhanced in August 2015 under the "Avea ile Güvende" theme to include shop owners' homes. The campaign was jointly developed with Aksigorta insurance company and was dubbed "Esnafın İster Evine Konut Sigortası, İster Dükkanına İşyeri Sigortası Hediye Kampanyası", with a 12-month commitment period prerequisite.

Internet at Home: Fixed broadband services

Boosting a vast fiber infrastructure, Türk Telekom Group continued Hızı Keşfet and Fiber'in Kralı campaign, launched in 2014 in order to increase the number of its fiber Internet subscribers. In May 2015, the Group added to its portfolio Fiber'le Çifte Şenlik campaign which includes the Türk Telekom Tivibu service.

The campaign Değişim Zamanı was launched in March 2015 to lower customers' Internet purchase barriers, by offering a free modem.

In continuation of its pioneering role in boosting the use of home Internet services, Türk Telekom Group started to promote the advantages of home Internet as well as its packages with high GB quotas. For this purpose, the Yüksek GB'li Internet Campaign was launched to underscore the price advantages of large quota services.

Türk Telekom Group continued to expand efforts to increase the market penetration of fixed Internet services. To this end, on the occasion of its 175th anniversary, the Group offered Internet service with a quota of 4 GB at a speed of up to 4Mbps, free-of-charge for 12 months.

In 2015, the Group continued with campaigns such as "Tek Fiyat", which offers a single discount price to home telephone owners in return for a 24-month

Türk Telekom Group's Operations

Türk Telekom Group continued to expand efforts to increase the market penetration of fixed broadband services.

commitment period, "12 Ay Sabit Fiyat" addressing customers who prefer shorter commitment periods, and "Faturanet" which stops when the quota limit is reached, for customers with lower purchasing power and Internet usage. To appeal to customers who do not own fixed line, Internet-only packages continued with the options of 12 or 24 months of contractual commitment: "Yalın İnternet" and "2'si 1 Arada."

The Group rolled out the two or three-month "Yazlık İnternet" Packages for summer houses to make sure that customers also enjoy the internet during the summer.

The PSTN Yeni Abonelik Kampanyası launched in 2014, offers the tariffs İnternet alana Ev Avantaj 100 and SadeHat at a discount. The campaign continued to accept new customers in 2015.

With minutes in all directions, the Eko and Maksi packages were offered at discount to new subscribers, offering the convenience to call via fixed line or mobile based on their preference.

In the scope of actions towards managing home İnternet revenue, the Group focused on transferring subscribers from limited packages to unlimited packages. As such, the percentage of limited packages was brought down from 9% in 2014 to 5% in 2015.

The Group focused on increasing the number of subscribers in the packages with speeds of 16, 24 Mbps and above. Accordingly, the Group took action to promote higher speed packages among the current customer base, bringing the percentage of subscribers under packages of 16 Mbps from 33% in 2014 to 53% in 2015 and the percentage of subscribers under packages of 24 Mbps from 17% in 2014 to 22% in 2015.

TTNET Platin

TTNET Platin's world of privileges includes the access to the Platin Call Center without having to wait in queue, modem and installation services, technical support from the TTNET Platin Mobile service team for issues such as internet connectivity, as well as access to the TTNET Platin Lounge that was established in 2013 at Atatürk Airport's International Terminal, all of which add value to lives of our clients.

In addition to all of these privileged services, TTNET Platin brings more color to the lives of our clients with the Seyahat Hattı that offers privileges in city travel, free WiFi access overseas and on airplanes, discounts at numerous restaurants and hobby workshops.

Aside from TTNET Platin privileges, the Group has launched the offer "Canım Ailem", which features home İnternet plans with free tablet.

Synergy Campaigns

Keen on introducing its products and services to all households in Turkey, Türk Telekom Group's synergy multiple offers include fixed voice, fixed Internet, devices, TV and mobile multi offers. As such, the Group strives to become a multi service provider which meets all customer needs in a single package.

In 2015, the synergy product portfolio was enriched to further enhance customer satisfaction. To this end, the Group continued its synergy packages it launched in 2014. The synergy packages were initiated with the Üçlü Avantaj Kampanyası special offering fixed line and fixed Internet customers in 2015.

With a target to promote home Internet to its current and new fixed line customers, the Group continued its high-speed and advantageous Fiber'in Kralı Campaign in 2015. In addition to this campaign, in December 2015, 2 Kat GB Campaign was rolled out to provide upgrade for customers with a 50GB home Internet quota to 100 GB for 12 months commitment at the same price.

Offering discount to customers with fixed line a and home Internet subscriptions, the Üçlü Avantaj Kampanyası continued to accept new subscribers in 2015.

Launched in February 2015 to provide customers the privilege of receiving all services from the same group, "Gönlü Bol Kampanyası" offers a monthly discount to customers who have fixed line telephone and home Internet subscriptions through Bol Kepçe Tarifeleri. In June, the campaign "İçim Rahat" was launched to offer customers with fixed line phone and fixed Internet subscriptions a mobile plan at discount.

The campaign "Dev Fırsat" rolled out in September 2015 to offer those clients with fixed line telephone and home Internet subscriptions a mobile plan including 500 minutes in all directions and a 1GB data package – free of charge for the first six months. This campaign was tantamount to an immense mobile privilege for customers of Group products.



In order to expand the subscriber base for home Internet and Türk Telekom Tivibu services, in May 2015, Çifte Şenlik Kampanyası was initiated. Tivibu Satellite product was sold together with the home Internet service for the first time. New clients were offered a Tivibu subscription with the TV service of their choice - IPTV or Satellite.

Device Management

In line with the mission of meeting all the device needs of customers on both mobile and fixed (home telephone and home Internet) platforms, Türk Telekom Group offered its customers state-of-the-art devices such as smartphones, tablet's, TV's, modems and accessories in advantageous and innovative packages in 2015.

On the mobile side, Türk Telekom Group maintained its lead in smartphone ownership ratio with 66% penetration as of 2015 year end and increased its share in the device and tablet market year-over-year.

Having enriched its device portfolio with the world's top brands, Türk Telekom Group reached strategic deals with Samsung in January and September, launching the Galaxy Grand 2 LTE and Galaxy Grand Max -custom-made for the Türk Telekom Group- to its customers with favorable campaign offers.

Türk Telekom Group's Operations

In 2015, Türk Telekom Group continued to make life easier for its clients and offer them unique experiences, with content services in different categories.

At the end of November, the Group launched the TT175, the first smartphone developed under the Türk Telekom brand. TT175 is not the only operator-branded device with a metal body and fingerprint reader, but also stands out with its stylish design, technical features and robust performance.

In addition to widening its device portfolio, Türk Telekom Group also achieved significant accomplishments with its innovative and unique device campaign models. On the mobile side, the Installment Planning System - a first in the sector - has given customers the chance to customize their own installment plans by making an advance payment or turning in older devices. In another first for the sector, on the fixed side this time, the Group offered a complimentary Tivibu Go Cinema package to Smart TV customers.

In 2015, Türk Telekom Group customers started to enjoy the freedom of paying for their device of their choice by the mobile, home Internet or home telephone bill plan of their choice.

Business partnerships and operator services

In 2015, Türk Telekom Group continued to make life easier for its clients and offer them unique experiences, with content services in different categories.

The TTNET Music service is the choice of millions of music lovers for listening to and downloading their favorite tunes at anytime, anywhere. In 2015, the service continued to offer customers the privilege to be the first to listen to numerous Turkish and foreign tunes.

With over 2500 PC/Mac games and online E-Pin game packages in its catalogue, Playstore is Turkey's largest digital gaming platform. Video games are purchased with advantageous prices and are released at the same time with the rest of the world.

With instant match footage and summaries from the UEFA Champions League and Europe League, subscribers of the Avea Lig service fully enjoyed top-flight football games. Subscribers to the Tivibu Cep Avea service had the pleasure of watching TV over their mobile devices 24/7, and had direct access to Türk Telekom Group's mobile world privileges throughout 2015.

Offering over 100 professional and personal development and language training programs, the online professional and personal development platform TTNET ProG established a new partnership in 2015 with the recruitment website yenibiris.com. With this partnership İstanbul University Certificate Programs were hosted on yenibiris.com.

The Secure Internet Service, Family Protection Password and McAfee Virus Protection, all offered under the umbrella of the TTNET Güvenlik brand, continued to offer customers home Internet services with higher security standards. Giving users the chance to back-up their files and then access or share these files from everywhere, NETDİSK has helped customers store and share millions of files in securely.

Fenerbahçe fans continued to give support to their team and instantly learn about all team news via Fenerbahçe SK, the official application for the Fenerbahçe football team designed with contributions from Türk Telekom Group. On the stadium side, football fans started to enjoy WiFi access during the game and high-end smart screens in Turkey's one and only smart stadium Şükrü Saraçoğlu, again with contributions from Türk Telekom.

With the Wirofon application, which allows customers to utilize their fixed line like a mobile phone, customers can also make national and/or international calls with their mobile phones by using the minutes in their fixed line tariffs, thus talking to their loved ones as long as they wish.

Turkey's top online education program that assists elementary and high school students with home- and course-work over the Internet pursuant to the curriculum prescribed by the Ministry of National Education, TTNET Vitamin started to support students preparing for the university entrance exams YGS and LYS via the Raunt Project in 2015.

Within the scope of value added services to business partners, such as content guidance and donations, over 8 million mobile customers were served in 2015. In collaboration with Credit Registry Bureau (KKB), the "Findeks Kredi Notu Sorgulama Servisi" was launched to allow individuals to learn about their financial performance data with a single SMS message.

**AİLECEK GELENLERE
% 40 İNDİRİMLİ
TARİFELER**

500 DK	1000 SMS	1 GB	24 TL
500 DK	1000 SMS	2 GB	27 TL
500 DK	1000 SMS	4 GB	33 TL
1000 DK	1000 SMS	1 GB	30 TL
1000 DK	1000 SMS	2 GB	33 TL
1000 DK	1000 SMS	4 GB	39 TL

Yukarıdaki indirimli fiyatlar numara kayma, yeni kart alımı ve paketaverdiler geçişleri ile ilgili kampanyalardan yararlanamayan müşteriler için geçerlidir.
444 1 500 | awwa.tci | 500 | awwa.com.tr | facebook.com/awwa

In 2015, special partnerships were created in the retail customer segment to provide benefits to customers in different target groups. As a result, customer loyalty was enhanced through segment campaigns with different and rich contents. The Kamu Haber Paketi Kampanyası aimed at the public employee segment, provides news stories on hirings, salary increases and holidays to current or potential public sector employees. As part of the video game campaign for Woops subscribers, the packages dubbed Oyuncak Club, Playplanet and Oyuncak were offered gratis for a month. As such, customers had the chance to enjoy these popular games with unlimited access for the duration of one month.

The Asker Kart is offered to individuals fulfilling their military service across Turkey as part of Türk Telekom Group's operator service products. The cards allow soldiers to speak to their loved ones via public phones at reduced cost and also make free-of-charge local and national calls from 7 p.m. until 7 a.m.

Türk Telekom Group's Operations

In 2015, special partnerships were created in the retail customer segment to provide benefits to customers in different target groups.

New Consumer Products

In line with the strategy of differentiating Türk Telekom so as to be the pioneer in the telecoms sector, activities were developed to offer individuals not only devices, connections and content, but also products and services with added value, based on the principles of simplicity, comfort and economy, that can be accessed via alternative channels as well.

The umbrella platform for the new products was positioned as "Türk Telekom Konforlu Hayat", and the categories and under this umbrella sub-products and services were determined and launched (Aracım, Yuvam, Sevdiklerim) based on customer expectations.

Car Check and Secure Motorbike products presented under "Araç Kontrol" category with the aim to offer a new communications and technology experience addressing today's changing car ownership and usage habits, became the first Internet of Things products offered to retail customers in the sector. "Araç Kontrol" allows real-time location monitoring, driver behavior scoring and driving awareness enhancement; whereas "Güvenli Motorsiklet" informs drivers instantly in cases of motorbike theft and undesirable interventions.

Launched in recent years by TTNET as a new generation smart home platform, Live Smart has been positioned under the category "Yuvam", where individuals can experience a brand new mode of technological interaction with their appliances and surroundings, in different packages customized according to their needs. Under the "Sağlığım" category, which primarily focuses on making life easier for individuals with chronic diseases, and all members of society, the "Kronik Hastalık Takip" service was initiated to measure individuals' blood pressure, blood sugar and pulse while uploading the data to the e-pulse system. The service was created in collaboration with Acıbadem Mobile and virtually establishes a round-the-clock bridge between patient and doctor.

Established after a comprehensive analysis of global examples to meet key user expectations, the Türk Telekom "Konforlu Hayat" online sales platform accessible at www.turktelekomkonforluhayat.com functions as an alternative and effective channel for delivering innovative products and services to consumers.

Brand partnerships in 2015

On the mobile side, Türk Telekom carried out brand partnership campaigns with close to 100 brands from over 20 sectors in 2015, including special day

Türk Telekom Group's Operations

As of the end of 2015, the number of Tivibu subscribers has reached 1.9 million on all of its platforms. Türk Telekom undertakes investments in various areas to expand both product and subscriber numbers.

In addition to its ongoing 3G investments, the Group continues to work hard to launch best 4.5G services by April 2016. Network investment is continuing at full speed, and campaigns for increasing 4.5G-enabled device and sim card penetration are organized to ensure that the highest number of subscribers can enjoy superfast mobile internet access on April 1st. To this end, new 4.5G-enabled sim cards were rolled out and campaigns were carried out to increase penetration in the coming periods.

Aside from leading the way in mobile and fixed broadband investments, Türk Telekom Group is also the pioneer in cutting-edge technologies. In January 2015, Türk Telekom Group carried out a 4.5G speed test with Nokia Networks, breaking the national record to reach a speed of 3.6 gigabytes per second. In another first, again in collaboration with Nokia Networks, the Group performed a phone call at HD quality in the 2015 Mobile World Congress (GSMA) by Voice over LTE (VoLTE) technology. Thanks to the VoLTE technology, it took less than one second for the parties to say "hello" to each other during a call from the Nokia Networks booth to the Avea Technology Center.

Within the scope of activities carried out as per the Universal Service Law (EHK) together with the Ministry of Transport, Maritime Affairs and

Communication to bring telecoms infrastructure to remote military posts and villages, the T-system was successfully integrated in locations that fell outside the coverage of the current Wimax technology.

As a result of Türk Telekom Group's investments in the Fenerbahçe stadium, Turkey's first, new generation, smart stadium transformation was completed. The Fenerbahçe stadium has become Turkey's first 4.5G-ready stadium, which has the capacity to enable 50 thousand people to access WiFi simultaneously via 400 different spots. The 400-plus monitors placed within the stadium have defined a new generation game experience for all football fans.

Tests for the WiFi Calling technology, which enables Türk Telekom Group customers to maintain seamless phone calls while transitioning between WiFi and mobile 4.5G networks, were completed successfully. Thanks to this technology, WiFi access points will be installed especially in areas with limited mobile network coverage (such as garages, high-rise buildings, elevators etc) to help Türk Telekom mobile customers to make or receive calls. When the user leaves the WiFi access area, the call will be transferred to the Avea mobile network without any interruption.

Television

In 2015 Türk Telekom continued investing in TV broadcasting with Tivibu by providing the opportunity to watch sports, documentaries, entertainment, news and music channels on TV, PC, tablet and mobile phone.

Keeping a close watch on media technologies and consumer expectations, Tivibu offers customers an exclusive TV experience through its advanced technological platform. Its innovative IPTV services with its rich content offer advanced features such as "Pause and Play, Rewind and Play, Replay, and Video on Demand". The IPTV service allows its viewers to have full control over TV.

Following the launch of the satellite platform and the expansion of its coverage area, the net subscriber acquisition in TV reached 95 thousand in 2015.

Across Turkey via Satellite

As of the end of 2015, the number of Tivibu subscribers has reached 1.9 million in all of its platforms. Türk Telekom undertakes investments in various areas to expand both product and subscriber numbers:

In addition to IPTV, Tivibu is available on PC, tablet, mobile phone and Smart TV platforms. In July, Tivibu started broadcasting via satellite. Tivibu's satellite services offers subscribers to conveniently access the platform from everywhere in Turkey, regardless of whether they have or do not have TTNET subscription.

Tivibu' privileged satellite broadcast, offers HD and 3D quality. Tivibu has also launched 4K broadcasting technology, with a definition quality four times that of HD. Tivibu Smart TV, includes advanced features such as video on demand, or Replay that brings highly advanced broadcast services to its viewers.

Football fans have the opportunity to enjoy four different sports channels on Tivibu, namely Tivibu Spor, Tivibu Spor 2, Tivibu Spor 3 and Tivibu Spor 4. UEFA Champions League and Europe League can be watched on these channels.

Futbol ve sinemanın heyecanı Tivibu Go ile hediye!

Aracını Avis'ten kiralayanlara UEFA Şampiyonlar Ligi ve UEFA Avrupa Ligi maçları Super Paket ile 1 ay boyunca hediye.



Tivibu, the choice of sports fans

- UEFA Champions League and UEFA Europe League match broadcasts commenced with the UEFA Super Cup Final on August 11.
- Tivibu broadcasted the UEFA Super Cup, UEFA Champions League, UEFA Europe League and UEFA Youth League matches for football fans in both live and recorded format.
- From August until the end of the year, Tivibu offered football fans a total of 177 games -125 live and 52 recorded- via its four sports channels. In comparison to other platforms, Tivibu broadcasted the most amount of games from the Champions League's group level. In addition to TV, the platform also broadcasts all Champions League and European League matches over tivibuspor.com, enabling viewers to enjoy the events of their choice.
- The games of Turkish teams Galatasaray, Beşiktaş and Fenerbahçe broadcast exclusively on Tivibu Sports. Prominent names from the sports media such as Metin Tekin, Mehmet Demirkol, Hasan Şaş, Önder Özen, Nebil Evren and Güntekin Onay gave live commentary directly from the stadiums.
- In addition to UEFA Champions League and Europe League games, Tivibu Sports also broadcasts matches from the national leagues of Portugal, the Netherlands, Russia and Italy.
- Aside from football matches, Tivibu also broadcast tournaments and games from different sports and organizations such as WTA, ATP,

Türk Telekom Group's Operations

In 2015 Tivibu continued to be the Turkish TV platform with the highest number of cinema channels. Tivibu's 24 cinema channels include the exclusive Sinetivi, Sinetivi Adrenalin and Sinetivi Karnaval channels, HD broadcasts and multiplex channels.

Fed Cup, Hopman tennis tournaments and International Premier Tennis League, as well as the American College Basketball League, Rugby World Cup and Pro-Am Golf Tournament.

16 are in HD; Smart TV with 106 channels, of which 14 are in HD; and mobile with 91 channels, of which 5 are in HD.

Richer film and documentary content

- In 2015, 300 Turkish and foreign movies were added to the Tivibu Cinema Library. The top 9 box office Turkish films that had a viewership of over a million, were televised for the first time on Tivibu.
- In the foreign movies category, around 100 Hollywood movies were broadcasted for the first time after their releases.
- In 2015 Tivibu continued to be the Turkish TV platform with the highest number of cinema channels. Tivibu's 24 cinema channels include the exclusive Sinetivi, Sinetivi Adrenalin and Sinetivi Karnaval channels, HD broadcasts and multiplex channels.
- The Discovery group channels are now also a part of the platform. Discovery Channel, Animal Planet, Discovery Science, Discovery Showcase and DTX channels were added to the documentary category.
- As a result of the investments in channels, Tivibu holds a very rich content is broadcasting in all of its platforms: IPTV with 220 channels, of which 64 are in HD; Satellite with 141 channels of which 47 are in HD; Web TV with 134 channels of which

Investments in Technology

- With its rich content and advanced broadcast features such as viewer control, "Pause and Play, Rewind and Play, Replay, Video on Demand" in IPTV, or the "Mosaic Channel" where six screens can be watched simultaneously, Tivibu is the technology leader of the Pay TV sector. In order to maintain its leadership of the sector, developments that will modernize the entire infrastructure and servers of the IP-based Tivibu systems (IPTV, Web TV, Mobile TV, Smart TV) were tested. In 2016, Tivibu is ready to offer customers a unique TV experience with inimitable features such as personal video recording over the web, personal user profile, restarting the program with a single click, and a brand new look.
- Tivibu has initiated the era of 4K broadcast technology. Performing the first 4K broadcast in cooperation with Beko, Tivibu enabled the viewing of 4K broadcasts on all adaptable Beko Ultra HD TVs, with the installation of specific modules in TVs. Hence, viewers experienced 4K broadcasts for the first time in Turkey, without the need for satellite receivers or remote controls, through a rapid and simple installation process.



- Thanks to Accessible Tivibu application, visually impaired Tivibu users can enjoy a high quality TV experience with special screen programs over Tivibu Web. Via folders in Accessible Tivibu, Tivibu Home and Tivibu Web, visually impaired individuals can access audio description, and hearing impaired individuals can access subtitled description, supported with sign language. Accessible Tivibu, provided to the visually and hearing impaired individuals was awarded “The most accessible web site award” at the 13th edition of the Golden Spider Awards.

Campaigns and brand partnerships

- Thanks to Smart TV application in smart TV’s such as Vestel, LG, Samsung, Beko, Arçelik and Philips- it is now possible to connect to and broadcast over the Internet. Smart TV users can enjoy over 3,500 VOD programs and Tivibu’s advanced services such as “Video on Demand” and “Replay”.
- By launching the “Fiber’le Çifte Şenlik” campaign in late 2015, Türk Telekom Group offered IPTV and fiber Internet access in a single package. As part of the campaign, subscribers had the opportunity to obtain 35 GB unlimited fiber Internet connectivity and the Tivibu Cinema Package simultaneously.

- With the “Avealılara Tivibu’dan Fırsat Kampanyası” campaign, Avea’s retail customers were offered Tivibu services at discount prices.
- The set top box renewal campaign was aimed at encouraging the replacement of satellite receivers in 15 million households with Tivibu sets, and thus at enhancing the recognition of the Tivibu platform.
- In collaboration with Arçelik, set top boxes or satellite receivers were replaced with modules installed on the back of Smart TVs for access to Tivibu channels. As part of this partnership, buyers of Arçelik, Beko, and Grundig-branded, and Tivibu-enabled LED and LCD televisions were given Tivibu CAM Module and Süper Package, free-of-charge for 12 months.

Corporate Services

Türk Telekom Group integrated Türk Telekom, TTNET and Avea’s corporate sales, corporate marketing and corporate customer relations functions under the Corporate Business Unit to better leverage Group synergy and to deliver customers comprehensive solutions covering all their communications needs. After the restructuring, the Corporate Business Unit transitioned to a new organizational structure that provides more efficient solutions for the needs of corporate customers.

Türk Telekom Group's Operations

The new slogan, “Business runs better with technology” aims to underline the fact that Türk Telekom is always beside its customers with its sales and service network spread across 81 cities.

Marketing communication and events

New Communication Platform: Türk Telekom Group initiated a new era in corporate advertising. Cognizant of the fact that technology is an integral part of today's business world, the Group integrated the word “technology” into its slogan to emphasize Türk Telekom's technological strength. The new slogan, “Business runs better with our technology” aims to underline the fact that Türk Telekom is always beside its customers with its sales and service network spread across 81 cities, as well as with its communication network, which is the most extensive one in Turkey.

Five commercials were aired targeting micro enterprises, the important customer segment of the Group. The majority of these enterprises consist of family-owned companies that have been passed along to the second or third generations. Generational gaps are common in these companies, including conflicts between traditional practice and Innovation, father and son, boss and employee. Such conflicts, observable in both micro enterprises and large-scale companies were the core idea behind the advertising campaign. The humorous, vibrant conversations between Sabit Bey and his son Fikri in these commercials won the admiration of customers. With nearly 2.5 million views, the advertising

campaign ranked among the top individual and corporate commercials on the YouTube Leaderboard.

Small and Medium-sized Enterprises (SMEs)

Summits 2015: The SMEs Summits 2015 was held eight times in seven cities including Kayseri, Malatya, Konya, Denizli, Manisa, Eskişehir and Istanbul. These eight events brought together approximately 1,300 SMEs.

During these meetings, experts in various fields informed SMEs about the advantages of institutionalization and doing business in the digital world, while describing ways to create strong brands. At the “SMEs of Anatolia Summits”, Marketing Türkiye magazine's Editor-in-Chief Ms. Günseli Ocakoğlu, Journalist-Writer, TV Program Director and New Generation Life Coach Mr. Serdar Kuzuloğlu, and Journalist-Writer Mr. Sadi Özdemir shared their own experiences with the audience.

Leader of its Business Summits – Ankara, Istanbul and Izmir:

Türk Telekom Group brought together the senior managers of large segment companies, the biggest corporations in Turkey at the Leader of its Business Roadshow held in Ankara, Istanbul and Izmir, Turkey's major cities. At these events, executives from leading companies in Turkey shared with participants their own inspirational success



stories and the transformation stories of their companies. Türk Telekom Group, on the other hand, explained its technology solutions to help companies stay ahead of global competition.

Turkey's First Integrated Smart City Project Launched in Karaman

Türk Telekom Group launched its first integrated smart city project in Karaman, at a press conference held on February 28, 2015 and attended by Mr. Lütfi Elvan, former Turkish Minister of Transport, Maritime and Communications.. The Karaman smart city is the joint project of TT Group companies Innova, Argela, Türk Telekom, TTNET, Avea; a startup from the Pilot Program, and nine other companies. The Karaman smart city project incorporates 20 applications related to health, security, the environment, and traffic, among other components. These applications operate on the IOT (Internet of Things) platform developed by Innova. Thus, the city's operations center can monitor 20 different applications through a single interface.

Smart city applications include YöneTT Wi-Fi, BuluTT Cloud Eye, BuluTT Cloud Measurement, Smart Irrigation, Smart Lighting, Smart Intersection System, Beacon Tracking System, Smart Stop, VIP

Crossing, Traffic Management System (TEDES), Chronic Patient Tracking System, Panic Button, SMS Service for Disabled Citizens, City Information Kiosks, Recycling Machine, Smart Office Management, Intelligent Parking, Smart Meter, and Intelligent Waste Collection System.

Second Smart City is Antalya: Smart City applications were introduced at a launch event held on May 27, 2015 in Antalya with the participation of Mr. Lütfi Elvan, former Minister of Transport, Maritime and Communications, Mr. Rami Aslan, CEO and Board Member of Türk Telekom, Mr. Mehmet Ali Akarca, CEO of the Group's Corporate Business Unit, Mr. Hakan Dursun, Türk Telekom Group's Chief Strategy and Business Development Officer, and city officials. Prior to the start of the Smart City event, participants experienced a demo including Beacon Tracking System, Smart Irrigation, Smart City Management Platform, Chronic Patient Tracking System, and Smart Stop System.

Multi Play offers

Thanks to its new, integrated structure, Türk Telekom Group offers corporate solutions addressing all communication needs, either mobile or fixed, from a "one-stop shop," a first-of-its-kind service in Turkey.

Türk Telekom Group's Operations

Türk Telekom Group continues to offer its corporate customers a wide range of value added services including mobile and security solutions that boost customer satisfaction and efficiency.

İşte Telefon, İşte İnternet Campaign: This campaign aims to increase the fixed broadband penetration rate among existing fixed voice subscribers. Only new corporate customers can benefit from this campaign.

Hayırlı Olsun Campaign: "Hayırlı Olsun Campaign" offers new business founders an all-in-one bundle to meet all of their communication needs. The triple play bundle is offered to corporate customers and includes fixed voice, broadband and mobile. Brands such as Avis, MNG Cargo, Ofix, Homend and Altınyıldız Classics provide special offers to "Hayırlı Olsun Campaign" customers.

Single Bill for Public Enterprises: Avea and TTNET service charges can now be combined into Türk Telekom bills. Customers receiving either printed or e-invoices are eligible for single bill.

Muhteşem İkili Campaign: "Muhteşem İkili Campaign" marks a first and offers corporate customers mobile and fixed Internet products together and at reasonable prices. Brands such as Avis, MNG Cargo, Ofix, Homend and Altınyıldız Classics provide special offers to "Muhteşem İkili Campaign" customers.

Single Number Campaign: Under the "Single Number Campaign," fixed voice and mobile voice services are offered together with automatic

call forwarding from the fixed line to the mobile line. Business owners can forward calls to either mobile or other phone numbers in order to prevent business disruption whenever out of the office and/or unable to be reached on their fixed lines.

Fixed voice projects

In addition to conventional voice services offered to customers, Türk Telekom Group continues to increase customer satisfaction with its customer-focused integrated communication solutions and new generation services, and remains the pioneer of the fixed voice market.

IP Multiple Line: With the IP Multiple Line product, Türk Telekom began to offer customers voice services over its TT MPLS infrastructure by using SIP (Session Initiation Protocol) trunk technology, which allows for multiple and flexible voice channels carried over a single trunk. Hence, large-scale companies and call centers that typically require a high channel capacity (external lines) can now be provided with voice services over IP and NGN infrastructure.

Unlimited Intragroup Campaigns: Within unlimited intragroup campaigns, all phone lines of customers are combined in a line pool whereby they can speak to each other free of charge.

Global Minute Packages: Global Minute Packages aim to encourage customers, who make frequent international calls, to do so from their landlines via benefits in minute management efforts.

Connection and network services

With a keen focus on quality and Innovative connection and network services tailored to customer needs, Türk Telekom Group aims to further solidify its pioneer position in the fixed data market and to create greater value for its customers.

KamuNet (Public Network): Türk Telekom and the Ministry of Transport signed the KamuNet protocol concerning secure data transmission between public institutions and agencies over a virtual network with no open Internet access. The objectives are to minimize cyber security risks, establish the standards for existing and upcoming secure closed-circuit solutions, and set up of a proper infrastructure to serve shared applications. Subsequently, the Company launched the KamuNet tariff for TTPVN services.

Fixed broadband projects

Tailored to the needs of corporate customers, new offers in the fixed broadband category, along with multi play offers enriched with other Türk Telekom services have enabled the Group to solidify its leadership position in the fixed broadband market.

Fixed Broadband Campaign Portfolio: Following the segmentation of the corporate subscriber base, corporate campaign portfolio is enriched with the launch of eleven new Corporate Fixed Broadband campaigns.

Hızlı ve sınırsız Campaign: The Group rolled out a new upsell campaign - offering a VDSL modem as a gift - in order to encourage existing ADSL customers to switch to faster packages.

Mobile service projects

Türk Telekom Group helps its corporate customers make a difference in their business by offering them Innovative products and services tailored to their mobile needs. Deriving strength from its experiences in conventional fixed services, the Group aims to strengthen its position in the mobile market as well.

İşyerim Mobil'den kat kat internetli mobil işyerim tarifeleri!

İşinizi kolaylaştıracak çok hesaplı İşyerim Mobil Kampanyası'nı kaçırmayın.

19 TL	GB+1500 DK +1000 SAKS
29 TL	GB+3000 DK +1000 SAKS
39 TL	GB+3000 DK +2000 SAKS
49 TL	GB+3000 DK +3000 SAKS

Türk Telekom

Mobil İşyerim Tariffs: Specially developed for businesses, "Mobil İşyerim Tariffs" offer benefits to all companies with mobile communication needs. "Mobil İşyerim Tariffs" aim to meet the communication needs of SMEs and small business owners and provide solutions to a wide variety of businesses ranging from hair salons to restaurants, from real estate brokers to jewelers. "Mobil İşyerim Tariffs" offer four times higher Internet capacity when compared to other similar offers in the market. In addition, thanks to the "Stop at limit" feature, users can avoid surprise bills.

Pay-as-you-go Roaming Packages: "International Pay-as-you-go Packages" are especially aimed at SME customers, enabling them to pay for what they use, without exceeding their limit, during their travels to Europe, the U.S.A, Russia and other countries. The Pay-as-you-go Roaming Packages help increase customer satisfaction by allowing the user to automatically upgrade to a higher voice or data plan if they exceed their quotas.

Türk Telekom Group's Operations

Türk Telekom Group aims to become the ultimate “Technology Business Partner” of its corporate customers by offering them innovative products and services that help facilitate business operations and increase efficiency.

Patron Package: The “Boss Package” is a unique offer including exclusive services and international usage. The package is aimed at corporate customers with heavy domestic and international usage.

Güç Campaign: The campaign enables large-scale customers to use “Advantageous Corporate Menu” packages at advantageous prices.

Value Added Services

Türk Telekom Group continues to offer its corporate customers a wide range of value added services including mobile and security solutions that boost customer satisfaction and efficiency, while at the same time helping to facilitate operations and accelerate business processes.

Vehicle Tracking Campaigns: Offered to corporate customers inclusive of vehicle tracking devices, these campaigns were diversified with monthly payment option.

Score-card: The Group started to use a scorecard in order to objectively assess the performance of its business partners, with whom the Group collaborates in providing customers with device/software/server services related to M2M solutions and products.

Information and Communications Technology projects

Türk Telekom Group aims to become the ultimate “Technology Business Partner” of its corporate customers by offering them innovative products and services that help facilitate business operations and increase efficiency.

BuluTT Market: BuluTT Market virtual store, which aims to fulfill the needs of companies of all sizes with the most up-to-date cloud solutions, was launched on November 26, 2015. BuluTT Market offers companies low-cost, cloud-based services to help them manage their business processes more efficiently and conveniently. Customers can easily execute their online transactions on BuluTT Market and start using all services a few minutes after their orders are placed under a “pay as you go” model.

Türk Telekom & Amazon Web Services Partnership:

On November 26, 2015, Türk Telekom began to offer a virtual server service using the Amazon Web Services infrastructure. With this service, Turkish companies are now able to use one of the most advanced cloud infrastructures in the world for an hourly usage charge denominated in Turkish Lira. Thus, our customers will be able to reduce their infrastructure capital costs as well as operating expenses such as maintenance and power.

YöneTT Wi-Fi: “YöneTT Wi-Fi (Manage Wi-Fi),” an end-to-end service that provides the wireless infrastructure required by clients, employees or visitors of corporate enterprises with turnkey delivery, including accessibility, cables and devices, as well as network and system management continued to grow with the “Single City Campaign”, “Connection Campaign”, “Welcome Campaign”, “Fiber Campaign” and “İş Bank Yönett Wi-Fi Project” in 2015.

IP Centrex: IP Centrex is corporate unified communications and collaboration service that offers customers the latest technology IP PBX and value-added IP telephony infrastructure along with turnkey installation and with affordable, monthly payments. Hence, customers do not need to worry about unforeseeable costs such as initial investment, installation, operation, maintenance, and so forth. In this service, operations and communications are conducted over a secure, private network. In addition, the Group undertook the improvements necessary to be able to offer the IP Centrex product together with the 444 service.

Device management projects

In 2015, Türk Telekom Group launched its first special device campaigns to corporate customers, including smartphone, tablet, Dect telephone and 2-in-1 tablet campaigns. Mass device campaigns were aimed specifically at craftsmen/SME segments.

Corporate mobile customers enjoyed the opportunity to purchase state-of-the-art devices by monthly installments.

Business partnerships

Selected business partnership examples include Free Office Insurance, Akxa Electricity Discount, TurkKEP KEP and E-signature, Online Vademecum Membership, Avea Discount for Müsiad Members, Corporate FenerCell Discount, Yapı Kredi SME Platform, and İş Cep Wi-Fi partnership.



Awards

Türk Telekom Group won the “Best Big Data Solution Award” with Electricity Outage Project at the TDWI Best Practices Awards, one of the most prestigious technology awards programs in business intelligence and data management areas in the world.

The TDWI Awards program is organized annually to encourage and recognize the most successful strategies, application solutions and technologies in the industry.

Türk Telekom’s award winning solution related to big data analytics was developed using internal technology resources. The purpose of the project was to help electricity utilities by identifying an electrical outage and pinpointing its location by analyzing internet radius data in real time. With the system, locations of the electrical outage and related problems will be sent to the electricity management tools in a fast and clear manner.

Türk Telekom Group's Operations

93% of customers accessing Consumer Customer Care Services preferred to use Self-Service channels in 2015.

Customer Care Services

Consumer Customer Care Services

The business processes and the organization of Consumer Customer Care Services have been created to "serve as a solution center that delivers the best customer experience in all channels".

Türk Telekom Group serves its customers through the increasingly preferred self-service channels, including face-to-face customer services at the Company's offices and dealers, and the technologically advanced call center, which operates 24/7 with approximately 9,000 customer representatives in 24 cities.

In 2015, the Company communicated one billion times with customers across all channels, thus constantly increasing customer satisfaction.

93% of customers accessing Consumer Customer Care Services preferred to use Self-Service channels in 2015.

Besides increasing customer satisfaction, the Consumer Customer Care Services also serves as an income generator.

Through face-to-face customer services, 4.5 million customer transactions were executed; customer base was maintained by offering special campaigns and deals; and the collections process was supported. In addition to selling products and services through self-service channels, the Consumer Customer Care Services continues to be a major income generator as it also engages in upselling, cross-selling, and customer loyalty actions through both incoming and outgoing calls. It has also played a significant role in expanding the invoiced subscriber base, which is considered very important by Türk Telekom Group, through both proactive selling and efforts to prevent cancellations.

The Consumer Customer Care Services has also been very successful in collections and continued its growth as an income-generating center.



The Consumer Customer Care Services has met all ICTA (Information and Communication Technologies Authority) targets in every single period; responded to customer calls in 16 seconds; and made significant progress in meeting customer demands and resolving complaints.

The Consumer Customer Care Services aims to deliver the best customer experience through alternative channels as well (web, smart mobile devices, e-mail, SMS, USSD, chat, voice response systems, social media, TV, practical solution, video assist app). Especially the number of mobile customer service channels increased more than two-fold in the past one year. In 2015, the new mobile website, which is compatible with mobile devices and particularly Apple Watch, was launched; the new design of the Mobile Online Transactions app was completed and the app was further improved with new features such as touch ID, picture password, Android widget, etc.

With its technology investments, Innovative practices, and user-friendly self-service channels designed to meet changing customer needs, Türk Telekom Group maintains its leadership position in customer satisfaction and service quality.

National and International Awards

Awarded numerous times in recognition of its technology, business processes and personnel, Türk Telekom Consumer Customer Care Services received several awards in 2015 as well. Türk Telekom Consumer Customer Care Services received the “Best Call Center” award at IMI Call Center Awards – Turkey’s first major competition in this area – and it was also named “The Most Awarded Telecommunications Company in 10 Years” and “Winner of Most Technology Awards in 10 Years”. In the international arena, Türk Telekom won the VERINT Outstanding Customer Deployment Award and Improving Customer and Employee Processes Award at ENGAGE 2015-APAC Partner and Customer Conference, and once again received admiration with its advanced technology infrastructure, which is integrated with an Innovative service approach. Moreover, Türk Telekom Customer Services won nine awards at 2015 Stevie International Business Awards, a prestigious awards program widely recognized as the ‘Oscars’ of the business world. These awards include: “Best Customer Services”, “Best Use of Technology in Customer Service”, “Customer Service Leader of the Year”, “Customer Service Manager of the Year”, “Customer Service Complaints Team of the Year”, “Award For Innovation in Customer Service”, “People’s Choice Stevie Award for Favorite Customer Service”, “Contact Center of the Year”, and “Business Development Professional of the Year”.



Türk Telekom Group's Operations

With the launch of mobile services at Türk Telekom offices, all telecom services are now offered to corporate customers via one-stop shops.

Corporate Customer Care Services

With a view to maximize customer satisfaction across all channels, Corporate Customer Care Services realized numerous projects in 2015 to ensure that Türk Telekom Group customers enjoy top quality services.

Furthermore, in parallel with the integration process, initiatives were taken to singularize and standardize Corporate Customer Care Services processes so as to enhance customer satisfaction.

In 2015, in order to analyze corporate customer expectations through an alternative methodology, Corporate Customer Care Services implemented the Customer Experience Maps Project.

Designed with a focus on corporate customer expectations, the Corporate Online Service Center expanded its total number of members by 47% over 2014.

With the launch of mobile services at Türk Telekom offices, all telecom services are now offered to corporate customers via one-stop shops. In order to provide service at the first contact, Corporate Customer Care Representatives at Türk Telekom offices were authorized to meet customers' after-sales demands.

To standardize customer satisfaction and service quality at corporate offices, performance measures were carried out monthly at the offices.

Request on transfers, cancellations, new facilities or speed increase received by the CCS Call Center started being entered at the first contact. As such, there was a considerable reduction in solution time.

In order to enhance the service quality for higher segment customers, a restructuring was performed including specialized teams at the Call Center. Within this scope, Bill Analysis, Work Order Entry / Approval Back office, Corporate VIP Breakdown Follow-Up and KMH Installation Follow-Up teams were set up to fully respond to customer demands.

Via Corporate PSTN Breakdown Complaint Process Automation, the settlement of complaints arising from breakdowns was ascribed top priority. Root cause analyses on complaints from all channels, and actions for prevention and improvement were implemented in 2015.



For Türk Telekom mobile services, a Call Center Quality Measurement and Enhancement Team was created to perform quality measurement, benchmark, root cause analysis and customer complaint assessment, and to ensure the continuous improvement of Call Center processes.

Services for Türk Telekom mobile were divided into SME Backoffice, Complaint and Transaction Backoffice for dedicated solutions, and support teams' authorization was expanded, resulting in a remarkable reduction in troubleshooting time.

Feedback on customer complaints were delivered via live calls under all circumstances.

With the aim of offering better services to corporate customers, product-specific teams (for TTPVN, NGN SIP TRUNK, TTSS, YöneTT WİFİ, TTVM) were set up to enhance systems and processes of corporate products, and new processes were designed from scratch.

New bill payment enhancements yielded a remarkable increase in collections.

At Türk Telekom Internet services, CRM operational transaction requests (Wholesale ADSL, community, Internet NMS, Internet ME documentation processes etc.) started being handled by "Central Operations" at Corporate Customer Care Services, and thus customer demands were met more rapidly from the center.

In order to handle temporary network speed increase demands more rapidly and enhance customer satisfaction, dedicated teams were created at "Central Operations".

In addition to the public employee and corporate customer segment projects, SME segment projects commenced being managed by Corporate Customer Care Services, with swift installations leading to increased customer satisfaction.

The CCS Technical Support Team was created to focus on the service quality of the Türk Telekom Data Center's complex products, and to respond to customer needs for technical information. The result was a significant reduction in troubleshooting time.

Investments & Infrastructure Projects

With its pioneer role and innovative vision in the telecoms industry, Türk Telekom Group continues its investments in line with its mission of introducing cutting-edge technologies to Turkey.

Türk Telekom remains committed to continuous improvement, making a difference, Innovation and the appropriate structuring of its business processes, all fundamental requirements in the communications and information technologies sector.

With its expertise and leading position in the sector, Türk Telekom continues to make investments that are in compliance with its Innovative vision and its mission to provide Turkey with state-of-the-art technologies in the communication sector.

Fixed Data Core Network and Broadband Projects

In order to respond to the rising customer traffic and to increase customer satisfaction by replacing equipment running on outdated technologies, the Group continued to invest in its Fixed Data Core Network which serves XDSL subscribers. As a result of these efforts, the fixed data network was transformed into an easy-to-operate and high capacity structure with back-up capabilities.

In order to expand new services and enhance customer satisfaction, VDSL investments were continued and the broadband network was modernized further.

Mobile Data Core Network Projects

In the Mobile Data Core Network which serves mobile data customers, in order to be ready for the transition to the 4.5G technology, 2G/3G-enabled equipment was rendered compatible with 4.5G technology. Due to the indoor mobile coverage advantages of the 900 Mhz frequency band acquired by the Group at the auction, added investments were undertaken in the Mobile Data Core Network with a view to meeting the expected rise in 3G data traffic.

Fixed Voice Core Network Projects

In order to respond to customer demands in a more efficient and effective manner, efforts continued in transforming products with outdated technologies into new generation systems, leading to significant cuts in operational costs.

Mobile Voice Core Network Projects

In order to respond to customer demands in the Mobile Voice Core Network, products with outdated technologies were replaced with new generation, high capacity systems. Revisions were made to the architectural structure with the development of back-up scenarios, with a view to boosting customer satisfaction. The necessary infrastructure for making the network ready for 4.5G technology was established.

Türk Telekom IP/MPLS Network Projects

Through the Türk Telekom IP/MPLS network, which delivers rapid, high-quality and diversified services to the end-user by consolidating transmission links of different and independent networks, all xDSL network, IPTV, Next Generation Networks, and FiberkenTT, a Türk Telekom corporate service Virtual Exchange (Centrex), as well as Wimax VDSL, fiber to the home and building, and Türk Telekom Intranet services are being provided.

Since its establishment, the network's port capacity has increased 80-fold. In terms of the services provided and the quality and size of its infrastructure, the network remains one of the biggest backbones in Europe as of year-end 2015. As a result, customer needs are met in the fastest manner through the most advanced, cutting edge technologies.

Having always met customer demands with the most advanced and latest technologies, the TT IP/MPLS network was enhanced with further investments so as to respond to 4,5 G (LTE) requirements as well.

International Network Projects

In the year 2015, a 42% rise was observed in the international IP traffic. Two more POP points in Sofia and Bucharest were added in 2015 to the existing ones in Amsterdam, London, Frankfurt, Milan and Vienna, so as to bring the total number to 7. Thanks to the peering with Google over the recently established Sofia POP point, the interconnection band width was expanded, Türk Telekom saw the quality parameters of Google services such as YouTube increase and HD viewing rates were boosted.

Transmission Network Projects

With a view to meeting rising traffic load and customer demands in the Türk Telekom Transmission Network, capacity was increased and networks were modernized.

Universal Service Project

Within the scope of Universal Service Liabilities, the Group expanded its telephone and internet services to previously inaccessible 224 military posts / 20 settlements in 2015.



Improvements in Power Consumption

As a result of the completion of transformation and productivity projects, there were significant savings in power consumption in 2015, despite the rise in customer numbers and capacity requirements. This reduction also translated into sizable improvements in carbon emissions.

Mobile Network

As of year-end 2015, the 2G population coverage rate was 98.5%, while the 3G population coverage rate was 85.4%.

Fiber Network

As of year-end 2015, our fiber network measured 213 thousand Kms in total.

FIBERKENTT Project

In order to meet the Group's strategic objectives and customer expectations, the Group continues to replace its current copper access infrastructure with fiber optic access infrastructure. As part of the project, technical and commercial analyses of local central offices were done and FTTC/B solutions fitting the customer profile were defined.

The following benefits were obtained as part of the project:

- By approaching customer with F/O solutions, increasing available value added services and acquiring new customers
- Carrying out transformations of the eligible local central offices to save OPEX

R&D and Innovation Activities

In order to best capitalize on the homegrown knowhow in Turkey, Türk Telekom has established a robust research and development ecosystem that includes universities, SMEs with intensive R&D activities and international R&D partners.

Türk Telekom has the vision of being the leading provider of communication technologies in Turkey and the surrounding region. Through its R&D and Innovation activities, Türk Telekom aims to develop new generation technologies, foster commercialization of new generation technologies and offer the most Innovative solutions to customers.

In line with this vision, research and development activities are carried out under our R&D Center.

In order to meet the objectives of its R&D operations, Türk Telekom Group;

- Establishing strong relationships with universities and supporting Innovation,
- Working with SME's R&D partners to develop prototypes of Innovative products and services and supporting the commercialization process,
- Analyzing and evaluating new technologies with fundamental R&D studies, developing patents and defining a technological roadmap,
- Joining multinational research projects and implementing advanced research projects.

In 2015, Türk Telekom Group filed 40 patent applications and 40 publication applications.

National and multinational research projects

Türk Telekom, conducts multinational and multi partnered research projects with technologically competent international universities, research centers, corporations and SMEs.

As part of the 7th European Framework Program, Mobile Opportunistic Traffic Offloading (MOTO) and Connectivity management for Energy Optimized Wireless Dense networks (CROWD), projects continued to be supported and completed in 2015. Six project applications were filed within the scope of the H2020 Program and two project applications were filed with Eureka Celtic, another multinational project platform.

