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# TÜRK TELEKOMÜNİKASYON A.Ş. CORPORATE GOVERNANCE & COMPLIANCE REPORT

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**Türk Telekomünikasyon A.Ş**

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## 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 satisfy the said principles. Shareholders have access to comprehensive information through the Türk Telekom corporate website constantly kept up-to-date, as well as the possibility to direct their queries to the Capital Markets and Investor Relations Department

Türk Telekom successfully received an overall Corporate Governance rating of 8.37 as a result of an independent assessment by SAHA Corporate Governance and Credit Rating Company incorporated by CMB. Thus, our Company's Corporate Governance Rating has increased from 8.27 to 8.37.

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	2011
Shareholder	25	8,07
Public Disclosure & Transparency	35	9,31
Stakeholders	15	9,33
Board of Directors	25	6,79
Total	100	8,37

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

Absence of an independent Board member, and that cumulative voting system is not used:

Election of independent board of directors will be made in accordance with Communiqué Serial: IV, No: 56 on the Determination and the Enforcement of the Corporate Governance Principles amended by Communiqué

Serial IV, No: 57 and related regulation in General Assembly Meeting in 2012. Independent board members will be identified according to the criteria which are indicated in corporate governance principles. Amendment on Articles of Association will be made according to corporate governance principles. On the other hand, our company has chosen not to use the cumulative voting system since it is not a practical system.

That the Articles of Association entitle shareholders to appoint a special auditor, and that there is no additional provision on minority rights:

Regarding this matter, our company is of the conviction that the framework provided for by the Turkish Commercial Code and the CMB regulations is ample. According to New Turkish Commercial Code which will be effective in July, 2012, rights of shareholders to appoint a special auditor will be protected.

Presence of voting privileges:

The privileges attached 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.

Absence of a Corporate Governance Committee:

Activities for establishing a Corporate Governance Committee are presently in progress in accordance with Communiqué Serial: IV, No: 56 on the Determination and the Enforcement of the Corporate Governance Principles amended by Communiqué Serial IV, No: 57 and related regulation.

That the Articles of Association does not contain a clause enabling the invitation of shareholders and stakeholders to the Board of Directors:

Pursuant to the Turkish Commercial Code, each member of the Board of Directors is entitled to file a written request with the Chairman for inviting the Board of Directors to convene. No other form or mode of invitation to meeting is provided.

## Shareholders

### [Investor Relations Unit](#)

At Türk Telekom, a Capital Markets and Investor Relations Department (“the Department”) has been formed which reports directly to the CEO with respect to 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 Capital Markets and Investor Relations Director Abdullah Orkun Kaya<sup>1</sup> who holds required licenses. He coordinates the execution of requirements arising from capital market regulations and corporate governance practices.

Primary activities handled by the Department are as follows:

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<sup>1</sup> Corporate Governance & Compliance Manager Süleyman Kısaç who holds required licenses took the responsibility arising from capital markets legislation and coordination of corporate governance practices due to change of Abdullah Orkun Kaya's duty on March 28, 2012.

- Performing the requirements of the Capital Market Regulations, and handling necessary internal and external disclosures and monitoring related processes for ensuring compliance with Corporate Governance Principles,
- 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,
- Responding to 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 corporate 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.

Contact information for employees working in the Capital Markets and Investor Relations Department is as follows:

Full Name	Title	Phone Number	E-mail address
Abdullah Orkun Kaya*	Director	0212 309 96 30	<a href="mailto:ir@turktelekom.com.tr">ir@turktelekom.com.tr</a>
Onur Öz	Advisor		
Dr. Rasim Özcan	Advisor		
Süleyman Kısaç	Manager		
Yunus Emre Çiçek	Manager		
Elif Küçükçobanoğlu	Team Leader		
Eren Öner	Team Leader		
Furkan Onat	Associate		
Kerem L. Akıllı	Associate		

Muhammet Fatih Erken	<b>Assistant Associate</b>	
Sezgi Eser	<b>Assistant Associate</b>	
Zehra Saygın	<b>Assistant Associate</b>	
Ayça Özcan	<b>Team Assistant</b>	
* Onur Öz working as a consultant, is appointed as Capital Markets and Investor Relations Director due to change of Abdullah Orkun Kaya's duty on March 28, 2012.		

Please contact Süleyman Kısaç and Sezgi Eser for questions related with dividends, General Assembly and transfer of shares.

The Department received over 1000 information requests by phone and email during 2011, all of which were answered. The Company participated in 18 international and 6 domestic investor conferences in the same period, during which contacts were made with over 330 representatives from over 300 investment companies. In addition, the Department held over 30 internal investor meetings and around 100 teleconferences, thereby communicating with over 200 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 Capital Markets and 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 corporate 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 under the following headings on the corporate 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](http://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 and financial consultancy services for 2011 activities were provided by Ernst and Young, which performs said services under the legal entity of Güney Bağımsız Denetim ve SMMM A.Ş. In the reporting period, shareholders did not request the appointment of a special auditor.