On the domestic front, in 2015, Türk Telekom Group continued six TÜBİTAK-supported projects and completed three of these as of year-end. Furthermore, during 2015, the Group made three TÜBİTAK TEYDEB applications and three TÜBİTAK ARDEB applications.

Work on 5G technology

As for the Group's 5G projects in 2015, the projects Mobile Opportunistic Traffic Offloading (MOTO), Connectivity management for Energy Optimized Wireless Dense networks (CROWD) and SDN Concept in Generalized Mobile Network Architectures (SIGMONA) were continued, while the projects MOTO and CROWD were completed as of year-end.



Potentially, 5G technology offers 1,000 times more bandwidth per unit field compared to 4.5G technology, provides coverage to 100 times more devices than today, brings end-to-end delay down to 1 millisecond, and yields speeds of 1 to 10Gbps in devices. To attain these objectives, Türk Telekom defines for itself a 5G vision of offering personalized, smart and secure services by employing any technology, anywhere, at any time. To this end, our 5G R&D efforts are focused on data analytics, the Internet of things and new generation telecoms technologies.

Incubation Center

Türk Telekom began supporting two companies, to work and develop products on M2M platform and smart energy.

University-Industry Research Cooperations

Türk Telekom continue to cooperate with 13 universities globally. These cooperations are mainly project based, but there are also long term cooperations. Internationally, projects were undertaken with Massachusetts Institute of Technology (MIT) on customer experience and domestically social media analysis projects were undertaken with Bilkent University.

G-20 WIFI Installation

At the G20 Summit held in Belek, Antalya, members of the media and participants were offered top speed Internet access via a Wi-Fi infrastructure set up by Türk Telekom Group, and users were offered 10Gb of Internet service. Wi-Fi services was also expanded to Antalya where additional G20 meetings were held, so as to offer easier Internet access to the media and foreign tourists. As a result of these infrastructure operations, the Group provided the world's largest outdoor Internet service. Additionally, customized Wi-Fi and smart junction services were commissioned specially for the G20 Summit. Smart traffic, environment, health, security, energy and management practices rendered urban life more comfortable and help save resources.

Türk Telekom PILOT Startup Accelerator

Launched in 2013 to support entrepreneurship and to create economic value by collaborating with innovative startups, Türk Telekom PILOT startup accelerator completed its third batch successfully, positioning the Company as an important player in the entrepreneurial ecosystem.

As Turkey's first startup accelerator initiated by the private sector, PILOT received nearly 1,000 applications in its three batches, graduated 30 startups and provided total capital of TL 750 thousand. Startups, which had advanced to the top three in their respective batches, were sent to

R&D and Innovation Activities

30 startups have successfully completed the PİLOT Program, which is Turkey's first startup accelerator initiated by the private sector. Seven of the PİLOT startups took an opportunity of collaborating with Türk Telekom, while one startup project was acquired by Türk Telekom.

Silicon Valley to meet with officials from leading technology companies such as Google, Apple, Facebook, HP, Intel, Cisco, LinkedIn, Uber, Airbnb, and Spotify; representatives from world-class universities including Stanford and UC Berkeley; and important institutions and organizations that support entrepreneurs in the ecosystem such as YCombinator, 500 Startups and Endeavor.

Seven of the PİLOT startups took an opportunity of collaborating with Türk Telekom, while one startup project was acquired by Türk Telekom. Nine others received funding from investors.

PİLOT Entrepreneurship Summit

PİLOT Entrepreneurship Summit, held in September 2015, brought together prominent entrepreneurs and investors from Turkey and abroad, and other key players of the startup ecosystem.

The world-renowned entrepreneur and investor Shervin Pishevar, Founding Partner at Sherpa Ventures, shared his experiences with the audience. Hüsnü M. Özyeğin, Chairman of the Hüsnü M. Özyeğin Foundation, and other successful entrepreneurs including Ferhan Cook, Co-founder of m-Spark and Gamze Cizreli Founding Partner at Big Chefs also delivered speeches at this important event.

At the PİLOT Entrepreneurship Summit, the eight startups that have successfully completed the PİLOT Program in 2015, presented their projects to the prominent participants of the event. Of these, three were selected as the most successful initiatives; AppAnalytics, Kolay İK (Easy HR) and hrBeyond, winning the first, the second and the third prize, respectively. The awards were presented to entrepreneurs at the end of the Summit, and they were also granted the opportunity to participate in the Silicon Valley Program in USA. These finalists attended more than 30 meetings held in Silicon Valley in nine days, and had the opportunity to meet with and present their projects to the world's leading investors, technology firms and entrepreneurs.

In the coming PİLOT Program period, it is planned to further expand and enhance the scope of the program to include new opportunities and to significantly increase the total amount of funding provided to startups.

Türk Telekom plans to continue setting an example for other large corporate enterprises in getting startups to join the ranks of the Turkish economy with its PİLOT Program and in transforming the country into the region's entrepreneurship hub.

Events

- With “The Reputation Based Trust Ecosystem” project for information security, Türk Telekom applied to the Horizon2020 European Union Project Funding, within a consortium established by Netaş, Airbus and Comodo companies.
- The Group sponsored the Mobile Security Workshop, organized by OWASP Turkey Application Safety Security Foundation. In the Workshop organized at the AVEA Labs campus, following presentations in the topics of “mobile application security” and “mobile user security” were made: mobile malicious softwares infecting iOS and Android based mobile devices and security checks necessary for protection against these softwares; security tests for detecting security vulnerabilities in mobile applications; phishing data matrix targeting end users and methods of protection, personal data saved on the devices by mobile applications of the social networks like Facebook, LinkedIn, Twitter, and computer forensic analysis of such data; providing mobile user secret key security through cloud computing support and legal requisites of mobile security.
- Türk Telekom started taking part in the Board of Directors of the Istanbul Division of ISACA (Information Security Checks and Controls) Foundation, which enables establishing the framework of the best practices in technology processes such as COBIT. Within this scope, Türk Telekom participated in the events organized at Bosphorus University and Bilgi University in order to bring in new members to the sector.

Awards

- Türk Telekom has won the first prize in private sector category in the Cyber Security Event “Capture The Flag (CTF) 2015” Contest where 21 teams composed of representatives from private sector, universities and public corporations participated.
- Türk Telekom Group, won the “SAP Transformation Project of the Year Award” – an award given every year to one corporation only – in the SAP Forum Istanbul, organized at the Istanbul Congress Center on Wednesday the 15th of October 2015. Besides the “SAP Transformation Project of the Year Award”, in “SAP Quality” and “Purchasing Transformation Project of the Year” categories awards went to Türk Telekom Group.
- Mobile Online Services Center Application was granted the Stevie Award in the category of “Innovation In Customer Services” and, Horizon Interactive award in the category of “Mobile Applications for Productivity”.
- Broadband Data Management Team was granted the Big Data Project Award for 2015 by the Data Warehouse Institute, and Large Data Project Award for 2015 by the Turkey Informatics Foundation.
- OPERA application launched by Türk Telekom Mobile, was granted the Solution Excellence Award in the category of Customer Orientation at the TMForum Nice 2015. The Opera product developed in TmForum standards, was chosen as the most popular application among dealers in the surveys carried out.
- HP Customer Forum organized in Prague in June 2015, Avea won the “Firm That Best Positions and Uses HP products” Award.
- At the “Horizon Interactive Awards” contest, with its Online Services Mobile application Avea won the Silver Award in the category of “Mobile Apps for Productivity”, and Bronze Award in the category of “Mobile Apps for Business”.
- With its Voice Steps application and Unification of Missing Syrian Families projects, Avea became a finalist within the scope of World GSM Association (GSMA) 2015 World Mobile Congress.
- Avea R&D Center Test Team won the at the “Shining Star” Award at the EMEA HP Customer Forum.
- With its UNICORN project activating OPERA – the restructured sales and post sales services system – Avea won an award in the category of “Customer Orientation” at the 2015 TM Forum Excellence Awards 2015.
- With the Voice Steps application developed in collaboration with ECE Turkey in order to help people with visual disabilities indicate their location and move more freely, won an award in the category of Corporate Social Responsibility at the Avea ICSC Social Marketing Awards 2015.
- Missing Syrian Families project was granted the MMA Turkey Smarties Awards Golden Award.
- Won the Gold Medal at the Intellimap, Best In Bizz contest.

Human Resources

With its Türk Telekom Agile Studio application, Türk Telekom received the Silver Award in the category of “Human Resources Team of the Year” at The International Business Awards, the world’s premier business awards program.

Türk Telekom aims to be the most preferred company in the Turkish telecommunications sector, and in line with its future strategies and targets to attract and recruit the most skilled human resources aligned with the corporate culture and values.

Türk Telekom serves customers with a large family of 34,147 employees with diverse backgrounds and areas of expertise.

20% of employees are female, and 80% are male. 7% hold a postgraduate degree, 39% have a Bachelor’s degree, and 32% have an associate degree. 56% of employees are 21-35 years of age, 22% are 35-45 years of age, and 22% are 45 and older. The average age is 35 years.

The 11th Term Collective Bargaining Agreement

On April 15, 2015, Türk Telekom and the Turkish Telecommunications Workers’ Union (Türkiye Haber-İş) commenced negotiations on the 11th Term Collective Bargaining Agreement, which includes clauses governing wages, hours, fringe benefits, annual leave, occupational health and safety, and discipline of 12,000 union members. Türk Telekom and Türkiye Haber-İş signed the 11th Term Collective Bargaining Agreement on July 6, 2015. The Agreement will be valid between March 1, 2015 and February 28, 2017.

Recruitment

At the beginning of 2015, Türk Telekom Group recruited 700 employees via İŞKUR’s Technician Internship Program. The selected technicians were hired as İŞKUR Interns for the first six months, and other than the additional payments made by the Group, İŞKUR paid the basic salaries and insurance premiums.

The interns’ individual performances were monitored during the first sixth months, and those deemed successful were permanently hired by Türk Telekom Group.

In 2015, Türk Telekom Group hired a total of 1,620 employees: 848 people for the Head Office, and 772 people for Field Management.

Academy and Talent Management

As part of the integration process, Türk Telekom Group took an important step in human resources, its strategic focus area, and merged Türk Telekom, Avea and TTNET academies under “Türk Telekom Academy”. With this merger, the Group established Turkey’s largest integrated corporate academy.

Türk Telekom Academy aims to identify and develop talent through a comprehensive

performance and potential appraisal process. Accordingly, during the new era, the Academy will manage talent, performance and academy operations in an integrated manner by implementing successful initiatives under its slogan “People for technology, technology for people.”

Using the most up-to-date educational technologies, Türk Telekom Academy will be providing training and development programs on 600 different topics, with 465 in-house trainers at 135 locations. Launched in 2015, the Orkestra system represents the Academy’s integrated approach to talent management and aims to place the right people in the right positions, while providing them with the right developmental support.

Orkestra is composed of three main phases: Performance Management, Talent Management (Potential Appraisal) and Training/Development (Development Planning).

Career and Talent Management

Career and talent management systems/processes were redesigned in accordance with the needs within the Group. Within this scope;

- The Leadership Model was redefined for Türk Telekom Group.
- The 3600 Competency Evaluation System was revised.
- A Talent and Succession Planning System was developed.
- Within the framework of integration, a total of 973 managers and management candidates participated in the Assessment Center; those who proved successful were placed in relevant positions.
- An Internal Assessment Center was established for management candidates.

Türk Telekom Academy Schools

Türk Telekom Academy is structured under separate schools that provide employee development programs in specific areas. The purpose is to foster employee performance in terms of both professional knowledge and skills, and personal and managerial competencies, in line with Türk Telekom Group’s vision and business strategies. Employees, who attend these schools,

are selected from different business units and areas of expertise, or in line with needs. Türk Telekom Academy schools are listed below:

- Leaders School
- Finance School
- Marketing School
- Sales & Customer Services School
- Technology School
- Human Resources School
- Agility School

Personal development training programs are provided to employees under the Personal Development School category. To that end, in 2015, Personal Development Training Programs on 25 different topics were provided to employees working at the Head Office and Regional Offices. 3,500 employees at the Head Office received a total of 41,000 hours of training, while 2,900 employees working at Regional Offices received 40,000 hours of training.

A total of seven “Social Studies Seminars” were organized at conference halls in Ankara, Esentepe and Ümraniye. These seminars were open to everyone and approximately 1,000 people have attended the seminars since August.

Educational Technologies

Türk Telekom Group aims to support training and development in every possible way, and therefore combines classroom training with alternative education technologies in training and development processes. Accordingly in 2015;

- E-learning catalogues were made available to 23,000 employees.
- Türk Telekom Academy Video Portal was created and 33 video content was developed. Of these videos, 18 are geared toward personal development, five are related to products and services, five are about Agile, and five are on technology.

Agile Studio

Agile Studio was established in 2014 to increase organizational agility and ensure its continuity by making it part of the organizational culture. Agile Studio operates under Türk Telekom Academy. In 2015, Agile Studio provided in-house learning and consulting services to 22 teams from Corporate



Human Resources

Employer Brand Management efforts are aimed at making Türk Telekom the most preferred company. To that end, the Group has combined its young talent programs geared toward university students under an initiative called START.

Sales, Consumer Customer Services, Human Resources and Technology Departments with the use of only internal resources. The purpose was to create a cultural shift towards an agile organization and enhance agility and agile practices across the company.

On September 17, 2015, Agile Studio organized the “Türk Telekom Agile Summit”, the largest in-house Agile event in Turkey, with more than 300 participants. In 2015, Agile Studio also organized a total of eight “Talks on Technology” meetings, where guest speakers from within and beyond the Group shared their experiences with employees. Agile Studio serves 22 teams from five different functions.

HR Employer Brand Management / Start Young Talent Program

Employer Brand Management efforts are aimed at making Türk Telekom the most preferred company. To that end, the Group has combined its young talent programs geared toward university students under an initiative called START. Promising a “360° telecommunications experience”, START offers young people keen to join Türk Telekom the opportunity to learn and experience the various areas of the telecommunications industry, such as mobile, fixed and Internet.

In 2015, the START program received 20,296 applications. Of these applicants, 5,100 meeting the requirements took the General Aptitude and English Language test. 1,510 candidates passing these tests participated in group assignments. 325 successful candidates were invited to one-to-one interviews. Ultimately, 44 candidates were hired for full-time, permanent positions, while 42 were hired as interns and part-time employees. During the year, intern/part-time vacancies were filled with candidates selected from the START candidate pool.

Partnerships with Universities

In 2015, Türk Telekom Group continued to support employee training and development activities by collaborating with various universities. Türk Telekom aims to improve employees’ competencies, increase their intellectual levels and to contribute to the development of the sector through these partnerships.

With regard to university partnerships, the Group took the important step of launching the Türk Telekom Academy-VS (Vocational Schools) Employment Project in 2015. The purpose of the Project, which initially started at Erciyes University, but to be expanded nationwide, is to collaborate

with vocational schools in order to develop students' technical knowledge and skills, teach industry practices, and ultimately contribute to current business processes by hiring students upon graduation. It will also offer professional certification to the employees of Türk Telekom and its subcontractors, and systematically raise the quality of customer service in installations.

The first partnership within the framework of the Türk Telekom Telecommunication Technologies Certificate Program was established with Gazi University. Beginning with the Basic Operations Certificate Program, these certificate programs aim to improve technical skills which are increasingly required as technology advances, and to develop the competencies needed within the Group.

Employee Engagement Activities

Since April 2015, the Company has organized over 100 activities and meetings in order to give employees – at director and manager levels – the opportunity to get to know each other and to socialize after the integration process, and also to share information about business processes, goals, and the current situation. Approximately 11,000 employees have participated in these activities. The common theme emphasized at all these meetings is “One Team, One Goal” in order to foster integration. The satisfaction surveys conducted after the activities produced an average score of 4.23 out of 5.

Employee Satisfaction Survey

The Employee Satisfaction Survey, which was conducted in 2015 by an independent, international research firm across the entire Group, was completed with a high participation rate of 82%. The survey results revealed that the employee satisfaction and loyalty level at Türk Telekom was at 75%, well above the national and global average. Based on the results of the survey, the Group has initiated several actions in areas such as Career Development and Talent Management, Processes, Culture and Values, Internal Communication, Rewards and Fringe Benefits.

Social Activities Club: Baharat

Launched in the last quarter of 2015, Baharat organized a meet-up event for the employees with children, who had started school for the first time. In addition, basketball and volleyball teams were brought together under the roof of this club, where teams were selected for the 2015–2016 season, and tournaments commenced.

Integrated Communication Channels

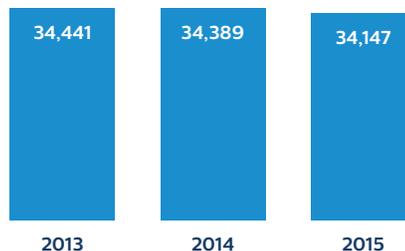
The corporate portal “Türk Telekom Port”, the most effective tool for internal information sharing, was relaunched with a new look and content. Türk Telekom Port was developed in line with the Company's strategy of creating integrated communication channels. Türk Telekom Port aims to foster social sharing and friendship among colleagues, support cross-functional teamwork and collaboration, enable effective document management and facilitate two-way communication.

Striving to distinguish itself in every possible way, Türk Telekom launched Santral magazine, which was inspired by the new corporate culture and principles, and the bold steps taken in the technology arena.

HR Awards

In 2015, Türk Telekom Group received the Silver Award with its Agile Studio application in the category of “Human Resources Team of the Year” at The International Business Awards, the world's premier business awards program. In addition, Türk Telekom Academy's “Network Specialist Certificate Program” won the TEGEP (Learning and Development Association) award in the “Best Educational Technology Application” category.

Türk Telekom Group Headcount



Investor Relations

At the Investor Relations Awards organized by the Turkish Investor Relations Society (TÜYİD), Türk Telekom won two first place awards: “Web Site of the Year” and “Best Public Disclosure of Financial Results”. The Company also won the third place award for the “Best Annual Report”.

Türk Telekom Group is a leading integrated telecommunication and technology services provider, which delivers fixed line, mobile, data, TV and Internet services to customers at world-class standards.

The Company’s main shareholders are Oger Telekom (55%) and the Undersecretariat of Treasury (30%), while the remaining 15% is floated on Borsa İstanbul (BİST). As of year-end 2015, the Group’s market capitalization reached TL 19.1 billion.

Doing its utmost to comply with the Capital Markets Board’s Corporate Governance Principles, Türk Telekom enjoys a transparent and close relationship with investors and equally protects the interests of all shareholders and stakeholders.

In 2015, the Investor Relations Department attended 24 investor conferences, three of which were in Turkey; the Department met with 318 investment firms at these events.

During the year, meetings were held with 40 investors during roadshows at various locations across Europe, USA and the UK.

Additionally, Türk Telekom Investor Relations expended great efforts to provide complete responses to all information requests received. Investor Relations held one-on-one meetings with 38 investors in Istanbul, and as a result of all its efforts, met with 396 investors in total throughout 2015.

Institutional Investor Base Reaches over 200

According to the latest survey conducted by an independent service provider in July 2015, Türk Telekom has over 200 international corporate investors. The survey reveals that “value oriented investors” constitute the majority of the investor base. In addition, the main investment styles include Growth, GARP - Growth at a Reasonable Price and Index, among others.



The Company's institutional investor base is composed of funds based in continental Europe (35%), USA(28%), and in UK & Ireland (17%); with the remaining funds based in other parts of the world including Singapore, Lebanon, Turkey, among other countries. More than 30 brokerage firms actively cover Türk Telekom, a very high figure among Turkish corporates.

First Tablet- & Mobile-Friendly Investor Relations Web Site

Applying best practices in investor relations with a pioneering approach, Türk Telekom addresses the expectations and requirements of its target audience of individual and institutional investors, experts, analysts and anyone who wants to receive investment information about the Company, with its Investor Relations web site.

Ensuring that shareholders and stakeholders access information in a convenient and comprehensible manner, the web site is updated simultaneously in both Turkish and English.

As Turkey's first tablet- and mobile-friendly investor relations Internet web site, the Türk Telekom Investor Relations web site has demonstrated its success by winning numerous awards.

Most recently, the web site was deemed worthy of a first prize in the "Best Investor Relations Web Site" category at the Investor Relations Summit held by TÜYİD on November 24, 2015. At the summit, Türk Telekom also placed first in the "Best Public Disclosure of Financial Results" category and third in the "Best Annual Report" category.

Corporate Social Responsibility

As part of its corporate social responsibility efforts, Türk Telekom Group aims to provide information access to the disadvantaged groups of the society and is working towards achieving this goal.

Türk Telekom Group provides information technologies – the main driving force behind sustainable economic growth and social development – to all parts of Turkey.

In addition to the products and services it develops, the Group aims to provide information access to all segments of society, which cannot fully and equally participate in social life due to economic, social or physical reasons.

Türkiye'ye Değer (Value to Turkey)

Türk Telekom, adding value to its customers' lives with its products and services, has been implementing social responsibility projects across Turkey under single roof named "Value for Turkey" since 2012. Information on these projects is shared with the public on the www.turkiyeyedeğer.com.tr website.

Türk Telekom Group's Corporate Social Responsibility Projects

Books on the Phone

Thanks to Turkey's first Telephone Library project – Books on the Phone – which is carried out in collaboration with Boğaziçi University's Technology and Education Laboratory for the Visually Impaired (GETEM), people with visual disabilities are able to listen to audio books on their home telephones free of charge. The Books on the Phone initiative provides these citizens – wherever they live in Turkey – with free access to hundreds of books in various categories, including novels, poetry, children's books and personal development books.

Till 2015 year end the Telephone Library has been called 200 thousand times and listened for 3.5 million minutes.

Loud Steps Application

The Loud Steps Application was developed in Turkey as a first in the world with Türk Telekom's technologic infrastructure, and can be used by all visually impaired people, who own a smartphone, regardless of their telecoms operator. This initiative is an important step towards eliminating barriers and enabling visually impaired people to integrate in daily life.

The screenshot shows the Tivibu website interface. At the top, there is a navigation bar with the Tivibu logo, a search icon, and buttons for 'KEŞFET', 'SEÇ İZLE', 'TEKRAR İZLE', and 'TV İZLE'. A search bar with 'Arama Yap' and a magnifying glass icon is also present. On the right, there is a 'Üye Ol' (Sign Up) button. The main content area features a large banner with the text 'ENGELLERİ KALDIRIYORUZ!' in bold, white letters. Below the text is a laptop displaying a video of two children. To the left of the laptop is a Wi-Fi icon. On the right side of the banner, there is a dark box with the text 'Engelsiz Tivibu' and a description: 'Tivbu Web'deki Engelsiz Tivbu kategorisinde yer alan beşirlemeli filmler ile görme ve işitme engellilere uzaktan kaldiriyoruz! Engelsiz Tivbu bölümüne tıklayın. Bu kategoride yer alan içerikleri hemen izlemeye başlayın!'. Below this text is a blue button with a white play icon and the text 'HİMEN İZLE'.

The application can be used at a number of shopping malls including Marmara Park, Metrocity, Maltepe Park, EsPark and Palladium. To date, 15,000 people have downloaded the app, among whom 3,612 users have visited at least one of the four shopping malls owned by ECE.

Accessible Tivibu

The new updates and improvements made to the Tivibu have significantly improved the TV-watching opportunities for visually and hearing impaired people. The visually impaired subscribers are now able to enjoy a high-quality TV experience on Tivibu Web by using a screen reader. They can easily access the Accessible Tivibu menu by entering 555 on the Tivibu remote, watch audio described films, change channels, fast-forward or rewind programs via the talking TV remote. By using screen readers, they can also enjoy the entire Tivibu platform on Tivibu Web with its visually impaired friendly version.

Sunshine Project

Avea, a Türk Telekom Group Company, supports the Sunshine Project, which aims to integrate children with low vision into regular schools and, enabling them to become independent individuals by providing early intervention education to them and raising the awareness of their families. Within the framework of this project, first, the levels of vision loss among these children are determined. Then, 100 children with low sight attend an early intervention education program for seven months in order to learn how to use their sight. Avea has helped to expand these early intervention education programs nationwide by providing distance education opportunities with its advanced technology. In 2015, 100 children completed their education within the scope of this project.

Corporate Social Responsibility

The main purpose of the project is to contribute to Turkey's digital transformation by introducing the online world to adults, who are over 35 years old and live in priority development cities.

Life is Simple with Internet

The "Life is Simple with Internet" project aims to provide internet literacy trainings to people unfamiliar with, and thus unable to utilize the potential of Internet, helping them get acquainted with the online world. The project is carried out with the cooperation of TTNET, a Türk Telekom Group company, Habitat Association, and UNDP (the United Nations Development Program). The project's primary target group consists of adults, and especially women, who are over 35 years of age and live in priority development cities. The main purpose is to contribute to Turkey's digital transformation by introducing the online world to these people.

As of year-end 2015, approx. 10 thousand people became Internet literate within the scope of the project. Launched originally in 20 cities, the project is now executed in 28 cities, and the number of volunteers participating in the project has risen to 180 from 120 at the outset.

Türk Telekom Schools

Initiated with the purpose of creating equal educational opportunities and investing in the future of our country, Türk Telekom Schools aim to provide modern educational facilities to students across Turkey. To that end, 76 educational buildings (including 33 high schools, 18 elementary schools, and 25 dormitories) have been constructed and handed over to the Ministry of National Education. Each year, approximately 30 thousand students receive education at Türk Telekom Schools.

Türk Telekom Amateur Sports Clubs

Aware of the positive effect of sports on youth development, Türk Telekom provides support to amateur athletes in various sport disciplines. Out of about 5,000 athletes specialized in 30 sport disciplines, from basketball and fencing to athletics and badminton, hundreds were chosen for national teams, and have proudly represented Turkey in international competitions.



Türk Telekom Internet Houses

Aiming to give everyone equal opportunity in accessing information, Türk Telekom has built about 1,000 internet houses across Turkey and handed them over to local authorities. Türk Telekom Internet Houses, feature fully equipped computers and broadband Internet access free of charge to the public.

FCB Escola Istanbul AVEA Football School

FCB Escola Istanbul Avea Football School offers children world-class football training that is aligned with the values of Barcelona Football Club, thereby raising awareness of healthy living, good sportsmanship, and equal opportunities. Launched in Turkey under the cooperation of Avea and FC Barcelona, FCB Escola Istanbul Avea Football School operates at two campuses in the Maslak and Maltepe districts of Istanbul. These schools, where children aged between 6 and 14 years receive training, are the first football schools in Turkey to have been established in cooperation with a foreign sports club.



We Produce with our Essence

With the “We Produce with our Essence” project, Avea, a Türk Telekom Group company, aims to remove the barriers to employment, help disabled people to achieve job security and sustainable income, and support their family and social lives.

Developed in cooperation with FEV (Foundation for Physically Disabled Persons) and İŞ-KUR (Turkish Employment Agency), and supported by Avea, the “We Produce with our Essence” project has provided employment to over 3,400 individuals since 2005. Highlighted as Turkey’s largest career planning initiative for people with disabilities, the Project helps these people to reduce the challenges they face and become self-sufficient and support their families.



Sustainability Initiatives

Türk Telekom Group shapes its business processes, offices, products and services around the principles of sustainability in order to leave a better world for future generations

Shaping its business processes, offices, products and services around the principles of sustainability in order to leave a better world for future generations, Türk Telekom views the active participation of employees, their families, suppliers and customers in this process as an integral part of its strategy.

As the first Turkish company to join the Global e-Sustainability Initiative (GeSI), which conducts a range of activities on efficient use of energy, energy conservation, and e-sustainability, Türk Telekom applies its sustainability approach to its business processes, office practices, and products and services.

Well aware of the social and environmental impact of its high level of energy consumption, Türk Telekom attaches importance to undertake investments in energy efficiency and renewable energy in order to use natural resources efficiently, extend the use of renewables, and minimize adverse impacts on nature.

By using solar and wind energy, the Company is able to deliver carbon emission savings. The Company replaces less efficient DC energy equipment with high efficiency models. Similarly, plant transformation/ FiberkenTT projects and plants with low energy efficiency are replaced with next-generation plants and outdoor equipment with high-energy efficiency.

Türk Telekom reduces carbon emissions by replacing air conditioners in system rooms with next generation Free-Cooling air conditioning units with low energy consumption. The Smart Metering Project enables the Company to monitor energy consumption in detail, and when necessary, in real time. In addition, services formerly running on older generation systems were transferred onto next-generation transmission systems. These modifications resulted improvements at maintenance facility, energy savings, room upgrades and increased service quality.

Meanwhile, sustainability efforts undertaken at offices, as well as building/room optimization projects provide space savings, leading to drastic reductions in energy consumption for cooling purposes. Environmental practices such as the use of energy-efficient light bulbs, heat insulation and jacketing, public transport, building automation, an eco-friendly car fleet, paper recycling, electronic document management system, centralized printing, e-learning, tele-presence, and video conferencing help to increase recycling rates and overall savings, while reducing carbon emissions. Furthermore, the e-invoice, an eco-friendly product, enables customers to reduce their carbon footprint. In 2015, sending 160 million e-bills saved around 60 thousand trees, 13,9 million kw/h energy and 110 thousand cubic meters of water.

Sustainable Procurement Approach

The aim of the Sustainable Procurement approach is to provide sustainability generally in Türk Telekom's activities and the activities of purchasing. In order to:

- Protect the environment and human health
- Reduce the consumption of natural resources
- Reduce waste
- Fulfill the LEED requirements

Sustainable Procurement Principles

Türk Telekom shall take great care to comply with following sustainability conditions if there is not any procurement problem within Turkish market conditions. In the event of absence of material that 100% complies with the desirable conditions in Turkish market, it shall take great care to choose products having the maximum similar characteristics or bearing local alternatives of the labels.

Türk Telekom shall encourage its suppliers to monitor following sustainability elements.

Purchasing personnel shall investigate whether the products that he/she will purchase are compliant with following conditions or not. He/she then shall decide whether to purchase based on results.

Purchasing Consumables

He/she shall take great care to purchase products that has one or more of the following criteria and work out minimum 60% of the annual total cost, when purchasing frequently used cheap materials (paper, notebook, pad, envelopes, cards, clips, cartridges, files, pens, desk tray, batteries, etc.):

- Materials that have at least 20% recycled ingredients
- Materials that have at least 50% local ingredients (of which raw materials are extracted AND manufactured within 800 km territory)
- Use of paper with at least 50% Forest Stewardship Council certification
- Rechargeable batteries

He/she shall make sure these products 100% meet desired performance and safety conditions.

Türk Telekom shall expect its suppliers to choose the same materials where possible. It shall expect its suppliers to provide information on the recycled ingredient within the products that they supply and share opportunities on how to use less packaging, or on the alternative products that meet the above standards.

Türk Telekom Purchasing shall share these criteria with suppliers when selecting suppliers, request information from them and make assessments.

Purchasing Permanent (Durable) Products

Powered and electronic devices and other permanent products that will be examined under this policy:

- Computer, monitor, copy device, printer, scanner, fax machine, etc. communication equipment (except mobile phone),
- Fridge, dishwasher, television, visual and audio equipment,
- Powered lawn mowers, powered cleaning equipment

Following sustainability criteria shall be followed when purchasing these products.

- Great care shall be taken to purchase at least 40% of the products in terms of annual cost meeting following conditions.
 - Electronic appliances must be Energy-Star certified (must be verified via www.energystar.gov)
 - If products do not bear Energy Star symbol, but have alternative signs (A++ etc.), the ones with higher energy efficiency must be selected.
 - Used maintenance service devices must be powered or have a rechargeable battery, and must not be diesel-driven. Battery-operated devices must have eco-friendly gel type batteries.

Sustainability Initiatives

Türk Telekom aims for the packaging of inbound products for daily operations to be minimized, as well as unnecessary and excessive use of packaging materials being avoided to minimize the waste production.

Materials for Construction and Repair/Modification Operations

Great care shall be taken so that at least 50% of the materials to be used in all indoor and outdoor construction and repair/modification operations within the premises, comply with one or more of the following sustainability criteria in terms of annual cost:

- At least 20% recycled ingredient for weight per material
- Material having at least 50% raw material that has been extracted/manufactured within maximum 800 km territory (local material)
- Wood with at least 50% Forest Stewardship Council certification
- Use of at least 70% material and equipment collected inside the building for re-using purposes
- Use of at least 70% material collected outside the building for re-using purposes
- Volatile organic compound amount in the adhesive substances is within the permissible level as per SCAQMD rules
- Paints and coats have a volatile organic compound emission value compliant with Green Seal GS-11
- Carpet and carpet waste shall have Green Label Plus certification.
- Composite panel and wooden products will not contain urea formaldehyde (Not even E1).

Lamps

- The following rule shall be followed for at least 90% of the lamps to be purchased:
 - Mercury content of the lamps shall not exceed 90 picograms per lumen-hour.

Packaging

- It shall be aimed for the packaging of inbound products for daily operations to be minimized, as well as unnecessary and excessive use of packaging materials to be avoided to minimize waste production.
- In cases where the packaging materials are natural, such materials shall also be consumed at minimum.
- Use of non-biodegradable packaging materials shall be avoided.
- Synthetic packaging materials procured by environmentally hazardous processes shall be avoided.

Recycled Ingredient

- Türk Telekom shall take great care to use the products with recycled ingredient provided that other priorities such as price, quality etc. are reserved. Within this scope, Türk Telekom shall encourage its suppliers to attach priority to the products with high rate of recycled ingredient.



Türk Telekom Grup Companies

Argela's wide customer base extends from Turkey and the Turkic Republics to Africa, the Middle East, the Balkans, Latin America and the United States.

ARGELA

Established in 2004, Argela joined Türk Telekom Group in 2007. Argela undertakes research, development and Innovation activities in the field of next-generation telecommunications technologies and develops intellectual property for 5G technologies.

166

Employees

Argela markets its solutions and products to telecom operators globally, as well as to the public safety and defense industry in Turkey.

Argela operates as a research, development and Innovation center in the field of next-generation telecommunications technologies, in particular enabling technologies for 5G. With its patent applications and intellectual property assets in the U.S., the Company creates added value in the field of next-generation telecommunications technologies, both in Turkey and abroad.

12

5G Patent Applications

In the domestic market, Argela develops strategic projects in collaboration with the defense industry. In addition to the 4.5G Communication System Development Project (ULAK) signed with the Turkish Undersecretariat for Defense (SSM) in 2013, the Company also works on the software-defined networking infrastructure project for public security networks under the MILAT Project signed in 2015 with SSM. Further, Argela continues to collaborate with the Ministry of Transport, TIB (Turkey's Telecommunications Directorate), MIT (the National Intelligence Agency of Turkey), the General Directorate of Security, and ASELSAN on various other projects related to the defense industry.

While providing solutions and products to Türk Telekom Group companies, Argela also markets its products and solutions to overseas telecom operators.



Argela's solution portfolio includes programmable radio access networks, software-defined networking, network performance monitoring, small cells (3G & LTE), 4.5G macro base stations, lawful interception, video management systems, and fixed-mobile convergence.

The company also carries out a number of projects with various universities and companies within the framework of the European Union FP7 and Celtic Programs. With these projects Argela not only contributes to the technological advancement of Turkey, but also obtains funding for its R&D efforts via EU support.

Argela works with various universities in Turkey, on next generation technologies such as the 4.5G network, software defined networks, smart city, smart home, self-organizing mobile networks, traffic security solutions, cloud services, and human computer interaction.

Headquartered in Istanbul, the Company has R&D facilities in Ankara and Sunnyvale, California, USA. In 2015, to improve its international recognition, Argela developed business partnerships in several countries; its customer base extends from Turkey and the Turkic Republics to Africa, the Middle East, the Balkans, Latin America and the United States.



Software-Defined Networking (MILAT) Project

Pursuant to the agreement signed with the Undersecretariat for Defense Industries in 2015, Argela started the Software-Defined Networking (SDN) project (MILAT), which aims to provide an infrastructure for enabling a dynamic cybersecurity and cyber defense mechanism to reduce the dependency on foreign security-critical communication infrastructures, and to provide security-sensitive dynamic configuration abilities attuned to the exigence of military, public defense and commercial entities.

4.5G Communication System Development Project (ULAK)

In 2013, Argela for the first time entered into an industry other than telecommunications when it was selected to carry out the 4.5G Communication System Development Project (ULAK) of the Undersecretariat for Defense Industries. Under this project, Argela cooperated with Aselsan and Netaş to domestically develop all hardware and software components of base stations with 4.5G communication technology. These base stations will be used by both mobile operators and government and defense institutions.

This project also aims to support Turkey's strategic objective of becoming a mobile communication infrastructure exporter by developing 4.5G technology with domestic capital.

Türk Telekom Group Companies

With its robust technological infrastructure, efficient human resources management and service excellence, AssisTT is moving closer to becoming the brand that sets call center standards.

ASSISTT

9,757

Employees

22 Cities

25 Locations

460

Million minutes
production

AssisTT was founded in 2007. In addition to offering traditional call center services, AssisTT has also become a strategic partner for its clients by providing valuable data to guide their sales and marketing activities. The company creates value with end-to-end customized services delivered to sector leading private enterprises and public institutions.

Aside from Türk Telekom Group companies, AssisTT provides call center services to leading institutions and organizations.

In 2015, the Company won the tender for MHRS7, the seventh phase of the "Turkish Ministry of Health Centralized Hospital Appointment System Tender", viewed as one of the largest tenders for the call center sector, and signed a three-year contract in July 2015.

AssisTT contributes to Turkey's economic development by providing employment to thousands with in its investments all around Turkey. AssisTT also is moving closer to become the brand that sets the call center standards with a robust technological infrastructure, efficient human resource management and service excellence approach.



Türk Telekom Group Companies

Innova recently became the only company ever to have been named on the Deloitte Technology Fast 50, an index of the fastest growing Turkish technology companies, for ten straight years.

INNOVA

1,048

Employees

Innova IT Solutions is Turkey's leading software developer and systems integrator. The company operates two main offices, in Istanbul and Ankara, as well as being present in twelve other locations across Turkey. It recently became the only company ever to have been named on the Deloitte Technology Fast 50, an index of the fastest growing Turkish technology companies, for ten straight years.

Four continents, 36 countries

Innova delivers end-to-end solutions to meet all the IT requirements of Turkey's leading companies in the telecoms, finance, public sector, health, retail and sports. It also provides its services to 36 countries on four continents, having added Kenya and Ghana in 2015.

12

Offices

Innova's PayFlex platform, which provides a suite of loyalty, payment and collections technologies is the brand of choice for many telecoms and financial institutions in Turkey and abroad. Equally, Kiosk Innova is also a preferred solution provider for many companies requiring high-grade kiosks.

36

Export countries

Smart City

The Türk Telekom has launched the digital transformation venture aimed at building integrated smart cities with improved safety, productivity, economic, ecological and living standards. The Akıllı KenTT (Smart City) projects have begun to translate the company's ambitious plans into concrete measures, and the two largest projects are already under way in the cities of Karaman and Antalya.



Karaman, the First Smart City: Turkey's first Akilli KenTT (Smart City) project was initiated in Karaman on 28 February 2015. As part of the project, the Innova IoT platform was installed at the Türk Telekom Data Center (IDC) and integrated into 12 types of hardware located in hundreds of spots across the city. Furthermore, the central platform was integrated with solutions such as Smart Bus Stop, Smart Carrefour, TEDES (an automated system for detecting speed and headlight violations on the city's roads), Cloud Eye, Individual Recognition, Smart Irrigation, Smart Lighting, Cloud Measurement, Smart Waste Management, Smart Car Parking, and Meter Reading.

TT Managed Wifi Smart City (Antalya): Designed to transform Antalya into a smart city, the Managed Wi-Fi project offers broadband Wi-Fi Internet service throughout the city. Five squares and three beaches were covered by the project in only two weeks. A total of 3,175 meters of excavation work was carried out and 3,500 meters of data and power cables were laid. Furthermore, over 20 poles were placed in different spots across the city to extend the coverage zone of wireless modems.

CRM Project for Türkiye Diyanet Vakfı

The first phase of the CRM project was initiated in June 2015 to improve the donation, scholarship and education services provided by Türk Diyanet Vakfı (TDV: Turkish Foundation for Religious Affairs). Work continues on campaign, donation, scholarship, education and TDV branch management, as well as on donation, branch and student portal applications.

The web portal for the Collection and Distribution of Sacrificial Animal Donations, which constitutes the first part of the project, was set up and put to the service of 2,500 clergymen and volunteers. At the present, it is possible to manage around 200,000 sacrificial slaughter and distribution operations over Microsoft CRM. The ultimate aim of the project is to complete the integration of various public bodies and banks into the system.

E-Pulse

Developed by the Ministry of Health, the E-Pulse system project is among the largest e-state projects in Turkey. Designed as Turkey's most comprehensive e-health service, E-Pulse now features the Digital Health Card, which allows citizens to share and carry around their health records.

The infrastructure work, application development and integration processes of the project were carried out entirely by Türk Telekom and Innova. For the first stage, the project focused on 860 hospitals and health institutions, and it has since been disseminating rapidly. The project will enable all public health institutions in the 81 provinces of Turkey to access the health records of individuals (after receiving their approval). The data, which is stored in Türk Telekom's high-security data center, will enable citizens to access health services in a rapid and practical manner.

Türk Telekom Group Companies

In 2015, Innova was deemed worthy of several awards given by research companies focused on the Turkish IT sector, and by four of its international solutions partners.

Other Projects

Türk Telekom Stores Infrastructure Projects: This project covered all of Türk Telekom's stores and focused on the installation and operationalization of new data infrastructure and IT devices, new Türk Telekom-TTNet-Avea system definitions, and DS monitor supply.

Fatih Augmentation Project: As part of this project, a central system with a capacity of 11 million users was provided and installed, giving access to the Internet and to educational content provided by the Ministry of Education to around 2,250,000 users.

Türk Telekom Procurement and HR Transformation SAP Projects: The procurement project, which followed the organizational integration of the Türk Telekom Group's procurement operations, has enabled Türk Telekom to conduct all its transactions via a single SAP system and through one source of data. With the implementation of the Human Resources Transformation Project, Türk Telekom, TTNET and Avea's payroll structures were merged together in the Türk Telekom SAP system. The human resources performance system was also updated and integrated within the joint HR system.

The Association of Turkish Banks - Complaint Management and SAP CRM Project:

This project is designed to manage complaints lodged by citizens who experience problems in their dealings with banks, and insurance and pension companies. The CRM, Questionnaire and Application follow-up pages, SAP Basis Operations and Business Warehouse Reporting functions of the project came online.

Tepe Home CRM and BI Project:

As part of the project, customer and sales data collected by Tepe Home's dealer, loyalty program, POS and e-trade systems were centralized in order to create targeted marketing through the use of data mining. The project went online, taking advantage of Microsoft's business acumen, data mining and CRM solutions.

BURULAŞ Ticketing and Top-up Kiosk Project:

91 kiosks were manufactured for use in the subway stations of BURULAŞ, a subsidiary of Bursa Metropolitan Municipality. People can now use the kiosks to top up their travel cards with paper money, coins, or by credit card. They can also purchase a new card or paper tickets.

KNET Visa Application Kiosk Project: This application digitizes the physical stamps issued by the Kuwait-based firm for official payment purposes. It is now possible to create digital stamps with QR codes for visa applications, fee payments and civil registration procedures, and print these at special kiosks.

Türk Telekom Portal Project: This project consolidated the companies' intranet portals. There are now plans to centralize business follow-up and approvals using the same portal.

Türk Telekom Electronic File and Document Management System (EdiTT): The EdiTT system, designed by Türk Telekom, is an electronic file and document management system with 18,000 users, it stores over 6 million items.

Yurtiçi Kargo Centrex Project: The Yurtiçi Kargo Centrex Project is the only Centrex ever to have been completed in less than three months. Work at 812 Yurtiçi Kargo branches and two head offices were completed.

Ministry of Justice Central Systems Infrastructure Renewal Project: With this project, the Ministry of Justice's Central IT Topology was revised and a new system commissioned, complete with the required planning and back-up structure.

Burgan Bank Institutional Transaction Center (KİM) Project: The Institutional Transaction Center (KİM) set up at Burgan Bank allows the bank to accept utility bill payments for 17 different institutions and services. The support structure covering the entire operation is supplied by Innova, and hosted in the Türk Telekom Data Center.

Hürriyet Virtual POS Project: Subscription fees for the electronic edition of the Hürriyet newspaper are now collected via the virtual POS set up by Innova. The use of PayFlex Virtual POS will be expanded to cover all collections involving Hürriyet.

VIA Tax Free Project: This application allows non-Turkish residents who are about to travel abroad to get refunds on their shopping at duty-free stores.

TT G20 Summit Managed Wi-Fi: During the G20 summit held in Antalya Belek Innova was tasked with providing the Internet infrastructure and services required by media personnel from across the world. Wi-Fi was supplied in all areas where conferences and press events were taking place, including conference halls, visual media rooms, news centers and outdoor locations.

“Big Star” Innova

Innova was included in the Deloitte Technology Fast 50 Program for the 10th time, in recognition of growth in its net sales revenue between 2011-2014. The company was the top performer in the program's “Big Star” category, also known as the major companies league, which is comprised of companies who posted revenues of EUR 50 million and above during the fiscal year 2014. The winner of the “Big Star” category is chosen on the basis of assessment of companies' growth performance over the previous four years, as well as of their original products and R&D activities.

Seven More Awards to Innova in 2015

In 2015 Innova was deemed worthy of several awards given by research companies focused on the Turkish IT sector and by four of its international solutions partners. In addition to the awards given by Deloitte, Innova won the following:

- HP, Largest Project of the Year Award
- LinkPlus Oracle Partner Excellence Club
- Top 500 ICT Companies Awards: ‘Business Systems Integrator’ Category
- Huawei, Best Managed Services Partner
- Cisco, Cloud & Managed Services: Middle East and Turkey
- Cisco, Managed Services Partner of the Year
- Cisco, Cloud Services Partner of the Year

Türk Telekom Group Companies

Having made numerous groundbreaking achievements to date, Sebit is one of the main players -in Turkey and worldwide- of the transformation objective in the education sector, with the vision of “IT Supported Interactive Education”.

SEBIT

207 ▶▶▶
Employees

As Turkey’s largest educational technologies company boasting 28 years of R&D experience and an international organizational structure, Sebit contributes to the educational transformation in Turkey by deriving strength from the synergy within Türk Telekom Group and also through innovative and effective use of technology.

With the educational solutions it has been developing since its inception, Sebit takes an active role not only in Turkey, but also abroad and offers national and international educational solutions designed to deliver social benefit and meet individual needs.

28 ▶▶▶
Years of experience

Having made numerous groundbreaking achievements to date, Sebit is one of the main players -in Turkey and worldwide- of the transformation objective in the education sector, with the vision of “IT Supported Interactive Education”. The Company’s product and service portfolio, particularly the Akademia and Vitamin brands, which have been in use since 1998, has been expanding steadily while contributing to the Company’s reputation and shaping educational transformation.

5 ▶▶▶
Export countries

Sebit spearheads the advancement of Turkish education with its products and is proud to be behind the development of numerous firsts. These include Turkey’s first computer assisted education application, the first numerical video application in education, the first 3-D animation application, the first 2-D educational game, the first 3-D educational game -Piri the Explorer Ship- and the first educational search engine.

Sebit’s educational products, which are developed by a staff of 210 professionals based at METU (Middle East Technical University) Teknokent in Ankara and Arizona State University-Skysong Innovation Center (U.S.A.), are used by many students and teachers worldwide.



Conducting its studies with a highly competent and creative workforce, Sebit has proven its pioneering role with numerous awards and is recognized as one of the best educational technology companies in the world.

Fatih Project

Having joined Türk Telekom Group in 2007, Sebit leverages the Group's synergy to contribute to educational development in Turkey. Through newly designed education related services, the company plans to deploy mobile information and internet technologies to bring equal opportunities in learning and remove the obstacles to participative education.

Sebit products became compatible with the 4+4+4 system put into effect by the Ministry of National Education in 2013; new additions and upgrades continued in 2015.

Work at pilot schools under the Fatih Project also continued with success.

Sebit offers its products and services to the Fatih Project. To this end, the Courses section of the Education Information Network-EIN, which enables curriculum monitoring over a learning management system, was integrated with Sebit's Vitamin and Lisego platforms. Education Information Network-EIN (www.eba.gov.tr) is the official portal of the Fatih Project.

Concurrently, VSınıf (VClassroom), Sebit's Interactive Classroom Management software, was updated in accordance with the Ministry's requirements and delivered to students and teachers along with 700 thousand tablets provided by the Ministry.

Additionally, Sebit's content development ecosystem platform was put at the service of teachers so that they can also participate in the digital content development process.

Initially, 1,000 teachers handpicked by the Ministry underwent an eight-week E-content training course held in Mersin. From among these 1,000 teachers, 250 creative and interested teachers were selected to participate in the second-phase of the training course, which was organized in December in Antalya, and lasted two weeks. These teachers are expected to take on a leadership role and support other teachers in content development efforts at the EIN studios located at the 13 centers established by the Ministry. In addition, Sebit will continue to provide periodic training courses to teachers under its partnership with the Ministry of National Education.

Sebit continues to integrate other management platforms and services it has developed within the framework of the Fatih Project with the systems used by the Ministry of National Education. To

Türk Telekom Group Companies

With Innovative and effective use of technology, Sebit powers ahead towards becoming a global leader in educational technologies, boasting 28 years of R&D experience and an international organizational structure.

this end, eđitim.com was activated to serve as the Ministry's official, educational search engine under the domain name eđitim.gov.tr, and this search engine is used for all searches carried out by EIN, with the search results shown here as well.

Sebit Overseas

With Innovative and effective use of technology, Sebit powers ahead towards becoming a global leader in educational technologies, boasting 28 years of R&D experience and an international organizational structure. The products developed by the company are marketed in five countries.

Work on Sebit's cloud based educational technology VCloud, which started in 2013, continued, especially in the integrated 1-1 education solution category.

VCloud is a platform that provides benefits toward meeting the managerial and educational needs of students, teachers and administrators, as well as in areas such as collaboration, communication and governance. As the integration of VCloud and all of its relevant components with the Ministry's systems continues under the Fatih Project, it is being further improved for private schools in the corporate market and for overseas markets.

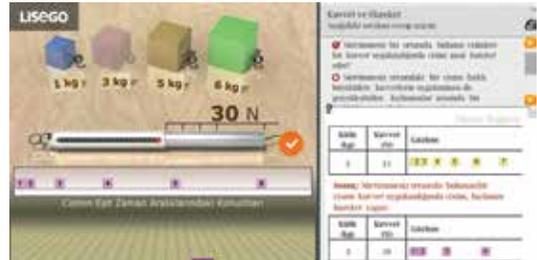
Pilot applications for the VCloud service were carried out in Turkey, Lithuania, South Africa, Azerbaijan, the US and Mexico in collaboration with Microsoft.

Raunt: a new generation university exam preparation platform

Developed by Sebit, Raunt is the first and only customized university exam preparation platform in Turkey. Under the partnerships established with publishers for the 2015-2016 academic year, Raunt was launched onto the individual market and also offered to private and public school students, who are preparing for the university exam.

Offering a personalized counseling service, customized study plans and rich content, the website www.raunt.com is designed to prepare students for Higher Education (YGS) and Undergraduate Placement (LYS) Exams throughout the preparation process. Raunt combines the teaching and testing program of an ambitious exam preparation center, the undivided attention of a private tutor, and the guidance provided by an experienced adviser in a single platform, bringing it right into the homes of prospective university students.

Raunt integrates Sebit's online intelligence, an accumulation of know-how in educational technologies, and printed content in a smart system.



Raunt features a dynamic intelligence technology that allows it to plan the process in line with the user's goals. Thanks to its flawless learning technology, it also tells users what, when and how detailed they should learn, thus saving them a significant amount of time.

Thanks to its online intelligence, Raunt offers a rich content featuring course books on the subjects of Turkish–Math, Math–Science, and Turkish–Social, customized study plans, and practice tests that help determine the average success rate across Turkey. Raunt monitors users' progress from beginning to end with its smart direction, performance tracking and reporting systems, and helps them move closer to their goals.

Raunt's product range continues to expand with contributions from other publishers.

Free online homeschooling for students with special educational needs

Sebit supports the home education program provided by the Ministry of National Education to school-age children, who cannot receive formal education due to health problems. To that end, the Company offers its online education products, giving a technological edge to the program.

As part of its social responsibility efforts and in partnership with the Ministry of National Education, in 2015, Sebit began to offer its online products free of charge to those students, who have special educational needs –from pre-school to high school level.

The home education efforts undertaken within the scope of the Fatih Project, aims to provide education for individuals with special educational needs and to improve the quality of education.

Brands of Sebit

- Raunt (www.raunt.com)
- Vitamin (www.vitaminegitim.com)
- Lisego (www.lisego.com)
- Vitamin Öğretmen (www.vitaminogretmen.com)
- Adaptive Curriculum (www.adaptivecurriculum.com)
- Egitim.com (www.egitim.com)
- Hizligo (www.hizligo.com)
- VCloud
- ACVBook
- Akademedya
- Vitamina
- Uzinggo
- Tianyi
- Kayıp Sesler Ülkesi
- TEDdy's Ready Vitamin
- Buki Öğreniyor Vitamin

Türk Telekom Group Companies

Türk Telekom International maintained its strategy of expansion towards the Middle East and Asia in 2015, further reinforcing its position as the region's dominant player.

TÜRK TELEKOM INTERNATIONAL

318

Employees

40'dan

Operations in more than 40 countries

40

Thousand km fiber network

Türk Telekom International is Türk Telekom Group's subsidiary in charge of international wholesale voice and data sales and marketing. Acquired by the Group in 2010, the company operated as Pantel International before being rebranded as Türk Telekom International (TTI) on May 1, 2013.

Türk Telekom International delivers a full range of Internet data services, customer management from a single center, integrated networking operations, infrastructure and wholesale voice services to established operators, alternative carriers, mobile operators, cable TV companies, Internet service providers and corporate customers in over 40 countries spread across Central and Eastern Europe, Turkey, the Middle East and the Caucasus.

Thanks to a fiber optic network that exceeds 40,000 km, Türk Telekom International provides a major contribution to Turkey's goal of becoming a telecoms bridge and data hub between Europe and Asia, while strengthening the country's global standing in the industry. The network is located primarily in Central and Eastern Europe countries.

Capitalizing on the power of the Türk Telekom brand, well-known not only in the region, but also on a global scale, the Company maintained its strategy of expansion towards the Middle East and Asia in 2015, further reinforcing its position as the region's dominant player.



AMEER-S

Türk Telekom International received the “Best Project in the Middle East” award at the 2014 Capacity Global Carrier Awards for the AMEER (Alternative Middle-East-Europe-Route) initiative, implemented through a territorial consortium model with countries in the region. The project provides a backed-up, rapid and secure alternative route between Dubai and Frankfurt, merging land-based and sub-marine infrastructures. With the expansion of the consortium in 2015, the Dubai-Singapore line was also added to the route, and as a result, a continuous new route was established between Asia and Europe under the leadership of Türk Telekom International. The resulting new system was dubbed AMEER-S, to underscore the inclusion of Singapore.

New Route Between Europe and Asia

The telecoms link with minimum- latency between Europe and Asia passes through Turkey, Iran, Pakistan and China. In order to establish this route, which will provide connections in countries without access to underwater cables, such as Afghanistan, Caucasian nations, Eastern European countries and Turkic republics, work initiated in 2014 continued in 2015 jointly with ChinaTelecom Global and the dominant telecoms operators of Pakistan and Iran. The route will be commissioned upon the completion of efforts concerning transactions between China-Pakistan and Pakistan-Iran.

SEA-ME-WE-5

Türk Telekom International has joined the consortium SEA-ME-WE-5 as a full member. The cable system SEA-ME-WE-5 derives its name from the initials of Southeastern Asia-Middle East-Western Europe and is scheduled for launch in 2016. It will interconnect 18 nations along 20 thousand kilometers spanning Asia and Europe.



Türk Telekom Group Companies

At the Global Carrier Awards 2015, held by Capacity Magazine Türk Telekom International received the “Best Sales Team” designations.

The cable system will deploy the latest technologies, be open to development and will enjoy an initial capacity of 24 terabyte/s. With the participation of Türk Telekom International in the consortium, a station of the SEA-ME-WE-5 submarine cable system will be established in the Turkish city of Marmaris. Other operators on the cable will be offered an alternative route to Western Europe and the opportunity to access other countries via Turkey. By joining this large-scale project, which will create a direct connection between Turkey and fast-growing Asian countries, Türk Telekom International helps the country to gain an immense strategic advantage.

Best Carrier in Eastern Europe

At the Global Carrier Awards 2015, held by Capacity Magazine and seen as the premier event dedicated to the international wholesale telecommunications industry, Türk Telekom International received the “Best Eastern European Carrier” and the “Best Sales Team” designations.

The “Best Eastern European Carrier” award was presented to the company in recognition of the innovative and visionary development strategy implemented, and for its outstanding performance throughout the European wholesale telecoms marketplace for three years in succession.

The “Best Sales Team” award is a reflection of international wholesale telecoms circles’ appreciation of the Türk Telekom International Sales Team, and a recognition of its performance as a pioneering team that helps Türk Telekom International sign new cooperation agreements and enter new markets, becoming a provider of the best service to customers with diverse needs and demands across a vast geography, and growing year after year over the recent period.

Important Developments After the Accounting Period

Regulatory Disclosure dated 4 January 2016 Long Term Loan Agreement

Our company signed a long term loan agreement with ING and Mizuho under the insurance coverage of Export Development Canada, in order to finance our company's and its affiliates' capital expenditures. The amount of the facility is the Euro equivalent of USD 150 million, the maturity is 10-year and the interest rate is EURIBOR + 0.45% p.a.

Regulatory Disclosure dated 15 January 2015 Senior Management and Organizational Change

Our Chief Field Management Officer Tevfik Fikret Karaman decided to retire. Regional Directorates who used to report to Chief Field Management Officer, will directly report to Türk Telekom CEO.

Regulatory Disclosure dated 26 January 2016 Unification of Group Brands

As of today, we are unifying our mobile, fixed voice, fixed broadband and TV brands under single "Türk Telekom" brand, while keeping Türk Telekomünikasyon A.Ş., TTNET A.Ş., and Avea İletişim Hizmetleri A.Ş. legal entities intact. We aim to strengthen our multi-play offer by delivering all our products and services under a single "Türk Telekom" brand from our integrated sales channels to serve the evolving telecommunication needs in Turkey in the most effective way.

Regulatory Disclosure dated 3 February 2016 Electricity Procurement License of our Subsidiary

Our subsidiary TTES Elektrik Tedarik Satış A.Ş., obtained the Procurement Licence from Energy Markets Regulatory Authority.

Regulatory Disclosure dated 11 February 2016 2015 Ordinary General Assembly Meeting

Our Board of Directors has resolved that our Company's Ordinary General Assembly Meeting for the year 2015 shall be held at the address of Türk Telekomünikasyon A.Ş. Head Quarters The Cultural Center, Turgut Özal Bulvarı 06103 Aydınlıkevler,

Ankara and by electronic means on 31.03.2016 at 10:30 a.m. and in order to discuss the attached agenda items.

Agenda

1. Opening and Election of the Chairmanship Committee;
2. Authorizing the Chairmanship Committee to sign the minutes of the General Assembly Meeting and the List of Attendees;
3. Reading the Board of Directors annual report for the year 2015;
4. Reading the Auditor's Report for the year 2015;
5. Reading, discussing and approving the balance sheet and profit/loss accounts for the year 2015;
6. Releasing the members of the Board of Directors for the operations and transactions of our Company during 2015;
7. Approval of the temporary appointments made to the Board of Directors to the positions which became vacant because of resignations by the General Assembly pursuant to Article 363 of the Turkish Commercial Code;
8. Defining the salaries of the Members of the Board of Directors;
9. Defining the salaries of the Members of the Board of Auditors;
10. Discussing and resolving on the proposal of the Board of Directors regarding the distribution of the profit generated in 2015;
11. Election of the Auditor for the purpose of auditing our Company's operations and accounts for the year 2016 pursuant to Article 399 of Turkish Commercial Code and Article 17/A of the Articles of Association of our Company;
12. Informing the General Assembly about the donations and aids made in 2015;
13. Informing the General Assembly about the guarantees, pledges and mortgages given by our Company in 2015 in favour of third parties, and about revenues or interests generated;
14. Informing the General Assembly of the changes that have material impact on the management and

Important Developments After the Accounting Period

the activities of our Company and its subsidiaries, and that were realized within the previous fiscal year, or are being planned for the following fiscal year, and of the reasons of such changes, pursuant to Corporate Governance Principle No. 1.3.1 (b);

15. Informing the General Assembly of the transactions of the controlling shareholders, the Board of Directors Members, the executives who are under administrative liability, their spouses and their relatives by blood and marriage up to the second degree that are performed within the year 2015 related to making a material transaction which may cause conflict of interest for the Company or Company's subsidiaries and/or to carry out works within or out of the scope of the Company's operations on their own behalf or on behalf of others, or to be an unlimited partner to the companies operating in the same kind of fields of activity in accordance with the Communiqué of the Capital Markets Board No: II-17.1 pursuant to Corporate Governance Principle No. 1.3.6;

16. Informing the Shareholders regarding the "Remuneration Policy" determined for the Board of Directors Members and the Senior Executives in accordance with Corporate Governance Principle No: 4.6.2;

17. Discussing and voting to authorize the Board of Directors or person(s) designated by the Board of Directors for company acquisitions to be made by our Company or its subsidiaries until the next ordinary general assembly meeting up to 500 Million Euro, which will be separately valid for each acquisition;

18. Discussing and voting to authorize the Board of Directors to establish Special Purpose Vehicle(s) when required for above mentioned acquisitions;

19. Resolving on giving permission to Board of Directors Members to carry out works within or out of the scope of the Company's operations on their own behalf, or on behalf of others, or to be a partner to companies that do such works, and to carry out other transactions, as per Article 395 and 396 of the Turkish Commercial Code;

20. Comments and closing.

Regulatory Disclosure dated 12 February 2016 Guidance for 2016 Consolidated Financial Results

Under normal circumstances, our guidance for 2016 is as below:

- Consolidated revenue growth (excluding construction revenue adjustment) to be 7% to 9% over 2015
- Consolidated EBITDA to be between TL 5.5 billion and TL 5.7 billion
- Consolidated CAPEX to be around TL 3.2 billion

Dividend Distribution Proposal

2015 Dividend Distribution Table Of Türk Telekomünikasyon A.Ş. for the Year Ended 31 December 2015 (TL)

1) Paid / Issued Capital		3,500,000,000
2) Total Legal Reserves (in accordance with statutory records)		2,289,385,928
If there is information about privilege in dividend distribution in accordance with the AoA		

Distribution Of The Profit For The Period			Acc. to CMB	Acc. to Statutory Records (SR)
3)	Profit for the Year	1,261,281,492.81	1,562,571,500.22	
4)	Tax Expenses (-)	398,430,350.60	257,159,773.68	
5)	Net Profit for the Period (+)	(3-4)	907,445,184.51	1,305,411,726.54
6)	Prior Years' Losses (-)	-	-	-
7)	General Legal Reserves (-)	((5SR-6SR)*0.05)	-	-
8)	NET DISTRIBUTABLE PROFIT (+)	(5-6-7)	907,445,184.51	1,305,411,726.54
9)	Donations made during the year (+)		21,821,934.41	
10)	Net distributable profit including donations that is the base of calculation of first legal reserves	(8+9)	929,267,118.92	
First Dividend				
11)	- Cash - Share - Total	((1 or 10) *the rate determined by the Company)	185,853,423.78	
12)	Dividend paid to preference shares	(Amount of the dividend for privileged shareholders in accordance with the articles of Association)	-	
13)	Dividend paid to - the Board Member - Employees - person other than shareholders		-	
14)	Dividend paid to redeemed share owners			
15)	Second Dividend		655,005,834.86	
16)	General Legal Reserves	((11+12+13+14+15+20)-(H4*0.05))/10	66,585,925.86	
17)	Status Reserves		-	
18)	Special Reserves		-	
19)	EXTRA ORDINARY RESERVES	5-(6+7+11+12+13+14+15+16+17+18)	-	397,966,542
20)	Other Distributable Sources		-	-

Board of Directors Decision on Dividend Distribution

Subject to the decision of our Company's Ordinary General Assembly to be convened for the year 2015,

It is resolved that;

1. Our Company's profit generated as a result of its activities performed between 01.01.2015 - 31.12.2015 according to the independently audited consolidated financial tables prepared in accordance with the provisions of "CMB Communique About Financial Reporting in Capital

Markets No. II-14.1" is TL 907,445,184.51 and the commercial profit calculated within the scope of the provisions of Turkish Commercial Code and Tax Procedure Law is TL 1,305,411,726.54.

2. Pursuant to the CMB Communique on Dividends No: II-19.1, the profit after tax amount of TL 907,445,184.51 shall be the base amount for dividend distribution;

3. Since our company already reached the general legal reserve limit, which is 20% of the paid in capital in accordance with Article 519 of Turkish Commercial Code, this reserve is not required for 2015;

Dividend Distribution Proposal

4. The base for the first dividend shall be TL 929,267,118.92 (Pursuant to the Capital Markets Board regulations, this amount is calculated by adding the donation amount in 2015, which is TL 21,821,934.41 to the net distributable profit of 2015, which is 907,445,184.51);

5. a. TL 185,853,423.78 which corresponds to the 20% of TL 929,267,118.92 (the first dividend base) shall be distributed as cash first dividend;

b. The second legal reserve of TL 66,585,925.86 (calculated as 1/11 of the net distributable profit after 5% of paid in capital is deducted from it pursuant to the Capital Markets Board Regulations) shall be set aside;

c. The remaining TL 655,005,834.86 shall be distributed as cash second dividend;

Accordingly:

d. a Total cash dividend amount of TL 840,859,258.65 to be distributed shall be covered by current period net profit;

e. 0.240246 Kuruş (24.0246%) gross cash dividend per each share worth for 1 Kuruş nominally shall be distributed to our shareholders and total gross cash dividend distribution amount shall be TL 840,859,258.65;

6. The distribution of the cash dividends to our shareholders shall begin on 30/05/2016, at Merkezi Kayıt Kuruluşu A.Ş. Süzer Plaza Askerocağı Caddesi No:15 Kat:2 34367 Elmadağ - Şişli / İstanbul.

Dividend Payout Ratio Information

Dividend Per Share

Group	Total Dividend Amount (TL)	Dividend To Be Distributed For Each Share Traded With A Nominal Value Of 1 TL	
		AMOUNT (TL)	PERCENTAGE (%)
GROSS			
A	462,472,592.26	0.240246	24.02
B	252,257,777.60	0.240246	24.02
C	0	0	0
D	126,128,888.80	0.240246	24.02
Total	840,859,258.65	0.240246	24.02
NET			
A*	462,472,592.26	0.240246	24.02
B**	214,419,110.96	0.204209	20.42
C***	0	0	0
D****	107,209,555.48	0.204209	20.42
TOTAL	784,101,258.69	0.204209	20.42
Dividend Distributed To Shareholders (TL)	The Ratio Of Dividend Distributed To Shareholders To Net Distributable Income Including Donations		
840,859,258.65	93%		

*Group A shares of our Company are owned by Oger Telecom. As Oger Telecom is a fully responsible corporation, there will be no withholding tax in the dividend payment.

** Group B shares of our Company are owned by the Turkish Treasury and are subject to withholding tax.

*** There is 1 Group C share, which is owned by the Turkish Treasury and does not have the right to get dividend payment according to our Articles of Association.

**** As the 15% of the total capital are traded in the Borsa Istanbul, our Company is not able to identify shareholders as "limited responsible, fully responsible, real person or legal person". Gross and net dividend calculation for this group is made on the assumption that all of the Group D shares are subject to withholding tax.

Conclusion of Affiliation Report

01.01.2015-31.12.2015 Accounting Period Conclusion Of Affiliation Report

It is undersigned and hereby declared that the Affiliation Report is prepared and issued in reliance upon paragraph (1) of Article 199 of the Turkish Commercial Code No. 6102, to the extent of knowledge of the Board of Directors of Türk Telekom, with respect to the relations of Türk Telekom with its Controlling Company/Venture and with other affiliates of its Controlling Company/Venture in the 2015 fiscal year, and that each legal transaction mentioned in the Affiliation Report is balanced with an appropriate counter-performance, and that Türk Telekom has not incurred any damages or losses due to any measure taken or avoided.

Corporate Governance Principles Compliance Report

Statement Of Compliance With Corporate Governance Principles

Türk Telekomünikasyon A.Ş. (“Türk Telekom”) pays utmost attention for implementing the Corporate Governance Principles published by the Capital Markets Board of Turkey (“CMB”). The Company updates its annual and interim activity reports and corporate website, and makes them available to its shareholders to meet the said principles. Shareholders have access to comprehensive information through the Türk Telekom investor relations website constantly kept up-to-date, as well as the possibility to direct their queries to the Investor Relations Department.

Türk Telekom successfully received an overall Corporate Governance rating of 8.91 as a result of an independent assessment by SAHA Corporate Governance and Credit Rating Company incorporated by Capital Markets Board of Turkey.

Corporate Governance Rating was determined as a result of the examination made under four major topics (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) weighted differently within the framework of the CMB’s Corporate Governance principles. Breakdown of our corporate governance rating under major categories is as follows:

Sub Categories	Weight (%)	Rating
Shareholder	25	8.45
Public Disclosure & Transparency	25	9.66
Stakeholders	15	8.68
Board of Directors	35	8.79
Total	100	8.91

This rating assigned to Türk Telekom based on the Corporate Governance Principles is a clear sign that our Company is compliant with CMB Corporate Governance Principles to a large extent, has put the necessary policies and precautions into effect and our Company’s efforts for fully complying with the Corporate Governance Principles will continue.

Reasons for non-complied Corporate Governance Principles

Pursuant to the Communiqué No:II-17.1 and dated January 3,2014 of the Capital Markets Board on the Corporate Governance, and other regulations, non-complied issues with their grounds are as below, the principles that are not being complied have not resulted in any conflicts of interest among stakeholders to date.

That the Articles of Association entitle shareholders to appoint a special auditor, and that there is no additional provision on minority rights

Turkish Commercial Code and the CMB regulations are qualified for the appointment of special auditor and minority rights.

Pursuant to the New Turkish Commercial Code 6102 which became effective in July, 2012, each shareholder’s right to appoint a special auditor will be protected.

Presence of voting privileges:

The privileges attached to the Golden Share held by the Republic of Turkey Under secretariat of Treasury are statutory (4763 numbered law), and our company is not authorized to amend these privileges.

No articles in the Articles of Association regarding the procedures for invitation of the members of the board for a meeting by shareholders and stakeholders

Pursuant to the New Turkish Commercial Code 6102 which became effective in July, 2012, each board member may submit a written request to the chairman of the board to invite members of board of directors for a meeting. There is no other way of invitation of the board members for a meeting.

Mechanisms and models to encourage participation of the stakeholders in the management of the company are not regulated by the Articles of Association

This issue is in the preparation phase.

Charter of the Audit Committee hasn't been disclosed yet

This issue is in the preparation phase.

Disputes between stakeholders (regulatory bodies and public authorities)

Resolving disputes between stakeholders is an ongoing process.

Shareholders

Investor Relations Unit

At Türk Telekom, an Investor Relations Department ("the Department") has been formed which functions under Investor Relations and Corporate Affairs Senior Directorate, which reports directly to the CEO with respect to the structured maintenance of relationships with existing and potential shareholders, effectively responding to the queries by investors and analysts, and carrying out the activities targeted at increasing the Company's share value. The Department is supervised by the Investor Relations Director Sabriye Gözde Çullas, and Investor Relations and Corporate Affairs Senior Director Onur Öz. Corporate Governance & Compliance Manager Süleyman Kışaç who holds required licenses took the responsibility arising from capital markets legislation and coordination of corporate governance practices.

Primary activities handled by the Department are as follows:

- Including the all kinds of cases related to Corporate Governance and Public Disclosure, performing the requirements of the Capital Market Regulations, and handling necessary internal and external disclosures and monitoring related processes
- Introducing and presenting the Türk Telekom Group to domestic and foreign individual and corporate investors,
- Keeping existing and potential investors regularly informed on the Company's activities, financial standing and strategies in a timely, accurate and complete manner,
- To ensure keeping of recordings related to correspondences between investors and the Company and other information and documents healthy, reliable and up-to-date
- Responding written information requests of shareholders related to the Company
- Regarding the General Assembly Meeting, preparing documents required to submit for shareholders's review and taking precautions to ensure organization of General Assembly Meeting in accordance with related regulation, articles of association and other regulations within the corporation
- Responding to the information requests by analysts researching about the Company; ensuring proper and optimum promotion of the Company and guaranteeing that reports for investors are prepared in an accurate and complete fashion,
- Sharing the interim and year-end statements, investor presentations, press releases and annual and interim activity reports regarding financial and operational results with investors and the press; updating the investor relations website regularly to ensure that shareholders have access to accurate and complete information,
- Keeping investors regularly informed on Türk Telekom and the Turkish Capital Markets by participating in conferences and investor meetings,
- Monitoring public disclosures made pursuant to the Company's disclosure policy and applicable legislation.
- Stock news are announced within the Company by watching the composition of domestic/foreign investors and significant changes in trade volume.

Corporate Governance Principles Compliance Report

Contact information for employees working in the Investor Relations Department is as follows:

Full Name	Title
Onur Öz	Senior Director
Sabriye Gözde Çullas	Director
Süleyman Kısaç	Manager
Özge Kelek	Manager
Eren Öner	Manager
Şule Gençtürk	Assistant Manager
Nergis Gündoğdu	Assistant Manager
Selin Akar	Associate
Ayça Sincan	Senior Director Assistant
Phone Number: + 90 0212 309 96 30	E-mail address: ir@turktelekom.com.tr

Please contact Süleyman Kısaç for questions related with dividends, General Assembly and transfer of shares.

The Department received over 1000 information requests by phone and email during 2015, all of which were answered. The Company participated in 24 conferences, 3 of them were domestically held, and meetings were organized with 318 investors. In addition, the Department held 38 internal investor meetings, thereby communicating with 396 shareholders and/or analysts, ensuring that all queries have been fully responded to.

Shareholders' Exercise of their Right to Obtain Information

Queries, other than those relating to trade secrets and undisclosed information, received from shareholders and analysts by the Investor Relations Department by letter, phone, email and other means are answered in the fastest and most effective way possible upon contacting the relevant person with the highest authority on the related matter. Over 1000 information requests received by Türk Telekom in the relevant period were answered. Furthermore, current and retrospective information and developments relating to Türk

Telekom that are of interest to shareholders are regularly communicated to the concerned parties by the investor relations website both in Turkish and English languages. They are also regularly communicated to those registered to our database via emails.

In addition to the foregoing, within the context of shareholders' exercise of their right to obtain information, data and information are provided on the investor relations website so as to ensure rapid and easy access to information about Türk Telekom. A large portion of this information is provided on the website both in Turkish and English languages. The website covering the related documents accessible at www.ttinvestorrelations.com is periodically updated.

Further details are presented under the heading "Corporate Investor Relations Website and its Content" below.

Company activities are periodically audited by independent auditors and statutory auditors appointed by the General Assembly upon proposal by the Board of Directors. Independent audit services for 2015 activities were provided by KPMG,

which performs said services under the legal entity of Akis Bağımsız Denetim ve SMMM A.Ş.

There is no article related to the appointment of a special auditor in the Articles of Association. Shareholders did not request the appointment of a special auditor in 2015 and no special audit was conducted. Being a telecommunications company, activities of Our Company is subjected to the audit and enquiry of Information and Communications Technologies Authority, Capital Markets Board of Turkey and Competition Authority. The results of enquiries and audits are disclosed to the public within the context of press releases issued by the related authorities and disclosure of material events regulated by the Communiqué on the Principles Regarding The Public Disclosure Of Material Events.

Minority shareholders may request the appointment of a special auditor according to the 438th and 439th articles of the New Turkish Commercial Code 6102.

General Assembly Meetings

Article 19 of the Articles of Association reads as follows: "The General Assembly shall be the main decision body of the Company possessing every kind of authority in relation to the business of the Company provided by law". Article 21 of the Articles of Association lists the "Material Decisions to be adopted by the General Assembly" as follows:

- a) the presentation of any petition for dissolution;
- b) any change to these Articles of Association;
- c) any change to the corporate name of the Company;
- d) any change to the accounting reference date or accounting policies except as required by law;
- e) any change in the share capital or the creation, allotment or issue of any shares or of any other security or the grant of any option rights or rights to subscribe to the capital or to convert any instrument into such shares or securities other than bonus shares;
- f) any reduction of capital or variation of the rights attaching to any class of shares or any redemption, purchase or other acquisition by the Company of any shares or other securities of that company;
- g) any merger with or material acquisition of any other company;
- h) the cessation of any major Business operation;
- i) any material change to the nature of its Business;
- j) the payment or declaration by the Company of any dividend or distribution of any other kind relating to the shares other than in accordance with Article 30;
- k) decisions on any of the matters referred to in Article 12 (a) to (f) above to the extent such matters have not been approved in accordance with Article 12:
 - the entry into of any contract or commitment not provided for in the Budget under which the Group Company may incur costs (per transaction) of more than US\$50 million;
 - the acquisition of any assets or property (other than in the ordinary course of business) at a total cost (per transaction) of more than US\$50 million;
 - the sale or disposition of any fixed assets for a total price per transaction of more than US\$10 million;
 - the borrowing of amounts by a Group Company which when aggregated with all other borrowings of that Group Company would exceed US\$150 million except for the loans obtained from banks in the ordinary course of business;
 - the entry into of any agreement (other than any management agreement referred to in Article 12(g) below) between a Group Company and a Shareholder (other than the holder of the Group B Shares) or its Associates which (x) is not on arm's length terms or (y) involves the transfer of monies or goods and services of a value greater than US\$30 million;
 - the appointment of any representative to act for the Company at any general assembly meeting of any Group Company (other than the Company and AVEA);

Corporate Governance Principles Compliance Report

- the entry into of any management agreement between a Group Company on the one part and a Shareholder, or any Associated Companies of a Shareholder or any person that entered into a management agreement/ management consultancy agreement with the holder of the Group A Shares or any of its Associated Companies in connection with the tender process for the block sale on the other part. However, this Article shall not prevent the Company from entering into employment or consultancy agreements with individuals

Organisations regarding our company's General Assembly Meetings are in the Türk Telekomünikasyon A.Ş.'s Articles of Association which is public and can be found on the company's Investor Relations website. Beneficiaries who have right to join the general assembly meetings pursuant to article 18 are able to join the meeting via electronic general assembly meeting system in accordance with article 1527 of Turkish Commercial Code.

2015 General Assembly Meetings

On 31 March 2015, at the Türk Telekomünikasyon A.Ş. Genel Müdürlük Kültür Merkezi, Turgut Özal Bulvarı, 06103 Aydınlikevler, Ankara, Ordinary General Assembly convened without any press or stakeholder participation where 94.58% of the Company shares were represented. Shareholders attended the meeting both via electronic platform and individually. They posed their questions and had their answers during the meeting, all spoken issues were written to the Minutes of the Meeting. Minutes of the Meeting is accessible at the <http://www.ttinvestorrelations.com/corporate-governance/general-assembly-meeting.aspx>. No proposal for the agenda items were given by shareholders during the meeting.

Particulars related to the said 2014 Ordinary General Assembly Meeting dated 31 March 2015 were published on Turkish Trade Registry Gazette

(TTRG) dated 3 April 2015. In addition, the relevant Regulatory Disclosures of Material Events made by our Company was also published on the Public Disclosure Platform as of meeting dates.

On 8 July 2015, at the Türk Telekomünikasyon A.Ş. Genel Müdürlük Kültür Merkezi, Turgut Özal Bulvarı, 06103 Aydınlikevler, Ankara, Extraordinary General Assembly convened without any press or stakeholder participation where 95.06% of the Company shares were represented. Shareholders attended the meeting both via electronic platform and individually. They posed their questions and had their answers during the meeting, all spoken issues were written to the Minutes of the Meeting. Minutes of the Meeting is accessible at the <http://www.ttinvestorrelations.com/corporate-governance/general-assembly-meeting.aspx>. No proposal for the agenda items were given by shareholders during the meeting.

Particulars related to the said Extraordinary General Assembly Meeting dated 8 July 2015 were published on Turkish Trade Registry Gazette (TTRG) dated 20 July 2015. In addition, the relevant Regulatory Disclosures of Material Events made by our Company was also published on the Public Disclosure Platform as of meeting dates.

The rules governing the Company's General Assembly meetings are covered in Türk Telekomünikasyon A.Ş. Articles of Association which is publicly disclosed and posted on the investor relations website. According to Article 31 thereof, General Assembly meetings are announced at least 21 days in advance of the meeting date, excluding the dates of announcement and meeting, in the Turkish Trade Registry Gazette (TTRG) and two national newspapers in accordance with Article 414 of the Turkish Commercial Code and so as to inform the shareholders in advance of the General Assembly meetings. Information on General Assembly meetings, their agendas, invitation letters and sample proxy forms are also posted on the investor relations website.

The Company's Class A shares held by Ojer Telekomünikasyon A.Ş. and Class C shares held by the Undersecretariat of Treasury are registered, whereas the remaining shares are bearer shares. Shareholders who wished to exercise their rights arising from shareholding, fulfilled the necessary procedures for participation in General Assembly meetings pursuant to applicable legislation and attended to the General Assembly Meeting.

The announcement and explanations which our company is obliged to do as per corporate governance principles, Information Set and invitation to the General Assembly Meeting and Minutes of the Meeting are made available for uninterrupted access to our shareholders at www.ttinvestorrelations.com.

Any transaction-that requires positive votes of majority of the independent board members in order to be resolved by Board of Directors and left to the discretion of General Assembly due to the negative votes of independent board members-did not occur.

In General Assembly Meeting, shareholders were informed about the donations including humanitarian aid made by Our Company to the associations and charitable institutions which were worth of TL 8,537,047.65 for the year 2014. Total donations including humanitarian aid made in 2015 amounts to TL 21,821,934.41. As per the donation policy total donations in a fiscal year cannot exceed 40 Million TL. These associations and institutions operate in education, health, sports, and art.

Within the knowledge of our company, shareholders that hold management control, board members, insiders with administrative responsibilities and spouses and up to third degree relatives by blood or marriage did not make any transaction that will be able to cause a conflict of interest between the Company and its subsidiaries;

on behalf of themselves or someone else, did not make any business transaction included in the operation of the Company and its subsidiaries; or did not involve in another company that engages with the same kind of business transaction with the role of unlimited partner.

All the General Assembly resolutions were applied in 2015.

Voting and Minority Rights

All Shares of Türk Telekom can be transferred except for one privileged (golden) share of Group C. For the purpose of protecting the national interest in issues of national security and the economy, the following actions and resolutions cannot be taken without the affirmative vote of the holder of the C Group Privileged Share at either a meeting of the board of directors or the General Assembly. Otherwise, such transactions shall be deemed invalid.

- a) Any proposed amendments to the Articles of Association;
- b) The transfer of any registered Shares in the Company which would result in a change in the management control of the Company;
- c) The registration of any transfer of registered shares in the Company's shareholders' ledger

Pursuant to the Articles of Association, the holder of the C Group Privileged Share appoints one member representing the Privileged Share. The C Group Privileged Share owner cannot participate in capital increases.

At the Extraordinary General Assembly Meeting held on 8 July 2015, Talat Aydın was appointed by the Board of Directors as the Board member representing the Class C golden share.

Corporate Governance Principles Compliance Report

The Company's Articles of Association contain the provision that minority rights are to be exercised by shareholders representing at least 5% of the paid-in capital. However, minority shareholders are not represented on the Board of Directors.

There are no reciprocal shareholding interests in the Company's share capital.

Dividend Rights

The Articles of Association grant no privileges regarding participation in the Company's profit. Each share is entitled to equal profit share; however, holder of the Class C share does not receive any share from the profit. Türk Telekom dividends are paid within the legally prescribed periods of time by applicable legislation.

Our Company adopts a policy to distribute maximum of distributable profit which is calculated based on Capital Markets Board regulations. Dividend Distribution policy was approved by shareholders' in 2013 Ordinary General Assembly Meeting convened on May 27, 2014. On the other hand, Board of Directors considered the short term financial liabilities of group companies, and conditions of those contracts signed with creditors in determining the Company's dividend distribution policy.

Board proposal regarding 2014 dividend distribution was resolved by General Assembly and dividend distribution on non public shares was made on 28 May 2015, for public shares dividend distribution was made on 1 June 2015.

As stated in the Company's Articles of Association, the dates and the manner of distribution of the annual profit to the shareholders are decided by the General Assembly upon proposal by the Board of Directors, in accordance with the provisions of the Capital Market Law and applicable legislation.

Dividend Distribution Policy is stated above and disclosed to the public via investor relations web site (www.ttinvestorrelations.com).

Company has not bought back its shares in 2015.

Transfer of Shares

The provisions in the Company's Articles of Association restricting transfer of shares are as follows:

Holder of Class A shares may transfer, always subject to vetoing by the Class C golden share, all or part of its shares to a third party at any time after either the expiration of the Strategic Undertaking Period, or after the date of full payment of the amount payable by the holder of Class A shares for its shares in the Company, whichever occurs later.

Holder of Class A shares may create pledge or encumbrance in favor of a financial institution over its shares which will not be subject to pledge of shares in time, as guarantee for money borrowed for the acquisition of such shares or otherwise. In the event that such pledge or encumbrance is cashed by the relevant financial institution, the same may be able to transfer the Class A shareholder's shares subject to pledge and encumbrance only upon prior written consent of the Treasury, which consent will not be unreasonably withheld.

Subject to the provisions of the following two paragraphs, holder of Class B shares may not transfer to a third party all or part of its shares during the course of the Strategic Undertaking Period without the prior consent of the holder of Class A shares, which consent will not be unreasonably withheld.

1. In the context of the public offering of the Company's shares, only the Treasury may have all or part of its shares quoted and sold on the stock exchange at any time without being subject to the restriction in the preceding paragraph.

¹ "Share Pledge" the pledge over 1,540,000,000,000 Group A registered shares of the Company (equal to 80% of the Group A registered Shares of the Company) granted to the Group B Shareholder as security for the deferred consideration under the Share Sale Agreement;

2. Holder of Class B shares may additionally transfer, without being subject to the restriction set out in the first paragraph, its own shares that are equal to 5% or less of the Company's total shares at the time of the transfer in a single transaction or in a series of transactions at any time and at any price in line with the Law 406, to employees mentioned in the Law 406 and to "small savings holders"

Furthermore, pursuant to the supplemental Article 17 of the Telegram and Telephone Law no 406 and Article 6, paragraph 4 of the Company's Articles of Association, the one Class C golden share may not be sold.

Strategic Undertaking Period ended in November 14, 2008. A Group Shareholder paid the full amount of its payables in the Company.

Public Disclosure and Transparency

Company Disclosure Policy

Türk Telekom Disclosure Policy has been formulated in line with the CMB's Communiqué on Principles Governing Disclosure of Material Events No: II-15.1 and CMB's Corporate Governance Principles. The policy has been approved and put into effect by the Board of Directors and were submitted to the shareholders's information in General Assembly Meeting convened on May 27, 2014. The disclosure policy is posted on the investor relations website (www.tinvestorrelations.com) under the "Corporate Governance" heading under the Investor Relations section. The Investor Relations Department is responsible for the monitoring and development of the said policies, and the names and duties of the relevant responsibility owners are listed under the heading Investor Relations Unit. These individuals cooperate closely with the Board of Directors in the fulfillment of these responsibilities.

In 2015, consolidated revenues excluding IFRIC 12 construction revenue increased by 7.2% and realized at the top end of the full year revenue growth guidance of 5-7%. EBITDA, reaching TL 5.33 billion, exceeded the top end of the guidance range, which is TL 5.2 billion. At the beginning of 2015 CAPEX guidance (excluding spectrum licence fees) was determined as TL 2.3 billion. In October, it is decided to revise the CAPEX guidance (excluding spectrum licence fees) up to around TL 2.9 billion from around TL 2.3 billion, due to accelerated mobile network investments and the impact of currency depreciation on CAPEX. Year end CAPEX (excluding spectrum licence fees) realized as TL 2.93 billion and met the full year guidance.

Investor Relations Web Site and Its Content:

Corporate Investor Relations website which is accessible at www.tinvestorrelations.com, is actively used in achieving transparency and public disclosure in parallel with the Capital Market legislation, CMB and BIST rules and regulations, and CMB's Corporate Governance Principles. A large portion of the information on the website is provided both in Turkish and English. The main headings covered on the website are listed below:

- Detailed Information About Company Profile
- Vision, Mission and Values
- Company Organization Chart and Shareholding Structure
- Information About The Members Of The Board Of Directors and Senior Management Of The Company
- Articles Of Association
- Trade Registry Information
- Financial Statements and Activity Reports
- Regulatory Disclosures
- Press Releases
- Investor Presentations
- Investor Relations News
- Stock Performance Information
- Contact Information Of Analysts Who Covered The Company

Corporate Governance Principles Compliance Report

- Meeting Date Invitation To General Assembly, Agenda Of The General Assembly Of Shareholders and Documents Related To The Minutes Of General Assembly Meeting Agenda
- Meeting Minutes and List Of Attendants Of The General Assembly Of Shareholders
- Sample Of Letter Of Attorney
- Corporate Governance Practices and Compliance Report
- Dividend Distribution Policy, History And Capital Increases
- Independent Auditor
- Insiders With Administrative Responsibilities
- Internal Audit And Risk Management
- Disclosure Policy
- Telecom Glossary
- Demand Circular Related To The Public Offering and Prospectus
- Türk Telekom Call Center And Contact Information
- IR Contact Information
- Information Related To The Social Responsibility Projects Of Türk Telekom

Activity Report

The content of the annual activity report are prepared in accordance with New Turkish Commercial Code and Capital Market Board regulations. There were no conflicts of interest arising between Türk Telekom and the related

organisations which offer investment advice, investment analysis, and rating activity. Board of Directors did not propose not to distribute any dividends to the General Assembly. Chief Executive Officer is not the Chairman of the Board of Directors.

No administrative sanction or penalty has been imposed on Board of Directors members.

In 2015, consolidated revenues excluding IFRIC 12 construction revenue increased by 7.2% and realized at the top end of the full year revenue growth guidance of 5-7%. EBITDA, reaching TL 5.33 billion, exceeded the top end of the guidance range, which is TL 5.2 billion. At the beginning of 2015 CAPEX guidance (excluding spectrum licence fees) was determined as TL 2.3 billion. In October, it is decided to revise the CAPEX guidance (excluding spectrum licence fees) up to around TL 2.9 billion from around TL 2.3 billion, due to accelerated mobile network investments and the impact of currency depreciation on CAPEX. Year end CAPEX (excluding spectrum licence fees) realized as TL 2.93 billion and met the full year guidance.

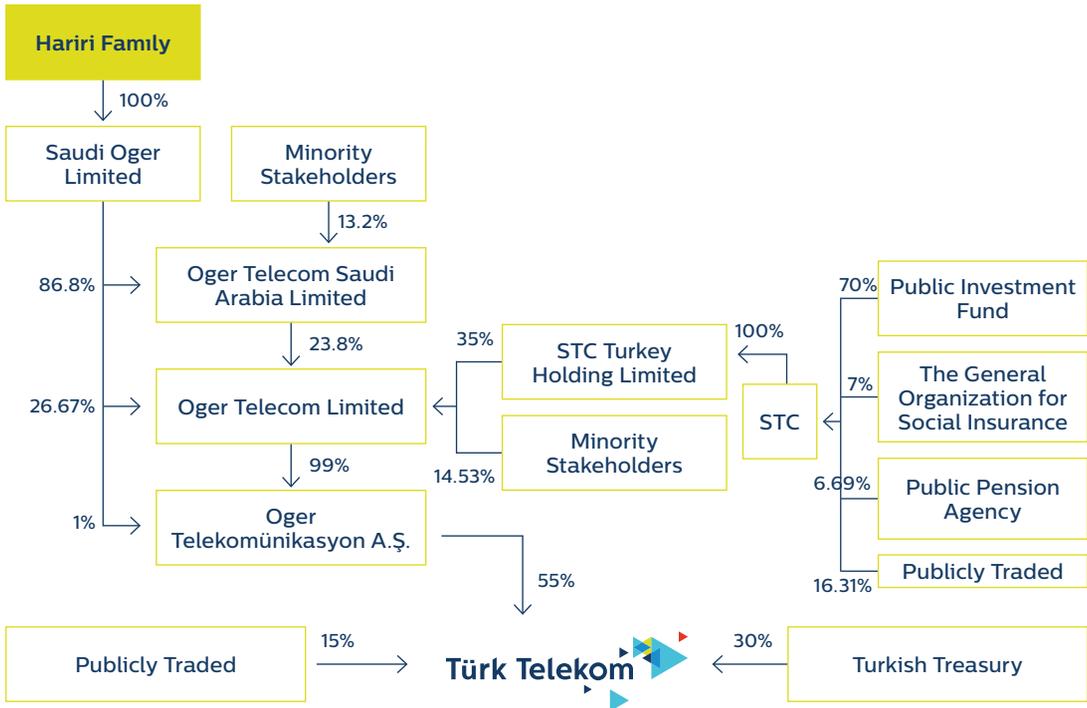
As there is no reciprocal shareholding interests in the Company's share capital, no information regarding this issue is placed in activity report.

Disclosure of Ultimate Controlling Individuals

Not subject to the authorized capital system, the Company has a share capital of TL 3,500,000,000 which is fully paid-in. The distribution of the paid-in capital among the shareholders is shown below:

Class	Shareholder	(TL) Capital Amount	(%) Share
A	Ojer Telekomünikasyon A.Ş.	1,925,000,000.00	55
B	TR Undersecretariat of Treasury	1,049,999, 999.99	30
C	TR Undersecretariat of Treasury	0.01	
D	Free Float	525,000,000.00	15
Total		3,500,000,000.00	100

Natural and legal persons owing share from our Company's capital are stated below:



Stakeholders

Keeping Stakeholders Informed

Türk Telekom shareholders and investors are kept informed in line with the public disclosure principles. The Company's Consumer Customer Care Department and Corporate Customer Care Department efficiently handle Türk Telekom customers' information requests about services and products, their comments or complaints, and provide solutions for customer problems.

Intercorporate news are issued by Human Resources – Internal Communication Department to the employees.

Stakeholder Participation in Management

There is no specific rule of the Company regarding stakeholder participation in management. A communication form enabling stakeholders to freely communicate their concerns about any illegal or unethical practices to the Corporate Governance Committee is available on IR website.

Corporate Governance Principles Compliance Report

Human Resources

Türk Telekom aims to be the most preferred company in the Turkish telecommunications sector, to attract and recruit the most skilled human resources aligned with the corporate culture and values and in line with its future strategies and targets.

Recruitment and career planning are made in line with the principle of providing equal opportunities to employees within the context of human resources policy. Recruitment principles are defined according to objective criteria as part of body of rules for recruitment. It is aimed to generate long term employment within the possibilities of technological developments, fiscal and economic conditions, sectoral variations, convergence of goods and services, organizational and changes in order to provide fast, high quality and economical services. Continuous improvement of the Company depends on the capability and flexibility of employees to adapt to changing conditions of the sector quickly and efficiently. In this regard, recruitment is made locally and internationally. Recruitment processes are defined pursuant to relevant legislations. Relations with employees is managed by Human Resources Partners, a human resources representative hasn't been assigned yet.

Working Culture

Türk Telekom makes it a goal to establish an ongoing relationship with its employees and stakeholders built on respect, trust and ethical values, adhering to the corporate culture built and maintained on the basis of respect and sharing, as well as its principles which include 'Customer Focused, Trustworthy, Innovative, Responsible and Dedicated'. There was no complaint regarding discrimination from our employees in 2015.

Our working culture is characterized by providing high quality products and services and achieving high levels of customer satisfaction, increasing productivity. The objectives which are specific, measurable, attainable, relevant and time bound, are compared based on their correlation with the actual performance results. Alternative, Customer-Focused Approaches are developed in order to follow -up, evaluate and resolve customer complaints.

Intranet of the Company creates corporate awareness, enables employees to access to all business resources, contributes to employees' career development and creates a synergy through events and social activities. Definitions of tasks and their distribution and performance related reward mechanisms are disclosed by Performance Management Team.

Health and Safety

Türk Telekom is obliged to develop measures pursuant to the Labor Law and articles related to Occupational Safety and Health issues raised and to fulfill the requirements in all workplaces. Türk Telekom has created accident prevention and environmental awareness among employees by developing Occupational Health and Safety & Environmental Management System model.

Türk Telekom has unionized labor. Rights of employees, employers and workers are protected in accordance with the Collective Labor Agreements signed.

Performance Management and Continuous Improvement

"In-house performance evaluation" methods have been established in order to manage and evaluate performance of corporate and employees.

Responsibilities, competencies, performance of business development and contribution to company goals of employees are determined by objective criteria within the framework of quality, quantity, time and cost of the work. In this process, after the performance feedback, employee training requirements are determined, promotion and other reward mechanism is executed within the context of objective criterias. Performance evaluation and knowledge of methods and mechanisms are submitted to employees' attention before the assessment of staff. The generated performance management module; below management processes are discussed.

- Planning and approval of individual targets in line with the objectives of the Company,
- Monitoring employee performance continuously in line with the goals, action plans and criteria and giving feedback,
- Evaluating of performance,
- Supporting motivation and continuous improvement, clarifying expectations regarding development plans,

Türk Telekom providing opportunities for the personal and professional development of its employees to create a performance management concept focused on constant development where employees will be able to realize their full potential. Türk Telekom also aims to support corporate goals by enhancing the loyalty of its "human resources", its most valuable asset, to the Company. Full time and part time all employees are able to attend the trainings provided by Türk Telekom Academy.

Our Company developed advanced information security policies and activities and was awarded with ISO 27001 certificate, regarding the security of the private information of its customers. Only authorized employees have access to the personal data on need-to-know basis. Access logs are audited internally to determine any suspicious or irrelevant uses. Our company provides its employees with data security training.

Remuneration

The Company aims to attract new well qualified employees, prioritizes to employee retention, keep motivation high in order to make services sustainable and reward outstanding performers. Remuneration is determined by the relevant legislation, the job description, required responsibilities and qualifications and the market value.

Code of Ethics

The code of ethics that is the key for the Company's success, as well as for the personal success of our employees, has been approved by the Board of Directors and submitted to the shareholders's information in 2009 Ordinary General Assembly Meeting convened on April 6, 2010. The Code of Ethics is a body of rules that must be abode by the Company executives in particular, and all employees in general, while also leading other employees to act in compliance with these principles. The Code of Ethics is of a complementary nature to Türk Telekom Disciplinary Principles. Our company provides its employees with code of ethics training.

Social Responsibility

Türk Telekom while adding value to its customers' lives with its products and services, gathered all social responsibility projects, implemented across Turkey under a single roof named "Türkiye'ye Değer" in 2012.

Turkey's leading communication and convergence technologies company contributes to the country by investing not only in technology and infrastructure but also in human resources.

Türk Telekom creates values undertaking various social responsibility activities that focus on the nation's economic and social needs including, in particular, education, culture and arts, technology, environment and sports.

Information on the "Türkiye'ye Değer" projects are shared with the public also via the corporate website. Detailed information is available also at www.turkiyeyedeğer.com.tr.

Corporate Governance Principles Compliance Report

Board of Directors

Structure and Formation of the Board of Directors

Our Board of Directors was elected at the Extra Ordinary General Assembly Meeting which was held on 8 July 2015, for a term of 3 years.

Structure of the Board of Directors as of the report date is below:

Name/Surname	Duty	Independent/Not	Executive/Non Executive	Committees and Duties
Mohammed Hariri	Chairman	Not Independent	Non-Executive	Corporate Governance Committee (Member)
Abdullah Tivnikli	Board Member	Not Independent	Non-Executive	
Nasser Suleiman A Al Nasser	Board Member	Not Independent	Non-Executive	Audit Committee (Observer Member)
Hakam Kanafani	Board Member	Not Independent	Non-Executive	
Rami Aslan	Board Member, CEO	Not Independent	Executive	
Mazen Abou Chakra	Board Member	Not Independent	Non-Executive	Audit Committee (Observer Member), Identification and Management of Risks Committee (Member)
Cenk Serdar	Board Member	Not Independent	Non-Executive	Corporate Governance Committee (Member), Early Identification and Management of Risks Committee (Member)
Talat Aydın	Board Member	Not Independent	Non-Executive	
Kemal Madenoğlu	Vice Chairman	Independent	Non-Executive	
Fahri Kasırga	Board Member	Independent	Non-Executive	
Yiğit Bulut	Board Member	Independent	Non-Executive	Audit Committee (Member) Early Identification and Management of Risks Committee (Chairman)
İbrahim Eren	Board Member	Independent	Non-Executive	Corporate Governance Committee (Chairman) Audit Committee (Chairman)

Biographies of the members of Türk Telekom's Board of Directors are placed in the Board of Directors Section of the annual report and Investor Relations website. Pursuant to the 10th article of the Articles of Association, the members of the Board of Directors shall hold office for a term of 3 years. There is no distribution of tasks between the members of Board of Directors. General Assembly elected Independent members of Board of Directors during its Extra Ordinary General Assembly Meeting which was held on 8 July 2015. Corporate Governance Committee performed the functions of Nomination Committee in line with CMB principles. Four independent members of Board of Directors were nominated to the Corporate Governance Committee by B Group Shareholder. A report regarding nominees' independence situation was prepared and submitted to the Board of Directors by Corporate

Governance Committee on June 19, 2015. After CMB provided consent for the nominees, the nominess of independent members of board of directors were submitted to the General Assembly's approval and elected as well.

Statements of Independence of each Independent Board Member is presented under the appendix of this report.

There was no circumstances that jeopardize independence of board of directors in the activity period. No company rules have been internally established regarding the positions of the Board of Directors held outside the company yet.

The Positions of The Board Of Directors Held Outside The Company are as below:

Name/Surname and Duties in Türk Telekomünikasyon A.Ş. over the last 5 years	Duties outside of Türk Telekomünikasyon A.Ş.	
Mohammed Hariri Chairman of the Board, Chairman of the Executive Committee, Member of the Corporate Governance Committee Previous: Chairman of the Audit Committee	Chairmanship of the Board	Al Mal Investment Holding, Avea İletişim Hizmetleri A.Ş., Cell C (Pty), GroupMed International Holding Limited, GroupMed sal (Holding), BankMed sal, Oger Telecom Ltd., Oger Telekomünikasyon A.Ş., SaudiMed Investment Company, TTNET A.Ş.
	Vice Chairmanship of the Board	Saudi Oger Ltd
	Board Membership	3C Telecommunications (PTY) Limited, Arab Bank plc., Enterprise de Travaux Internationaux, Lanun Securities S.A., Oger International S.A.
Kemal Madenoğlu Vice Chairman of the Board	Board Membership	Kyrgyzstan Manas University Trustee Board
	Other	Undersecretariat to the Turkish Republic Prime Ministry
Abdullah Tivnikli Board Member, Member of the Executive Committee	Chairmanship of the Board	4TEK İletişim A.Ş., A G Gayrimenkul Yatırım Sanayi ve Ticaret A.Ş., Alphakat Dizel Sanayi ve Ticaret A.Ş., Çeşme Enerji A.Ş., Eksim Elektrik Enerjisi İthalat İhracat ve Toptan Satış A.Ş., Eksim Enerji Danışmanlık A.Ş., Eksim Yatırım Holding A.Ş., Eksun Gıda Tarım Sanayi ve Ticaret A.Ş., Hasanbeyli Enerji A.Ş., İltek Enerji Yatırım Sanayi ve Ticaret A.Ş., İncesu Gayrimenkul Yatırım Sanayi ve Ticaret A.Ş., Karadeniz Elektrik Üretim Sanayi A.Ş., Kartaltepe Enerji A.Ş., Kök Elektrik Enerjisi İthalat İhracat ve Toptan Satış A.Ş., Merzifon Enerji A.Ş., Rewe Enerji A.Ş., Rsh Enerji A.Ş., Seferihisar Enerji A.Ş., Sinangil Gıda Pazarlama Sanayi ve Ticaret A.Ş., Susurluk Enerji A.Ş., Tam Enerji Yatırım Sanayi ve Ticaret A.Ş., Tokat Enerji A.Ş.
	Vice Chairmanship of the Board	Argela Yazılım ve Bilişim Teknolojileri A.Ş., Innova Bilişim Çözümleri A.Ş., Sebit Eğitim ve Bilgi Teknolojileri A.Ş.
	Board Membership	Akabe Gayrimenkul Yatırım Sanayi ve Ticaret A.Ş., Akabe İnşaat Sanayi ve Ticaret A.Ş., Akasya Çocuk Dünyası A.Ş., AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş., Avea İletişim Hizmetleri A.Ş., Batı Hattı Doğalgaz Tic. A.Ş., Kat Turizm Gayrimenkul Yatırımları ve İşletme Ticaret A.Ş., Ottoman Gayrimenkul Yatırımları İnşaat ve Ticaret A.Ş., TTNET A.Ş.

Corporate Governance Principles Compliance Report

Rami Aslan Board Member, CEO, Member of the Executive Committee Previous: Observer member of the Audit Committee	Chairmanship of the Board	Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş., AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş., Innova Bilişim Çözümleri A.Ş., Sebit Eğitim ve Bilgi Teknolojileri A.Ş., Türk Telekom International AT AG.
	Board Membership	3C Telecommunications Pty Ltd., ALBtelecom, Avea İletişim Hizmetleri A.Ş., Cell C (Pty), Net Ekran Televizyonculuk ve Medya Hizmetleri A.Ş., Oger Telecom Ltd., Ojer Telekomünikasyon A.Ş., TTNET A.Ş.
Nasser Suleiman A Al Nasser Board Member Observer Member of the Audit Committee, Member of the Executive Committee	Chairmanship of the Board	STC Solutions
	Board Membership	Avea İletişim Hizmetleri A.Ş.
	Other	Senior Vice President of Technology and Operations at Saudi Telecom Company
Fahri Kasırğa Yönetim Kurulu Üyesi	Board Membership	Council of Higher Education
	Other	Turkish Republic Presidential Secretary General
Mazen Abou Chakra Board Member, Observer Member of the Audit Committee, Member of the Early Identification and Management of Risks Committee	Board Membership	11818 Rehberlik ve Müşteri Hizmetleri A.Ş., 3C Telecommunications Pty Ltd., AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş., Cell C (Pty), Net Ekran Televizyonculuk ve Medya Hizmetleri A.Ş., Oger Telecom Ltd., Ojer Telekomünikasyon A.Ş., Türk Telekom International AT AG
	Other	Oger Telecom Ltd. Chief Legal Officer
Hakam Kanafani Board Member, Previous: TT Group CEO	Board Membership	11818 Rehberlik ve Müşteri Hizmetleri A.Ş., Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş., Cell C (Pty), Innova Bilişim Çözümleri A.Ş., Oger Telecom Ltd., Ojer Telekomünikasyon A.Ş., Sebit Eğitim ve Bilgi Teknolojileri A.Ş., Türk Telekom International AT AG
	Other	-
Çenk Serdar Board Member, Member of the Corporate Governance Committee Member of the Early Identification and Management of Risks Committee	Board Membership	Avea İletişim Hizmetleri A.Ş., Contact Centers Company (CCC), SALE Advanced Co. Ltd.
	Other	Avea İletişim Hizmetleri A.Ş., Audit Committee Member, Contact Centers Company (CCC), Audit Committee Member, SALE Advanced Co. Ltd., Executive Committee Member, SALE Advanced Co.Ltd., Remuneration Committee Member, Saudi Telecom Company, Senior Vice President of the Consumer Unit at Saudi Telecom Company
İbrahim Eren Board Member Chairman of the Audit Committee Chairman of the Corporate Governance Committee	Board Membership	Euronews, International Academy of Television Arts & Science (Emmy Awards)
	Other	Vice President of TRT (Turkish Radio Television), Honorary Vice President of Euronews
Yiğit Bulut Board Member Member of the Audit Committee Chairman of the Early Identification and Management of Risks Committee	Board Membership	-
	Other	Chief Advisor of Turkish Republic President
Talat Aydın Board Member	Board Membership	Avea İletişim Hizmetleri A.Ş.
	Other	Advisor of the Ministry of Transport, Maritime Affairs and Communications

Principles of Activity of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors shall meet at least four times a year or shall meet whenever the Company's business so requires. The activities of the Board of Directors are run by Board Secretariat. At least 10 business days before the meeting, a notice of the time of meeting and the agenda which is accompanied by any relevant papers are sent to the Board of Directors. Meeting notices were sent to the members of the Board of Directors via e-mail. The agenda of the meeting is set via e-mails according to the proposals of members of the Board of Directors, CEO, VPs and Executive members of departments. Agenda is finalized by receiving the consent of the Chairman of the Board. Meetings of the Board of Directors were held in fiscal 2015. The overall attendance rate of board meetings in 2015 was 95 percent.

Pursuant to the 12th article of Articles of Association; questions arising at a meeting were passed by a simple majority of the votes of the Directors present at such meeting unless the resolution relates to a "Supermajority Decision Relating to the Board. Supermajority Decisions Relating to the Board were taken with the presence and affirmative vote of 7 Directors, at least one of which shall be a Director representing the Treasury. Questions arising at the meeting of Board of Directors and issues with multiple views are recorded into minutes with the appropriate grounds of negative votes in detail. The rights of member of Board of Directors representing C Group are explained in the section of Voting Rights and Minority Shares. No negative votes on these resolutions were recorded. There were no important transactions presented for approval of the independent directors and all the related party transactions were approved by the majority of the independent directors. The damages to the Company resulting from the directors faults were insured up to USD 125,000,000.

Numbers, Structures and Independence of Committees within the Board of Directors

Audit Committee

Membership structure of the Audit Committee was changed with the Board Resolution dated 17 October 2012.

Independent board member İbrahim Eren is serving as chairman and independent board member Yiğit Bulut is serving member of the Audit Committee. Non executive board members; Mazen Abou Chakra and Suleiman Nasser A Al Nasser are serving as observer members of the Audit Committee.

Audit Committee shall meet at least five times a year. The Committee reviewed and monitored Türk Telekom Group's processes of accounting, finance and auditing as well as their processes for monitoring compliance with law and regulations and their own code of business conduct, as well as such other matters which may be delegated specifically to the Committee by the Board from time to time. Preparations regarding the audit committee charter is an ongoing process.

Corporate Governance Committee

Corporate Governance Committee was established with the Board Resolution dated 17 October 2012.

Independent board member İbrahim Eren is serving as chairman of the Corporate Governance Committee. Non executive board members Mohammed Hariri and Cenk Serdar and Corporate Governance and Compliance Manager Süleyman Kışaç is serving as the member of the Corporate Governance Committee.

The Committee shall provide implementation, improvement and adoption of corporate governance principles within the Company and shall convene as often as deemed necessary for the effectiveness of its studies. Corporate Governance Committee undertakes the the duties of Nomination and Remuneration Committees.

Corporate Governance Principles Compliance Report

Early Identification and Management of Risks Committee

Early Identification and Management of Risks Committee was established with the Board of Resolution dated 23 October 2013.

Independent board member Yiğit Bulut is serving as chairman of the Early Identification and Management of Risks Committee. Non executive board members Mazen Abou Chakra and Cenk Serdar are serving as the members of the Early Identification and Management of Risks Committee.

Early Identification and Management of Risks Committee shall meet 6 times a year. Establishment goal of the committee is to to early identify any potential risks that might jeopardize the existence, development and continuation of the Company, to take and implement the necessary measures and preventive actions for the elimination of such detected potential risks as well as to perform and coordinate any studies related to risk management facilities and to manage and review the risks by applying a risk management system and to report the Board of the Directors thereon.

Independent board member İbrahim Eren serves as both the chairman of the Audit Committee and Corporate Governance Committee. Independent board member Yiğit Bulut serves as both the chairman of the Early Identification and Management of Risks Committee and the member of the Audit Committee.

Risk Management and Internal Control Mechanism

Türk Telekom has defined its mission regarding the management of risks and opportunities as "by means of raising an awareness on the ever-changing internal and external dynamics, to most effectively manage the risks and related opportunities faced by the Company and to make

Enterprise Risk and Opportunity Management an indispensable part of the corporate culture and strategic decision-making." while "to integrate the Enterprise Risk and Opportunity Management into Türk Telekom's management structure as a best practice both in Turkey and in the world." is designated as the vision.

The management approach of the Company not just comprises of the mitigation of the risks already present/that might arise in the risk universe; but also includes the treatment of risks born from not taking advantage of the related opportunities. In this context, Board of Directors and the Top Management of Türk Telekom embraces the value-creating role of Enterprise Risk and Opportunity Management and supports the effectiveness of the system avidly.

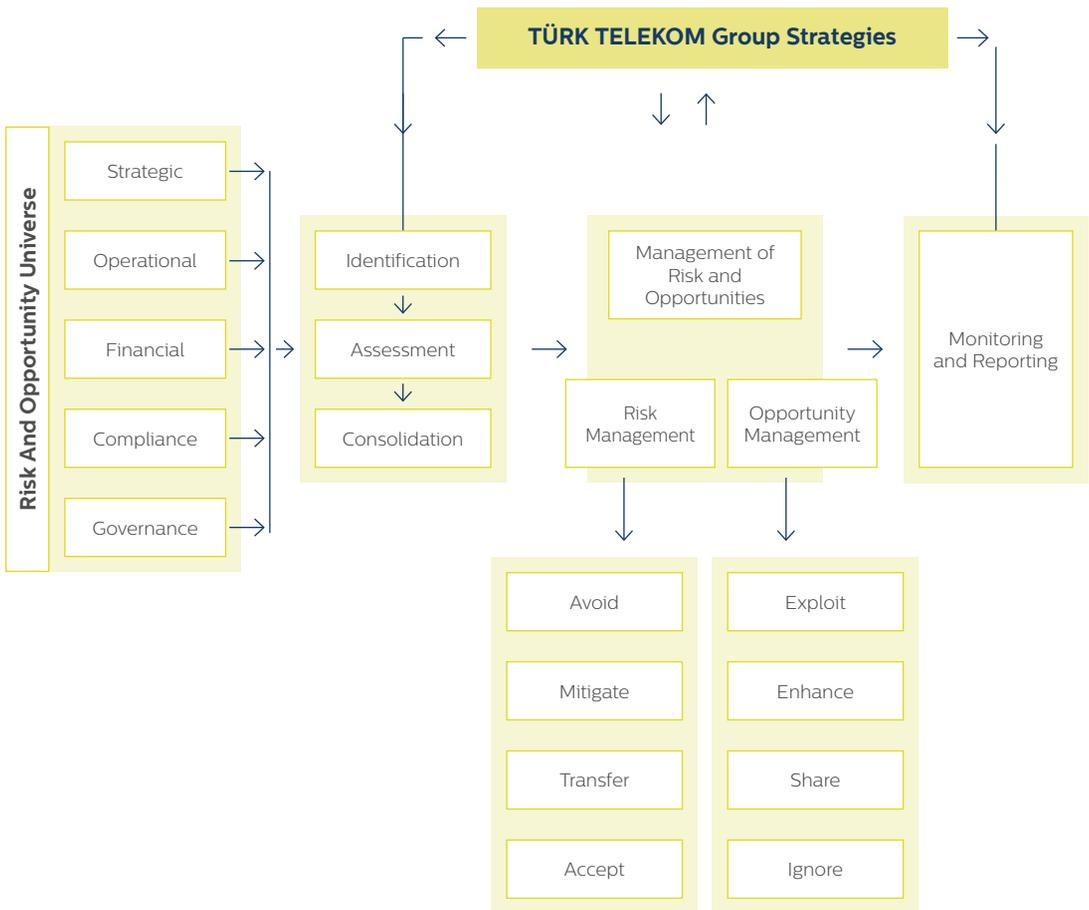
Enterprise Risk and Opportunity Management has been structured to support Türk Telekom in achieving its strategic objectives. While establishing these objectives; an analysis on each strategic choice as well as its risks and returns are conducted to have an optimal balance between performance aims and the aforementioned risks. Risks that can prevent/lessen the effectiveness of strategic attempts are identified and quantified via certain metrics. External risks that cannot be mitigated by Türk Telekom are assessed on their impact, probability, speed of progress and Türk Telekom's preparedness of facing those with the aim of supporting Türk Telekom in reaching its strategic objectives. Existing/emerging opportunities are also identified via this approach.

An integrated governance model among Türk Telekom and its affiliates has been developed for the mitigation of losses arising both from risks and the non/mis-management of opportunities where the risk universe is identified by business functions periodically. All risk areas are closely monitored and the risks are managed by risk owners within this framework.

The risks Türk Telekom is exposed to are classified as strategic, operational, financial, governance and compliance. These risks are measured via qualitative and quantitative risk metrics and

management tools which are continuously improved and updated to be in harmony with the dynamic global conditions and ICT sector.

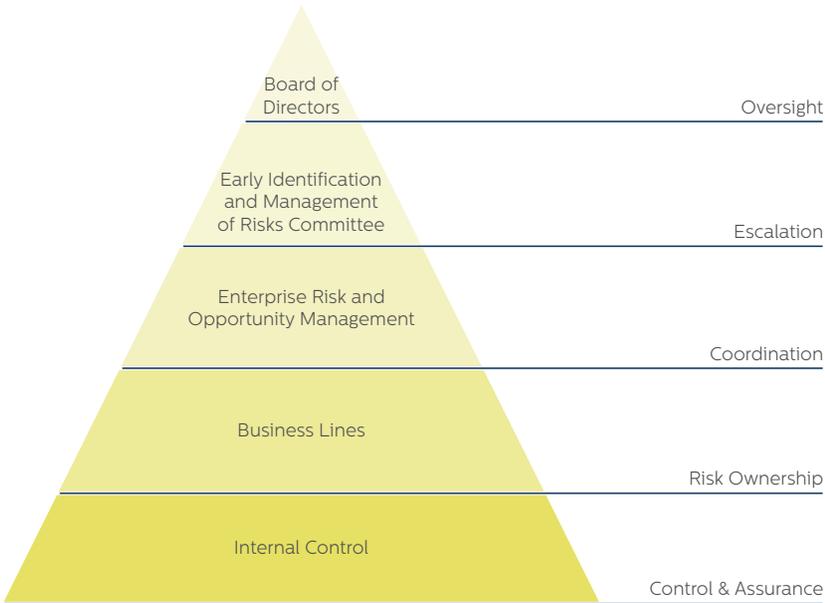
Türk Telekom Enterprise Risk and Opportunity Management Process



In this scope, Türk Telekom’s Enterprise Risk and Opportunity Management Governance Model has been further improved with the establishment of the Early Identification and Management of Risks Committee on October 23, 2013; in compliance with the Capital Markets’ Board’s related regulations.

Corporate Governance Principles Compliance Report

Türk Telekom Enterprise Risk and Opportunity Management Governance Model



In this governance model;

Board of Directors, oversees and assesses the risks and opportunities faced by Türk Telekom in compliance with the Company's strategies.

Early Identification and Management of Risks Committee identifies the risks and opportunities faced by Türk Telekom and establishes the Risk and Opportunity Management process. It escalates the significant risks and opportunities to the Board of Directors.

Enterprise Risk and Opportunity Management coordinates all the risk and opportunity management functions among business lines and between Group firms. It assesses the risk limits and risk levels deemed important for Türk Telekom.

Business functions own the related risks and opportunities and takes relevant measures and actions.

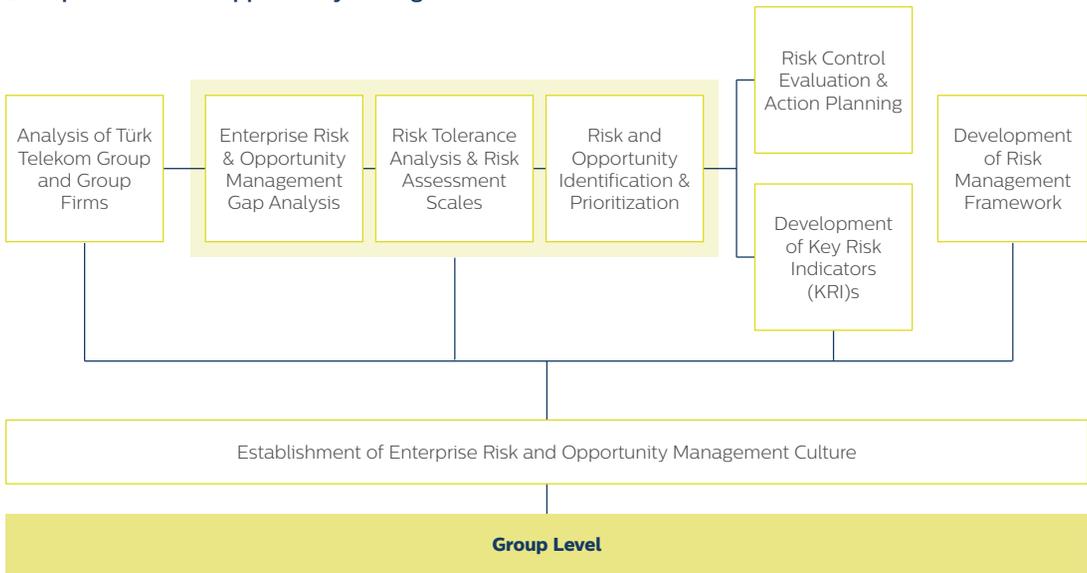
Internal Audit gives assurance on controls and actions. It controls the operability of the system and reports the actions.

Risks and opportunities faced by Türk Telekom are transparently assessed in the workshops conducted between Group Companies and all business functions in compliance with the aforementioned framework. During the assessment process; root causes triggering the risks, correlation between the risks, factors specific to the sector and macroeconomic dynamics are also taken into account.

This process has been designed by a bottom-up approach through business functions and management levels of Türk Telekom Group. Therefore, relevant analyses have been re-assessed with a higher level of manager and the identified risks and opportunities are presented to top level decision-makers iteratively. This approach has proven advantageous for the specification

of the risk universe down to the last detail and elevation of the risk and opportunity ownership among the Company to the top level via the meticulous collection of all related data regarding the management of risks and opportunities from all sources available and including all business levels in the process.

Enterprise Risk and Opportunity Management Framework



Practices regarding action planning are still being carried out and the business processes and related risk management approaches are being structured dynamically. Related applications are conducted periodically with the coordination of Enterprise Risk and Opportunity Management from here onwards.

Efficiency of the successfully established risk management and internal control systems are periodically observed by the Board of Directors through Early Inspection of Risks and Management Committee and Audit Committee and evaluated as satisfactory.

Strategy

5 years Strategic Business Plan and annual budget; which include the strategic targets determined by observing the global and local sectoral developments, technological developments and identifying customer preferences are subject to Board of Directors approval. Board watches the performance of Türk Telekom reaching its strategical targets monthly.

Corporate Governance Principles Compliance Report

Prohibition on Doing Business and Competing with the Company

The Company has adopted practices that are aligned with Articles 395 and 396 of the Turkish Commercial Code and Corporate Governance Principles annexed to the Communiqué II-17.1 on Corporate Governance.

At the General Assembly Meeting dated 31 March 2015, permission was given to the controlling shareholders, the Board of Directors Members, the senior executives, their spouses and their relatives by blood and marriage up to the second degree to make transactions which may cause conflict of interest for the Company or Company's subsidiaries and to compete in accordance with the Communiqué II-17.1 on Corporate Governance and the general assembly was informed about the transactions of this nature realized within the year.

Remuneration of the Members of the Board of Directors

Shareholders were informed about the "Remuneration Policy" determined for the Board of Directors Members and the Senior Executives in accordance with the Corporate Governance Principles at the Ordinary General Assembly Meeting dated 31 March 2015. Remuneration Policy was disclosed to the public and put on the investor relations web site within the same day.

Remuneration of the members of the Board of Directors is determined by the General Assembly in accordance with Article 408 of the New Turkish Commercial Code and Article 8 of the Company's Articles of Association. General Assembly approved and accepted that each member of the Board of Directors shall be paid net remuneration at an amount of TL 8.000 on monthly basis as well as the bonuses at the same amount of the monthly remunerations twice in a year, in January and in July. There is no performance measurement and performance-based rewarding system in place for

the Board members. The Company has never lent money or extended loans to any Board member or executive, no credit has been given under the name personal loan through third persons, nor have any guarantees been provided such as suretyship in their favor.

The remuneration of directors and other members of key management were as follows:

(TL thousand)	1 January - 31 December 2015	1 January - 31 December 2014
Short-term benefits	104,957	96,243
Wages	41,202	31,087
Bonus and attendance fees	48,678	34,440
Post-employment benefits to key management	15,077	30,716
Long-term defined benefits	2,066	1,936
Social Security Institution premiums	2,066	1,936
	107,023	98,179

Furthermore, OTMSC charged to the Company a consultancy fee amounting to TL 33.735 (31 December 2014: TL 29.697) and an expense fee for an amount of TL 114 (31 December 2014: TL 210), for the year ended 31 December 2015. OTASC's ultimate shareholder is Saudi Oger. Based on the contract between OTMSC and the Company. Significant portion of this payment represents salaries of key management personnel. The contract has been renewed on 15 April 2012 for an annual charge of USD 12.000 (prior contract value: USD 8.500) for three years and terminated on 15 April 2015. On 12 May 2015 a new protocol is signed. According to this, the contract is renewed for two years by the same amount and will be terminated on 15 May 2017.

Statement of Independence

I have been nominated for the vacant independent board membership of Türk Telekomünikasyon A.Ş. ("The Company"). Pursuant to Corporate Governance Principles attached to the Communiqué No: II-17.1 on the Corporate Governance;

I declare that;

- A relationship of an executive position with important duties and responsibilities has not been established by me, my spouse or up to third degree relatives by blood or marriage within the last five years and I do not jointly or separately hold more than 5% of capital or voting right or privileged share or have significant commercial relationship, with Türk Telekomünikasyon A.Ş., associations that Türk Telekomünikasyon A.Ş. holds management control or has significant effect on, and shareholders that hold Türk Telekomünikasyon A.Ş.'s management control or have significant effect on Türk Telekomünikasyon A.Ş. and entities whose management control held by these shareholders,
- I have not worked in a management position undertaking important duty and responsibilities for firms, particularly audit,(including tax audit, legal audit and internal audit), rating and consultancy firms, firms that Türk Telekomünikasyon A.Ş. purchases or sells goods or services considerably, in the period that goods and services are purchased or sold, and also have not been appointed as board member to those firms within the last five years.
- I have necessary educational background, information and experience for fulfilling independent board member duties,
- Pursuant to Income Tax Law No.193 dated by 31.12.1960, I am a resident in Turkey
- I have the ethical standards, reputation and experience enabling them to contribute to activities of the Company, protect their impartiality with regard to conflict of interest that may arise among shareholders, make independent decisions by taking into account the rights of stakeholders,
- I have time to follow the requirements of the business activities of Türk Telekomünikasyon A.Ş. and to precisely perform the tasks I have undertaken,
- I have not served as a board member of the company for more than six years in last ten years.
- I do not serve as an independent board member in more than three of the Türk Telekomünikasyon A.Ş.'s or the companies whose management control held by shareholders that hold Türk Telekomünikasyon A.Ş.'s management control and also in total more than five of publicly traded companies.
- I am not registered and announced on behalf of the legal entity elected as Board Member



Kemal Madenoğlu

Statement of Independence

I have been nominated for the vacant independent board membership of Türk Telekomünikasyon A.Ş. ("The Company"). Pursuant to Corporate Governance Principles attached to the Communiqué No: II-17.1 on the Corporate Governance;

I declare that;

- A relationship of an executive position with important duties and responsibilities has not been established by me, my spouse or up to third degree relatives by blood or marriage within the last five years and I do not jointly or separately hold more than 5% of capital or voting right or privileged share or have significant commercial relationship, with Türk Telekomünikasyon A.Ş., associations that Türk Telekomünikasyon A.Ş. holds management control or has significant effect on, and shareholders that hold Türk Telekomünikasyon A.Ş.'s management control or have significant effect on Türk Telekomünikasyon A.Ş. and entities whose management control held by these shareholders,
- I have not worked in a management position undertaking important duty and responsibilities for firms, particularly audit,(including tax audit, legal audit and internal audit), rating and consultancy firms, firms that Türk Telekomünikasyon A.Ş. purchases or sells goods or services considerably, in the period that goods and services are purchased or sold, and also have not been appointed as board member to those firms within the last five years.
- I have necessary educational background, information and experience for fulfilling independent board member duties,
- Pursuant to Income Tax Law No.193 dated by 31.12.1960, I am a resident in Turkey
- I have the ethical standards, reputation and experience enabling them to contribute to activities of the Company, protect their impartiality with regard to conflict of interest that may arise among shareholders, make independent decisions by taking into account the rights of stakeholders,
- I have time to follow the requirements of the business activities of Türk Telekomünikasyon A.Ş. and to precisely perform the tasks I have undertaken,
- I do not serve as an independent board member in more than three of the Türk Telekomünikasyon A.Ş.'s or the companies whose management control held by shareholders that hold Türk Telekomünikasyon A.Ş.'s management control and also in total more than five of publicly traded companies.
- I am not registered and announced on behalf of the legal entity elected as Board Member



İbrahim Eren

Statement of Independence

I have been nominated for the vacant independent board membership of Türk Telekomünikasyon A.Ş. ("The Company"). Pursuant to Corporate Governance Principles attached to the Communiqué No: II-17.1 on the Corporate Governance;

I declare that;

- A relationship of an executive position with important duties and responsibilities has not been established by me, my spouse or up to third degree relatives by blood or marriage within the last five years and I do not jointly or separately hold more than 5% of capital or voting right or privileged share or have significant commercial relationship, with Türk Telekomünikasyon A.Ş., associations that Türk Telekomünikasyon A.Ş. holds management control or has significant effect on, and shareholders that hold Türk Telekomünikasyon A.Ş.'s management control or have significant effect on Türk Telekomünikasyon A.Ş. and entities whose management control held by these shareholders,
- I have not worked in a management position undertaking important duty and responsibilities for firms, particularly audit,(including tax audit, legal audit and internal audit), rating and consultancy firms, firms that Türk Telekomünikasyon A.Ş. purchases or sells goods or services considerably, in the period that goods and services are purchased or sold, and also have not been appointed as board member to those firms within the last five years.
- I have necessary educational background, information and experience for fulfilling independent board member duties,
- Pursuant to Income Tax Law No.193 dated by 31.12.1960, I am a resident in Turkey
- I have the ethical standards, reputation and experience enabling them to contribute to activities of the Company, protect their impartiality with regard to conflict of interest that may arise among shareholders, make independent decisions by taking into account the rights of stakeholders,
- I have time to follow the requirements of the business activities of Türk Telekomünikasyon A.Ş. and to precisely perform the tasks I have undertaken,
- I do not serve as an independent board member in more than three of the Türk Telekomünikasyon A.Ş.'s or the companies whose management control held by shareholders that hold Türk Telekomünikasyon A.Ş.'s management control and also in total more than five of publicly traded companies.
- I am not registered and announced on behalf of the legal entity elected as Board Member



Yiğit Bulut

Statement of Independence

I have been nominated for the vacant independent board membership of Türk Telekomünikasyon A.Ş. ("The Company"). Pursuant to Corporate Governance Principles attached to the Communiqué No: II-17.1 on the Corporate Governance;

I declare that;

- A relationship of an executive position with important duties and responsibilities has not been established by me, my spouse or up to third degree relatives by blood or marriage within the last five years and I do not jointly or separately hold more than 5% of capital or voting right or privileged share or have significant commercial relationship, with Türk Telekomünikasyon A.Ş., associations that Türk Telekomünikasyon A.Ş. holds management control or has significant effect on, and shareholders that hold Türk Telekomünikasyon A.Ş.'s management control or have significant effect on Türk Telekomünikasyon A.Ş. and entities whose management control held by these shareholders,
- I have not worked in a management position undertaking important duty and responsibilities for firms, particularly audit,(including tax audit, legal audit and internal audit), rating and consultancy firms, firms that Türk Telekomünikasyon A.Ş. purchases or sells goods or services considerably, in the period that goods and services are purchased or sold, and also have not been appointed as board member to those firms within the last five years.
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- Pursuant to Income Tax Law No.193 dated by 31.12.1960, I am a resident in Turkey
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- I have time to follow the requirements of the business activities of Türk Telekomünikasyon A.Ş. and to precisely perform the tasks I have undertaken,
- I do not serve as an independent board member in more than three of the Türk Telekomünikasyon A.Ş.'s or the companies whose management control held by shareholders that hold Türk Telekomünikasyon A.Ş.'s management control and also in total more than five of publicly traded companies.
- I am not registered and announced on behalf of the legal entity elected as Board Member



Fahri Kasırga

Statement of Responsibility

Financial Tables Approved By The Board Of Directors

Resolution Dated: 11.02.2016

Resolution No: 8

Statement Of Responsibility As Per Article 9 Of The Capital Markets Board Communiqué No: II-14.1

We hereby state that:

a) We have reviewed the Consolidated Financial Tables of our Company for the accounting period ending on 31 December 2015

b) According to information to which we have access as a part of our duties and responsibilities within the Company, the Consolidated Financial Tables do not contain any material inaccurate disclosures or any shortcomings which may prove to be misleading because of the date of disclosure.

c) According to information to which we have access as a part of our duties and responsibilities within the Company, the Consolidated Financial Tables, which have been prepared in accordance with the Capital Markets Board Communiqué No: II-14.1, faithfully reflect the assets, liabilities, financial standing and profits and losses of the Company.

Kind regards,



İbrahim Eren

Audit Committee Chairman



Yiğit Bulut

Audit Committee Member



Rami Aslan

CEO



Murat Kırkgöz

Chief Financial Officer

Statement of Responsibility

Annual Report Approved By The Board Of Directors

Resolution Dated: 29.02.2016

Resolution No: 11

Statement Of Responsibility As Per Article 9 Of The Capital Markets Board Communiqué No: II-14.1

We hereby state that:

- a) We have reviewed the Board of Directors Annual Report for 2015
- b) According to information to which we have access as a part of our duties and responsibilities within the Company, the Annual Report do not contain any material inaccurate disclosures or any shortcomings which may prove to be misleading because of the date of disclosure.
- c) According to information to which we have access as a part of our duties and responsibilities within the Company, the Annual Report faithfully reflects the development and performance of the business and the consolidated financial situation of the Company along with the risks and uncertainties that the Company is facing.

Kind regards,



İbrahim Eren
Audit Committee Chairman



Yiğit Bulut
Audit Committee Member



Rami Aslan
CEO



Murat Kırkgöz
Chief Financial Officer

Independent Auditors' Report Related to Annual Report



Akıs Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Kevcecik Rıdvanı Bahçe Mah. Kavak Sok.
No:29 Beşiktaş 34805 İstanbul
Tel: +90 (216) 681 90 00
Fax: +90 (216) 681 90 90
www.kpmg.com.tr

Independent Auditors' Report

Convenience Translation Into English Of The Independent Auditors' Report Related To Annual Report Originally Issued in Turkish

To the Board of Directors of Türk Telekomünikasyon Anonim Şirketi,

Report On The Audit Of Board Of Directors' Annual Report Based On The Standards On Auditing Which Is A Component Of The Turkish Auditing Standards Published By The Public Oversight Accounting And Auditing Standards Authority ("POA")

We have audited the accompanying annual report of Türk Telekomünikasyon Anonim Şirketi ("the Company") and its subsidiaries (collectively referred to as "the Group"), for the year ended 31 December 2014.

Board of Directors' Responsibility for the Annual Report

Pursuant to the article 514 of the Turkish Commercial Code numbered 6102 ("TCC") and Communiqué on the Principles of Financial Reporting In Capital Markets numbered II – 14.1 ("Communiqué"), management is responsible for the preparation of the annual report fairly and consistent with the consolidated financial statements and for such internal control as management determines is necessary to enable the preparation of such annual report.

Auditor's Responsibility

Our responsibility is to express an opinion on the Group's annual report based on our audit in accordance with article 397 of the TCC and Communiqué whether the financial information included in the accompanying annual report is consistent with the audited consolidated financial statements expressed in the auditor's report of the Group dated 11 February 2016 and provides fair presentation.

Our audit has been conducted in accordance with the Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") published by the POA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information included in the annual report is consistent with the consolidated financial statements and provide fair presentation. An audit also includes performing audit procedures in order to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's judgment. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information included in the annual report is consistent, in all material respects, with the audited consolidated financial statements and provides a fair presentation.

Report on Other Regulatory Requirements

In accordance with the third clause of the article 402 of TCC, no material issue has come to our attention that shall be reported about the Group's ability to continue as a going concern in accordance with TAS 570 Going Concern.

Akıs Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative



Murat Alsan, SMMM
Partner
29 February 2016
İstanbul, TÜRKİYE

**Türk Telekomünikasyon
Anonim Şirketi and Its Subsidiaries
31 December 2015
Consolidated Financial Statements
And Independent Auditors' Report**

11 February 2016
This report contains 1 pages of
“Independent Auditors' Report”
and 110 pages of financial
statements and explanatory notes.



Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
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INDEPENDENT AUDITORS' REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITORS' REPORT RELATED TO ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of Türk Telekomünikasyon Anonim Şirketi,

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Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative



Murat Alsan, SMMM
Partner

29 February 2016
Istanbul, TURKEY

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(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Consolidated Statement of Financial Position as at 31 December 2015

(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

		Current period	Prior period
		Audited	Audited
	Notes	31 December 2015	31 December 2014
Assets			
Current assets			
		8.441.600	6.413.004
Cash and cash equivalents	4	2.837.786	2.538.446
Trade receivables			
- Due from related parties	8	6.504	17.757
- Trade receivables from third parties	6	3.794.474	3.115.181
Other receivables			
- Other receivables from third parties	10	83.144	39.948
Derivative financial instruments	16	388.767	74.032
Inventories	11	252.245	144.182
Prepaid expenses	14	286.791	263.072
Current tax related assets		50.468	6.355
Other current assets	13	741.421	187.664
		8.441.600	6.386.637
Assets held for sale			
	18	-	26.367
Non-current assets			
		17.332.304	13.464.783
Financial investments	15	11.840	11.840
Trade receivables			
- Trade receivables from third parties	6	49.135	40.113
Other receivables			
- Other receivables from third parties	10	31.537	45.330
Derivative financial instruments	16	45.002	24.395
Investment property	19	27.189	13.547
Property, plant and equipment	20	8.538.182	8.180.932
Intangible assets			
- Goodwill	17	44.944	48.734
- Other intangible assets	21	8.216.886	4.789.152
Prepaid expenses	14	46.454	30.392
Deferred tax assets	12	286.804	259.308
Other non-current assets	13	34.331	21.040
Total assets		25.773.904	19.877.787

The accompanying notes form an integral part of these consolidated financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Consolidated Statement of Financial Position as at 31 December 2015

(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

	Notes	Current period	Prior period
		Audited 31 December 2015	Audited 31 December 2014
Liabilities			
Current liabilities		8.552.927	4.225.718
Financial liabilities			
- Bank borrowings	5	242.091	29.414
Short term portion of long term financial liabilities			
- Bank borrowings	5	2.363.672	691.154
- Obligations under finance leases	7	8.034	12.961
- Bills, bonds and notes issued	5	9.963	4.943
Other financial liabilities			
- Non-controlling interest put option liability	9	-	439.664
Trade payables			
- Due to related parties	8	10.745	7.888
- Trade payables to third parties	6	4.225.532	1.541.161
Employee benefit obligations	13	115.205	275.767
Other payables			
- Other payables to third parties	10	628.116	463.088
Derivative financial instruments	16	104.673	-
Deferred revenue	14	131.035	110.709
Income tax payable	32	182.503	197.574
Short term provisions			
- Short term provisions for employee benefits	22	178.822	160.050
- Other short term provisions	22	296.674	241.259
Other current liabilities	13	55.862	50.086
Non-current liabilities		12.227.609	9.348.729
Financial liabilities			
- Bank borrowings	5	6.300.674	5.837.599
- Obligations under finance leases	7	997	6.995
- Bills, bonds and notes issued	5	2.877.296	2.294.732
Trade payables			
- Trade payables to third parties	6	962.258	613
Other payables			
- Other payables to third parties	10	617.453	7.619
Derivative financial instruments	16	160.911	84.592
Deferred revenue	14	267.564	255.555
Long term provisions			
- Provisions for employee termination benefits	22	635.366	555.595
- Long term provisions for employee benefits excluding employee termination benefits	22	79.677	68.907
- Other long-term provisions	22	7.711	7.593
Deferred tax liability	12	317.702	228.929
Equity		4.993.368	6.303.340
Total equity attributable to parent			
Paid-in share capital	23	3.500.000	3.500.000
Inflation adjustments to paid in capital (-)	23	(239.752)	(239.752)
Non-controlling interest put option liability reserve	23	-	(227.065)
Difference arising from the change in shareholding rate in a subsidiary	23	(1.320.942)	(858.134)
Share based payment reserve	23, 24	9.528	9.528
Other comprehensive income / expense items not to be reclassified to profit or loss			
- Actuarial loss arising from employee benefits	23	(434.385)	(382.368)
Other comprehensive income/expense items to be reclassified to profit or loss			
- Hedging reserves		(208.646)	(124.116)
- Foreign currency translation reserve	23	44.430	48.703
Restricted reserves allocated from profits		2.289.384	2.122.798
Retained earnings		446.307	446.307
Net profit for the period		907.444	2.007.439
Total liabilities and equity		25.773.904	19.877.787

The accompanying notes form an integral part of these consolidated financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Consolidated Statement of Profit or Loss for the year Ended 31 December 2015

(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

		Current Period	Prior Period
		Audited	Audited
	<i>Notes</i>	1 January - 31 December 2015	1 January - 31 December 2014
Sales	3	14.522.855	13.601.623
Cost of sales (-)	3, 27	(7.565.517)	(7.030.297)
Gross profit		6.957.338	6.571.326
General administrative expenses (-)	3, 27	(2.143.274)	(1.833.865)
Marketing, sales and distribution expenses (-)	3, 27	(1.901.161)	(1.843.191)
Research and development expenses (-)	3, 27	(47.304)	(66.521)
Other operating income	3, 29	622.216	307.224
Other operating expense (-)	3, 29	(448.327)	(254.692)
Operating profit		3.039.488	2.880.281
Income from investing activities	3, 30	141.009	251.174
Expense from investing activities (-)	3, 30	(15.518)	(7.631)
Operating profit before financial expenses		3.164.979	3.123.824
Financial income	31	2.808.848	1.786.215
Financial expense (-)	31	(4.712.546)	(2.334.158)
Profit before tax		1.261.281	2.575.881
Tax income/(expense)			
- Current tax expense	32	(310.756)	(696.190)
- Deferred tax income/(expense)	12, 32	(87.675)	89.277
Profit for the year		862.850	1.968.968
Profit attributable to:			
Non-controlling interests	23	(44.594)	(38.471)
Attributable to equity holders of the parent		907.444	2.007.439
Earnings per shares attributable to equity holders of the parent from (in full Kuruş)	23	0,2593	0,5736
Earnings per diluted shares attributable to equity holders of the parent from (in full Kuruş)	23	0,2593	0,5736

The accompanying notes form an integral part of these consolidated financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Consolidated Statement of Comprehensive Income

for the year Ended 31 December 2015

(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

		Current Period	Prior Period
		Audited	Audited
	Notes	1 January - 31 December 2015	1 January - 31 December 2014
Profit for the period		862.850	1.968.968
Other comprehensive income items not to be reclassified to profit:			
Actuarial loss from employee benefits	22	(62.385)	(19.128)
Tax effect of actuarial loss from employee benefits		12.097	3.689
Other comprehensive income items to be reclassified to profit or loss:			
Change in foreign currency translation differences		(4.273)	(9.402)
Cash flow hedges-effective portion of changes in fair value	16	(73.245)	(134.168)
Tax effect of cash flow hedges-effective portion of changes in fair value	16	14.649	26.835
Hedge of net investment in a foreign operation	16	(32.418)	8.484
Tax effect of hedge of net investment in a foreign operation	16	6.484	(1.697)
Other comprehensive income, net of tax		(139.091)	(125.387)
Total comprehensive income		723.759	1.843.581
Appropriation of total comprehensive income:			
Non-controlling interest		(44.641)	(38.539)
Attributable to equity holders of the parent		768.400	1.882.120

The accompanying notes form an integral part of these consolidated financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Consolidated Statement of Changes in Equity for the year Ended 31 December 2015

(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

	Other comprehensive income items to be reclassified to profit or loss in subsequent periods										Retained earnings		Total equity		
	Non-inflation adjustment share to paid-in capital	Inflation adjustment to paid-in capital	Non-inflation controlling interest liability reserve	Share based payment reserve	Share the change in shareholding rate in a subsidiary	Difference arising from the change in shareholding rate in a subsidiary	Actuarial loss arising from employee benefits	Reserve for hedge in a foreign operation	Cash flow hedge reserve	Foreign currency translation reserve	Restricted reserves allocated from profits	Net profit for the earnings period		Total equity attributable to parent	Non-controlling interest
Balance at 1 January 2014	3.500.000	(239.752)	(232.807)	9.528	(858.134)	(366.997)	(70.390)	46.820	58.105	2.049.085	129.106	1.303.045	5.327.609	5.327.609	
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	2.007.439	2.007.439	(38.471)	1.968.968
Other comprehensive income	-	-	-	-	(15.371)	(15.371)	6.787	(107.333)	(9.402)	(9.402)	-	-	(125.318)	(68)	(125.387)
Total comprehensive income	-	-	-	-	(15.371)	(15,371)	6,787	(107,333)	(9,402)	(9,402)	-	2,007,439	1,882,120	(38,539)	1,843,581
Transfer to legal reserves	-	-	-	-	-	-	-	-	-	73.713	317.201	(390.914)	-	-	-
Non-controlling interest before reclassification to minority put option liability	-	-	-	-	-	-	-	-	-	-	-	-	-	251.138	251.138
Non-controlling interest put option liability (Note 9)	-	-	5.742	-	-	-	-	-	-	-	-	-	5.742	(212.599)	(206.857)
Dividend paid (Note 23)	-	-	-	-	-	-	-	-	-	-	-	(912.131)	(912.131)	-	(912.131)
Balance at 31 December 2014	3.500.000	(239.752)	(227.065)	9.528	(858.134)	(382.368)	(63.603)	(60.513)	48.703	2.122.798	446.307	2.007.439	6.303.340	6.303.340	
Balance at 1 January 2015	3.500.000	(239.752)	(227.065)	9.528	(858.134)	(382.368)	(63.603)	(60.513)	48.703	2.122.798	446.307	2.007.439	6.303.340	6.303.340	
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	907.444	907.444	(44.594)	862.850
Other comprehensive income	-	-	-	-	(50.288)	(50.288)	(25.934)	(58.596)	(4.273)	(4.273)	-	-	(139.091)	(47)	(139.138)
Total comprehensive income	-	-	-	-	(50.288)	(50,288)	(25,934)	(58,596)	(4,273)	(4,273)	-	907,444	768,353	(44,644)	723,712
Transfer to legal reserves	-	-	-	-	-	-	-	-	-	166.586	-	(166.586)	-	-	-
Acquisition of non-controlling interest without a change in control (Note 9)	-	-	-	227.065	(462.808)	(1729)	-	-	-	-	-	-	(237.472)	44.641	(192.831)
Dividend paid (Note 23)	-	-	-	-	-	-	-	-	-	-	-	(1.840.853)	(1.840.853)	-	(1.840.853)
Balance at 31 December 2015	3.500.000	(239.752)	-	9.528	(1.320.942)	(434.385)	(89.537)	(119.109)	44.430	2.289.384	446.307	907.444	4.993.368	4.993.368	

The accompanying notes form an integral part of these consolidated financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows for the year Ended 31 December 2015

(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

	Notes	Current Period	Prior Period
		Audited	Audited
		1 January - 31 December 2015	1 January - 31 December 2014
Net profit		862.850	1.968.968
Adjustments to reconcile net profit to cash provided by operating activities:			
Depreciation and amortisation expenses	28	2.235.298	1.952.452
Impairment	28	36.511	49.284
Tax expense	32	398.431	606.912
Gain and loss on sale of property, plant and equipment, net	30	(125.490)	(243.543)
TFRS Interpretation 12 construction (revenue) / cost, net		(38.235)	(41.224)
Interest income and (expense), net		(27.100)	71.266
Unrealised foreign currency exchange differences		1.949.962	447.983
Reversal of doubtful receivables	6/10	(235.678)	(172.392)
Allowance for doubtful receivables	6/10	539.564	372.963
Provision for employee termination benefits	22	106.393	151.378
Provision for employee benefits, net	22	148.598	160.168
Employee benefits obligation		-	44.205
Change in litigation provision, net	22	65.069	53.844
Change in unused vacation provision		15.599	14.211
Loss on derivative financial instruments, net	31	135.184	29.056
Gain on derivative financial instruments, net		(366.779)	(165.321)
Obsolete inventory provision / (reversal), net		2.002	(2.962)
Other provisions		(53.695)	1.798
Operating profit before working capital changes		5.648.484	5.299.046
Net working capital changes in:			
Increases in trade receivables		(664.872)	(211.943)
Increases in other current assets		(616.216)	97.461
Increase in inventories		(110.065)	(54.191)
Increase/(decrease) in trade payables		920.625	(169.321)
Decrease/(increase) in other non-current assets		(15.468)	(6.869)
Increases in other current liabilities and provisions		(77.242)	(23.835)
Increases in other non-current liabilities		(17.196)	(5.598)
Decrease/(increase) in restricted cash		(55.746)	39.735
Cash flow from operating activities			
Payments of employee termination benefits	22	(89.169)	(67.007)
Payments of provisions		(144.991)	(50.623)
Payments of tax		(363.457)	(558.272)
Interest received		168.448	147.458
Net cash provided by operating activities		4.583.135	4.436.041
Investing activities			
Acquisition of non-controlling interests		(27.500)	-
Proceeds from sale of property, plant, equipment and intangible assets		180.905	312.000
Purchases of property, plant, equipment and intangible assets		(3.319.603)	(2.169.257)
Net cash used in investing activities		(3.166.198)	(1.857.257)
Cash flows from financing activities			
Proceeds from bank borrowings		4.143.150	3.395.017
Repayment of bank borrowings		(3.251.504)	(5.477.794)
Bills, bonds and notes issued		-	2.130.293
Repayment of obligations under finance leases		(13.927)	(9.334)
Interest paid		(341.140)	(281.119)
Derivative instrument payments / receipts		3.999	23.653
Dividends paid	23	(1.840.853)	(912.131)
Interest received		157.401	130.223
Net cash used in financing activities		(1.142.874)	(1.001.192)
NET INCREASE IN CASH AND CASH EQUIVALENTS		274.063	1.577.592
FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		(30.468)	(4.179)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2.270.791	697.377
Cash and cash equivalents at the end of the period	4	2.514.386	2.270.790

The accompanying notes form an integral part of these consolidated financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

as at and for the Year Ended 31 December 2015

(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

1. REPORTING ENTITY

Türk Telekomünikasyon Anonim Şirketi ("Türk Telekom" or "the Company") is a joint stock company incorporated in Turkey. The Company has its history in the Posthane – i Amirane (Department of Post Office) which was originally established as a Ministry on 23 October 1840. On 4 February 1924, under the Telephone and Telegraph Law No. 406, the authorization to install and operate telephone networks throughout Turkey was given to the General Directorate of Post, Telegraph and Telephone ("PTT"). The Company was founded on 24 April 1995 as a result of the split of the telecommunication and postal services formerly carried out by the PTT. All of the personnel, assets and obligations of the PTT pertaining to telecommunication services were transferred to the Company, the shares of which were fully owned by the Prime Ministry Under secretariat of Treasury ("the Treasury").

On 24 August 2005, Oger Telekomünikasyon A.Ş. ("OTAŞ"), entered into a Share Sale Agreement with the Turkey's Privatization Authority for the purchase of a 55% stake in the Company. A Shareholders Agreement and a Share Pledge Agreement for the block sale of the Company were signed on 14 November 2005 and then after, OTAŞ became the parent company of the Company.

Out of TL 3.500.000 nominal amount of capital, 15% of the Company's shares owned by the Treasury corresponding to a nominal amount of TL 525.000 have been issued to the public through an initial public offering with the permission of Directorate of Istanbul Stock Exchange on 15 May 2008. Since then Company shares are traded in Borsa İstanbul with the name of TTKOM.

Oger Telecom Limited ("Oger Telecom") owns 99% of the shares of OTAŞ, which in turn owns 55% of the Company. Oger Telecom is an entity incorporated in August 2005 as a limited liability company under the laws of the Dubai International Financial Centre.

As at 31 December 2015 and 31 December 2014, the ultimate parent and controlling party of the Company is Saudi Oger Ltd ("Saudi Oger"), because of its controlling ownership in Oger Telecom.

A concession agreement ("the Concession Agreement") was signed by the Company and Turkish Telecommunication Authority (now named the Information and Communication Technologies Authority ("ICTA") as at 14 November 2005. The Concession Agreement covers the provision of all kinds of telecommunication services, establishment of necessary telecommunications facilities and the use of such facilities by other licensed operators and the marketing and supply of telecommunication services for 25 years starting from 28 February 2001. The Concession Agreement will terminate on 28 February 2026 and the Company will transfer the entire infrastructure that has been used to provide telecommunication services to ICTA in working condition.

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(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

1. REPORTING ENTITY (CONTINUED)

The details of the Company's subsidiaries as at 31 December 2015 and 31 December 2014 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership of the Company (%)	
				31 December 2015	31 December 2014
TTNet Anonim Şirketi ("TTNet")	Turkey	Internet service provider	Turkish Lira	100	100
Avea İletişim Hizmetleri A.Ş.("Avea")	Turkey	GSM operator	Turkish Lira	100	89.99
Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret Anonim Şirketi("Argela")	Turkey	Telecommunication solutions	Turkish Lira	100	100
Innova Bilişim Çözümleri Anonim Şirketi ("Innova")	Turkey	Telecommunication solutions	Turkish Lira	100	100
Assist Rehberlik ve Müşteri Hizmetleri Anonim Şirketi ("AssisTT")	Turkey	Call center and customer relations	Turkish Lira	100	100
Sebit Eğitim ve Bilgi Teknolojileri A.Ş.("Sebit")	Turkey	Web Based Learning	Turkish Lira	100	100
Argela - USA, Inc.	USA	Telecommunications solutions	U.S. Dollar	100	100
Sebit LLC	USA	Web based learning	U.S. Dollar	100	100
TT International Holding B.V.("TT International") ⁽¹⁾	Netherlands	Holding company	Euro	100	100
TT Global Services B.V.("TT Global") ⁽¹⁾	Netherlands	Service company	Euro	-	100
Türk Telekom International AG ("TTINT Austria") ⁽¹⁾	Austria	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Hu Kft ("TTINT Hungary") ⁽¹⁾	Hungary	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
S.C. Euroweb Romania S.A. ("TTINT Romania") ⁽¹⁾	Romania	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Bulgaria EOOD ("TTINT Bulgaria") ⁽¹⁾	Bulgaria	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International CZ s.r.o ("TTINT Czech Republic") ⁽¹⁾	Czech Republic	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TTINT Telcomd.o.o Beograd ("TTINT Serbia") ⁽¹⁾	Serbia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TTINT Telekomunikacijed.o.o ("TTINT Slovenia") ⁽¹⁾	Slovenia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International SK s.r.o ("TTINT Slovakia") ⁽¹⁾	Slovakia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
MTC TR Memorex Telekomunikasyon Sanayi ve Ticaret Limited Şirketi ("TTINT Turkey") ⁽¹⁾	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Turkish Lira	100	100
Türk Telekom International UA TOV ("TTINT Ukraine") ⁽¹⁾	Ukraine	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Italy S.R.L. (TTINT Italy) ⁽¹⁾	Italy	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TTINT International DOOEL Skopje("TTINT Macedonia") ⁽¹⁾	Macedonia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International LLC ("TTINT Russia") ⁽¹⁾	Russia	wholesale voice services provider	Euro	100	100
Türk Telekomunikasyon Euro GmbH. ("TT Euro") ⁽¹⁾	Germany	Mobil service marketing	Euro	100	100
Türk Telekom International d.o.o. ⁽¹⁾	Croatia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International HK Limited ⁽¹⁾	Hong Kong	Internet/data services, infrastructure and wholesale voice services provider	H.K. Dollar	100	100
Net Ekran TV ve Medya Hiz. A.Ş. ("Net Ekran")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
TTES Elektrik Tedarik Satış A.Ş.	Turkey	Electrical energy trading	Turkish Lira	100	-
TT Euro Belgium S.A. ⁽¹⁾	Belgium	Mobile service marketing	Euro	100	100
Fleksus Mobil Finans ve Dağıtım ("Fleksus")	Turkey	Mobile finance	Turkish Lira	100	100
Net Ekran1 TV ve Medya Hiz. A.Ş. ("Net Ekran1")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran2 TV ve Medya Hiz. A.Ş. ("Net Ekran2")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran3 TV ve Medya Hiz. A.Ş. ("Net Ekran3")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran4 TV ve Medya Hiz. A.Ş. ("Net Ekran4")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran5 TV ve Medya Hiz. A.Ş. ("Net Ekran5")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran6 TV ve Medya Hiz. A.Ş. ("Net Ekran6")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran7 TV ve Medya Hiz. A.Ş. ("Net Ekran7")	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran8 TV ve Medya Hiz. A.Ş. ("Net Ekran8")	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran9 TV ve Medya Hiz. A.Ş. ("Net Ekran9")	Turkey	Television and radio broadcasting	Turkish Lira	100	-
11818 Rehberlik ve Müşteri Hizmetleri A.Ş. ("11818")	Turkey	Call center and customer relations	Turkish Lira	100	100

⁽¹⁾ Hereinafter, will be referred as TTINT Group.

^(*) Liquidated as of 28 December 2015.

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Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

as at and for the Year Ended 31 December 2015

(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

1. REPORTING ENTITY (CONTINUED)

Hereinafter, Türk Telekom and its subsidiaries together will be referred to as "the Group".

The Group's principal activities include the provision of local, national, international and mobile telecommunication services, internet products and services, as well as call centre and customer relationship management, technology and information management.

The Company's registered office address is Turgut Özal Bulvarı, 06103 Aydınlıkevler, Ankara.

The numbers of personnel of the Group as at 31 December 2015 and 31 December 2014 have been disclosed in Note 22.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The main accounting policies used for preparing the Group's consolidated financial statements are stated below:

2.1 Basis of presentation of the consolidated financial statements

a) Preparation of financial statements

The accompanying consolidated financial statements are based in accordance with Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board ("CMB") dated 13 June 2013 related to "Capital Market Communiqué on Principles Regarding Financial Reporting" ("Communiqué") which is published in official gazette, no 28676. TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

b) Preparation of financial statements

The accompanying consolidated financial statements and notes are presented in accordance with the illustrative financial statements published by CMB on 7 June 2013.

The accompanying consolidated financial statements as of 31 December 2015 are approved by the Company's Board of Directors on 3 February 2016. General Assembly and related legal institutions have the right to correct these financial statements and statutory financial statements.

c) Correction of financial statements during the hyperinflationary periods

CMB, with its resolution dated 17 March 2005, announced that all publicly traded entities operating in Turkey was not obliged to apply inflationary accounting effective from 1 January 2005. In accordance with this resolution, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied to the consolidated financial statements since 1 January 2005.

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Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

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(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of presentation of the consolidated financial statements

d) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the property, plant and equipment and investment property acquisitions prior to 1 January 2000 for which the deemed cost method was applied in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies", derivative financial instruments and non-controlling interest put option liability which have been reflected at their fair values. Investment properties and tangible assets which are recognized with deemed cost method are valued with fair values as of 1 January 2000, non-controlling interest put option liabilities and derivative financial liabilities are valued with fair values as of balance sheet date.

The methods used to measure the fair values are discussed further in Note 2.4 (u).

e) Functional and presentation currency

Excluding the subsidiaries incorporated outside of Turkey, functional currency of all entities' included in consolidation is Turkish Lira ("TL") and they maintain their books of account in TL in accordance with Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

Functional currencies of the subsidiaries are presented in Note 1.

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Turkish Accounting Standards published by the POA and are presented in TL.

Additional paragraph for convenience translation to English:

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosures requirement of the POA.

2.2 Basis of consolidation

The accompanying financial statements include the accounts of the parent company Türk Telekom and its subsidiaries. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

a) Subsidiaries

As at 31 December 2015, the consolidated financial statements include the financial results of Türk Telekom and its subsidiaries that the Group has control over its financial and operational policies which are listed at Note 1.

Control is normally evidenced when the Company controls an investee if and only if the Company has all the following; a) power over the investee b) exposure, or rights, to variable returns from its involvement in the investee and c) the ability to use its power over the investee to affect the amount of company's returns. The results of subsidiaries acquired are included in the consolidated statements of income from the effective date of acquisition as appropriate

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and events and are prepared with the same chart of accounts of the Company.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

as at and for the Year Ended 31 December 2015

(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Basis of consolidation (continued)

b) Business combinations

From 1 January 2010 the Group has applied revised TFRS 3 "Business Combinations" standard. The change in accounting policy has been applied prospectively and had no effect on business combinations completed during prior periods.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquirer. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the entity and the equity interests issued by the Group. When the agreement with the seller includes a clause that the consideration transferred could be adjusted for future events, the acquisition-date fair value of this contingent consideration is included in the cost of the acquisition. All transaction costs incurred by the Group have been recognized in general administrative expenses. For each business combination, the Group elects whether it measures the non-controlling interest in the acquirer either at fair value or at the proportionate share of the acquirer's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition. Acquired assets and liabilities and contingent liabilities assumed according to TFRS 3 are recognized at fair values on the date of the acquisition. Acquired company is consolidated starting from the date of acquisition.

If the fair values of the acquired identifiable assets, liabilities and contingent liabilities or cost of the acquisition are based on provisional assessment as at the balance sheet date, the Group made provisional accounting. Temporarily determined business combination accounting has to be completed within twelve months following the combination date and adjustment entries have to be made beginning from the combination date.

c) Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original acquisition and the minority's share of changes in equity since the date of the acquisition. Losses within a subsidiary are attributed to non-controlling interest even if that result is in deficit (-) balance.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

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as at and for the Year Ended 31 December 2015

(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Basis of consolidation (continued)

c) Non-controlling interests (continued)

Changes in shareholding rate that does not change control power of the Company are considered as a transaction between shareholders and accounted under "differences arising from the change in shareholding rate in a subsidiary" account.

d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

e) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at the date. Foreign currency differences arising on translation of foreign currency transactions are recognized in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on qualifying cash flow hedges to the extent the hedge is effective, which are recognized in other comprehensive income.

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to reporting currency at average exchange rates in the related periods. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

The Group entities use USD, Euro or TL, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities. All currencies other than the functional currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies. The Group uses TL as the reporting currency.

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(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Basis of consolidation (continued)

e) Foreign currency (continued)

been re-measured to the related functional currencies. The Group uses TL as the reporting currency. The financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated to the unit of currency effective at the reporting date until 1 January 2005. As stated above, with the resolution dated 17 March 2005 to end the hyperinflation accounting for the periods starting after 31 December 2004, TL is not assessed as a currency of a hyperinflationary economy effective from 1 January 2005.

The foreign currency exchange rates as of the related periods are as follows:

	Average		Period end	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Euro / TL	3,0187	2,9042	3,1776	2,8207
USD / TL	2,7191	2,1865	2,9076	2,3189

iii) Hedge of net investment in a foreign operation

The Company acquires foreign currency bank loans in order to hedge its net investment in a foreign operation. Foreign exchange gain and/or loss resulting from the subsidiary's net investment portion of this loan is reclassified to other comprehensive income. Foreign exchange gain and/or loss resulting from the subsidiary's net investment portion of this loan reclassified to other comprehensive income will be transferred to profit and loss in case of disposal. Tax effects of foreign exchange gain and/or loss resulting from the subsidiary's net investment portion of this loan is recognized under other comprehensive income as well.

2.3 Changes in accounting policies, comparative information and restatement of prior periods' financial statements

There is no reclassifications at prior periods.

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Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies

a) Financial instruments

i) Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and financial investments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, receivables from related parties and financial investments.

Receivables from customers in relation to a component of revenue are recognized as trade receivables in financial statements. Receivables that are not classified as trade receivables and are not financial investments are recognized as other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents comprise cash, cash at banks and other cash and cash equivalents.

Project and reserve accounts are included in other current assets. The use of project and reserve accounts are subjected to the approval of the lender in accordance with the financial contracts.

Accounting for finance income and expenses is discussed in Note 2.4 (o).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies

a) Financial instruments (continued)

Financial investments

As of 31 December 2015 and 2014, the Group accounted its 20% shareholding in Cetel Telekom İletişim Sanayi ve Ticaret Anonim Şirketi (Cetel) as financial investments in the consolidated financial statements. As of 31 December 2015 and 2014, Cetel is carried at cost after deducting impairment, if any, because the Company does not have significant influence at Cetel. The Company does not have a significant influence on Cetel and consequently Cetel is accounted under financial investments in the consolidated financial statements.

ii) Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Non derivative financial liabilities comprise loans, trade and other payables, payables to related parties and other payables. Non derivative financial liabilities are recognized as explained below.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued, bank overdrafts, and trade and other payables.

Trade payables are payables to third parties in relation to their capacity as suppliers. Payables stemming from transactions with parties that are not suppliers or customers which are not classified as trade payables and are not a result of financing operations are recognized as other payables.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

When a financial instrument gives rise to a contractual obligation on the part of the Group to deliver cash or another financial asset or to exchange another financial instrument under conditions that are potentially unfavorable, it is classified as a financial liability. The instrument is equity instrument if, are met:

a) The instrument includes no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group.

b) If the instrument will or may be settled in the Group's own equity instruments, it is a non-derivative that includes no contractual obligation for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies

a) Financial instruments (continued)

iii) Share capital

The ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

The fair value of interest rate swap contracts is determined by reference to market value for similar instruments.

For the purpose of hedge accounting, hedges are classified as; cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company assesses the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. It is expected that hedge transaction is to be effective in stabilizing changes between changes in fair value or cash flow. During all financial reporting periods in which it is defined, hedge transaction is evaluated continuously for identification of effectiveness and it is expected to be consistent with documented risk management strategy. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

The derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies

a) Financial instruments (continued)

iv) Derivative financial instruments (continued)

Cash flow hedges (continued)

The amount recognized in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognized. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss. In other cases the amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

b) Property, plant and equipment

i) Recognition and measurement

Property, plant and equipment ("PPE") of the Group is carried at cost less accumulated depreciation and any accumulated impairment losses. The Group elected to measure property, plant and equipment of the Company on a deemed cost basis in the first period of application of TAS 29 "Financial Reporting in Hyper Inflationary Economy" since detailed records of the acquisition date and costs of items of PPE were not available for the Company prior to 1 January 2000. The deemed cost values for land and buildings as at 1 January 2000 were appraised by CMB licensed real-estate valuation companies. The network equipment and vehicles values were appraised by Detecon International GmbH (a subsidiary of Deutsche Telecom AG). Other than the PPE for which cost was determined on a deemed cost basis, the cost of PPE generally comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. PPE that are recognized at deemed cost basis or at cost are restated for the effects of inflation until 31 December 2004 in accordance with TAS 29.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are calculated as the difference between the net proceeds from disposal and the carrying amount of the item and are recognized net within "other operating income/(expense)" in profit or loss.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

b) Property, plant and equipment (continued)

ii) Subsequent cost

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in consolidated statement of comprehensive income as incurred.

iii) Depreciation

Depreciation is calculated effective from purchase or replacement date to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Land is not depreciated.

Useful lives of property, plant and equipment are as follows:

Property plant and equipment	Useful life (years)
Buildings	21-50 years
Outside plant	5-21 years
Transmission equipment	5-21 years
Switching equipment	5-8 years
Data networks	3-10 years
Vehicles	5 years
Furniture and fixtures	3-5 years
Other property, plant and equipment	2-8 years

The remaining useful lives of the PPE of the Company are limited to the concession periods. Considering the Concession Agreement useful lives of purchases made in 2015 are limited to 11 years.

Leased assets are depreciated by the same method used for property and equipment over the shorter of the lease term and their useful lives.

c) Intangible assets

i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is included in intangible assets.

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquiree; plus

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

c) Intangible assets (continued)

- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Transactions costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged to the consolidated income statement during the year when the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or infinite. The Group does not have any intangible assets with infinite useful lives. Intangible assets with finite lives are amortized on a straight line basis over the shorter of their useful economic lives or remaining concession period. Whenever there is an indication that the intangible asset may be impaired it is assessed for impairment. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed each financial year end at least.

Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement. The amortization periods for intangible assets are between 3 and 25 years. The remaining useful lives of the intangible items are limited to the concession period. Considering the Concession Agreement, the useful lives of 2015 acquisitions are limited to 11 years.

iii) Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

c) Intangible assets (continued)

iii) Research and development (continued)

Impairment test is performed periodically in order to identify whether there is any impairment in the development stage. After initial recognition, development costs are recognized at cost less amortization and impairment. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Periodic impairment tests are applied to the assets in order to foresee any probable impairment on the assets in the period that they are not ready for utilization yet.

d) Investment properties

Investment properties, which are properties held to earn rent and/or for capital appreciation are measured initially at cost plus all direct transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. The Group decided to measure investment property on a deemed cost basis in the first period of application of TAS 29, since detailed records of the acquisition date and costs of items of investment property were not available prior to 1 January 2000 and restated these deemed cost basis for the effects of inflation until 31 December 2004.

Investment properties are transferred from/to property, plant and equipment when their utilization purpose is changed. When investment properties are disposed, the difference between sales revenue and the carrying amount is charged to the consolidated income statement.

Market values of the investment properties at 1 January 2000 were determined by CMB licensed independent real-estate appraisers. Following initial recognition, investment properties are carried at costs less any accumulated amortization and any accumulated impairment losses.

Depreciation is charged to investment properties excluding land, over their estimated useful economic lives, using the straight-line method. The useful lives of buildings that are owned by the Group range between 15 - 50 years (considering the Concession Agreement, 2015 acquisitions' useful lives are limited to 11 years).

e) Assets held for sale

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or the group of assets held for sale) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable management must be committed to a plan to sell the asset (or the group of assets held for sale) and an active program to set the buyers and complete the plan must have been initiated. Furthermore, the asset (or the group of assets held for sale) must be actively marketed for sale at a price that is reasonable in relation to its fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

e) Leased assets (continued)

In case the period to complete sale of assets is extended due to circumstances which are not under the control of the Group, the assets will continue to be classified as assets held for sale provided that the Group has still an active sales program.

The Group measures assets held for sale at the lower of its carrying amount and fair value less costs to sell. The Group does not depreciate a non-current asset when it is classified as held for sale and the gain or loss arising from the sale of the assets is classified at income / expense from investing activities accounts.

i) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease in the consolidated statement of income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

ii) The Group as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included to the consolidated income statement.

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

g) Inventory

Inventories are recognized at the lower of cost and net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value is the less marketing, selling and other various expenses to be incurred in order to realize sale.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

h) Impairment

i) Financial assets

At each balance sheet date, The Group assesses whether a financial asset or group of financial assets is impaired. When an objective evidence exists which represents that an impairment loss occurred in the receivables and loans stated as its amortized cost or the investments held until their maturity, amount of the loss has been determined as the difference between the current value calculated by discounting the estimated cash flows (excluding unrealized loan losses in the future) in the future based on the original interest rate (the effective interest rate calculated when initial accounting occurred) of the financial asset and the carrying value. Carrying value of the asset is decreased directly or by using a provision account. The related loss amount is recognized in income statement.

In the subsequent term, if the impairment loss decreases and the related decrease is objectively associated with a case (such as improvement at the credit rate of the obligator) occurred after the impairment loss has been recognized/accounted, the recognized impairment loss has been reversed directly or by using a provision account. The reverse cannot cause carrying value of the related financial asset to be higher than the amortized value which arised as at the date of the reversal of impairment if the impairment is not recognized/accounted. The reversed amount is recognized/accounted in income statement.

Reserve is provided for the overdue uncollectible receivables. Also portfolio reserve is provided for the not due receivables based on certain criteria. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

ii) Non-financial assets

Property, plant and equipment and intangible assets excluding goodwill

At each balance sheet date, the Group assesses whether there is an indication that any of its PPE and intangible assets may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated income statement.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

h) Impairment (continued)

ii) Non-financial assets (continued)

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the acquisition, irrespective of whether other assets or liabilities are assigned to these units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amounts of the net assets assigned to the cash-generating unit, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

i) Reserve for employee severance indemnity

Payments to defined contribution retirement benefit plans are charged as an expense in the year in which the contributions relate to. Payments made to the Social Security Institution of Turkey and Turkish Republic Retirement Fund are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense in the period to which the employees' service relates.

For defined benefit plans and other long-term employment benefits, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. The Company recognizes the service cost of the previous period as expense at the earlier of the dates below:

- a) The date of the change or reduction in the plan, and
- b) The date of the recognition of the related restructuring costs (see: TAS 37) or the benefits deriving from the termination of the employment contract,

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for any unrecognized past service cost. There is no funding requirement for defined benefit plans. The Group recognizes actuarial gains and losses in the consolidated statement of comprehensive income.

j) Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

k) Contingent assets and liabilities

Possible assets or obligations that arise from past events and for which their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Group are treated as contingent assets or liabilities.

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If the possibility of transfer of assets is probable, contingent liability is recognized in the financial statements.

A contingent asset is disclosed, when the possibility of an inflow of economic benefits to the entity is probable. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

l) Related parties

Parties are considered related to the Company if;

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- (i) The entity and the company are members of the same group.
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

m) Revenue

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of the goods and services can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Service revenues are recorded at the time services are rendered.

i) Fixed-line revenues

Revenues from fixed-line telecommunication services like network access, local usage, domestic and international long distance and infrastructure leases are recognized on an accrual basis as services are provided. Connection fees are immediately recognized as revenue since the fees are below the cost of connection which is also recognized immediately as an expense.

Revenues from sale of Indefeasible Right of use contracts, which are long term capacity/line rental arrangements, are accounted over the term of the contract.

ii) GSM revenues

Revenues generated from mobile telecommunication services such as outgoing and incoming traffic, roaming revenues, revenues from value added services and monthly fees which are recognized at the time services are rendered. With respect to prepaid outgoing revenues, the Group generally collects cash in advance by selling scratch cards to dealers and distributors. In such cases, the Group does not recognize revenues until the subscribers use the service and present such amounts under deferred revenues in the consolidated financial statements.

The Group recognizes content revenue based on the agreement between the Group and the content providers. As the Group is the primary obligor of the service, the revenue received from the subscribers is presented on gross basis and the portion paid to the content providers is recognized as operating expense.

iii) Equipment sale revenues

Revenues from sales of phone device, modem and other network equipment are recorded as revenue at the time of delivery of equipment to customers.

In connection with campaigns, other telecommunication services may be bundled with phone devices and modems. Total consideration related to the bundled contract is allocated to the different components if the component has standalone value to the customer and the fair value of the component can be measured reliably. Total consideration is allocated to each component in proportion to the fair value of the individual components. Revenue attributed to delivered component is limited with the amount not contingent to the undelivered component. Equipment revenues are presented in other revenues. Cost of products and services are recognized as expense when related revenue is recognized.

n) Income from investing activities and expense from investing activities

Income from investing activities are comprised of incomes from scrap and property, plant and equipment sales.

Expense from investing activities are comprised of loss on sales of property, plant and equipment sales.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

o) Financial income and financial costs

Finance income is comprised of interest income, foreign exchange gain, dividend income, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs are comprised of interest expense on borrowings, transaction costs, coupon payments of bond, impairment losses recognized on financial assets (except for trade receivables) and losses on hedging instruments that are recognized in the profit or loss. Borrowing costs that cannot be matched with acquisition, construction or production of an asset are recognized in profit or loss by using effective interest rate.

Discount, interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

p) Earnings per share

Earnings per share is calculated by dividing the consolidated profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

r) Taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive income except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income.

i) Current tax

Current tax is comprised of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Prepaid corporation taxes and corporate tax liabilities are offset when they relate to income taxes levied by the same taxation authority.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

r) Taxes (continued)

ii Deferred tax (continued)

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group's able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The Company and the other consolidated subsidiaries have reflected their deferred tax asset and liabilities by netting their individual balances; however, there is no netting on a consolidation basis. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

iii) Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

s) Subscriber acquisition costs

The Group recognizes subscriber acquisition costs in the consolidated income statement during the year they are incurred. Subscriber acquisition costs include subsidization of the handset, taxes on subscription and dealer commissions incurred for acquisitions.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

u) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined at initial recognition and at the end of each reporting period for disclosure purposes.

ii) Derivatives

The fair value of interest rate swaps and forward exchange contracts are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

iii) Bills, bonds and notes issued

The fair values of bills, bonds and notes issued are determined with reference to their quoted value at the measurement date. Subsequent to initial recognition, the fair values of bills, bonds and notes issued are determined for disclosure purposes only.

iv) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

v) Standards effective from 2015 and standards and interpretations issued but not yet effective

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

v) Standards effective from 2015 and standards and interpretations issued but not yet effective (continued)

TFRS 9 – Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TAS 16 and TAS 38 – Clarification of acceptable methods of depreciation and amortization

The amendments to TAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TFRS 11 – Accounting for acquisition of interests in joint operations

The amendments clarify whether TFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TFRS 14 Regulatory Deferral Accounts

IASB has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to IFRS for rate regulated entities. The standard permits first time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Disclosure initiative (Amendments to TAS 1)

The narrow-focus amendments to TAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing TAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in TAS 1. The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

v) Standards effective from 2015 and standards and interpretations issued but not yet effective (continued)

Standards issued but not yet effective and not early adopted (continued)

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to TFRS 10 and TAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognized when the assets transferred meet the definition of a "business" under TFRS 3 Business Combinations. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Equity method in separate financial statements (Amendments to TAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Investment Entities: Applying the Consolidation Exception (Amendments to TFRS 10, TFRS 12 and TAS 28)

Before the amendment, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the amendment, intermediate investment entities are not permitted to be consolidated.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Annual Improvements to TFRSs – 2012–2014 Cycle

The amendments are effective as of 1 January 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

TFRS 7 Financial Instruments: Disclosures

TFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. TFRS 7 is also amended to clarify that the additional disclosures required by Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to TFRS 7)

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

v) Standards effective from 2015 and standards and interpretations issued but not yet effective (continued)

Annual Improvements to TFRSs – 2012–2014 Cycle (continued)

TAS 19 Employee Benefits

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

TAS 34 Interim Financial Reporting

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to TFRS 9, TFRS 7 and TAS 39 – IFRS 9 (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. Further, the new standard removes the 1 January 2015 effective date of IFRS 9. The new version of IFRS 9 issued after IFRS 9 (2013) introduces the mandatory effective date of 1 January 2018 for IFRS 9, with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 9 Financial Instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of significant accounting policies (continued)

v) Standards effective from 2015 and standards and interpretations issued but not yet effective (continued)

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA (continued)

IFRS 15 Revenue from Contracts with customers

The standard is the result of a joint project and IASB and FASB which replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

2.5 Significant accounting assessments, estimates and assumptions

In the process of applying the Group's accounting policies, the management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements (excluding those involving estimations).

i) Operating Lease Commitments – Group as Lessor: The Company has entered into a cross-occupation agreement with PTT. The Group has determined that it retains all the significant risks and rewards of ownership of its properties subject to the agreement which are leased out on operating leases.

ii) Income from Sales Campaign: Group makes sales campaigns with suppliers under which they bundle telecommunication services with equipment supplied by the suppliers. The Group management accounts bundled offers as an agent if the sale transaction satisfies the below conditions:

- Group, has no inventory risk.
- Group has no responsibility on technical qualifications of equipment delivered to customers and responsibility after sale belongs to supplier.
- Group does not make any modification on the equipment.
- Group shares credit risk with the supplier.
- Group earns either a fixed rate of commission or zero profit on the transaction.

iii) Prepaid Card Sales Agent – Principal Analysis: Since Avea is primarily responsible for providing the service, has credit and inventory risk and determinant in setting prices; starting from April 2010, Avea recognizes prepaid card incomes on a gross basis.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Significant accounting assessments, estimates and assumptions (continued)

iv) Commission income: Avea renders intermediary collection services regarding handsets sold by the distributors at Avea exclusive sale channels. Accordingly, the arrangement with the customer includes both handset principal amount and GSM services. Total considerations have been collected from the customers with up to 24 month instalments via GSM bills where each benefit is clearly identifiable and separable. Avea does not recognize any revenues from the sale of handsets and acts as an agent since it has no control over price, nor risk on stock. However, the collection risk of handset principal amount is on Avea and the distributors collect this amount from Avea on monthly basis. Apart from the GSM revenues, since customer base and sales channels are made available to the distributors, Avea charges a commission to those distributors. This commission income is classified under other revenues and it is recognized when the handset is delivered to the customer.

v) Content Sales: Since Avea is primarily responsible for providing the service, has credit and determinant in setting prices; Avea recognizes content revenues on a gross basis.

vi) Liabilities within the scope of vendor financing: For capital expenditures, the Group carries out vendor financing with some of its suppliers in accordance with the agreements made with banks and those suppliers. Since the terms are not substantially different with the discounted present value of the cash flows under the new terms of the liabilities, the Group continues to classify those liabilities as trade payables.

Critical judgments of the management in relation with TFRS Interpretation 12 are explained in "key sources of estimation uncertainty" in TFRS Interpretation 12 section.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) The Group determines whether property, plant and equipment are impaired by estimating the recoverable amount of the assets whenever there is an indication of impairment. This requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 17).

b) The estimates used by the Group in the application of TFRS Interpretation 12 are as follows:

i) The Company assesses that approximately 30% of the foreseen network investments related to the replacement of the network equipment which are reclassified to intangible assets and which are then recognized in the financial statements as intangible assets are the contractual replacements as required by the concession agreement. The Group has provided a provision amounting to TL 7.711 (31 December 2014: TL 7.593) (Note 22) in the consolidated financial statements for the foreseen contractual replacements in the future. Aforementioned provision is the present value of the contractual replacement expenses as at 31 December 2015 that will be realized in the future. Discount rate used in the provision calculation is determined as 12,84% (31 December 2014: 13,5%).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Significant accounting assessments, estimates and assumptions (continued)

Key sources of estimation uncertainty (continued)

ii) In accordance with TFRS Interpretation 12, the Company has determined the cost of the investments in intangible assets recognized under the scope of TFRS Interpretation 12 by adding the profit margin, which is applied in the market for similar construction services, to the cost of acquiring the related network equipment. The estimated profit margin used in construction services provided in exchange for concession right is 13% (31 December 2014: 13%) for the year ended as of 31 December 2015. The profit margin of property, plant and equipment accounted within the scope of TFRS Interpretation 12 amounting to TL 332.355 (31 December 2014: TL 358.329) (Note 21) is TL 38.235 for the year ended as of 31 December 2015 (31 December 2014: TL 41.224).

c) A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences. With the expectation to recover certain part of its tax losses carried forward in Avea, the Group has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits. Every year, the Group re-assesses its tax loss carry forwards and if there is a material change in the deferred tax asset recognized in the consolidated financial statements, the deferred tax assets are also changed (Note 12).

d) Assumptions used in the impairment test of property, plant and equipment and intangible assets have been explained in Note 17.

e) The impairment losses in trade and other receivables are based on management's evaluation of the volume of the receivables outstanding, historical collection trends and general economic conditions. The Group follows collection of trade receivables periodically and on the basis of previous years' collection ratios, records provisions in case of losses due to trade receivables. Should economic conditions, collection trends or any specific industry trend worsen compared to management estimates, allowance for doubtful receivables recognized in consolidated financial statements may not be sufficient to cover bad debts.

Assumptions used to calculate allowance for doubtful receivables in mobile segment are reconsidered by the Group during 2015. The reconsideration had an increasing effect on allowance for doubtful receivables amounting TL 45.539 for the year ended 31 December 2015. The effect of the change in doubtful receivable estimation for future periods cannot be determined since the allowance for doubtful receivables depends on future collections and total amount that will be invoiced.

f) Assumptions used by Company in goodwill impairment test are explained in Note 17. The Group determines the useful life of an asset by considering its future economic benefits. This evaluation is driven by the Group's previous experience on similar assets. The Group also considers useful life of the asset from technical and commercial perspectives due to changes and developments in market in order to assess whether additional impairment is required or not.

There are other estimations made by the management during the determination of useful lives and provisions for litigations (Note 25).

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3. SEGMENT REPORTING

The Group has two main segments; fixed line and mobile. Fixed line services are provided by Türk Telekom, TTNNet, Argela, Innova, Sebit, AssisTT and TTINT Group whereas mobile service is provided by Avea. Group management assesses segment performance over earnings before interest, tax, depreciation and amortization ("EBITDA"). EBITDA is calculated by adjusting the operating income by i) adding income/expense from investing activities, depreciation, amortization and impairment expenses and ii) deducting exchange gains/losses, interest and rediscount income/ expenses on current accounts presented in other operating income and expense. Group management uses EBITDA as it is comparable with other companies in the sector. As Group management does not monitor Group's performance over geographical segments, geographical segment reporting is not presented. The segment results and balance sheet items are presented below:

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3. SEGMENT REPORTING (CONTINUED)

	Fixed Line		Mobile		Intra-group eliminations		Consolidated	
	1 January - 31 December 2015	1 January - 31 December 2014	1 January - 31 December 2015	1 January - 31 December 2014	1 January - 31 December 2015	1 January - 31 December 2014	1 January - 31 December 2015	1 January - 31 December 2014
Revenue								
Mobile	-	-	4.966.654	4.312.489	-	-	4.966.654	4.312.489
Broadband and TV	3.902.100	3.649.651	-	-	-	-	3.902.100	3.649.651
Fixed voice	2.716.186	3.029.600	-	-	-	-	2.716.186	3.029.600
Data service and leased line revenue	1.399.607	1.163.386	-	-	-	-	1.399.607	1.163.386
International revenue	555.727	522.015	-	-	-	-	555.727	522.015
Domestic interconnection revenue	328.730	359.046	-	-	-	-	328.730	359.046
TFRS Interpretation 12 revenue	332.355	358.329	-	-	-	-	332.355	358.329
Rental income from GSM operators	100.421	86.780	-	-	-	-	100.421	86.780
Other	750.454	581.606	-	-	-	-	750.454	581.606
Eliminations	-	-	-	-	(529.379)	(461.279)	(529.379)	(461.279)
Total revenue	10.085.580	9.750.413	4.966.654	4.312.489	(529.379)	(461.279)	14.522.855	13.601.623
Cost of sales and operating expenses (excluding depreciation and amortization)	(5.707.624)	(5.620.261)	(4.220.262)	(3.618.844)	542.439	466.967	(9.385.447)	(8.772.138)
Other income/(expense) and income/(expense) from investing activities	260.666	279.440	66.864	19.570	(28.150)	(2.935)	299.380	296.075
Depreciation and amortization	(1.320.486)	(1.156.013)	(916.435)	(796.469)	1.623	30	(2.235.298)	(1.952.452)
Impairment on tangible and intangible assets	(21.189)	(49.284)	(11.532)	-	-	-	(32.721)	(49.284)
Impairment on goodwill	(3.790)	-	-	-	-	-	(3.790)	-
EBITDA	4.504.263	4.349.724	830.868	696.123	(1.216)	734	5.333.915	5.046.581
Doubtful receivable provision	(98.516)	(119.131)	(205.370)	(81.440)	-	-	(303.886)	(200.571)
Capital expenditure ^(*)	1.881.214	1.361.739	4.110.849	782.530	(4.504)	1.430	5.987.559	2.145.699
Contribution to the consolidated revenue ^(*)	9.619.866	9.382.431	4.902.989	4.219.192	-	-	14.522.855	13.601.623
Contribution to the consolidated EBITDA ^(**)	4.054.252	4.109.145	1.279.663	937.436	-	-	5.333.915	5.046.581

^(*) Capital expenditures do not include TL 38.235 (2014: TL 41.224) amounted profit margin which is capitalized on intangible assets that are accounted within the scope of IFRS Interpretation 12.

^(**) "Contribution to the consolidated revenue" represents operating segments' revenues from companies other than those included in the consolidated financial statements. Group management still monitors financial performance of the segments based on their separate financial statements and because of this there is no change at the segment information disclosed. However, contribution of operating segments on the Group's revenue is presented to give additional information to the readers of the financial statements.

^(***) "Contribution to the consolidated EBITDA" represents operating segments' EBITDA arose from transactions with companies other than those included in the consolidated financial statements. Group management still monitors financial performance of the segments based on their separate financial statements and because of this there is no change at the segment information disclosed. However, contribution of operating segments on the Group's revenue is presented to give additional information to the readers of the financial statements.

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3. SEGMENT REPORTING (CONTINUED)

	1 January - 31 December 2015		1 January - 31 December 2014	
Fixed line segment EBITDA	4.504.263		4.349.724	
Mobile segment EBITDA	830.868		696.123	
Inter-segment eliminations	(1.216)		734	
Consolidated EBITDA	5.333.915		5.046.581	
Foreign exchange gains, interest income, discount income on current accounts presented in other operating income	391.357		214.734	
Foreign exchange losses, interest expense, discount expense on current accounts presented in other operating expense (-)	(288.484)		(135.755)	
Financial income	2.808.848		1.786.215	
Financial expenses (-)	(4.712.546)		(2.334.158)	
Depreciation, amortisation and impairment	(2.271.809)		(2.001.736)	
Consolidated profit before tax	1.261.281		2.575.881	
			Other unallocated amounts	
31 December 2015	Fixed Line	Mobile	Eliminations	Consolidated
Total segment assets	17.580.619	10.594.367	(2.401.082)	- 25.773.904
Total segment liabilities	(16.136.389)	(7.045.666)	2.401.519	- (20.780.536)
			Other unallocated amounts	
31 December 2014	Fixed Line	Mobile	Eliminations	Consolidated
Total segment assets	16.031.406	5.511.679	(1.665.298)	- 19.877.787
Total segment liabilities	(11.449.888)	(3.356.732)	1.671.837	(439.664) (13.574.447)

⁽¹⁾ Includes non-controlling interest put option liability amounting to TL 439.664 as of 31 December 2014.

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4. CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014
Cash on hand	332	447
Cash at banks– demand deposit	420.361	358.367
Cash at banks– time deposit	2.410.835	2.176.019
Other	6.258	3.613
	2.837.786	2.538.446

As of 31 December 2015, time deposits are all short-term, maturing within one month and denominated in both foreign currencies and TL. The interest rates are between 5,00% - 14,00% for TL deposits, between 0,10% - 3,50% for US Dollar deposits and between 0,20% - 2,65% for Euro deposits (31 December 2014: for TL deposits between 6,00% and 11,90%, for US Dollar deposits between 0,15% and 2,50%, for Euro deposits between 0,10% and 2,15%).

Reconciliation of cash and cash equivalents to the statement of cash flows is as follows:

	31 December 2015	31 December 2014
Cash and cash equivalents	2.837.786	2.538.446
Less: restricted amounts		
- Collection protocols	(318.864)	(262.296)
- ATM collection	(3.801)	(3.206)
- Other	(735)	(2.154)
Unrestricted cash	2.514.386	2.270.790

As of 31 December 2015, demand deposits amounting to TL 318.864 (31 December 2014: TL 262.296) is restricted due to collection protocols signed with banks for receipts from the subscribers, under which proceeds are made available to the Group a certain number of days after the cash is collected. An additional amount of TL 3.801 arising from collections through automated teller machine ("ATM") is not available for use at 31 December 2015 (31 December 2014: TL 3.206).

As of 31 December 2015, the Group has bank loans amounting to USD 386.595 (31 December 2014: USD 45.893) and Euro 455.244 (31 December 2014: nil) which have been committed to banks and have not been utilized yet, having a maturity date on 2 October 2017.

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5. FINANCIAL LIABILITIES

Bank borrowings

	31 December 2015			31 December 2014		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
Short-term borrowings:						
TL bank borrowings with fixed interest rates	9,27	237.582	237.582	11,85	28.503	28.503
TL bank borrowings with variable interest rates	-	1.553	1.553	-	-	-
Interest accruals:						
TL bank borrowings with fixed interest rates		2.956	2.956		911	911
Short-term borrowings			242.091			29.414
Short-term portion of long-term bank borrowings:						
USD bank borrowings with fixed interest rates	3,05	48.625	141.381	3,04	46.731	108.365
USD bank borrowings with variable interest rates	3,00	586.259	1.704.607	2,95	151.006	350.168
EUR bank borrowings with variable interest rates	1,52	152.531	484.683	1,89	72.952	205.773
Interest accruals of long-term bank borrowings:						
TL bank borrowings with fixed interest rates		7	7		-	-
USD bank borrowings with fixed interest rates		622	1.808		830	1.925
USD bank borrowings with variable interest rates ^(*)		9.220	26.809		8.652	20.063
EUR bank borrowings with variable interest rates ^(**)		1.377	4.377		1.723	4.860
Short-term portion of long-term bank borrowings			2.363.672			691.154
Total short-term borrowings			2.605.763			720.568
Long-term borrowings:						
TL bank borrowings with fixed interest rates	14,80	16.000	16.000	11,84	24.003	24.003
USD bank borrowings with fixed interest rates	3,05	112.259	326.404	3,04	160.751	372.765
USD bank borrowings with variable interest rates ^(*)	3,00	1.339.420	3.894.497	2,95	1.566.958	3.610.430
EUR bank borrowings with variable interest rates ^(**)	1,52	649.475	2.063.773	1,89	648.916	1.830.401
Total long-term borrowings			6.300.674			5.837.599
Total financial liabilities			8.906.437			6.558.167

(*) As at 31 December 2015, interest rate varies between Libor + 0,54% and 3,40% (31 December 2014: Libor + 0,80% ve 3,40%)

(**) As at 31 December 2015, interest rate varies between Euribor + 0,25% and 3,00% (31 December 2014: Euribor + 0,25% ve 3,00%)

As of 31 December 2015, guarantees amounting to USD 400.000 is for financial liabilities of Avea which are amounted to USD 230.000 and EUR 133.125, and guarantees amounting to EUR 300 is given for financial liabilities of TTINT Romania by Türk Telekom.

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5. FINANCIAL LIABILITIES (CONTINUED)

Bank borrowings (continued)

The contractual maturities of financial liabilities in equivalent of TL are as follows:

	31 December 2015			31 December 2014			
	Up to 3 months to 1 year	1 year to 5 years	More than 5 years	Up to 3 months to 1 year	1 year to 5 years	More than 5 years	Total
TL bank borrowings with fixed interest rates	240.545	-	16.000	-	256.545	24.003	53.417
TRY bank borrowings with variable interest rates	1.553	-	-	-	1.553	-	-
USD bank borrowings with fixed interest rates	8.762	134.427	326.404	-	469.593	361.818	483.055
USD bank borrowings with variable interest rates	158.898	1.572.517	2.824.591	1.069.906	5.625.912	260.151	987.815
Euro bank borrowings with variable interest rates	9.615	479.446	1.843.045	220.728	2.552.834	7.867	2.041.034
	419.373	2.186.390	5.010.040	1.290.634	8.906.437	124.212	6.558.167
				596.356	4.412.347	1.425.252	6.558.167

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5. FINANCIAL LIABILITIES (CONTINUED)*Bill, bonds and notes issued*

	31 December 2015			31 December 2014		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
Bill, bonds and notes issued:						
USD bank borrowings with fixed interest rates	4,54	3.427	9.963	4,54	2.132	4.943
Short-term bills, bonds and notes issued		3.427	9.963		2.132	4.943
Long-term bills, bonds and notes issued:						
USD bank borrowings with fixed interest rates	4,54	989.578	2.877.296	4,54	989.578	2.294.732
Long-term bills, bonds and notes issued		989.578	2.877.296		989.578	2.294.732
Total financial liabilities		993.005	2.887.259		991.710	2.299.675

The sales process of the bond issuances amounted to USD 500.000 with 10 years of maturity, and 4,875% coupon rate based on 4,982% reoffer yield was completed on June 19th, 2014. The bonds are now quoted at Irish Stock Exchange.

The sales process of the bond issuances amounted to USD 500.000 with 5 years of maturity, and 3,75% coupon rate based on 3,836% reoffer yield was completed on June 19th, 2014. The bonds are now quoted at Irish Stock Exchange.

The contractual maturities of issued long term bills, bonds and notes in equivalent of TL are as follows:

	31 December 2015			31 December 2014			Total	
	3 months to 1 year	1 year to 5 years	More than 5 years	3 months to 1 year	1 year to 5 years	More than 5 years		
Issued long term bills, bonds and notes	9.963	1.441.897	1.435.399	2.887.259	4.943	1.149.957	1.144.775	2.299.675
	9.963	1.441.897	1.435.399	2.887.259	4.943	1.149.957	1.144.775	2.299.675

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6. TRADE RECEIVABLES FROM AND PAYABLES TO THIRD PARTIES

Trade receivables

	31 December 2015	31 December 2014
Short-term		
Trade receivables	5.097.900	4.308.489
Other trade receivables	139.001	92.683
Income accruals	559.719	446.502
Allowance for doubtful receivables (-)	(2.002.146)	(1.732.493)
Total short-term trade receivables	3.794.474	3.115.181
Long-term		
Trade receivables	49.135	40.113
Total long-term trade receivables	49.135	40.113

Trade receivables generally have a maturity term of 60 days on average (31 December 2014: 60 days).

Receivables from customers in relation to a component of revenue are recognized as trade receivables in financial statements. Receivables that are not classified as trade receivables and are not financial investments are recognized as other receivables.

The movement of the allowance for doubtful receivables is as follows:

	1 January 2015 - 31 December 2015	1 January 2014 - 31 December 2014
At January 1	(1.732.493)	(1.532.987)
Provision for the year	(538.411)	(372.181)
Reversal of provision - collections	235.063	171.619
Write off of doubtful receivables	33.686	904
Change in currency translation differences	9	152
At 31 December	(2.002.146)	(1.732.493)

The Group waits up to 90 days before initiating legal action for overdue receivables. Based on its previous collection performance from overdue receivables, the Company expects to make significant collections from its overdue receivables. As of 31 December 2015 and 31 December 2014, the analysis of trade receivables that were neither past nor due and past due but not impaired is as follows:

	Total	Neither past due nor impaired	< 30 days	30-60 days	60-90 days	90-120 days	120-360 days	>360 days
31 December 2015	3.843.609	2.710.560	358.632	125.149	88.815	81.394	178.573	300.486
31 December 2014	3.155.294	2.215.446	273.435	117.343	68.512	77.805	162.108	240.645

Receivables guaranteed of the Group are amounted to TL 29.831 (31 December 2014: TL 25.331).

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6. TRADE RECEIVABLES FROM AND PAYABLES TO THIRD PARTIES (CONTINUED)

Trade payables

	31 December 2015	31 December 2014
Short-term		
Trade payables	3.819.843	1.238.250
Expense accruals	395.092	293.695
Other trade payables	10.597	9.216
Total short-term trade payables	4.225.532	1.541.161
Long-term		
Trade payables	962.191	613
Other trade payables	67	-
Total long-term trade payables	962.258	613

As at 31 December 2015 short-term trade payables includes Avea 4.5G licence payable amounting to TL 1.523.839 (31 December 2014: nil) and TV broadcasting and licence rights (Note 3).

The average maturity term of trade payables is between 30 and 150 days (31 December 2014: 30 and 90 days).

As of 31 December 2015, long term trade payables which have a maturity of more than 1 year includes Avea 4.5G licence payable amounting to TL 747.174 (31 December 2014: nil) and new TV broadcasting and license rights and.

Short term trade payables consists of payables within scope of supplier finance that amounting TL 625.477 as of 31 December 2015 (31 December 2014: nil).

Trade payables are payables to third parties in relation to their capacity as suppliers. Payables stemming from transactions with parties that are not suppliers or customers which are not classified as trade payables and are not a result of financing operations are recognized as other payables.

7. RECEIVABLES AND OBLIGATIONS UNDER FINANCE AND OPERATIONAL LEASES

Financial leases:

The Group has no financial lease receivables as of 31 December 2015 and 2014.

Finance lease obligations that the Group has entered into for acquisition of network equipment, vehicle and a building are as follows:

	31 December 2015			31 December 2014		
	Future minimum lease payments	Interest	Present Value of minimum lease payments	Future minimum lease payments	Interest	Present Value of minimum lease payments
Within one year	8.226	192	8.034	13.660	699	12.961
Between one to two years	1.002	5	997	7.139	144	6.995
	9.228	197	9.031	20.799	843	19.956

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7. RECEIVABLES AND OBLIGATIONS UNDER FINANCE AND OPERATIONAL LEASES (CONTINUED)

Operating leases:

a) After the foundation of the Company, an agreement was signed between PTT and the Company in 1997 to grant the right of free use of buildings occupied by both parties for 49 years. In 2005, an amendment was made to the agreement requiring the Company to pay TL 35.000 per year for ten years (which will be escalated based on rent increase rate determined by The Ministry of Finance) to PTT in exchange for the use of net m2 of building space owned by the PTT but occupied by the Company or vice versa. Operational lease agreement has been terminated on 11 April 2015 and the parties are negotiating on a new agreement as of the reporting date.

At the balance sheet date, the Group has irrevocable operational leasing commitments on the basis of the other property rental operations. The maturity dates of these commitments as follows:

	31 December 2015 (*)	31 December 2014 (*)
Within one year	775	20.458
In the second to fifth years (inclusive)	-	4.326
	775	24.784

(*) Future escalations have not been considered and future payments are calculated based on current year's rent amount.

b) The Company has operating lease agreements with respect to leased lines. The revenue from leased lines for the year ended TL 31 December 2015 amounts to TL 427.804 (31 December 2014: TL 413.284).

c) Group entered into operating lease agreements with respect to base stations and leased lines. Total operating lease expense for the year ended 31 December 2015 amounts to TL 278.288 (31 December 2014: TL 275.287).

A summary of commitments in relation to base station leases and leased lines are as follows:

	31 December 2015	31 December 2014
Within one year	96.363	110.316
Between two and five years	340.381	322.034
Later than five years	70.140	41.690
	506.884	474.040

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8. DUE FROM AND DUE TO RELATED PARTIES

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated for consolidation purposes and are not disclosed in this note.

Institutions under state control are defined as related parties due to 30% ownership and the golden share of the Treasury. State controlled entities are defined as related parties but in accordance with the exemption provided by the TAS 24 disclosure requirements, state controlled entities are excluded from general reporting requirements.

Details of balances and transactions between the Group and other related parties as at 31 December 2015 and 31 December 2014 are disclosed below:

	31 December 2015	31 December 2014
Due from related parties		
Parent company		
Saudi Telecom Company ("STC") ⁽²⁾	5.730	16.602
Other related parties		
Oger Telekom Yönetim Hizmetleri Limited Şirketi ("OTYH") ⁽¹⁾	771	1.118
Oger Systems Company Ltd. ⁽¹⁾	3	37
	6.504	17.757
Due to related parties		
Parent company		
STC ⁽²⁾	682	650
Other related parties		
OTYH ⁽¹⁾	9.879	7.154
OGER Systems Company Ltd. ⁽¹⁾	123	-
Oger Telecom Ltd.	44	67
Oger Telecom South Africa (Proprietary) Limited ⁽¹⁾	17	17
	10.745	7.888

⁽¹⁾ A subsidiary of Oger Telecom

⁽²⁾ Shareholder of Oger Telecom

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8. DUE FROM AND DUE TO RELATED PARTIES (CONTINUED)

Transactions with shareholders:

Avea is required under the terms of the Avea Concession Agreement, to pay 15% share to the Treasury (the Treasury Share) of its monthly gross revenue. Besides, the Company and its other subsidiaries that are operating in the telecommunications sector are required to pay universal service fund at 1% of their net revenues of each year and ICTA share at 0,35% of revenues to the Ministry of Transport, Maritime Affairs and Communications under the law Global Service Act numbered 5369.

As of 31 December 2015, unpaid portion of Treasury Share, universal service fund and ICTA share are recorded under other short term payables and these expenses are accounted in cost of sales account.

Guarantees provided to related parties:

The guarantees given by the Company to support the long term financing of related parties are explained in Note 5.

Transactions with other related parties:

Postage services have been rendered by PTT to the Company.

Operational lease expense to PTT by the Company as part of the lease agreement amounts to TL 34.243 in 31 December 2015 (31 December 2014: TL 68.227).

The Company is rendering and receiving international traffic carriage services, data line rent services to and from STC and sharing advertisement expenses with STC. For the year ended 31 December 2015, total revenues and expenses incurred in relation to these services amounted to TL 19.410 and TL 1.023, respectively (31 December 2014: TL 697 expenses and TL 29.162 revenue).

Compensation of key management personnel

The remuneration of directors and other members of key management were as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Short-term benefits	104.957	96.243
Wage	41.202	31.087
Bonus and attendance fees	48.678	34.440
Post employment benefits to key management	15.077	30.716
Long-term defined benefit plans	2.066	1.936
Social Security Institution premiums (SSI)	2.066	1.936
	107.023	98.179

Furthermore, OTMSC charged to the Company a consultancy fee amounting to TL 33.735 (31 December 2014: TL 29.697) and an expense fee for an amount of TL 114 (31 December 2014: TL 210), for the year ended 31 December 2015. OTASC's ultimate shareholder is Saudi Oger. Based on the contract between OTMSC and the Company. Significant portion of this payment represents salaries of key management personnel. The contract has been renewed on 15 April 2012 for an annual charge of USD 12.000 (prior contract value: USD 8.500) for three years and terminated on 15 April 2015. On 12 May 2015 a new protocol is signed. According to this, the contract is renewed for two years by the same amount and will be terminated on 15 May 2017.

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9. NON-CONTROLLING INTEREST PUT OPTION LIABILITY

On 15 September 2006, the Company, İş Bank Group and other Avea shareholders signed an "Amendment Agreement" to the "Shareholder Agreement" and the "IPO and Put Agreement" originally dated 2004. In accordance with the Amendment Agreement, the Company granted a put option to İş Bank Group on the shares of Avea owned by İş Bank Group.

The Company, has signed Share Transfer Agreement with İş Bankası A.Ş., Türkiye Şişe and Cam Fabrikaları A.Ş., Trakya Yatırım Holding A.Ş., Anadolu Hayat Emeklilik A.Ş., Efes Holding A.Ş. and Anadolu Anonim Türk Sigorta Şirketi in order to buy amounting to TL 875.000 representative share of 10,0035% of Avea's issued capital on 29 April 2015. Upon the transfer of the shares, above mentioned put option liability will be terminated. Non-controlling interest put option liability ended up with share transfer is valid as of the 4 August 2015. "Non-controlling interest put option liability" and "non-controlling interest put option liability reserve" in equity and non-controlling interest in "actuarial loss from employee benefits" is reclassified to "difference due to the change in shareholding rate in a subsidiary". As of the valid date of share transfer, present value of purchase price is recognized in short term and long term payables.

As at 31 December 2015, present values of short term and long term payables resulting from the share transfer are TL 27.472 and TL 606.208, respectively (Note 10). As of the valid date of share transfer, the put option liability amounting to TL 632.542 is derecognized. Non-controlling interest put option liability reserve amounting to negative TL 227.065 and actuarial loss arising from employee benefits amounting to TL 1.729 in equity are reclassified to "difference due to the change in shareholding rate in a subsidiary" reserve in equity.

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10. OTHER RECEIVABLES AND PAYABLES

Other short term receivable

	31 December 2015	31 December 2014
Other short term receivable	82.085	39.733
Deposits and guarantees given	1.059	215
Other doubtful receivables	24.434	23.896
Allowance for other doubtful receivables	(24.434)	(23.896)
	83.144	39.948

As of 31 December 2015, TL 54.057 (31 December 2014: TL 21.680) portion of other short term receivables consists of receivables from Ministry of Transport and Communications due to the expenses made under Universal Service Fund.

As of 31 December 2015, other doubtful provision amounting to TL 1.153 (31 December 2014: TL 781) is provided while TL 615 (31 December 2014: TL 772) is reversed.

Other long term receivables

	31 December 2015	31 December 2014
Deposits and guarantees given	31.473	30.194
Other receivables	64	15.136
	31.537	45.330

Other short term payable

	31 December 2015	31 December 2014
Taxes and duties payable	307.249	186.881
ICTA shares	117.724	115.263
Treasury share accruals	79.500	70.872
Universal Service Fund (1)	77.631	70.973
Other payables	46.012	19.099
	628.116	463.088

(1) According to the article numbered 5369 related with "International Service Fund" published on 16 June 2005, Türk Telekom, TTNNet and AssisTT will contribute 1% of their net revenues of each year to the Ministry of Transportation as Universal Service Fund. The contribution is payable by the end of April of the following year.

Other long term payables

	31 December 2015	31 December 2014
Other payables	606.208	-
Deposits and guarantees received	11.245	7.619
	617.453	7.619

As of 31 December 2015, whole other payables amount in other long term payables and part of 27.472 TL of other payables in other short term payables is related to discounted payable as a result of share transfer agreement in order to purchase 10,0035% share of Avea's issued capital (Note 9).

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11. INVENTORIES

The Group has inventory amounting to TL 252.245 as at 31 December 2015 (31 December 2014: TL 144.182). Major part of this balance is composed of modems, satellite receiver, computer, tablet, dect phones, cable, cable box, SIM cards and consumables such as linkage block.

12. DEFERRED TAX ASSETS AND LIABILITIES

The Group calculates deferred tax assets and liabilities based on temporary differences arising between the carrying amount of assets and liabilities as reported under Turkish Accounting Standards and their tax base for statutory purposes. These temporary differences are mainly due to the timing differences of certain income and expense items in statutory and Turkish Accounting Standards financial statement as disclosed below.

The Group perpetually reassesses unrecognized deferred tax assets and decided to account for deferred tax assets (resulting from Avea and TTINT) arising from the tax losses carried forward based on the estimated taxable profits according to the business plan.

As of 31 December 2015, deferred tax assets arising from prior year tax losses of TTINT Group is amounting to TL 15.389 (31 December 2014: TL 9.631). TTINT Group's unrecognized deductible tax losses that will be utilized upon the existence of a tax base and the expiration dates are as follows:

Expiration years	31 December 2015	31 December 2014
2021	1.436	1.585
2022	2.087	-
Indefinite	192.342	167.116
	195.865	168.701

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12. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

As of 31 December 2015, Avea's unrecognized deductible tax losses that will be utilized upon the existence of a tax base and the expiration dates are as follows:

Expiration years	31 December 2015	31 December 2014
2015	-	946.414
2016	1.020.603	1.020.603
2017	687.955	687.955
2018	621.709	621.709
2019	668.650	668.650
2020	856.977	-
	3.855.894	3.945.331

As of 31 December 2015, the deferred tax asset recognized for Avea's carried forward tax losses amounted to TL 261.500 (31 December 2014: TL 238.500).

As of 31 December 2015, as explained Note 32, Avea has investment allowances amounting to TL 72.889 for which deferred tax asset is not recognized (31 December 2014: TL 68.974).

In the Official Gazette on 7 April 2015, clause 10 of the Corporate Tax Law is amended with the clause 8 of the law numbered 6637 and with the amendment, it is stated that share capital companies excluding companies operating in finance, banking and insurance sectors and state economic enterprises will be able to deduct 50% of the interest to be calculated over cash capital increase amounts which are registered in Turkish Trade Registry or the interest calculated over the cash capital contributions of the newly established corporations, from their taxable income. The interest amount will be calculated by using the latest "annual weighted average interest rate applied over the "TL denominated commercial loans granted by banks" to be announced by Turkish Central Bank. Such interest calculation will be made for the period from the capital increase to the last day of the financial year and the allowance from tax base will be applicable for each following period. During 2015, Avea increased its share capital by TL 2.000.000 and in accordance with the legislation, interest calculated over this capital increase is deductible from the corporate taxes and can be carried forward infinitely. Avea has not recognized deferred tax assets over these benefits as of 31 December 2015.

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12. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2015 and 2014, 20% tax rate is used for the calculation of deferred tax assets and liabilities for companies established in Turkey.

	Base for deferred tax calculation	Deferred tax assets / (liabilities)	Base for deferred tax calculation	Deferred tax assets / (liabilities)
	31 December 2015	31 December 2015	31 December 2014	31 December 2014
Temporary differences on property, plant and equipment / intangible assets	(2.313.693)	(462.739)	(2.071.772)	(414.354)
Income accruals	(169.688)	(33.938)	(122.832)	(24.566)
Derivative instruments	(168.186)	(33.637)	(13.835)	(2.767)
Fixed assets renovation fund	(41.579)	(8.316)	(103.199)	(20.640)
Lawsuit fees recognized as receivables	(15.136)	(3.027)	(15.072)	(3.014)
Other	(7.762)	(1.552)	(3.092)	(569)
	(2.716.044)	(543.209)	(2.329.802)	(465.910)
Deferred tax asset recognized from tax losses carried forward	1.384.450	276.890	1.240.654	248.131
Provision for long-term employee benefits	624.796	124.959	539.660	107.932
Other short and long term provisions	373.370	74.674	462.170	92.434
Universal service fund and other contributions	159.140	31.828	152.835	30.567
Provision for unused vacation	74.792	14.958	59.012	11.802
Provision for doubtful receivables	(28.244)	(5.649)	24.665	4.933
Other	(26.747)	(5.350)	2.445	491
	2.561.557	512.310	2.481.441	496.290
Deferred tax asset/(liability),net		(30.898)		30.380
Deferred tax asset,net		286.804		259.308
Deferred tax liability,net		(317.702)		(228.929)

As of 31 December 2015, the total amount of current or deferred taxes related to transactions recognized directly in equity is TL 157.369 (2014: TL 104.092)

As of 31 December 2015, the total amount of the Group's unrecognised deferred tax asset related to subsidiaries is TL 1.116.825 (2014 : TL 1.259.618).

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12. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Deferred tax income / (expense)	1 January 2015 - 31 December 2015	1 January 2014 - 31 December 2014
Tax losses carried forward	28.759	(27.631)
Fixed assets renovation fund	12.324	12.348
Provision for long-term employee benefits	4.930	(10.054)
Provision for unused vacation	3.156	755
Universal service fund and other contributions	1.261	3.015
Foreign currency translation differences	348	(829)
Lawsuit fees recognized as receivables	(13)	-
Income accruals	(9.372)	37.026
Provision for doubtful receivables	(10.582)	414
Other short and long term provisions	(17.760)	73.337
Derivative instruments	(30.869)	(2.767)
Temporary differences on property, plant and equipment	(48.385)	14.181
Other	(21.472)	(10.518)
Deferred tax income / (expense)	(87.675)	89.277
Movement of deferred tax liability	31 December 2015	31 December 2014
Opening balance, 1 January	(228.929)	(354.753)
Recognized directly in other comprehensive income:		
Actuarial loss arising from employee benefits	12.097	3.689
Hedge of net investment in a foreign operation	14.648	26.835
Recognized in profit or loss	(115.169)	94.472
Foreign currency translation differences	(349)	828
Balance at 31 December	(317.702)	(228.929)
Movement of deferred tax asset	31 December 2015	31 December 2014
Opening balance, 1 January	259.308	264.503
Recognized in profit or loss	27.496	(5.195)
Balance at 31 December	286.804	259.308
	31 December 2015	31 December 2014
Recognized in profit or loss:		
- Deferred tax liability (expense) / income	(115.169)	94.472
- Deferred tax asset income / (expense)	27.496	(5.195)
Deferred tax (expense) / income (Note 32)	(87.675)	89.277

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13. OTHER ASSETS, OTHER LIABILITIES AND EMPLOYEE BENEFIT OBLIGATIONS

Other current assets

	31 December 2015	31 December 2014
Value Added Tax ("VAT") and Special Communication Tax ("SCT") ^(*)	541.486	27.477
Intermediary services for collection ^(†)	123.783	95.180
TAFICS projects	46.364	44.793
Advances given ^(**)	27.906	18.144
Other current assets	1.882	2.070
	741.421	187.664

^(†) Intermediary services for collections consist of advances given by Avea to its distributors.^(*) Includes "VAT" of payments made to ICTA for IMT Services and Infrastructures Authorization, also known as 4.5G tender in public.^(**) Advances given mainly consists of advances given to suppliers.

Other non-current assets

	31 December 2015	31 December 2014
Intermediary services for collection	34.324	21.037
Other non-current assets	7	3
	34.331	21.040

Other current liabilities

	31 December 2015	31 December 2014
Advances received	44.917	42.731
Other liabilities	10.945	7.355
	55.862	50.086

The Company acts as an intermediary of TAFICS projects by transferring advances received to the contractors and supports the management of the projects. Expenditures arising from the projects are deducted from the advances received at the date of the expenditure. Advances not used are held as time deposits and the interest earned is credited to the advances received in accordance with the agreement between the parties.

Employee benefit obligations

	31 December 2015	31 December 2014
Social security premiums payable	44.908	41.567
Employee's income tax payables	44.413	37.417
Payables to personnel	25.884	196.783
	115.205	275.767

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14. PREPAID EXPENSES AND DEFERRED REVENUES

Short-term prepaid expenses

	31 December 2015	31 December 2014
Prepaid rent expenses	160.203	123.960
Other prepaid expenses	125.411	137.910
Advances for inventories and fixed assets	1.177	1.202
	286.791	263.072

Other short term prepaid expenses consist of prepaid insurance, prepaid commissions, prepaid advertising and other prepaid expenses.

Long-term prepaid expenses

	31 December 2015	31 December 2014
Prepaid rent expenses	33.802	22.593
Other prepaid expenses	12.652	7.799
	46.454	30.392

Short-term deferred revenues

	31 December 2015	31 December 2014
Deferred revenues ^(*)	73.740	85.443
Advances received ^(**)	57.295	25.266
	131.035	110.709

^(*) Deferred revenues mainly consists of the invoiced but unconsumed minutes' sales value.

^(**) Advances taken mainly result from the advances taken by the Company and Avea from the customers.

Long-term deferred revenues

	31 December 2015	31 December 2014
Deferred revenues ^(*)	184.053	175.123
Advances received ^(**)	83.511	80.432
	267.564	255.555

^(*) Deferred revenues mainly result from TTINT's indefeasible right of use contracts.

^(**) Advances taken mainly result from the advances taken by TTINT's according for indefeasible right of use contracts.

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15. FINANCIAL INVESTMENTS

	31 December 2015	31 December 2014
Cetel	11.840	11.840
	11.840	11.840

Cetel was incorporated as a special purpose entity for the purpose of acquiring the 76% shares of Albtecom Sh.A which is located Albania and operates in telecommunication industry.

As of 31 December 2015 and 2014, the Company carries Cetel at cost after deducting impairment losses, if any, because the Company does not have significant influence on Cetel.

16. DERIVATIVE FINANCIAL INSTRUMENTS

Cash flow hedges and derivative financial instruments

Interest rate swaps

The Company has entered into an eight-part interest rate swap transaction between 11 April 2012 and 30 April 2012 with a maturity date on 21 March 2022 and a total notional amount of US Dollar 400.000. In addition, the Company has also entered into a four-part interest rate swap transaction between 8 April 2013 and 17 April 2013 with a maturity date on 21 August 2023 and a total notional amount of US Dollar 200.000.

The Company has also entered into a six-part interest rate swap transaction between 29 April -20 May 2014 with a maturity date on 19 June 2024 and a total notional amount of US Dollar 300.000. The Company has also entered into a five-part interest rate swap transaction between 15 - 16 May 2014 with a maturity date on 12 August 2024 and a total notional amount of US Dollar 150.000.

As of 31 December 2015 fair value of interest rate derivative transactions amounting to TL 160.911 has been recognized under long term financial liabilities (31 December 2014: TL 84.592). Unrealized loss on these derivatives amounting to TL 73.245 (31 December 2014: TL 133.058 loss) is recognized in other comprehensive income. Unrealized loss on these derivatives' time value amounting to TL 3.075 (31 December 2014: TL 8.948 loss) is recognized in statement of profit or loss.

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16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges and derivative financial instruments (continued)

Interest rate swaps (continued)

Company	Notional Amount (USD Dollar)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2015 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	21 March 2022	Pay fixed rates and receive floating rates between March 2014 and March 2022	(45.853)
Türk Telekom	200.000	8 April 2013 – 17 April 2013	21 August 2023	Pay fixed rates and receive floating rates between 19 August 2015 and 21 August 2023	(20.409)
Türk Telekom	300.000	29 April – 20 May 2014	19 June 2024	Pay fixed rates and receive floating rates between June 2016 and June 2024	(76.824)
Türk Telekom	150.000	15-16 May 2014	26 June 2024 – 12 August 2024	Pay fixed rates and receive rates between June 2016, and June 2024 and August 2016, and August 2024	(17.825)
					(160.911)

Company	Notional Amount (USD Dollar)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2014 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	21 March 2022	Pay fixed rates between March 2014 and March 2022, and receive floating rates	(31.826)
Türk Telekom	200.000	8 April 2013 – 17 April 2013	21 August 2023	Pay fixed rates between 19 August 2015 and 21 August 2023, and receive floating rates	(2.379)
Türk Telekom	300.000	29 April – 20 May 2014	19 June 2024	Pay fixed rates between June 2016 and June 2024, and receive floating rates	(40.556)
Türk Telekom	150.000	15-16 May 2014	26 June 2024 – 12 August 2024	Pay floating price between June 2016, August 2016 June 2024 and August 2024 and receive fixed premium in certain interest rate corridors through interest option strategies	(9.831)
					(84.592)

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16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Hedge of net investment in a foreign operation

Cash flow hedges and derivative financial instruments (continued)

Interest rate swaps (continued)

The Company utilized a loan amounting to Euro 150.000 in order to hedge its net investment in a foreign operation with a Euro functional currency. Foreign exchange gain and/or loss resulting from the subsidiary's net investment portion of this loan is reclassified to reserve for hedge of net investment in a foreign operation under equity.

Other derivative instruments which are not designated as hedge

As of 31 December 2015 fair value of the interest rate swap transactions which are not designated as hedge and amounting to TL 45.002 is recognized under long term financial assets (31 December 2014: TL 24.395 assets). Unrealized gain on these derivatives amounting to TL 20.608 (31 December 2014: TL 36.160 gain) is recognized in profit or loss.

Company	Notional Amount (USD Dollar)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2015 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	21 March 2022	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between 19 March 2014 and 21 March 2022, and receive fixed premium (0,24%-0,27%)	15.315
Türk Telekom	200.000	8 April 2013 – 17 April 2013	21 August 2023	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between 21 August 2015 and 21 August 2023, and receive fixed premium (0,24%-0,27%)	7.195
Türk Telekom	300.000	29 April – 20 May 2014	19 June 2024	Pay the difference between floating rate and 4% if floating rate exceeds 4%, between June 2016 and June 2021, and receive fixed premium (0,44%-0,575%) Pay the difference between floating rate and 6% if floating rate exceeds 6%, between June 2021 and June 2024, and receive fixed premium (0,39%-0,45%)	22.492
					45.002

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16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Hedge of net investment in a foreign operation (continued)

Other derivative instruments which are not designated as hedge (continued)

Company	Notional Amount (USD Dollar)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2015 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	21 March 2022	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between March 2014 and March 2022, and receive fixed premium (0,24%–0,27%)	10.172
Türk Telekom	200.000	8 April 2013 – 17 April 2013	21 August 2023	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between August 2015 and August 2023, and receive fixed premium (0,24%–0,27%)	3.282
Türk Telekom	300.000	29 April – 20 May 2014	19 June 2024	Pay the difference between floating rate and 4% if floating rate exceeds 4%, between June 2016 and June 2021, and receive fixed premium (0,44%–0,575%) Pay the difference between floating rate and 6% if floating rate exceeds 6%, between June 2021 and June 2024, and receive fixed premium (0,39%–0,45%)	10.941
					24.395

The Company has entered into three-part USD cross currency transactions on 6 January 2015 and 18 June 2015 with maturity dates on 19 June 2024 with a total notional amount of USD 500.000. The Company converted USD 500.000 debt into EUR debt with this transaction.

The Company has also entered into four-part USD cross currency transactions on 21 April- 9 July 2015 with maturity dates on 19 June 2019 with a total notional amount of USD 500.000. The company converted USD 500.000 debt into TL debt with this transaction.

As of 31 December 2015, fair value of derivative transactions amounting to TL 388.767 (31 December 2014: TL 73.967) is recognized under short term financial assets. Unrealized gain of these derivatives amounting to TL 314.800 (31 December 2014: TL 73.967) is recognized in profit or loss.

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16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Other derivative instruments which are not designated as hedge (continued)

Company	Notional Amount (USD Dollar)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2015 (TL)
Türk Telekom	175.000	6 January 2015	19 June 2024	Pay EUR and receive USD at maturity date 1	58.970
Türk Telekom	175.000	30 April 2015	19 June 2024	Pay EUR and receive USD at a maturity date 2	31.538
Türk Telekom	150.000	18 June 2015	19 June 2024	Pay EUR and receive USD at maturity date 3	29.596
Türk Telekom	125.000	21 April 2015	19 June 2019	Pay TL and receive USD at maturity date 4	86.625
Türk Telekom	125.000	17 June 2015	19 June 2019	Pay TL and receive USD at maturity date 5	60.139
Türk Telekom	125.000	23 June 2015	19 June 2019	Pay TL and receive USD at maturity date 6	58.417
Türk Telekom	125.000	9 July 2015	19 June 2019	Pay TL and receive USD at maturity date 7	63.482
					388.767

1 Payment of 3,11% interest on EUR 143.443 in exchange for 4,875% interest on USD 175.000, on the interest payment dates of ten-year bond between 19 December 2014 and 19 June 2024.

-Payment of EUR 143.443 in exchange for USD 175.000 at the maturity date of ten-year bond.

2 Payment of 2,495 % interest on EUR 157.658 in exchange for 4,875% interest on USD 175.000, on the interest payment dates of ten-year bond between 19 December 2014 and 19 June 2024.

-Payment of EUR 157.658 in exchange for USD 175.000 at the maturity date of ten-year bond.

3 Payment of 2,76 % interest on EUR 131.579 in exchange for 4,875% interest on USD 150.000, on the interest payment dates of ten-year bond between 19 June 2015 and 19 June 2024.

-Payment of EUR 131.579 in exchange for USD 150.000 at the maturity date of ten-year bond.

4 On the interest payment dates of the five year bond between 19 December 2014 and 19 June 2019, in exchange for receiving 3,75% interest for 125.000 USD Dollar; the Company will pay 5,45 % interest on notional amount using the foreign exchange rates;

-If USD Dollar / TL rate is below 2,32; TL amount which is calculated by market exchange rate at transaction date

-If USD Dollar / TL rate is between 2,32 and 3,75; TL amount which is calculated by 2,32 exchange rate

-If USD Dollar / TL rate is above 3,75; TL amount which is calculated by extracting 1,43 from market exchange rate

- For capital payments, the Company will pay TL amount which is calculated with exchange rate option strategy indicated above for interest payments in exchange for receiving 125.000 USD Dollar on maturity date.

5 On the interest payment dates of the five year bond between 19 December 2014 and 19 June 2019, in exchange for receiving 3,75% interest for 125.000 USD Dollar; the Company will pay 4,95 % interest on notional amount using the foreign exchange rates;

-If USD Dollar / TL rate is below 2,60; TL amount which is calculated by effective exchange rate at transaction date

-If USD Dollar / TL rate is between 2,60 and 3,75; TL amount which is calculated by 2,60 exchange rate

-If USD Dollar / TL rate is above 3,75; TL amount which is calculated by extracting 1,15 from market exchange rate

-For principal payments, the Company will pay TL amount which is calculated with exchange rate option strategy indicated above for interest payments in exchange for receiving 125.000 USD Dollar on maturity date.

6 On the interest payment dates of the five year bond between 19 June 2015 and 19 June 2019, in exchange for receiving 3,75% interest for 125.000 USD Dollar; the Company will pay 5,12 % interest on notional amount using the foreign exchange rates;

-If USD Dollar / TL rate is below 2,60; TL amount which is calculated by effective exchange rate at transaction date

-If USD Dollar / TL rate is between 2,60 and 3,75; TL amount which is calculated by 2,60 exchange rate

-If USD Dollar / TL rate is above 3,75; TL amount which is calculated by extracting 1,15 from market exchange rate

-For principal payments, the Company will pay TL amount which is calculated with exchange rate option strategy indicated above for interest payments in exchange for receiving 125.000 USD Dollar on maturity date.

7 On the interest payment dates of the five year bond between 19 June 2015 and 19 June 2019, in exchange for receiving 3,75% interest for 125.000 USD Dollar; the Company will pay 4,62 % interest on notional amount using the foreign exchange rates;

-If USD Dollar / TL rate is below 2,60; TL amount which is calculated by market exchange rate at transaction date

-If USD Dollar / TL rate is between 2,60 and 3,75; TL amount which is calculated by 2,60 exchange rate

-If USD Dollar / TL rate is above 3,75; TL amount which is calculated by extracting 1,15 from market exchange rate

- For capital payments, the Company will pay TL amount which is calculated with exchange rate option strategy indicated above for interest payments in exchange for receiving 125.000 USD Dollar on maturity date.

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16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Other derivative instruments which are not designated as hedge (continued)

Company	Notional Amount (USD)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2014 (TL)
Türk Telekom	500.000	11 September 2014	19 June 2019	The bond amount of USD 500.000 which has five year maturity between 19 June 2015 and 19 June 2019, there will be 3,75% interest recieved in the interest payment date with the exchange of interest payment 2,22% on EUR 386.100. At the payout date, EUR 368.100 will be paid in exchange for USD 500.000.	73.967
					73.967

The Company has also entered into foreign exchange option transactions on 6 January and 18 June 2015 with maturity dates on 18 June 2019 and 2024 with a total notional amount of EUR 906.296. As of 31 December 2015, fair value of derivative transactions amounting to TL 104.673 is recognized under short term financial liabilities. Unrealized loss on these derivatives amounting to TL 104.673 is recognized in profit or loss.

Company	Notional Amount (EUR)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2015 (TL)
Türk Telekom	906.296	6 January 2015- 18 June 2015	18 June 2019- 19 June 2024	Foreign exchange option transactions	(104.673)
					(104.673)

As of 31 December 2014, the Company had also entered into sixteen-part copper option transactions between 21 August and 27 November 2013 with a total notional amount of 1.000 tones. As of 31 December 2015, the option has completely matured on 5 January 2015 and gain on these derivatives amounting to TL 65 is recognized in the consolidated statement of profit or loss.

Company	Notional Amount (EUR)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2014 (TL)
Türk Telekom	1.000	21 August 2013 – 27 November 2013	31 December 2014 – 5 January 2015	Pay floating price between June 2014 and January 2015 and receive fixed price.	65
					65

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17. GOODWILL

	31 December 2015	31 December 2014
Goodwill of Avea	29.694	29.694
Goodwill of Innova	7.942	7.942
Goodwill of Argela	7.308	11.098
	44.944	48.734

The Group performs impairment analysis for goodwill and other non-current asset groups annually as at 31 December. The Group has performed impairment analysis for all of the identified cash generating units.

Türk Telekom and TTNET cash generating unit impairment analysis

For cash generating unit impairment analysis of Türk Telekom and TTNET, total assets and liabilities are considered as one cash generating unit. Recoverable amount is calculated through 5 years business plan which is approved by the management.

The main assumptions used in the discounted cash flow in TL which was prepared based on the approved budgeted figures prepared until 2020 considers 15,3% discount rate, 4% expected growth rate and the weighted average cost of capital (WACC) sensitivity as of +0,5% / -0,5% (31 December 2014: +0,5% / -0,5%). For 2020 - 2026 periods, TL cash flow estimations are not projected with consideration of inflation rate of business plan and expected growth rate of the country. As a result, the Group does not require any impairment allowance.

Avea cash generating unit impairment test

Avea have been considered as a single cash generating unit and has been tested for impairment together for goodwill and all other assets. Recoverable amount is calculated through based on 5 years business plan which is approved by the management.

Discount rate used for the discount of cash flows for the periods that Avea will pay income tax is 16,1% and 16,5% for non-taxable period. Cash flow projections after 2020 are estimated by using 4% growth rate, considering the inflation rate used in the business plan and expected growth rate of the country. Company value of Avea has been tested at a sensitivity of WACC terminal growth rate by +0,5%/-0,5% (31 December 2014: 0,5%/-0,5%). As a result of the impairment test, it has been noted that there is no impairment is identified on goodwill arising on the Avea acquisition.

The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

Avea	31 December 2015
Weighted average cost of capital	17,8 - 17,4%
Growth rate	1,6%

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17. GOODWILL (CONTINUED)

Innova and Argela cash generating unit impairment test

Innova and Argela, are both considered as single cash generating unit and are tested for impairment of for goodwill and all of their other assets. Recoverable amount was determined through the usage value which is calculated based on the 5 years business plan approved by the management. The estimated value of the projected cash flows consists of the discounted cash flows until 2020. Cash flow projections beyond 2020 are estimated by using 3% and 3% growth rate, for Innova and Argela, respectively, considering the inflation rate used in the business plan and expected growth rate of the country. The WACC rates used in valuation are 17,5% for Innova (31 December 2014: 18,5%) and 19,8% for Argela (31 December 2014: 21,5%) and valuation has been tested at a sensitivity of +0,5%/-0,5%. Growth rate has been tested for sensitivity for +0,5%/ -0,5%. For the WACC calculation, technology companies have been taken as a benchmark for the calculation of the beta coefficient. As a result of the impairment test, impairment identified for the cash generating unit and the goodwill arising from the acquisition of Innova is amounting to TL 3.790 and is recognized in cost of sales in profit or loss. Moreover, no impairment is identified for the cash generating units and the goodwill arising from the acquisition of Argela.

The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

Argela	31 December 2015
Weighted average cost of capital	21,15%
Growth rate	0,3%

TTINT cash generating unit impairment test

TTINT cash generating unit recoverable amount is determined over the usage value which had been calculated based on the 5 years business plan approved by the management. The estimated value of the projected cash flows consists of the discounted cash flows until 2020. The WACC rate used in valuation is 7,4% (31 December 2014: 7,5%) and valuation is tested at a sensitivity of +0,5%/-0,5%. In addition to this, gross profit margin rate is tested for sensitivity by +1%/-1% and capex/net sales ratio and growth rate is tested for sensitivity by +0,5%/-0,5%. For the WACC calculation, telecommunication companies are considered as a benchmark for the calculation of the beta coefficient.

TTINT	31 December 2015
Weighted average cost of capital	7,99%
Growth rate	0,14%

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17. GOODWILL (CONTINUED)

Sebit cash generating unit impairment test

In cash generating unit impairment analysis for Sebit, total assets and liabilities were considered as one cash generating unit. Recoverable amount was determined through the usage value which had been calculated based on the five years business plan approved by the management. The discount ratio used for the cash flows is 18,8% (31 December 2014: 16,3%). The estimated value of the cash flows consists of the ones which were discounted until 2020. The growth rate for the current and subsequent terms was foreseen as 3% by considering the inflation rate stated in cash flow estimations business plan and the estimated growth rate of the country. Cash generating unit value was tested with +0,1%/-0,1% WACC and growth rate sensitivity of the cash flows (31 December 2014: +0,1%/-0,1%). As a result of test, an impairment from intangible assets amounting to TL 1.000 (31 December 2014: TL 5.726) is recognized in cost of sales (Note 21).

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18. ASSETS HELD FOR SALE

Board of Directors of the Group decided not to dispose any real estate.

The movement of asset held for sale for the years ended 31 December 2015 and 2014 is given below:

	1 January 2015 - 31 December 2015	1 January 2014 - 31 December 2014
Opening balance	26.367	46.747
Disposal	(16.546)	(27.915)
Transfer	(9.821)	7.535
As at 31 December	-	26.367

19. INVESTMENT PROPERTY

The movement of investment property and the related accumulated depreciation for the years ended 31 December 2015 and 2014 is given below:

	1 January 2015 - 31 December 2015	1 January 2014 - 31 December 2014
Cost		
Opening balance	21.491	29.393
Transfer	22.363	(7.902)
As at 31 December	43.854	21.491
Accumulated depreciation		
Opening balance	7.944	9.163
Transfer	6.304	(2.071)
Depreciation charge for the year	2.417	852
As at 31 December	16.665	7.944
Net book value as at 31 December	27.189	13.547

Investment property consists of number of buildings and lands mainly occupied by various corporations. The Group assesses whether there is any impairment indicator in investment properties. If such indicator exists the Group compares fair values and carrying values of the investment properties on an individual asset basis and records identified impairment of the investment properties.

The Group's investment properties consist of number of buildings and lands. In accordance with balance between cost and benefit principle the fair values of all investment properties are not determined in each year, instead selected investment properties' fair values have been determined. In this context, fair values of the investment properties as of the balance sheet date are not presented.

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20. PROPERTY, PLANT AND EQUIPMENT

The movement of PPE and the related accumulated depreciation for the years ended 31 December 2015 and 2014 is given below:

Cost	Land and buildings		Network and other equipment		Vehicles		Furniture and fixtures		Other fixed assets		Construction in progress		Total
Opening balance, 1 January 2015	2.159.723	38.857.155	147.995	687.348	229.848	689.351	42.771.420						
Transfer	45.632	347.873	2.576	21.027	(12.528)	(435.376)	(30.796)						
Additions	26.581	945.599	2.452	62.061	10.705	678.203	1.725.601						
Disposal	(6.764)	(1.827.712)	(4.156)	(19.777)	(2.981)	(57)	(1.861.447)						
Foreign currency translation differences	1.665	60.716	182	261	212	4.022	67.058						
Closing balance, 31 December 2015	2.226.837	38.383.631	149.049	750.920	225.256	936.143	42.671.836						
Accumulated depreciation													
Opening balance, 1 January 2015	993.059	32.777.439	134.820	523.764	161.407	-	34.590.489						
Transfers	5.955	279	1.094	7.225	(7.216)	-	7.337						
Depreciation charge for the year	122.976	1.098.457	5.112	66.996	23.648	-	1.317.189						
Disposal	(3.242)	(1.804.786)	(4.076)	(17.792)	(1.307)	-	(1.831.203)						
Impairment	-	15.804	-	-	11.532	-	27.336						
Foreign currency translation differences	271	21.934	(10)	113	198	-	22.506						
Closing balance, 31 December 2015	1.119.019	32.109.127	136.940	580.306	188.262	-	34.133.654						
Net book value, 31 December 2015	1.107.818	6.274.504	12.109	170.614	36.994	936.143	8.538.182						

As of 31 December 2015, net book value of leased assets of Group composes of land and buildings amounting TL 31.331, network and other equipment amounting to TL 1.387 and vehicles amounting to TL 237 (31 December 2014: land and buildings amounting to TL 35.610, network and other equipment amounting to TL 102 and vehicles amounting to TL 319).

The Group does not have any capitalized borrowing cost on property, plant and equipment (31 December 2014: nil).

There is no restriction or pledge on the intangible as at 31 December 2015.

For the year ended 31 December 2015, impairment on property, plant and equipment amounting to TL 15.380 is recognized in cost of sales (31 December 2014: 43.558). TL 11.774 is recognized in general administrative expenses and TL 182 is recognized in marketing, sales and distribution expense.

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20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cost	Land and buildings	Network and other equipment	Vehicles	Furnitures and fixtures	Other fixed assets	Construction in progress	Total
Opening balance, 1 January 2014	2.101.938	38.275.552	150.825	507.403	328.474	756.278	42.120.470
Transfer	32.957	472.358	939	136.505	(112.262)	(625.574)	(95.077)
Additions	30.848	603.444	1.361	48.827	20.745	559.586	1.264.811
Disposal	(5.594)	(470.210)	(4.936)	(5.263)	(7.139)	-	(493.142)
Foreign currency translation difference	(426)	(23.988)	(194)	(124)	30	(939)	(25.641)
Closing balance, 31 December 2014	2.159.723	38.857.156	147.995	687.348	229.848	689.351	42.771.421
Accumulated depreciation							
Opening balance, 1 January 2014	911.461	32.134.636	135.013	353.636	256.058	-	33.790.804
Transfer	100	(3.851)	88	114.306	(116.692)	-	(6.049)
Depreciation charge for the year	84.502	1.053.844	4.556	59.251	27.261	-	1.229.414
Disposal	(2.919)	(443.629)	(4.753)	(3.363)	(5.335)	-	(459.999)
Impairment	-	43.558	-	-	-	-	43.558
Foreign currency translation difference	(85)	(7.119)	(84)	(66)	115	-	(7.239)
Closing balance, 31 December 2014	993.059	32.777.439	134.820	523.764	161.407	-	34.590.489
Net book value, 31 December 2014	1.166.664	6.079.717	13.175	163.584	68.441	689.351	8.180.932

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21. INTANGIBLE ASSETS

Cost	Licence relationship	Customer relationship	Brand	Research and Development	Other intangible assets	Concession rights	Total
	1.478.323	1.016.627	302.898	243.116	3.054.364	2.514.274	8.609.602
Opening balance, 1 January 2015	(5)	(156)	-	11.760	41.915	(27.499)	26.015
Transfers	-	-	-	(641)	(8.960)	-	(9.601)
Disposals	3.058.982	-	18	32.005	876.834	332.355	4.300.194
Additions	-	13.131	-	495	33.427	-	47.053
Foreign currency translation differences	-	-	-	-	-	-	-
	4.537.300	1.029.602	302.916	286.735	3.997.580	2.819.130	12.973.263
Closing balance, 31 December 2015							
Accumulated amortization							
	567.518	763.376	129.544	84.853	1.808.230	466.929	3.820.450
Opening balance, 1 January 2015	-	(156)	-	(25)	460	(10.635)	(10.356)
Transfers	-	-	-	(160)	(817)	-	(977)
Disposals	86.241	94.834	15.631	37.945	534.520	157.436	926.607
Amortization charge for the year	-	-	-	2.640	2.745	-	5.385
Impairment	(46)	4.022	-	495	10.797	-	15.268
Foreign currency translation differences	-	-	-	-	-	-	-
	653.713	862.076	145.175	125.748	2.355.935	613.730	4.756.377
Closing balance, 31 December 2015							
Net book value, 31 December 2015	3.883.587	167.526	157.741	160.987	1.641.645	2.205.400	8.216.886

⁽¹⁾ Additions amounting to TL 332.355 (31 December 2014: TL 358.329) comprise intangible assets under scope of IFRS Interpretation 12.

The Group have capitalized borrowing cost on intangible assets amounted TL 4.792 (31 December 2014: nil).

For the year ended 31 December 2015, impairment on intangible assets amounting to TL 4.464 is recognized in cost of sales (31 December 2014: TL 5.726). TL 526 is recognized in general administration expenses and TL 395 recognized in marketing, sales and distribution expenses.

For the year ended 31 December 2015, depreciation and amortization expense is recognized cost of sales, sales and distribution expenses, general administration expenses and research and development expenses amounting to TL 1.648.704 (31 December 2014: TL 1.457.659), TL 211.514 (31 December 2014: TL 167.603) and TL 364.656 (31 December 2014: TL 318.198), TL 10.424 (31 December 2014: 8.992), respectively.

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21. INTANGIBLE ASSETS (CONTINUED)

Cost	Licence relationship	Customer relationship	Brand	Research and Development	Other intangible assets	Concession rights	Total
	1,478,244	1,020,255	302,540	187,012	2,486,684	2,155,945	7,630,680
Opening balance, 1 January 2014	10	633	358	7,915	70,714	-	79,630
Transfers	-	-	-	-	(8,293)	-	(8,293)
Disposals	227	-	-	48,034	515,522	358,329	922,112
Additions	(158)	(4,261)	-	155	(10,263)	-	(14,527)
Foreign currency translation differences							
	1,478,323	1,016,627	302,898	243,116	3,054,364	2,514,274	8,609,602
Closing balance, 31 December 2014							
Accumulated amortization							
	491,896	669,271	113,800	60,047	1,411,065	348,106	3,094,185
Opening balance, 1 January 2014	-	633	113	(6,942)	6,527	-	331
Transfers	-	-	-	-	(894)	-	(894)
Disposals	75,731	94,587	15,631	31,593	392,233	118,823	728,598
Amortization charge for the year	-	-	-	-	5,726	-	5,726
Impairment	(109)	(1,115)	-	155	(6,427)	-	(7,496)
Foreign currency translation differences							
	567,518	763,376	129,544	84,853	1,808,230	466,929	3,820,450
Closing balance, 31 December 2014							
	910,805	253,251	173,354	158,263	1,246,134	2,047,345	4,789,152
Net book value, 31 December 2014							

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21. INTANGIBLE ASSETS (CONTINUED)

As a result of impairment tests, the Group identified impairment on tangible assets amounting to TL 27.336 (31 December 2014: TL 43.558) and intangible assets amounting to TL 5.385 (31 December 2014: TL 5.726).

Remaining amortization periods after acquisition of significant intangible assets are as follows:

Avea license	13,4 years
Avea customer relationships	0,8 years
Avea brand name	4 years
TTINT customer relationships	9,8 years
TTINT other	14,8 years

On 26 January 2016, Avea and TTnet brand names are re-branded as "Türk Telekom" based on the decision of Group management. Following the change, useful life of Avea brand, which was 10,1 years, is now estimated as 4 years. The effect of this change on expected amortization expense, included in cost of sales, is as follows:

	2016	2017	2018	2019	Later
Increase /(decrease) in amortization expense	23.761	23.761	23.761	23.761	(95.044)

The management performed a valuation study whether there is any indication of impairment within the scope of TAS 36. The basis and assumptions affecting the valuation study are as follows:

- The management foresees a continued cash flow and profits for the contracted subscribers considering their churn rates at the normal course of business
- Revenues projections of 5 years business plan approved by board of directors
- Revenues projections of Avea's sub brands which will continue to generate revenues

Group management has not identified any impairment on Avea brand name as of 31 December 2015.

There is no restriction or pledge on the intangible as at 31 December 2015 (31 December 2014: nil).

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21. INTANGIBLE ASSETS (CONTINUED)

3G license tender

The tender for authorization of IMT-2000 / UMTS services has been held on 28 November 2008 with the participation of all three GSM operators operating in Turkey.

The license fee (including 18% VAT) amounting to TL 539.332 is paid by Avea in April 2009 and ultimately the Concession Agreement is signed on 30 April 2009.

The net book value of the 3G license as at 31 December 2015 is TL 320.238 (31 December 2014: TL 343.962).

GSM 900 additional frequency band tender

The tender for the reallocation of unused 900 MHz Frequency Bands had been held on 20 June 2008 and Avea had obtained C band with the minimum fee of TL 128 year /channel (excluding VAT).

Avea had been granted 5,5 additional GSM 900 MHz frequency channels as a result of the tender and ultimately total number of GSM 900 MHz frequency channels has reached to 12 together with previously-held 6,5 channels.

Avea made TL 14.122 (including VAT) payment as the tender fee for the remaining GSM license duration and amended license agreement has been signed between Avea and ICTA on 25 February 2009.

The net book value of the GSM 900 license as at 31 December 2015 is TL 7.134 (31 December 2014 – TL 7.841)

4.5G license tender

Tender of IMT Services and Infrastructures Authorization, also known as 4.5G tender in public has been held in Ankara on 26 August 2015 by ICTA. In the IMT Service and Infrastructure Authorization Tender done by ICTA, Avea has won the following packages: 2x10 MHz bandwidth in 800 MHz frequency for Euro 380.000, 2x7.6 MHz bandwidth in 900 MHz frequency for Euro 216.819, 2x20 MHz bandwidth in 1800 MHz frequency for Euro 310.000, 2x10 MHz bandwidth in 2600 MHz frequency for Euro 25.859, 1x15 MHz bandwidth in 2600 MHz frequency for Euro 22.000. Total spectrum fee is Euro 954.678. IMT Authorization period is valid until 30 April 2029 and will be able to start rendering services starting from 1 April 2016. 900 MHz and services in 1.800 MHz frequency are commenced to be rendered since 1 December 2015. The Company will pay the tender fee (including interest) in four equal installments amounting to Euro 973.396 (excluded VAT). The last installment date is 26 April 2017 and the Company paid in cash the first installment of tender fee amounting to Euro 243.349 equivalent to TL 777.330 and VAT amounting to 171.842 Euro equivalent to TL 548.915 on 26 October 2015. As of 31 December 2015 net book value of 4.5G license amounts to TL 3.047.838 in the consolidated financial statements.

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22. PROVISIONS

Other short-term provisions

	31 December 2015	31 December 2014
Litigation, ICTA penalty and customer return provisions	296.674	241.259
	296.674	241.259

The movement of provisions is as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
As at January 1	241.259	233.938
Provisions for the period	156.766	93.160
Settled provisions	(9.708)	(46.179)
Reversals	(91.699)	(39.316)
Foreign currency translation difference	56	(344)
As at 31 December	296.674	241.259

Short-term provisions for employee benefits

	31 December 2015	31 December 2014
Short term provisions for employee benefits		
Personnel bonus provision	178.822	160.050
	178.822	160.050

The movement of provisions is as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
As at January 1	160.050	829
Provision for the period	163.563	279.724
Provisions paid	(130.324)	(119.771)
Reversals	(14.965)	(614)
Foreign currency translation difference	498	(118)
As at 31 December	178.822	160.050

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22. PROVISIONS (CONTINUED)

	31 December 2015	31 December 2014
Long term provisions for employee benefits		
Unused vacation provisions	79.677	68.907
	79.677	68.907

Long term employee benefits excluding defined benefit obligation

The movement of provisions is as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
As at January 1	68.907	64.378
Provision for the period	66.365	68.634
Provisions paid	(4.959)	(4.444)
Transfer – employee benefit obligations (Note 13)	-	(5.148)
Reversals	(50.766)	(54.423)
Foreign currency translation difference	130	(90)
As at 31 December	79.677	68.907

Other long-term provisions

	31 December 2015	31 December 2014
Provision for the investments under the scope of TFRS Interpretation 12	7.711	7.593
	7.711	7.593

Defined benefit obligation

In accordance with existing social legislation in Turkey, companies are required to make lump-sum payments to employees whose employment is ended due to retirement or for reasons other than resignation or misconduct. The liability is not funded and accordingly there are no plan assets for the defined benefits as there is no funding requirement.

The retirement pay liability as at 31 December 2015 is subject to a ceiling of full TL 3.823,37 (31 December 2014: full TL 3.438,22) per monthly salary for each service year.

The average number of personnel subject to collective agreement as at 31 December 2015 is 12.407 (31 December 2014: 13.280) and the average number of personnel not subject to collective agreement as at 31 December 2014 is 21.406 (31 December 2014: 21.075). The total number of personnel as at 31 December 2015 and 2014 are 34.147 and 34.389, respectively.

In addition to retirement benefits, the Group is liable for certain other long-term employment benefits such as business, service, representation indemnity and jubilee.

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22. PROVISIONS (CONTINUED)

Long term employee benefits excluding defined benefit obligation (continued)

	1 January - 31 December 2015	1 January - 31 December 2014
Defined benefit obligation at January 1	555.595	585.394
Service cost	55.420	94.877
Interest cost	50.973	56.501
Actuarial loss ⁽¹⁾	62.385	19.128
Benefits paid	(89.169)	(67.007)
Transfer - employee benefit obligations	-	(133.232)
Foreign currency translation difference	162	(66)
As at 31 December	635.366	555.595

⁽¹⁾ As at 31 December 2015, actuarial loss amounting to TL 62.385 (31 December 2014: TL 19.128) is recognized in other comprehensive income.

Total expense recognized in the consolidated income statement:

	1 January - 31 December 2015	1 January - 31 December 2014
Service cost	55.420	94.877
Interest cost	50.973	56.501
	106.393	151.378
Total net cost recognized in the consolidated statement of income		

Principal actuarial assumptions used:

	31 December 2015	31 December 2014
Interest rate	9,5%	9,3%
Expected rate of ceiling increases	5,5%	5,5%

For the years ahead, voluntary employee withdrawal of the Group changes from 0,45% and 14,63% depending on age (31 December 2014: 0,60% and 14,90%).

As of 31 December 2015, sensitivity analysis is performed for the significant assumptions of defined benefit obligation:

Sensitivity Level	Discount Rate		Salary Increase Rate		Voluntary Employee Withdrawal Rate (A)	
	0,25% decrease (9,05%)	0,25% increase (9,55%)	0,25% decrease (5,25%)	0,25% increase (5,75%)	0,25% decrease	0,25% increase
Net effect to defined benefit obligation	9.148	(9.264)	(9.623)	9.486	3.531	(3.462)

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23. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS

As of 31 December 2015 and 2014, the shareholders of the Company with their shareholding percentage are as follows:

	31 December 2015		31 December 2014	
	%	TL	%	TL
The Treasury	30	1.050.000	30	1.050.000
OTAŞ	55	1.925.000	55	1.925.000
Public Share	15	525.000	15	525.000
		3.500.000		3.500.000
Inflation adjustment to share capital		(239.752)		(239.752)
		3.260.248		3.260.248

The Company's share capital is fully paid and consists of 350.000.000.000 shares of 1 kuruş nominal value. OTAS is the holder of Group A shares and the Treasury is the holder of Group B and C Group D shares of the company are open to public and Group C share consists only of a single preferred stock.

The Treasury is the holder of the Preferred Stock (Golden Share) as per the law. This share is non-transferable. It provides certain rights to Treasury in order to protect national interests regarding economy and security: (a) Any proposed amendments to the Company's articles of association, (b) the transfer of any registered shares in the Company which would result in a change in the management control of the Company and (c) the registration of any transfer of registered shares in the Company's shareholders' ledger can not be realized without affirmative vote of the Golden Share at either a meeting of the board of directors or the general assembly. Otherwise, such transactions shall be deemed invalid. The holder of the Golden Share, the Treasury, has one member, representing the Golden Share, among the board of Directors.

As of 31 December 2015, Citicorp Trustee Company Limited has a pledge over 192.500.000.000 Group A shares belonging to OTAŞ which represent 55% of the total company shares on the name and behalf of the creditors of certain loan agreements.

The OTAŞ Term Loan agreement provides certain limitations with respect to dilution, sale and transfer of shares in OTAŞ, the Company and Avea.

Based on the articles of association of the Company, the board of the directors of the Company shall consist of 12 directors.

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23. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS (CONTINUED)

The board of directors shall be composed of 12 members nominated by the OTAŞ and Treasury as follows:

- (a) The group A Shareholder shall be entitled to nominate 7 persons for election as directors;
(b) Provided that the Treasury as group B shareholder shall hold:

- 30% or more of the shares, the Treasury shall be entitled to nominate 4 persons for election as independent board members who carry the independence criteria as defined in the Capital Market legislation; or

- 15% or more of the shares (but less than 30% of the shares) the Treasury shall be entitled to nominate 2 persons for election as independent board members who carry the independence criteria as defined in the Capital Markets legislation;

- During the calculation of 15 % and 30 % of the Shares mentioned in above paragraphs, the amount of group B shares and group D shares held by the Treasury shall be taken into account together.

(c) as long as the Treasury holds 15% or more of the shares (but less than 30% of the shares), the group A shareholder shall be entitled to nominate 2 persons, who carry the independence criteria as defined in the Capital Markets legislation, for election as independent board members and 7 persons for election as Director.

(d) while the Treasury holds the C group privileged share, the Treasury shall be entitled to nominate a further 1 person for election as director for the C group privileged share.

The chairman of the board of directors shall be nominated by the directors nominated by the group A shares from among the directors and be elected and removed by the simple majority votes of those present at the meeting of the board of directors.

The meeting quorum at a board meeting shall be seven of the directors provided that there shall be at least one director appointed by the holder of the group A shares and one director appointed by the holder of the group B shares. If a meeting quorum is not present within half an hour of the time appointed for the meeting or ceases to be present, the director(s) present shall adjourn the meeting to a specified place and time not earlier than five business days after the original date. The meeting quorum at such adjourned meeting shall consist of half of the number of directors then in office (regardless of the nominating share holder) plus one provided that three business days' notice has been given to all the directors.

Board resolutions shall be passed by a simple majority of the votes of the directors present at such meeting unless the resolution requires a higher majority vote.

The board of directors shall propose the distribution of the maximum of the Company's profits lawfully available for distribution in each financial year subject to the board of directors making reasonable provisions and transfers to reserves.

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23. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS (CONTINUED)

If the conditions set out below are not met, or would not be met if the relevant distribution were made, then subject to the following paragraph, the Company shall distribute the maximum amount of its profits which may be distributed without breaching those conditions.

Provided that it is not against the legislation regarding capital markets, the net profit may not be distributed, if:

a) the distribution would result in a breach of any covenant or undertaking given by any Group Company (Group Companies are defined in the articles of association) to any lender or would, in the opinion of the simple majority of those present at the relevant meeting of the board of directors, be likely to cause such breach within the following 12 months; or

b) the board of directors resolves by way of a simple majority of those present at the relevant meeting of the board that the distribution is materially prejudicial to the interests of any Group Company (as defined in the articles of association of the Company) having regard to: (i) implementation of the investment program approved by the board of directors in the business plan or the budget; or (ii) the trading prospects of the Group Companies (as defined in the articles of association of the Company) and the need to maintain the sound financial standing of the group companies.

In accordance with the Turkish Commercial Code, companies are required to assign legal reserves before profit appropriations. The legal reserve consists of first and second legal reserves, allocated in accordance with the Turkish Commercial Code. The first legal reserve is allocated out of last period's statutory profits at the rate of 5% per annum until the total reserve reaches 1/5 of the paid-in share capital (not indexed to the inflation). The second legal reserve is allocated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. The Company's 2014 consolidated net income has been compared with its statutory net income and TL 2.007.439 was determined as an amount available for dividend distribution.

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23. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS (CONTINUED)

Dividends

During the year ended 31 December 2015, TL 1.840.853 has been committed to be distributed and distributed in cash to the shareholders from the remaining balance of 2014 distributable profit after assigning first and second legal reserves (a dividend of full kuruş 0,5260 per share).

During the year ended 31 December 2014, remaining balance of 2013 distributable profit after assigning first and second legal reserves, which amounted to TL 912.131 (a dividend of full kuruş 0,2606 per share) has been committed to be distributed and distributed in cash to the shareholders.

Other reserves

The amounts transferred directly to equity, instead of income statement as of the balance sheet date are as follows:

	31 December 2015	31 December 2014
Minority put option liability reserve (Note 9)	-	(227.065)
Share based payment reserve (Note 24)	9.528	9.528
Difference arising from acquisition of subsidiary	(1.320.942)	(858.134)
Reserve for hedge of net investment in a foreign operation	(89.537)	(63.603)
Cash flow hedge reserve	(119.109)	(60.513)
Actuarial loss arising from employee	(434.385)	(382.368)
Currency translation differences	44.430	48.703
	(1.910.015)	(1.533.452)

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23. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS (CONTINUED)

Other reserves (Continued)

Difference arising from acquisition of subsidiary

The acquisition of Avea shares has been effected through four steps in different years (40% in February 2004 through the merger of Aycell with Aria, 0,56% through an equity increase in May 2005 and finally 40,56% through the acquisition of new shares on 15 September 2006. Therefore, during the accounting of the latest acquisition of 40,56% shares on 15 September 2006, the first two acquisitions comprising a total shareholding of 40,56%, which have been accounted for using the equity method in the financial statements prior to 15 September 2006 have been re-measured to their fair values based on the fair value financial statements of Avea prepared as of 15 September 2006 for the purpose of the purchase price allocation based on IFRS 3. The result of the re-measurement amounting to TL 294.065 has been reflected as "Fair value difference arising from acquisition of subsidiary" in equity. In 2009 and 2012, the Company has increased its ownership within Avea with a rate of 0,19% and 8,87% the difference in minority interest, TL 14.569 and TL 549.500, has been reflected under difference arising from acquisition of subsidiary" in equity. The Company, has signed Share Transfer Agreement with İş Bankası A.Ş., Türkiye Şişe and Cam Fabrikaları A.Ş., Trakya Yatırım Holding A.Ş., Anadolu Hayat Emeklilik A.Ş., Efes Holding A.Ş. and Anadolu Anonim Türk Sigorta Şirketi in order to buy amounting to TL 875.000 representative share of 10,0035% of Avea's issued capital on 29 April 2015. Upon the transfer of the 10,0035% of Avea's shares on 4 August 2015, put option liability is terminated, "non-controlling interest put option liability" and "non-controlling interest put option liability reserve" in equity and non-controlling interest in "actuarial loss from employee benefits" is reclassified to "difference due to the change in shareholding rate in a subsidiary As of the valid date of share transfer, present value of purchase price is recognized in short term and long term payables. As at 31 December 2015, present values of short term and long term payables resulting from the share transfer are TL 27.472 and TL 606.208, respectively (Note 10). As of the valid date of share transfer, the put option liability amounting to TL 632.542 is derecognized. Non-controlling interest put option liability reserve amounting to negative TL 227.065 and actuarial loss arising from employee benefits amounting to TL 1.729 in equity is reclassified to "difference due to the change in shareholding rate in a subsidiary" in equity.

Reserve for hedge of net investment in a foreign operation

The Company recognizes the differences arising on the translation of monetary items that are associated with the hedge of net investment in a foreign operation in other comprehensive income (Note 16).

Cash flow hedge reserve

The Group entered into interest rate swaps in order to hedge its position against changes in interest rates. Accordingly, effective fair value changes of these instruments are recognized directly in equity at cash flow hedge reserve (Note 16).

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23. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS (CONTINUED)

Non-controlling interest

The Company, has signed Share Transfer Agreement with İş Bankası A.Ş., Türkiye Şişe and Cam Fabrikaları A.Ş., Trakya Yatırım Holding A.Ş., Anadolu Hayat Emeklilik A.Ş., Efes Holding A.Ş. and Anadolu Anonim Türk Sigorta Şirketi in order to buy amounting to TL 875.000 representative share of 10,0035% of Avea's issued capital on 29 April 2015. Upon the transfer of the shares, above mentioned put option liability will be terminated. Non-controlling interest put option liability ended up with share transfer is valid as of the 4 August 2015. "Non-controlling interest put option liability" and "non-controlling interest put option liability reserve" in equity and non-controlling interest in "actuarial loss from employee benefits" is reclassified to "difference due to the change in shareholding rate in a subsidiary".

Earnings per share

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Weighted average number of ordinary shares outstanding during the year	350.000.000.000	350.000.000.000
Net profit for the year attributable to equity holder of the Company	907.444	2.007.439
Basic and earnings per share (in full Kuruş)	0,2593	0,5736

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24. SHARE BASED PAYMENT

According to the Turkish Council of Ministers decision dated 12 December 2007, which was published in the Turkish Official Gazette on 26 December 2007, 52.500.000.000 (45%) shares of Türk Telekom owned by the Treasury, the minority shareholder of Türk Telekom, has been sold as at 15 May 2008, through an initial public offering ("IPO") (such shares correspondence to corresponding to 15% Türk Telekom's shares). During the IPO, 12.299.160.300 of such shares have been allocated to the employees of Türk Telekom, PTT and small investors together with 5.220.503.800 shares allocated to domestic investors with high purchasing power with discounted price varying according to the payment terms and application date (compared to the price applied to the other corporate investors for the remaining shares of 34.980.335.900. The discounts provided to Türk Telekom employees have been considered as within the scope of IFRS 2 ("Share Based Payment") by the management of Türk Telekom considering the fact that Türk Telekom receives services from its employees. The Group has reflected the fair value of the discounts provided to Türk Telekom employees, amounting to TL 9.528, as an expense in the consolidated statement of profit or loss for year ended 31 December 2008 and credited the same amount into the equity as a share based payment reserve.

The market price during the IPO :	TL 4,60
The average price applied to the employees of Türk Telekom :	TL 4,2937
The number of shares sold to Türk Telekom's employees (lot) :	31.104.948
Total benefits provided to the employees :	TL 9.528

The management of Türk Telekom decided that the discounts provided to PTT's employees, small investors and domestic investors with high purchasing power are not within the scope of IFRS 2 by considering the fact that;

a) Türk Telekom has not received any benefits (goods and services) in exchange for the discounts provided these groups to and

a) the Treasury provided these discounts not as a party acting as a shareholder of Türk Telekom but rather as a State Authority in order to increase the number of small investors as it has been done in all other privatization enhanced through an IPO.

The fair value of the discounts provided to these groups amounts to approximately TL 34.000 in 2008, at the year of the transaction.

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25. COMMITMENTS AND CONTINGENCIES

Guarantees received and given by the Group are summarized below:

		31 December 2015		31 December 2014	
		Original currency	TL	Original currency	TL
Guarantees received	USD	202.191	587.891	198.592	460.515
	TL	875.268	875.268	791.582	791.582
	Euro	59.095	187.780	7.130	20.111
		1.650.939		1.272.208	
Guarantees given ⁽¹⁾	USD	162.049	471.173	158.138	366.707
	TL	202.530	202.530	152.767	152.767
	Euro	335.236	1.065.246	182.217	513.980
	AED	-	-	100	61
	Other	87	60	20	13
		1.739.009		1.033.528	

⁽¹⁾ Guarantees given amounting to US Dollar 151.500 (31 December 2014: US Dollar 151.500) is related to the guarantee provided to the ICTA by Avea with respect to the Avea Concession Agreement and guarantees given amounting to Euro 12.840 (31 December 2014: Euro 12.840) is related with the guarantee provided for 3G license and amounting to Euro 57.281 is related with the guarantee provided for 4.5G license.

The Company's guarantee, pledge and mortgage (GPM) position as at 31 December 2015 and 31 December 2014 is as follows:

	31 December 2015	31 December 2014
A. GPMs given on behalf of the Company's legal personality	1.739.009	1.033.528
B. GPMs given in favor of subsidiaries included in full consolidation	1.092.791	909.929
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	1.735.813	838.067
D. Other GPMs	-	-
i. GPMs given in favor of parent company	-	-
ii. GPMs given in favor of Company companies not in the scope of B and C above	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-
Total	4.567.613	2.781.524

Based on law 128/1 of Turkish Code of Obligations, Avea has given guarantee to distributors amounting to TL 1.735.813 for the financial obligation that would arise during the purchase of devices that will be sold as commitment sales by Avea (31 December 2014: TL 838.067).

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other commitments

The Group has purchase commitments for sponsorships and advertising services at the amounting to US Dollar 26.500 and TL 86, equivalent to TL 75.684. (31 December 2014: TL 91.234) as at 31 December 2015. Payments for these commitments are going to be made in a 4 year period.

The Group has purchase commitments for fixed assets amounting to US Dollar 49.948, Euro 2.895, GBP 32 and TL 781.728, equivalent to TL 936.296 (31 December 2014: TL 437.467) as at 31 December 2015.

Türk Telekom concession agreement

The Concession Agreement was entered into between the Company and ICTA on 14 November 2005 following the privatization of the Company and the resultant reduction in the public shareholding to less than 50%. The Concession Agreement covers:

- the performance of the telecommunications services which are within the scope of the Agreement;
- the establishment and operation of necessary telecommunications facilities and the submission of these facilities to the use of other operators or persons and institutions making a demand as per the law;
- the marketing and provision of telecommunications services.

The Concession Agreement places an obligation on the Company, in the event of termination or non-renewal of the Concession Agreement, to transfer all equipment affecting the operation of the system together with all its functions and in good condition, and all immovable properties where such equipment is installed and which the Company uses, to the ICTA, or to any other institution to be designated by ICTA, at no cost.

In case ICTA determines that the Company has not fulfilled its obligations stemming from the Concession Agreement and has not corrected the situation within a period granted to it, or that there is a court decision on bankruptcy or composition against the Company, the Company is granted a grace period of not less than 90 days commencing from written notification by ICTA, to fulfil its obligations. Within this grace period, the Company submits a remedy program for its abovementioned obligations to ICTA. In case ICTA accepts the remedy program, the matters in dispute shall be re-examined at the end of the program provided. If the program is not accepted, then ICTA may terminate the Concession Agreement upon expiry of the period granted to the Company.

The Concession Agreement places also a number of obligations with respect to delivering services on the Company in relation to the provision of telecommunications services.

The Concession Agreement requires that the Company shall meet all payments accrued as a result of the Concession Agreement and the establishment and operation of the telecommunication network in accordance with the applicable legislation or agreements concluded by the Government of the Republic of Turkey. These payments specifically includes the permit and utilization fees for the use of frequencies. In addition, the Company is required to pay the ICTA 0,35% of its net sales revenue, as contribution share towards ICTA's expenses.

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Türk Telekom concession agreement (continued)

Under the Concession Agreement, requests for access in relation to the infrastructure should be met to the extent technically possible and without discrimination. The Company is further required to publish reference access and interconnection offers approved by the ICTA. The Concession Agreement also contains an obligation on the Company to provide universal services. According to article 6 entitled "Revenues for Universal Service" of the Universal Service Law No:5369, the Company declares the amount of 1% of its net sales revenue to the Ministry of Transport, Maritime Affairs and Communications until the end of April of the following year. This amount shall be transferred within the same period to the account of the central accounting department of the Ministry and shall be registered as revenue in the budget under the name of "Revenues for Universal Service".

The tariffs to be charged by the Company are subject to the approval of the ICTA unless expressly provided to the contrary in any regulation issued by the ICTA.

The content of customer bills is governed by relevant laws and regulations. It is possible to issue a separate invoice for each service, as well as to issue one single invoice for more than one service rendered to a subscriber. The cost of each service shall be demonstrated separately, in the event of preparation of one single invoice for more than one service. A detailed bill is sent to the subscribers upon request, to the extent technically possible and subject to the payment of a fee.

Other provisions of the Concession Agreement provide for the confidentiality of communications and the establishment of effective methods to answer customer complaints.

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Telephone System

A concession agreement was entered into between Avea and the ICTA ("the Avea Concession Agreement") on 12 January 2005 which replaced and superseded the previous GSM 1800 license agreements in place in relation to Aycell and Aria. After GSM 900 Frequency Band bidding done by ICTA on June 20, 2008, agreement was rearranged.

The Avea concession agreement covers the establishment, development and operation of a GSM 1800 network and delivery of the system to the Authority or the establishment to be designated by the Authority at the end of the contracted term as being in an operating condition.

Pursuant to the Avea Concession Agreement, Avea was granted to use 75 channels in the 1800 MHz band and 12 channels in the 900 MHz band. The term of the Avea Concession Agreement is 25 years from 11 January 2001.

Avea may apply to the ICTA for renewal between dates 24 and 6 months before the end of Avea Concession Agreement. ICTA may renew the license of Avea by evaluating the renewal request according to legislation on that date.

Avea is also committed to renew the network in line with technological improvements and international agreements and maintain the adequacy of the network by means of technology until the end of the agreement. License fees were paid prior to the issuance of the concession agreement.

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Telephone System (continued)

Avea provided a performance bond in the amount of US Dollar 151.500. Avea, additional to that bond, provided performance bond amounting TL 760 corresponding to 6% of bidding amount after GSM 900 Additional Frequency Band bidding by ICTA on 20 June 2008. Should the operator is understood to not perform its contractual obligations, the Authority shall record and confiscate the final guarantee as income.

The Avea Concession Agreement provides that the license may be transferred with the approval of the ICTA and within the terms of the Authorization Ordinance. However, no transfer may be made to an entity which already has a GSM 900 or GSM 1800 license in Turkey, or to related parties of such an entity, to the companies or subsidiaries which is owned or managed somehow by shareholders of entity or to the management of such entity and their first and second blood relatives and relative affinities. In cases such issues are determinate; GSM 1800 license given to them by ICTA is cancelled.

Regarding transfer of shares regulation clauses at the date of the transaction will be applied. The approval of the Competition Authority is also required for any change of control, being a transfer of the shares.

Fund payable to the Treasury

Avea will pay an amount equal to 15% of the gross sales on a monthly basis to the Treasury, except for the default interest imposed on their subscribers for their late payments, indirect taxes, financial obligations such as charges and fees, and the accrual amounts accounted for reporting purposes.

Contribution share to the ICTA

Avea shall pay 0,35% of the gross sales to the ICTA as contribution share to the ICTA's expenses, latest on the last working day of April of the following year.

Coverage area

Avea has guaranteed and undertook to cover (up to 2 Watt outdoors) at least 50% of the population of Turkey within three years after 11 January 2001 and at least 90% of the population of Turkey within five years after 11 January 2001. However, the localities where there are less than 10.000 inhabitants shall not be taken into consideration. This coverage area refers to the area to be covered by Avea alone, and will not be contributed by national roaming. Upon request of the ICTA, yearly utmost two settling areas shall be covered with priority by Avea.

Avea has completed its related liabilities with respect to coverage at 31 December 2004.

Service offerings

Avea agrees and undertakes to provide the services specified within the frame of GSM memorandum of understanding applied by GSM association including, but not limited to the services specified by GSM license agreement (call forwarding, barring of outgoing and incoming calls, technical assistance for subscribers and free call forwarding to police and other public emergency services).

Service quality

Avea will comply with the telephone service quality standards set down in the International Telecommunication Union ("ITU-T") recommendations in the GSM 1800 international standards. These standards require blocking rate of the licensed indoor network to be 5% and the call failure rate not to be more than 2%.

Tariffs

Avea may freely determine its tariffs provided that these tariffs are not contrary to the regulations of the ICTA

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Telephone System (continued)

Emergencies

Avea will take the necessary measures with priority in order to satisfy the requirements and the needs of subscribers and users in emergencies, provided that the public authorities and enterprises will have priority in the case of health and security emergencies or fire and other disasters. Avea has to provide at least two base stations for the use of Ministry of Transport, Maritime Affairs and Communications in emergency.

Investment plans

Pursuant to the relevant regulation, by the first day of September every year, Avea will present its investment plan for the following calendar years to the ICTA. These plans will be valid for 3 years and will contain information about the dynamic demand forecasts, and number and locations of the exchange stations, base stations and base control stations to be established, the period of operation, and the investment costs. Within 120 days of receipt of the investment plan, the ICTA will approve the compliance of plans to the article 6th of the agreement. Investment plan will be presented so as to inform the ICTA after the requirements arising from the article 6th of the agreement are met.

National roaming

Avea may enter into contracts with other licensed GSM networks in Turkey for national roaming purposes. Roaming contracts and the financial clause of the contracts has to be presented to ICTA before signature procedures completed.

Suspension of operations

If deemed necessary for public security and national defense in case of war, general mobilization, etc. the Authority may temporarily or permanently suspend all or a part of the operational activities of Avea and may directly operate the network. The period of suspension as above will be added to the term of the license and the income of such a period, if any, will belong to Avea.

Termination of the agreement by the ICTA

The ICTA may cancel the license or terminate the Agreement for the following reasons;

- i) A final judgment of the competent courts for insolvency of Avea or its composition with creditors,
- ii) Determination of the failure of Avea to perform its contractual obligations hereunder and to remedy its default in a reasonable period of time granted,
- iii) Determination that Avea extends its activities beyond the frequencies allocated hereunder or other frequencies that may be allocated by the ICTA to Avea for use in the GSM 1800 System, and failure of Avea to cease such activities in a reasonable period of time granted,
- iv) Failure of Avea to pay the license fees hereunder.

However, that except for point (iv) above, Avea will be given the opportunity to fulfill its obligations within a period not less than 90 days of written notice by the ICTA. During this period of time, Avea will furnish to the ICTA a corrective action program for fulfillment of its obligations. If this program is accepted by the ICTA, the points of disagreement will be revised at the end of the program. If this program is not acceptable, the ICTA may terminate the Agreement at the end of the time period provided to Avea

Upon termination of the Agreement, Avea shall transfer all of the GSM 1800 system equipment to the ICTA without any remuneration.

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Telephone System (continued)

Insurance

Avea will maintain adequate all risk insurance for the telecommunication facilities and services established and operated until the end of the license term.

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services

The Concession Agreement with ICTA has been signed on 30 April 2009 and Avea has been granted with 3G license for an amount of Euro 214.000 excluding VAT. The term of the license is 20 years effective from the signature date of the Agreement. 3G services have been launched on 30 July 2009. According to this Agreement;

- Avea shall provide subscribers' and users' 112 calls and other emergency situation calls to public security institutions and other public institutions, and to direct those calls to the centers requested by the said institutions, free of charge bearing all costs.
- Avea shall keep at least 2 units of IMT-2000/UMTS mobile base stations to be used in emergency situations under the request of the Ministry of Transport and Communication.
- Within the first 5 years by the signature of the Agreement, Avea shall obtain the approval of the ICTA for each assignment of Avea shares in ratio exceeding 10% to persons and entities other than the current shareholders and subsidiaries of the current shareholders. Any type of share assignment leading a change in the control of Avea shall be subject to the approval of the ICTA.
- Avea has granted a bank letter of guarantee amounting to 12.800 which is 6% of the license fee, for to act as final guarantee. Should the Avea is understood to not perform its contractual obligations; ICTA shall record and confiscate the final guarantee as income. In such confiscation of final guarantee as income is realized, Avea shall grant new final guarantee within 30 days. Should the new final guarantee not granted within the said period, the Agreement might be terminated.
- During the term of the Agreement, Avea shall each year submit its investment plan related to the subsequent calendar year, till 1 November to the ICTA. This plan shall be prepared for three years and shall include such information as the number, location, coverage areas, investment costs with respect to exchange centres, base stations and control stations to be established, as well as the realization ratio of the previous year's investment plan and reasons of deviation, if any.
- Avea will pay an amount equal to 15% of the gross sales on a monthly basis to the Treasury, except for the default interest imposed on their subscribers for their late payments, indirect taxes, financial obligations such as charges and fees, and the accrual amounts accounted for reporting purposes.
- Avea shall pay 0.35% of the gross sales to the ICTA as contribution share to the ICTA's expenses, latest on the last working day of April of the following year.

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Coverage Area Obligations:

Following the signature of the Agreement, Avea shall have under coverage the population within the borders of;

- metropolitan municipalities within 3 years,
- all the municipalities of all provinces and districts within 6 years,
- all the residential locations having a population of more than 5.000 within 8 years,
- residential locations having a population of more than 1.000 within 10 years.

These are the areas which are to be covered by Avea alone and this obligation shall not be fulfilled through roaming.

Avea should maintain service quality in accordance with ICTA regulations, ETSI (European Telecommunications Standards Institute) standards and ITU (International Telecommunication Union) standards, decisions and recommendations given by ITU.

Upon request of the ICTA, yearly utmost two settling areas shall be covered with priority by Avea.

If there is any delay in fulfillment of the coverage area obligations, except the force major conditions, an administrative fine shall be applied within the frame of Relevant Legislation. If there is any delay in fulfillment of the coverage area obligations for a period of more than two years, then the Agreement might be terminated by the ICTA.

The Investments for hardware and software being used in the electronic communications network

Except for the investments made in the lease of place, towers, piles, pipes, containers, channels, energy transfer lines and similar infrastructure plants; each year Avea shall fulfill the following requirements for its investments related to electronic communications network (hardware, software etc.);

a) To procure at least 40% of such investments from vendor companies employing a R&D center established in Turkey and engaged in developing R&D projects in relation with the information and communication technologies provided at least 200 engineers functioning in such company in the first year after the signature of the Agreement, at least 300 engineers in the second year and at least 500 engineers for the third and subsequent years or from vendor companies employing a R&D center with at least 150 engineers functioning in the first year after the signature of the Agreement, at least 250 engineers in the second year and at least 350 engineers for the third and subsequent years however such company to employ also a Technical Assistance Centre with at least 50 engineers in the said first year, at least 100 engineers in the second year and at least 150 engineers in the third and subsequent years.

A vendor company may not establish the R&D center and Technical Assistance Centre together with another vendor company; but may establish with a company, organization or institution resident in Turkey. The vendor company shall have at least 50% share of such centers. Said organization or institution resident in Turkey shall not employ other R&D centers and Technical Assistance Centers that have been established together with other vendor companies functioning in information and communication technologies area.

The university associates may also be employed part time, as engineers to be employed by the vendor company. The number of the university associates may not exceed 5% of the total number of engineers stated above.

Avea is obliged to perform its investments regarding the electronic communications network by auditing and determining whether vendor companies comply with the foregoing terms and conditions.

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

The Investments for hardware and software being used in the electronic communications network (continued)

b) To procure at least 10% of such investments from the vendors in quality of Small and Medium Sized Entities and established in Turkey for the purpose of product and system development.

All the independent software and hardware units to be used in the network of Avea shall have open interface connections with each other.

ICTA may perform audits regarding the execution of this obligation or may commission another organization or institution to perform such auditing when deems necessary. The costs to arise from such audits shall be paid by Avea.

Should Avea is understood to procure goods and services through methods against the foregoing terms and conditions, an administrative monetary penalty shall be applied to Avea up to 1% of its turnover of the previous calendar year.

Should Avea not perform the said obligations, a penalty as 40% of total amount of its investments in the network (hardware, software etc.), except for the investments for lease of place, towers, piles, pipes, containers, channels, energy transfer lines and similar infrastructure plants, shall be applied separately to Avea for each year. This clause is valid for the first three years following the signature date of the Agreement.

The Termination of the Agreement by the Authority

Should Avea not perform the said obligations, a penalty as 40% of total amount of its investments in the network (hardware, software etc.), except for the investments for lease of place, towers, piles, pipes, containers, channels, energy transfer lines and similar infrastructure plants, shall be applied separately to Avea for each year. This clause is valid for the first three years following the signature date of the Agreement.

Termination of the Agreement by ICTA:

The Authority might terminate the Agreement for the following reasons;

- A bankruptcy or bankrupt's certificate decision on Avea given by the judicial authorities,
- Avea not performing some of its contractual obligations and not correcting such breach in the given period,
- Avea operating under the frequencies other than the ones allocated to itself by ICTA,
- Termination of Avea Concession Agreement
- Avea not performing national roaming obligation stated in the contract

In such circumstances, ICTA gives Avea the opportunity to fulfill its obligations within 90 days after the written notice. In case Avea cannot fulfill all the obligations within this period, the Agreement will be terminated by ICTA. The license fee or any other fee is not reimbursable in case of a termination of agreement. In the case of cancellation of agreement by ICTA, Avea will alienate all data and documents which constitute system, software affecting the running of system (including tower, beam, blare, container, channel, energy transmission lines, antenna etc), stated and in the usage of Avea to ICTA or to the entity ICTA enounces by making sure that there is no pledge, mortgage, levy and related legal blockages on them and they are free of cost and works free of problems.

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Certificate of Rights and Obligations regarding the Installation and Operation of IMT Infrastructure and Provision of IMT Services

The Authorization Certificate has been given by ICTA to Avea on 27 October 2015 and Avea has been granted with the usage rights of respective frequencies. First installment with the total VAT fee has been paid by Avea in advance. Frequencies with respect to the Authorization Certificate can be used until 30 April 2029. The remaining amount will be paid in 3 equal installments of 6 months. IMT services will be launched on 1 April 2016.

According to the Authorization Certificate;

- Avea shall provide emergency call services in line with the regulations of ICTA, free of charge bearing all costs and comply with the regulations of ICTA in relation to this matter.
- Avea shall keep at least 2 mobile base stations so as to be used for the provision of IMT services upon the Ministry's request, in the case of disaster and emergency.
- Within the first 5 years by the signature of the Agreement, Avea shall obtain the approval of the ICTA for each assignment of Avea shares in ratio exceeding 10% to persons and entities other than the current shareholders and subsidiaries of the current shareholders. Any type of share assignment leading a change in the control of Avea shall be subject to the approval of the ICTA.
- Avea has granted a bank letter of guarantee amounting to Euro 57.300 which is 6% of the total fee, for to act as final guarantee. Should be understood that Avea to not perform its contractual obligations; ICTA shall record and confiscate the final guarantee as income. In such confiscation of final guarantee as income is realized, Avea shall grant new final guarantee within 30 days. Should the new final guarantee not granted within the said period, the Authorization might be terminated by ICTA.
- Avea will pay an amount equal to 15% of the gross sales on a monthly basis to the Treasury, except for the default interest imposed on their subscribers for their late payments, indirect taxes, financial obligations such as charges and fees, and the accrual amounts accounted for reporting purposes.
- Avea shall pay the administrative fee at the rate and in the way determined by ICTA in accordance with the applicable law.

Coverage Area Obligations

Following the authorization, Avea shall put at least

- 95% of Turkey's population within 8 years
- 90% of the population in each province and district within 8 years
- 99% of highways, high speed and very high speed train routes and tunnels longer than 1 km within 3 years
- 95% of divided highways within 6 years
- 90% of conventional train routes within 10 years
- 99% of highways, high speed and very high speed train routes and tunnels longer than 1 km added after the first year within 2 years of its entering into service
- 95% of divided highways added after the fourth year within 2 years of its entering into service
- 90% of conventional train routes added after the eight year within 2 years of its entering into service under coverage.

Areas covered by Avea pursuant to the IMT-2000/UMTS Concession Agreement shall be deemed to be also covered under this authorization on condition that the service quality criteria set forth in the respective article are satisfied. Additionally, areas covered by Avea under this authorization for the purpose of provision of IMT services shall be deemed to be covered in the determination of the coverage obligation of IMT-2000/UMTS services.

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Certificate of Rights and Obligations regarding the Installation and Operation of IMT Infrastructure and Provision of IMT Services (continued)

Coverage Area Obligations (continued)

Coverage obligation shall be fulfilled by Avea on its own and not through national roaming. However, Avea shall be entitled to share radio access network in the areas under the coverage obligation.

Maximum two settlements per year shall be primarily brought by Avea under coverage upon ICTA's request and under the service quality standards determined for such areas.

In the event that the fulfilment of coverage obligation is delayed for any reason other than force majeure events, administrative fine shall be applied pursuant to the applicable law. In the event that the fulfilment of the coverage obligation is delayed for more than two (2) years, the Authorization might be terminated by ICTA.

Service quality obligation:

Avea shall ensure data download at minimum 2 Mbps in the areas subject to coverage obligation at a probability of 95% per user. The matters related to the inspection of this obligation shall be determined by ICTA.

These data transmission speeds are minimum values and ICTA shall determine service quality obligations required to be ensured by Avea taking into account ETSI standards, ITU standards, decisions and recommendation, our national development targets, technological improvements and user requirements.

Sharing the Radio Access Network:

On condition that the provisions of the applicable law are not breached, Avea may install and operate the radio access network to be installed for the provision of IMT services together with other operators authorized to provide IMT services and further, lease necessary transmission lines from authorized operators in order to materialize the connections within the radio access network.

This right shall not remove the obligations of Avea under the authorization and shall not constitute a reason for non-fulfilment of such obligations. Avea shall not avoid fulfilling its obligations under the authorization due to reasons arising from the sharing. Avea shall, in the case of sharing, be obliged to take all measures required to prevent any interruption of services it provides under the authorization.

In all settlements having a population less than 10.000, Avea shall, following the authorization, be obliged to:

a) install antenna facilities to be installed under the authorization (excluding in-building antenna facilities) in such manner that facilitates active sharing of radio access network with other operators and share such facilities with the operators,

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Certificate of Rights and Obligations regarding the Installation and Operation of IMT Infrastructure and Provision of IMT Services (continued)

Sharing the Radio Access Network: (continued)

b) In the event that there exists any antenna facilities installed by other operators at the settlements in question following the authorization for the antenna facilities to be newly installed by Avea under this authorization, Avea shall use such antenna facility by active sharing of radio access network.

Following this authorization, the antenna facilities newly installed under IMT-2000/UMTS Concession Agreements shall also be subject to the obligation prescribed by this paragraph.

Avea shall be obliged to actively share radio access network in the antenna facilities to be newly installed under this authorization in order to cover highways, high speed railways and divided highways following the authorization. Following this authorization, the antenna facilities newly installed under IMT-2000/UMTS Concession Agreements shall also be subject to the aforementioned obligation.

Investments related to the hardware and software used in the network

Except investments made for property lease, tower, pole, pipe, container, conduit, power transmission lines and similar infrastructure; Avea shall, following the authorization, be obliged to provide:

a) At least 40% of its investments related to the network (such as hardware, software); Within two (2) years, from supplier companies established in Turkey as to develop R&D projects in the field of information and communication technologies, employing at least 500 engineers and 100 researchers; within four (4) years, from supplier companies having a R&D center, employing 500 engineers and 250 researchers, or within two (2) years, from supplier companies established in Turkey as to develop R&D projects in the field of information and communication technologies, employing at least 350 engineers and 100 researchers and also within two (2) years from supplier companies having a Technical Assistance Center employing at least 150 engineers, within four (4) years from supplier companies having R&D center employing 350 engineers and 250 researchers and within four (4) years from supplier companies having a Technical Assistance Center employing at least 150 engineers.

b) At least 10% of its investments from products produced in Turkey and from SMEs established to develop products and systems in Turkey.

Up to 60 within 2 years and up to 150 within 4 years following the authorization, of the personnel of Avea employed in the status of researcher at the R&D center established by Avea for the purpose of developing R&D projects in the field of information and communication technologies shall be taken into account under the obligation related to the number of the researchers set forth in the sub-paragraph (a) of this paragraph provided that such center is organized as an independent unit under Avea's organization or all shares of the center are owned by Avea.

Teaching staff of universities who work part-time at R&D centers under the applicable law or while working at universities carry out academic studies requested by the supplier and/or Avea may be included in the researchers to be employed by the supplier and/or Avea at R&D centers. The number of teaching staff may not exceed 10% of total number of researchers referred to in this subparagraph (a).

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Certificate of Rights and Obligations regarding the Installation and Operation of IMT Infrastructure and Provision of IMT Services (continued)

Investments related to the hardware and software used in the network (continued)

A supplier company may establish R&D and technical assistance centers together with institutions or bodies, except other suppliers, established in Turkey, which operate in the field of information and communication technologies and do not have a R&D or technical assistance center established with other suppliers. The supplier companies must hold at least 50% of the shares of such centers.

All independent software and hardware units to be used by Avea in the network shall be interconnected through explicit interfaces.

Avea shall be obliged to materialize its investments relating to the network (such as hardware, software) by checking and verifying whether or not the supplier companies and Small Entities ("SME") fulfil the conditions stated above.

Avea shall be obliged to supply its investments relating to the network (hardware or software such as base station, switching, router), except investments relating to property lease, tower, pole, container, channel, power transmission lines and similar facilities, from the products determined to be domestic product under the Law No 4734 and applicable law at least by 30% within the first year, at least by 40% within the second year and at least by 45% within subsequent years following the authorization. Such items among the products supplied by the supplier companies and SMEs to Avea, which are determined to be domestic products shall be taken into account under this obligation. Avea contemplating that it will not be able to fulfil its obligations set forth in the this paragraph due to the availability condition of the products determined to be domestic products, supply capacity of the producers and other conditions shall apply to ICTA indicating the reasons, no later than six (6) months before the expiry of the obligation period. ICTA may reduce or terminate the obligation for the respective period if it deems necessary.

Additional to the obligation in the paragraph above; investments specified in the paragraph above, to be measured for periods of 4 years, following the authorization Avea shall be obliged to supply from the products determined to be domestic product under the Law No 4734 and applicable law a minimum average of 30% in the first 4 years, 40% in the second 4 years and 45% in the third 4 years. Such items among the products supplied by the supplier companies and SMEs to Avea, which are determined to be domestic products shall be taken into account under this obligation. Avea contemplating that it will not be able to fulfil its obligations set forth in the this paragraph due to the availability condition of the products determined to be domestic products, supply capacity of the producers and other conditions shall apply to ICTA indicating the reasons, no later than six (6) months before the expiry of the obligation period. ICTA, provided that Ministry's opinion to be taken, may reduce or terminate the obligation for the respective period if it deems necessary.

Whether or not the obligations under this article have been fulfilled shall be evaluated with the obligations of Avea under the IMT-2000/UMTS Concession Agreement.

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Certificate of Rights and Obligations regarding the Installation and Operation of IMT Infrastructure and Provision of IMT Services (continued)

The Termination of the Authorization Certificate by ICTA

ICTA may terminate the Authorization Certificate for the following reasons;

- A bankruptcy or bankrupt's certificate decision on Avea given by the judicial authorities,
- Avea not performing some of its contractual obligations and not correcting such breach in the given period,
- Avea operating under the frequencies other than the ones allocated to itself by ICTA and not ceasing these operation within the given period,
- Termination of one of Avea's Concession Agreements signed earlier,
- Avea not performing its obligations stated in the article related to confidentiality of the communication, national security and public order

In such circumstances, ICTA gives Avea the opportunity to fulfill its obligations within 90 days after the written notice. In case Avea cannot fulfill all the obligations within this period, the Authorization Certificate will be terminated by ICTA.

The license fee or any other fee is not reimbursable in case of a termination of agreement. In the case of cancellation of agreement by ICTA, Avea will alienate all data and documents which constitute system, software affecting the running of system (including tower, beam, blare, container, channel, energy transmission lines, antenna etc), stated and in the usage of Avea to ICTA or to the entity ICTA enounces by making sure that there is no pledge, mortgage, levy and related legal blockages on them and they are free of cost and works free of problems.

Legal proceedings of Türk Telekom

Disputes between Türk Telekom and Turkcell İletişim Hizmetleri A.Ş. ("Turkcell")

Telekom Group Companies Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş., and TTNNet A.Ş. reached an agreement with Turkcell Group Companies Turkcell İletişim Hizmetleri A.Ş., Superonline İletişim Hizmetleri A.Ş., and Kule Hizmet ve İşletmecilik A.Ş. to resolve the court cases, executive proceedings and disputes with a Settlement Protocol. With the Settlement Protocol, Turkcell İletişim Hizmetleri A.Ş. agreed to pay TL 225.000 (excluding VAT and SCT, and including interest, and all dues associated with this protocol) to Türk Telekom Group Companies. Following this settlement protocol, Türk Telekom will not pay any amount to Turkcell Group companies. As of 31 December 2015, there is no provision in relation to these litigations, including principal and interest (31 December 2014: TL 91.884).

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal proceedings of Türk Telekom (continued)

Disputes between the Company and its former personnel

Within the scope of the ongoing restructuring of the personnel organization of the Company in order to achieve the number of personnel identified, the contracts of the employees who are entitled for retirement and whose service are not needed have been terminated based on the Board of Directors Decision. Accordingly, certain number of those employees has filed re-employment lawsuits against the Company. Some of the lawsuits terminated against the Company while the remaining cases are still ongoing. Provision amounting to TL 13.590 (31 December 2014: TL 11.035) is provided as of 31 December 2015 for the ongoing cases.

Disputes between the Company and Municipalities

For contribution to the infrastructure investment and municipality share, municipalities filed against the Company and as at 31 December 2015, total provision including the nominal amount and legal interest charge which is amounting to TL 47.021 (31 December 2014: TL 45.301) is recognized.

Disputes between the Group and the ICTA

The Company has filed various lawsuits against ICTA. These lawsuits are related with the sector-specific and tariff legislations and legislations with respect to the other operators in the market. The sector-specific disputes generally stem from the objections with respect to the provisions of interconnection legislation, legislation with respect to telecommunication services and infrastructure. As of 31 December 2015, TL 102.459 provision provided for ICTA penalties and amounts to be repaid to customers due to ICTA resolutions (31 December 2014: TL 38.749).

Disputes related to Avea's SCT

General Directorate of Revenue Administration has started a tax investigation about practice for computation of Special Communication Tax ("SCT") based on the revenue generated from prepaid cards to distributors and dealers.

As of 31 December 2015, a provision amounting to TL 69.729 is recognized (31 December 2014: TL 30.291).

Avea's Treasury share investigation

The Treasury share investigation was started by The Republic of Turkey Prime Ministry Undersecretariat of treasury for the period between 1 January 2012 and 31 December 2013.

As of 31 December 2015, a provision amounting to TL 31.975 is recognized (31 December 2014: nil).

Other issues

Provision has been provided in the consolidated financial statements for the probable court cases against the Group based on the lawyers' assessments. The provision for such court cases is amounting to TL 31.900 as at 31 December 2015 (31 December 2014: TL 23.999). For the rest of the cases, Group lawyers commented that basis of those cases are not realistic and should be appealed. Therefore, no provision has been provided for these cases.

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26. SUBSEQUENT EVENTS

Telekom Group Companies; Türk Telekomünikasyon A.Ş., Avea İletişim Hizmetleri A.Ş., and TTNNet A.Ş. reached an agreement with Turkcell Group Companies Turkcell İletişim Hizmetleri A.Ş., Superonline İletişim Hizmetleri A.Ş., and Kule Hizmet ve İşletmecilik A.Ş. to resolve the court cases, executive proceedings and disputes with a Settlement Protocol on 30 December 2015. According to this settlement protocol Turkcell İletişim Hizmetleri A.Ş. made payment amounts to TL 225.000 (excluding "VAT" and "SCT") to Türk Telekom Group Companies on 14 January 2016.

On 21 January 2016, TTES Elektrik Tedarik Satış A.Ş. (subsidiary of the Company) has obtained an electricity supply licence for 20-years.

As of 26 January 2016, Avea, Türk Telekom and TTNNet brands, serving in mobile, fixed voice, fixed broadband and tv business are unified under single "Türk Telekom" brand, while keeping legal entities intact by delivering all products and services under a single brand.

27. OPERATING EXPENSES (INCLUDING COST OF SALES)

	1 January 2015 - 31 December 2015	1 January 2014 - 31 December 2014
Cost of sales (-)	(7.565.517)	(7.030.297)
General administrative expenses (-)	(2.143.274)	(1.833.865)
Marketing, sales and distribution expenses (-)	(1.901.161)	(1.843.191)
Research and development expenses (-)	(47.304)	(66.521)
	(11.657.256)	(10.773.874)

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28. EXPENSES BY NATURE

	1 January 2015 - 31 December 2015	1 January 2014 - 31 December 2014
Personnel expenses	(2.491.887)	(2.482.739)
Taxes	(1.234.637)	(1.073.127)
Domestic interconnection	(1.000.670)	(887.669)
Commission expenses	(581.303)	(598.038)
Repair and maintenance expenses	(541.890)	(506.718)
Rent expenses	(434.600)	(413.780)
Advertisement expenses	(406.066)	(358.496)
Utilities	(367.542)	(355.141)
TFRS Interpretation 12 related fixed assets additions and capex provision expenses	(329.987)	(295.649)
Cost of sales and cost of equipment sales of technology companies	(303.886)	(200.571)
International interconnection	(301.035)	(278.723)
Outsources services	(294.237)	(316.593)
Doubtful receivable expenses	(161.343)	(148.812)
Bill distribution expenses	(150.402)	(210.380)
Content expenses	(127.115)	(94.121)
Revenue sharing project expenses	(74.673)	(73.937)
Consulting expenses	(69.657)	(59.170)
Vehicles expenses	(62.619)	(27.929)
Court expert expenses	(46.985)	(45.441)
Promotion expenses	(38.565)	(45.785)
Management fee	(33.849)	(26.906)
Insurance expenses	(30.125)	(26.111)
Other expenses	(302.374)	(246.302)
Total operating expenses (excluding depreciation and amortization expense)	(9.385.447)	(8.772.138)
Depreciation, amortization	(2.235.298)	(1.952.452)
Impairment expenses	(36.511)	(49.284)
Total operating expenses	(11.657.256)	(10.773.874)

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29. OTHER OPERATING INCOME / (EXPENSES)

	1 January 2015 - 31 December 2015	1 January 2014 - 31 December 2014
Interest and discount income	274.448	147.458
Income from litigation	126.565	5.608
Foreign exchange gains	116.909	67.276
Indemnity income	24.825	25.977
Rental income	15.432	8.427
Commissions income	3.979	5.246
Other	60.058	47.232
Other operating income	622.216	307.224
Foreign exchange losses	(131.528)	(67.324)
Interest and discount expenses	(65.187)	(2.308)
Litigation provision compensation and penalty expenses	(55.697)	(85.074)
Interest expenses on employee benefit obligations (Note 22)	(50.973)	(56.501)
Interest expenses on litigation provision	(40.796)	(9.622)
Special consumption tax and other expenses	(2.700)	(3.809)
Other	(101.446)	(30.054)
Other operating expense (-)	(448.327)	(254.692)

30. INCOME/(EXPENSE) FROM INVESTING ACTIVITIES

	1 January 2015 - 31 December 2015	1 January 2014 - 31 December 2014
Gain from scrap sales	97.730	110.978
Gain on sales of property, plant and equipment	43.279	140.196
Income from investing activities	141.009	251.174
Losses from sales on property, plant and equipment	(15.518)	(7.631)
Expense from investing activities (-)	(15.518)	(7.631)

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31. FINANCIAL INCOME / (EXPENSE)

	1 January 2015 - 31 December 2015	1 January 2014 - 31 December 2014
Foreign exchange gains	2.269.929	1.490.326
Gain on derivative instruments	366.779	165.321
Interest income on bank deposits and delay charges	157.404	130.412
Other	14.736	156
Financial Income	2.808.848	1.786.215
Foreign exchange losses	(4.145.580)	(1.928.781)
Interest expense	(404.345)	(357.208)
Loss on derivative instruments	(135.184)	(29.056)
Other	(27.437)	(19.113)
Financial expenses	(4.712.546)	(2.334.158)
Financial expenses, net	(1.903.698)	(547.943)

32. TAXATION ON INCOME

	31 Aralık 2015	31 Aralık 2014
Corporate tax payable:		
Current corporate tax provision	326.777	696.720
Prepaid taxes and funds (-)	(144.274)	(499.146)
Tax payable	182.503	197.574
	1 January 2015 - 31 December 2015	1 January 2014 - 31 December 2014
Tax expense:		
Current tax expense:		
Current income tax expense	(333.260)	(695.023)
Adjustments in respect of income tax of previous year	22.504	(1.167)
Deferred income / (expense) (Note 12) :		
Deferred tax (expense/income) due to derecognition/ recognition of deferred tax asset	-	(1.391)
Deferred tax (expense) / income	(87.675)	90.668
	(398.431)	(606.913)

As of 31 December 2015, deferred tax income amounting to TL 17,003 (31 December 2014: TL 30,524) and current tax expense amounting to TL 6,484 (31 December 2014: TL 1,697) are recognized in the consolidated statement of other comprehensive income.

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32. TAXATION ON INCOME (CONTINUED)

The Company and its subsidiaries located in Turkey are subject to taxation in accordance with the tax regulations and the legislation effective in Turkey where the Group companies operate. In Turkey, the corporation tax rate is 20% (2014: 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% (2014: 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Dividend payments made to resident and non-resident individuals, non-resident legal entities and corporations resident in Turkey (except for the ones exempt from corporate and income tax), are subject to an income tax of 15%.

Dividend payments made from a corporation resident in Turkey to a corporation also resident in Turkey are not subject to income tax. Furthermore, income tax is not calculated in case the profit is not distributed or transferred to equity.

The dividend income (excluding the participation certificates of investment funds and profit shares derived from the share certificates of investment trusts) derived by entities from the participation in the capital of another resident entity is exempt from corporate tax. Furthermore, 75% of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax. In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

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32. TAXATION ON INCOME (CONTINUED)

The reconciliation between tax expense and the product of accounting profit multiplied by applicable tax is as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Profit before tax	1.261.281	2.575.881
Tax at the corporate tax rate of 20%	252.256	515.176
Tax effects of:		
- adjustments of subsidiaries not subject to deferred tax	88.391	68.077
- deferred tax asset recognition / derecognized from previous years' tax losses carried forward by subsidiaries	28.759	(1.592)
- expenses that are not deductible in determining taxable profit	27.540	24.169
- tax rate difference of subsidiaries	1.485	1.083
Tax expense for the year	398.431	606.913

Investment Incentives

Avea has obtained investment incentive certificates from the Turkish government authorities in connection with certain major capital expenditures, which entitle Avea, among other things, to:

- a) A 100% exemption from customs duty on machinery and equipment to be imported,
- b) An investment allowance of 100% on approved capital expenditures,

The investment allowance indicated in (b) above is deductible from current or future taxable profits for the purposes of corporation tax; however, such investment allowances are subject to a withholding tax. At 31 December 2015, investment allowances amount to TL 6.370.229 (2014: TL 6.032.725). Unrecognized deferred tax asset is TL 72.889 (2014 : TL 68.974).

The Law foresaw that the taxpayers that have investment allowance rights obtained under the scope of the previous provisions valid before 24 April 2003 and the provisions of the amended article 19 of the Income Tax Law (amended with Law No 4842) that were effective until 31 December 2005 would be able to utilize their investment allowance rights only for their income generated in the years 2006, 2007, and 2008.

However on 15 October 2009, the Constitutional Court decided to cancel the phrases which abolish the investment allowances after 2008 and limit the use of investment allowance incentive allowance with the years 2006, 2007 and 2008. The annulment decision is effective after being published in the Official Gazette no 27456 dated 8 January 2010. Accordingly, Avea may utilize those unused incentive in the future.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk policies of the Group are managed centrally with the support of a committee. All Group companies meet their cash needs determined in business plans approved by their boards, by using credits or capital increase with guidance of the central management. The Group may choose long or short term financing according to their financing needs and market assumptions.

The Group's risk management policies are designed to identify and analyze the risks faced by the Group, to determine appropriate risks limits and controls, and to observe commitment to these limits. Risk management policies and systems are constantly under review to reflect changes in the Group's activities and market conditions.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Financial risk factors

The Group's principal financial instruments comprise forward market transactions, bank loans and cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations and to hedge interest rate risk. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees to policies for managing each of these risks.

Credit risk

	Receivables						
	Trade Receivables		Other receivables		Deposits and banks	Derivative Instruments	Other
	Related Parties	Third Parties	Related Parties	Third Parties			
31 December 2015							
Maximum credit risk exposed to as at 31 December 2015 (A+B+C+D+E)	6.504	3.843.609	-	114.681	2.837.454	433.769	-
- Guaranteed portion of the maximum risk	-	29.831	-	-	-	-	-
A. Carrying amount of financial assets not overdue or not impaired	6.504	2.710.560	-	114.681	2.837.454	433.769	-
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	-	-	-	-	-	-	-
C. Carrying amount of financial assets overdue but not impaired	-	1.133.049	-	-	-	-	-
-Amount secured via guarantees	-	-	-	-	-	-	-
D. Carrying amount of assets impaired	-	-	-	-	-	-	-
-Overdue (gross book value)	-	2.002.146	-	24.433	-	-	-
-Impairment (-)	-	(2.002.146)	-	(24.433)	-	-	-
E. Off balance sheet items with credit risk	-	-	-	-	-	-	-

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

	Receivables						
	Trade Receivables		Other receivables		Deposits and banks	Derivative Instruments	Other
	Related Parties	Third Parties	Related Parties	Third Parties			
31 December 2014							
Maximum credit risk exposed to as at 31 December 2014 (A+B+C+D+E)	17.757	3.155.294	-	85.278	2.537.999	98.427	-
- Guaranteed portion of the maximum risk	-	25.331	-	-	-	-	-
A. Carrying amount of financial assets not overdue or not impaired	17.757	2.215.446	-	85.278	2.537.999	98.427	-
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	-	-	-	-	-	-	-
C. Carrying amount of financial assets overdue but not impaired	-	939.848	-	-	-	-	-
-Amount secured via guarantees	-	-	-	-	-	-	-
D. Carrying amount of assets impaired	-	-	-	-	-	-	-
-Overdue (gross book value)	-	1.732.493	-	23.896	-	-	-
-Impairment (-)	-	(1.732.493)	-	(23.896)	-	-	-
E. Off balance sheet items with credit risk	-	-	-	-	-	-	-

Financial losses due to Group's receivables and financial assets which result from not implementing agreement clauses related to financial assets by a customer or other party constitutes credit risk.

When determining the credit risk exposure as at the balance sheet date, items like guarantees received, which increase the credit worthiness have not been considered. The aging for assets overdue but not impaired for has been provided in Note 6.

As of 31 December 2015, there is no significant credit risk of Company. The maximum credit risk Company exposure is reflected by presenting all financial assets from carrying amount on consolidated balance sheet.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Liquidity risk is uncertainty to cover future financial obligations.

The Group's objective is to maintain a balance between current assets and liabilities through close monitoring of payment plans and cash projections.

The Group manages current and long-term funding by maintaining adequate reserves, banking facilities, reserve borrowing facilities and loan agreements with suppliers through continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2015 and 2014 based on contractual undiscounted payments (including interest payments not due yet).

Contract based maturities as at 31 December 2015	Book value	Total contract based cash		Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
		outflow (I+II+III+IV)					
Non-derivative financial liabilities							
Financial liabilities and bills, bonds and notes issued	11.793.697	13.086.804	413.493	2.496.246	7.562.841	2.614.224	
Obligations under finance leases	9.032	9.228	2.362	5.864	1.002	-	
Trade payables	4.792.699	4.899.905	2.099.040	1.812.515	988.350	-	
Other payables	1.541.566	1.755.386	924.141	-	831.245	-	
Related parties	10.745	7.585	7.585	-	-	-	
Derivative financial liabilities (net)	265.584	265.584	18.506	26.290	112.960	107.828	

Contract based maturities as at 31 December 2014	Book value	Total contract based cash		Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
		outflow (I+II+III+IV)					
Non-derivative financial liabilities							
Financial liabilities and bills, bonds and notes issued	8.857.842	10.713.742	168.084	834.588	7.310.949	2.400.121	
Obligations under finance leases	19.956	20.800	3.395	10.265	7.140	-	
Trade payables	1.248.079	1.248.079	1.090.667	156.799	613	-	
Other payables	941.530	941.530	941.530	-	-	-	
Related parties	7.888	7.888	7.888	-	-	-	
Minority put option liability	439.664	439.664	-	439.664	-	-	
Derivative financial liabilities (net)	84.591	102.149	11.560	10.863	54.801	24.925	

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Market risk****Foreign Currency Risk**

	31 December 2015			31 December 2014						
	TL Equivalent	US Dollar	Euro	GBP	Other TL Equivalent	USD	Euro	GBP	Other	
1. Trade receivables	141.338	16.822	28.505	-	2.387	165.583	32.415	31.644	2	1.864
2a. Monetary financial assets (Cash and banks accounts included)	19.35.008	374.424	266.343	-	-	209.276	56.734	27.545	5	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	62.369	2.793	17.072	-	-	49.146	316	17.163	-	-
4. Current assets (1+2+3)	2.138.715	394.039	311.920	-	2.387	424.005	89.465	76.352	7	1.864
5. Trade receivables	1	-	-	-	-	4.072	1.580	145	-	-
6a. Monetary financial assets	50.792	11.685	5.292	-	-	29.787	8.254	3.775	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	399	-	126	-	-	3.177	1.152	145	-	-
8. Non-current assets (5+6+7)	51.192	11.685	5.418	-	-	37.036	10.986	4.065	26	-
9. Total assets (4+8)	2.189.907	405.723	317.338	-	2.387	461.041	100.451	80.417	33	1.864
10. Trade payables	3.928.748	357.052	908.998	499	3	591.481	182.103	59.955	24	2
11. Financial liabilities	2.381.870	649.720	162.404	132	-	706.206	209.951	77.847	-	-
12a. Monetary other liabilities	23.197	2.454	5.055	-	-	18.514	2.834	4.234	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-	-	-
13. Short-term liabilities (10+11+12)	6.333.815	1.009.226	1.076.457	631	3	1.316.201	394.788	142.036	24	2
14. Trade payables	747.580	58	235.213	-	-	84	36	-	-	-
15. Financial liabilities	9.322.821	2.483.376	661.555	-	-	8.030.084	2.680.109	643.521	-	-
16 a. Monetary other liabilities	87.060	-	27.398	-	-	80.432	-	28.515	-	-
16 b. Non-monetary other liabilities	-	-	-	-	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	10.157.461	2.483.434	924.166	-	-	8.110.600	2.680.145	672.036	-	-
18. Total liabilities (13+17)	16.491.276	3.492.660	2.000.623	631	3	9.426.801	3.074.933	814.072	24	2
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	1.532.716	1.000.000	(432.680)	-	-	70.375	500.000	(386.100)	1	-
19a. Total asset amount/hedged	(1.532.716)	(1.000.000)	432.680	-	-	(70.375)	(500.000)	386.100	(1)	-
19b. Total liability amount/hedged	-	-	-	-	-	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	(12.768.653)	(2.086.937)	(2.115.965)	(631)	2.384	(8.895.385)	(2.474.482)	(1.119.755)	10	1.862
21. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(14.364.137)	(3.089.730)	(1.700.483)	(631)	2.384	(9.018.083)	(2.975.950)	(750.963)	(17)	1.862
22. Fair value of FX swap financial instruments	284.094	89.052	7.920	-	-	73.967	31.897	-	-	-
23. Hedged amount of foreign currency assets	-	-	-	-	-	-	-	-	-	-
24. Hedged amount of foreign currency liabilities	(1.532.716)	(1.000.000)	432.680	-	-	70.375	(500.000)	386.100	(1)	-

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

Foreign currency risk (continued)

The Group has transactional currency exposures mainly with respect to the financial liabilities and trade payables. Foreign currency denominated borrowings are stated in Note 5.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar and Euro exchange rate, with all other variables held constant, of the Group's net profit for the year (due to changes in the fair value of monetary assets and liabilities):

31 December 2015	Profit/Loss		Other comprehensive income	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Appreciation of USD against TL by 10%:				
1- USD net asset/liability	(897.221)	897.221	-	-
2- Hedged portion of USD risk (-)	290.760	(290.760)	-	-
3- USD net effect (1+2)	(606.461)	606.461	-	-
Appreciation of Euro against TL by 10%:				
4- Euro net asset/liability	(532.829)	532.829	(23.090)	23.090
5- Hedged portion of Euro risk (-)	(137.488)	137.488	-	-
6- Euro net effect (4+5)	(670.317)	670.317	(23.090)	23.090
Appreciation of other foreign currencies against TL by 10%:				
7- Other foreign currency net asset/liability	(78)	78	-	-
8- Hedged portion of other foreign currency (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	(78)	78	-	-
Total (3+6+9)	(1.276.856)	1.276.856	(23.090)	23.090

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

Foreign currency risk (continued)

31 December 2014	Profit/Loss		Other comprehensive income	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Appreciation of USD against TL by 10%:				
1- USD net asset/liability	(689.753)	689.753	-	-
2- Hedged portion of USD risk (-)	115.945	(115.945)	-	-
3- USD net effect (1+2)	(573.808)	573.808	-	-
Appreciation of Euro against TL by 10%:				
4- Euro net asset/liability	(206.942)	206.942	(16.532)	16.532
5- Hedged portion of Euro risk (-)	(108.907)	108.907	-	-
6- Euro net effect (4+5)	(315.849)	315.849	(16.532)	16.532
Appreciation of other foreign currencies against TL by 10%:				
7- Other foreign currency net asset/liability	119	(119)	-	-
8- Hedged portion of other foreign currency (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	119	(119)	-	-
Total (3+6+9)	(889.538)	889.538	(16.532)	16.532

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The value of a financial instrument will fluctuate as a result of changes in market prices. The Group's interest rate risk is primarily attributable to its borrowings.

The interest-bearing financial liabilities have variable interest rates, whereas the interest bearing financial assets have a fixed interest rate and future cash flows associated with these financial instruments will not fluctuate in amount. The Group is subject to interest risk due to financial liabilities and finance lease obligations. Policy of the Group is to manage this risk through fixed and variable rates borrowings. In order to cover for these risks, the Group has entered into interest rate swaps (Note 16).

The interest rate risk table is presented below:

	31 December 2015	31 December 2014
Financial instruments with fixed interest rate		
Financial assets	2.410.835	2.176.019
Financial liabilities	(3.613.397)	(2.836.144)
	(1.202.562)	(660.125)
Effect of interest rate swaps	(2.616.840)	(2.087.010)
	(3.819.402)	(2.747.135)
Financial instruments with variable interest rate		
Financial liabilities	(8.180.299)	(6.021.698)
Effect of interest rate swaps	2.616.840	2.087.010
	(5.563.459)	(3.934.688)

If the base point of denominated interest rates for financial instruments with variable interest rate was higher/lower 0,25%, with all other variables held constant, the Group's income before tax and minority interest would be lower/higher by TL 8.018 as of 31 December 2015 (31 December 2014: TL 8.902).

On the other side because of hedging, if the base point of interest rate higher/lower 0.25%, equity would be higher by TL 44.951 (31 December 2014: TL 38.902), if the base point of interest rate lower 0,25%, equity would be lower by TL 45.852 (31 December 2014: TL 39.817).

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Explanation on the presentation of financial assets and liabilities at their fair values

The below table summarizes the carrying and fair values of financial asset and liabilities not presented at fair value in the Group's consolidated financial statements.

Due to their short-term nature, the fair value of trade and other receivables represents their book value. The fair value of borrowings with fixed interests is obtained by calculating their discounted cash flows using the market interest rate effective at the reporting date. The fair value of foreign currency denominated borrowings with variable interests is obtained by discounting the projected cash flows using estimated market interest rates.

	Carrying amount		Fair value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Financial assets				
Cash and cash equivalents	2.837.786	2.538.446	2.837.786	2.538.446
Trade and other receivables (including related parties)	3.964.794	3.258.329	3.964.794	3.258.329
Other financial investments ^(*)	11.840	11.840	(*)	(*)
Derivative financial assets	433.769	98.427	433.769	98.427
Financial liabilities				
Bank borrowings	8.906.437	6.558.167	8.905.625	6.557.626
Bills, bonds and notes issued	2.887.259	2.299.675	2.793.917	2.317.253
Financial leasing liabilities	9.031	19.956	9.031	19.956
Trade and other payables (including related parties)	6.559.309	2.296.135	6.559.309	2.296.135
Other financial liabilities ^(**)	-	439.664	-	439.664
Derivative financial liabilities	265.584	84.591	265.584	84.591

^(*) Group's share in Cetel is carried at cost. Information on fair value of share in Cetel is not available.

^(**) On 4 August 2015, the Company bought representative shares of 10,0035% of Avea's issued capital which was recognized as non-controlling interest (Note 13). As at 31 December 2015, non-controlling interest put option liability is amounted to nil.

Fair value hierarchy table

The group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Explanation on the presentation of financial assets and liabilities at their fair values (continued)

Fair value hierarchy table as at 31 December 2015 is as follows:

	Date of Valuation	Total	Fair Value Measurement		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets measured at fair value:					
Derivative Financial Assets:					
Cross currency swaps	31 December 2015	388.767	-	388.767	-
Interest rate swaps	31 December 2015	45.002	-	45.002	-
Financial liabilities measured at fair value:					
Derivative Financial Liabilities:					
Interest rate swaps	31 December 2015	160.911	-	160.911	-
Cross currency swaps	31 December 2015	104.673	-	104.673	-
Other financial liabilities not measured at fair value					
Bank borrowings	31 December 2015	8.905.625	-	8.905.625	-
Bills, bonds and notes issued	31 December 2015	2.793.917	2.793.917	-	-

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Explanation on the presentation of financial assets and liabilities at their fair values (continued)

Fair value hierarchy table as at 31 December 2014 is as follows:

	Date of Valuation	Total	Fair Value Measurement		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets measured at fair value:					
Derivative Financial Assets:					
Foreign exchange forward contracts	31 December 2014	73.967	-	73.967	-
Interest rate swaps	31 December 2014	24.395	-	24.395	-
Commodity derivative (Copper)	31 December 2014	65	-	65	-
Financial liabilities measured at fair value:					
Derivative Financial Liabilities:					
Interest rate swaps	31 December 2014	84.592	-	84.592	-
Other financial liabilities:					
Non-controlling interest put option liability	31 December 2014	439.664	-	-	439.664
Other financial liabilities not measured at fair value					
Bank borrowings	31 December 2014	6.557.626	-	6.557.626	-
Bills, bonds and notes issued	31 December 2014	2.317.253	2.317.253	-	-

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

as at and for the Year Ended 31 December 2015

(Currency in thousands of Turkish Lira ["TL"] unless otherwise stated, all other currencies are also disclosed in thousands)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management policies

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders. No changes were made in the objectives, policies or processes during the years 2015 and 2014.

Glossary

0-9

3G

Third generation of mobile systems. Provide high-speed data transmissions and higher supporting multimedia applications such as full-motion video, video conferencing and Internet access. See "UMTS".

A

Access Channel

The network element used to connect a subscriber to the nearest switch or concentrator. An access channel generally takes the form of a closed circuit and consists of a pair of copper wires, but may also employ fiber optic cables, microwave links or other technologies.

ACD (Automatic Call Distribution)

A specialized phone system for handling incoming calls which recognizes and answers calls according to instructions from a database and then routes the calls to an operator or agent.

ADSL (Asymmetric Digital Subscriber Line)

A technology for transferring data that uses an access channel to provide faster network access to the Internet and other popular multimedia and data services at speeds of up to two to six Mbps, a transfer speed 50 times faster than narrowband or dial-up Internet access.

ARPL (Average Revenue per Line)

Measures the average monthly revenue generated for each line. The method used to calculate this measure may differ among operators.

ARPU (Average Revenue per User)

Measures the average monthly revenue generated for each customer unit, such as a mobile phone.

ATM (Asynchronous Transfer Mode)

A multiplexing and routing technology for high-speed digital communications that permits data, text, voice, video and multimedia signals to be transmitted simultaneously between network access points at speeds of up to 155 Mbps or more. ATM allows for better local area network interconnections, PABX interconnection, data transmission and flexible bandwidth delivery.

B

Base Station

Fixed transceiver equipment in each cell of a mobile telecommunications network that communicates by radio signal with mobile handsets in that cell.

Bit

The smallest unit of binary data.

Bit stream Access

Access to Türk Telekom equipment connecting a provider to the end user to provide high-speed access services. This form of access differs from wholesale in that, in terms of transmission capacity, it provides access at a binary rate and the operator, as the access provider, decides on the technical specifications for the equipment directly connected to the access channel, as well as on the interface offered at the end-user side.

BPS (Bits per Second)

A data transmission rate

Broadband Service

A communications service for content requiring high-speed transmission rates such as video transmission.

C

Call Forwarding

A feature permitting the user to program a phone to ring at an alternate location; call forwarding may be in effect at all times or only in certain designated instances, such as when a particular phone is busy or there is no answer.

Call Waiting

A warning signal received when a person is on a call that there is a second incoming call.

Carrier Pre-Selection

A mechanism that allows customers to select competing operators as that user's default operator without dialing additional codes on the telephone. The customer subscribes to the services of a competing operator and his calls are routed through such operator.

Glossary

Centrex

An enhanced phone service offered by public exchanges that delivers PBX switchboard-like functions to groups of users without the need for a private exchange within an organization or other group of users.

Churn

A measure of customer turnover due to subscription disconnections as a result of terminations by customers; switching by customers to competing services; terminations by the service provider due to customer non-payment; and, in the case of mobile communications services, expirations of pre-paid cards.

CLIP (Call Line Identification Presentation)

A code that is sent over phone lines in certain locations when a person makes a phone call. This code includes the phone number of the person making the call. Certain modems are able to understand this code, and inform the customer of the identity of the person who is calling before the customer answers the phone.

CLIR

Caller Line Identity Restriction

Co-Location

The physical or virtual placement of competitors' equipment within the facilities of Türk Telekom for purposes of providing telecommunications services to end users, such as interconnection and unbundling.

CPI

Consumer Price Index

CTI (Computer Telephony Integration)

A system that enables a computer to act as a call center, accepting incoming calls and routing them to the appropriate destination.

D

Digital

A method of storing, processing and transmitting information through the use of distinct electronic or optical pulses that represent the binary digits 0 and 1. Digital transmission and switching technologies employ a sequence of these pulses to represent information as opposed to the continuously variable analog signal. Compared to analog networks, digital networks allow for greater capacity, lower interference, protection against eavesdropping and automatic error correction. Signals are encoded into digits for transmission.

DSL (Digital Subscriber Line)

See "xDSL".

DSLAM (Digital Subscriber Line Access Multiplexer)

Equipment at a phone company's central location that can be used to link many customer DSL connections to a single high-speed ATM line.

DWDM (Dense Wavelength Division Multiplexing)

A technique enabling several independent flows of digital information to co-exist on the same optical fibre.

E

EDGE

Enhanced Data Rates for Global Evolution.

Ethernet

A local area network allowing several computers to transfer data, typically over a coaxial cable.

Exchange

See "switch".

F

Frame Relay

A data transport protocol that divides a physical communications line into several virtual channels. A technology part-way between X25 packet switching and ATM.

Frequency band

A specified range of frequencies. Frequency refers to the number of times per second that a wave (e.g., electromagnetic wave) oscillates or swings back and forth in a complete cycle from its starting point to its end point.

G

GByte

A unit of binary data commonly used to measure data storage or transfer.

Gbps (Gigabits per second)

A data transmission rate. One Gbps equals one billion bps.

G.SHDSL (Global Symmetric High Bit-Rate Digital Subscriber Line)

Service that provides equal bandwidth for both uploads and downloads and transports data at a maximum bit rate of 2.3 mbits/s in both directions.

GMPCS (Global Mobile Personal Communications via Satellite)

A personal communication system providing transnational, regional or global coverage through satellites that are accessible by end users with small and easily transportable terminals.

GPRS (General Packet Radio Service)

A GSM-based packet-switched data transmission technology standard, established by the European Telecommunications Standards Institute, in which base stations can be directly connected to the Internet, thus bypassing the switching systems typically used to connect mobile traffic to fixed networks. GPRS provides users of mobile communications services better data access capability with virtually instant and permanent connections, as well as speeds up to ten times higher than GSM.

GSM (Global System for Mobile Communications)

A digital mobile telecommunications system standardized by the European Telecommunications Standards Institute based on digital transmission and cellular network architecture with roaming in use throughout Europe, Japan and in various other countries. GSM systems operate in the 900 MHz (GSM 900) and 1800 MHz (GSM 1800, also referred to as DCS 1800) frequency bands.

GSM 900 and GSM 1800

See "GSM".

I

Interconnection

The linking of telecommunications networks used by the same or different persons in order to allow the users of the services or networks of one person to communicate with the users of the services or networks of the same person or of another person, or to access services provided by another person.

International Roaming

Provision of roaming services in the domestic market to subscribers of a competing operator's network. See "roaming".

Internet Access Line

The network element used to connect a subscriber to the nearest switch or concentrator. An access channel generally takes the form of a closed circuit and consists of a pair of copper wires, but may also employ fibre optic cables, microwave links or other technologies.

IP (Internet Protocol)

Protocol used in the Internet for communication among multiple networks.

IP-VPN (Internet Protocol Virtual Private Network)

A closed network of encrypted links accessible via Internet protocol

IPTV

Internet Protocol television, a system in which digital television services are delivered by using Internet Protocol over a network infrastructure, which may include delivery via a broadband connection.

ISDN (Integrated Services Digital Network)

A transmission system with the capacity to transmit two streams of information (voice, text, data or graphics) simultaneously on a single access channel based upon end-to-end digitalization and standardized out-of-band signaling.

ISDN-BA

Integrated Services Digital Network Basic Access, comprising two voice channels and one signaling channel.

ISDN-PA

Integrated Services Digital Network Primary Access, comprising 30 voice channels and one signaling channel.

ISP (Internet Service Provider)

A company providing access to Internet and other computer based information networks through its servers.

IT (Information Technology)

The broad subject concerned with all aspects of managing and processing information, especially within a large organization or company.

ITI (Interactive Terminal Interface)

A protocol that allows for the transfer of binary files between terminals across an X.25 network.

IVR (Interactive voice response)

A telecommunications system that uses a pre-recorded database of voice messages to present options to a user, typically over telephone lines.

K

Kbps (Kilobits Per Second)

A data transmission rate. One Kbps equals 2(10) bps.

Glossary

L

LAN (Local Area Network)

A short distance data transmission network designed to interconnect personal computers, workstations, minicomputers, file servers and other computing devices within a localized environment, for the purpose of sharing files, programs and various devices such as printers and high-speed modems. LANs may have a decentralized communications management or include dedicated computers or file servers that provide a centralized source of shared files and programs.

Leased line

Voice and data circuits leased to connect two or more locations for the exclusive use of the subscriber.

Local Loop

See "access channel".

M

MByte

A unit of computer data commonly used to measure data storage or transfer.

Mbps (Megabits per Second)

A data transmission rate. One Mbps equals 2(20) bps.

MHz (Megahertz)

A measure of frequency. One MHz equals 1,000,000 cycles per second.

MMS (Multimedia Messaging Service)

A standard defined for use in advanced wireless terminals that allows users to send and receive messages containing various kinds of multimedia content, such as images, audio and video clips, with a "non-real-time" transmission.

MNP (Mobile Number Portability)

A service that allows customers to keep their mobile phone numbers when they change service providers.

MNS (Managed Network Services)

The management and provision of operational support for a network environment while the network hardware and associated assets remain on the client's books.

MoU (Minutes of Use)

A measurement of customer activity. Average minutes of use per customer, usually presented on a monthly basis.

MVNO (Mobile Virtual Network Operator)

A company that offers mobile services using another company's network.

MPLS (Multiprotocol Label Switching)

A standards-approved technology for speeding up network traffic flow and making it easier to manage. MPLS involves setting up a specific path for a given sequence of packets, identified by a label put in each packet, thus saving the time needed for a router to look up the address in order to forward the packet to the next node.

N

Narrowband

A channel that provides data transfer rates less than or equal to one voice-grade line. Contrast with broadband speeds of data transfer.

NGN (Next Generation Networks)

IP/MPLS protocol-based digital packet-switched network.

NMT 450

Nordic mobile telephone and one of the earliest first generation mobile networks that operated mostly in the 450 MHz band.

Node

A network element that provides a point at which key telecommunications equipment or computers can access the network. In circuit networks, nodes are switching systems. In packet-switched networks they are often computers.

O

On-Net

Calls that stay on an operator's network or a customer private network from beginning to end.

P

Packet switching

A data transmission process, utilizing addressed packets, whereby a channel is occupied only for the duration of transmission of the packet.

PMR (Private Mobile Radio)/PAMR (Public Access Mobile Radio)

A commercial service using trunking techniques in which multiple groups of users can set up their own closed systems within a shared public network.

PC (Personal Computer)

A small digital computer based on a microprocessor and designed to be used by one person at a time.

Penetration Rate

The total number of subscribers for a carrier divided by the population that it serves expressed as a percentage.

Point-to-Point

A link from one user or network to another using a phone line.

PoP (Point of Presence)

A site where there exists a collection of telecommunications equipment, usually modems, digital leased lines and multi-protocol routers.

Pulses

A unit of measurement of billing intervals

Push-To-Talk

Mobile phone technology that allows a mobile phone to be used for real-time one-to-one and one-to-many voice communication, typically requiring the speaker to push a button on the handset to be heard and to release the button to listen.

PSTN (Public Switched Telephone Network)

The international telephone system based on copper wires carrying analog voice data. This is in contrast to newer telephone networks based on digital technologies, such as ISDN.

PTT

The PTT is the General Directorate of Postal Telegraph and Telephone. Türk Telekom operated as part of the PTT from 1924 to 1995, when it was separated from the PTT and incorporated as a joint stock company under the Undersecretary of the Treasury.

R**Registered line**

Registered line refers to a line with a valid and effective subscription agreement between the operator and the customer.

Ringback

When the customer gets a busy tone when calling a number, the caller is invited to punch R5. Once the called party's line is free, the service will call back the customer and will connect them.

RLLO

Türk Telekom's reference local loop offer. Türk Telekom is required by the Local Loop Unbundling Communiqué enacted on 1 July 2005 to publish a reference offer for access to its local loop. The reference local loop offer must be approved by the Telecommunications Authority every year. Türk Telekom submitted its RLLO for approval on 29 September 2005.

Roaming

The mobile telecommunications feature that permits subscribers of one network to use their mobile handsets and telephone numbers when in a region covered by another operator's network.

Router

An inter-network device that relays data packets to networks connected to the router based upon the destination address contained in those data packets being routed.

S**SCT (Special Communications Tax)**

A tax imposed on all mobile communications services in Turkey to fund public works in the aftermath of the 1999 earthquake in Turkey's Marmara region. The tax was originally applicable through the end of 2000, but has been extended twice and on 1 January 2004 was made permanent when Law 5035 was enacted. The tax is paid by mobile customers and collected by mobile operators.

SDH (Synchronous Digital Hierarchy)

The European standard for high-speed digital transmission using fibre optic cables.

SIM (Subscriber Identity Module)

An electronic card inserted into a GSM phone that identifies the user account to the network, handles authentication and provides data storage for user data such as phone numbers and network information. It may also contain applications that run on the phone.

SLA (Service Level Agreement)

A contract between a network service provider and a customer that specifies, usually in measurable terms, what services, and in certain cases, the quality of such services that the network service provider will furnish.

Glossary

SMS (Short Message Service)

A mobile communications system that allows users to send and receive alpha-numeric messages of up to 160 characters from one mobile handset to another via a short message service center.

SOHO

Small Office/Home Office.

Switch

A device used to set up and route telephone calls either to the number called or to the next switch along the path. They may also record information for billing and control purposes.

T

Termination rate

The interconnection fee received by an operator for incoming calls terminating on its network.

U

UMTS (Universal Mobile Telecommunications System)

The third-generation broadband mobile communications standard. UMTS utilizes Code Division Multiple Access, or CDMA, technology and has the speed and capacity to handle multimedia transmissions. A UMTS system offers mobile telephony, messaging services, wireless access to the Internet and other multi-media services at higher speeds than GSM systems.

USO (Universal Service Obligation)

The obligation placed on Türk Telekom by the Universal Service Law enacted on 16 June 2005 to ensure that standard telephone services, payphones and prescribed carriage services are reasonably accessible to all people in a particular region on an equitable basis, and with affordable pricing, wherever they reside or carry on business.

V

Voicemail

Any system for sending, storing and retrieving audio messages, similar to a telephone answering machine.

VoIP

Voice over Internet Protocol, in which voice traffic is carried over Internet Protocol rather than a circuit-switched network.

VPN (Virtual Private Network)

A data network that shares telecommunications infrastructure but acts as a secure private network, with an architecture based on the use of the TCP-IP (Time Compression Multiplexing—Internet Protocol).

W

WAP (Wireless Application Protocol)

A global open specification that supports Internet Protocols on wireless devices, such as mobile phones, two-way radios, smart phones and communicators, to easily access and interact with Internet-based services. With WAP, a mobile phone user can view mini-pages and interact with a small, multiple choice screen.

Wi-Fi (Wireless Fidelity)

The generic term used to refer to any type of IEEE 802.11 radio frequency network, in which signals are sent over radio frequencies or infrared using wireless network cards and hubs to provide wireless network access.

WiMax (World Interoperability for Microwave Access)

The successor to Wi-Fi. The generic term used to refer to any type of IEEE 802.16 radio frequency network, with a range of up to 80km and a bandwidth of up to 75bps.

WLAN

A wireless network connecting two or more computers or other devices over a short distance, such as within an office, a home or a hot spot. Wi-Fi and its successor, WiMax, are examples of WLANs.

X

X25

A worldwide protocol for communications services using packet-switched networks.

xDSL

Refers collectively to all types of digital subscriber lines, the two main categories being ADSL and SDSL. Two other types of xDSL technologies are High-data-rate DSL (HDSL) and Very high DSL (VDSL). DSL technologies use sophisticated modulation schemes to pack data onto copper wires. They are sometimes referred to as "last-mile technologies" because they are used only for connections from a telephone switching station to a home or office, not between switching stations.

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