Rights of minority shareholders to appoint a special auditor is regulated under Turkish Commercial Code.

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## Board Meetings

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Main Resolutions made within 2011 are as follows:

- With the resolution no.10 at the meeting held on February 8, 2011

It has been resolved that due to the resignation of our Company's Board Member, Mr. Samir Asaad O. Matbouli, who was in duty in representation of our shareholder Ojer Telekomünikasyon A.Ş., Mr. Ghassan Hasbani, shall be appointed as Board Member for the remaining term of duty of the Board of Directors in representation of the same shareholder, in accordance with Article 315 of the Commercial Code and such appointment shall be submitted to the approval of the shareholders in the next General Assembly meeting; all authorities of the resigned Mr. Samir Asaad O. Matbouli with respect to the representation of the Company shall be cancelled and revoked.

- With the resolution no.11 at the meeting held on February 8, 2011

It has been resolved that our Company's consolidated financial statements regarding the period between 01.01.2010 - 31.12.2010 which was prepared as per the International Financial Reporting Standards under the Turkish Capital Board Communiqué Serial XI No: 29, and was approved by the Independent Auditors is approved.

- With the resolution no.12 at the meeting held on February 8, 2011

It has been resolved that our Company's 2010 Ordinary General Assembly shall convene on 25 April 2011, the Agenda along with the relevant information and document which will be submitted to the shareholders shall be announced in due of time.

- With the resolution no.13 at the meeting held on February 8, 2011

It is decided to recommend to distribute the 100% of the remaining profit of 2010 as cash dividend after first and second legal reserves are set aside which is 2,243,960,909 TL to the General Assembly to be held on April 25, 2011. This amount corresponds to 0.6411316 Kurus (%64.11316) gross cash dividend per each share worth for 1 Kurus nominally.

The details of the proposal to General Assembly are the following,

It is resolved for the decision of our Company's General Assembly to be held on April 25, 2011;

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1. Our company's net profit of the fiscal year 2010 according to the independently audited consolidated financials prepared in accordance with "CMB Communiqué About Financial Reporting in Capital Markets Serial: XI No:29" is 2,450,857,000 TL and according to the Turkish Commercial Code clauses and Tax Procedure Law is 2,957,704,161 TL,
  2. According to the CMB Communiqué Serial IV No: 27, the profit after tax amount of 2,450,857,000 TL is the base amount for dividend distribution,
  3. Although it is obligatory to set aside first legal reserves until the reserve amount reaches 20% of the paid in capital in accordance with Article 466 of Turkish Commercial Code, as the cap for first legal reserves has been reached in the previous years it is decided not to set aside any first legal reserves for 2010,
  4. According to the consolidated financial tables, 2,469,282,630 TL shall be the base for first dividend which is reached with adding the donations made in 2010 of 18,425,630 TL to 2,450,857,000 TL distributable profit of 2010.
  5. It is decided to distribute 20% of 2,469,282,630 TL (first dividend base), 493,856,526 TL as cash first dividend, in accordance with "CMB Communiqué Serial IV No: 27" . The second legal reserve of 206,896,091 TL shall be set aside and the remaining 1,750,104,383 TL shall be distributed as cash second dividend.
    - a. Total cash dividend amount to be distributed of 2,243,960,909 TL shall be covered by current period net profit
    - b. Accordingly 0.6411316 Kurus (%64.11316) gross cash dividend per each share worth for 1 Kurus nominally shall be distributed to our shareholders and total gross cash dividend distribution amount shall be 2,243,960,909 TL. The distribution of the cash dividends to our shareholders shall begin on May 30, 2011, at Merkezi Kayıt Kuruluşu A.Ş. Süzer Plaza Askerocağı Caddesi No:15 Kat:2 34367 Elmadağ-Şişli İstanbul.
- With the resolution no.15 at the meeting held on February 8, 2011

Upon the resignation of Mr. Samir Asaad O Matbouli from his duty as the Chairman of the Audit Committee, Mr. Ghassan Hasbani is appointed as the Chairman of the Audit Committee.

- With the resolution no.19 at the meeting held March 28, 2011

It has been resolved that our Company's Ordinary General Assembly Meeting for the year 2010 shall be held in Türk Telekomünikasyon A.Ş. HQ The Culture Centre, Turgut Özal Bulvarı 06103 Aydınlıkevler, Ankara on 25.04.2011 at 2 pm in order to discuss the following agenda items.

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 2010;

4. Reading the Statutory Board of Auditors annual report for the year 2010;
5. Reading the summary reports of the Independent Audit Company for the year 2010;
6. Reading, discussing and approving the balance sheet and profit/loss accounts for the year 2010;
7. Temporary appointments made by the Board of Directors to the Board of Directors for the positions became vacant because of resignations shall be submitted to the approval of the General Assembly as per Article 10 of the Articles of Association of our Company and Article 315 of the Turkish Trade Law and under the same conditions in order to be valid as of the appointment date; and the membership of the elected members shall be approved as of the appointment date for the remaining office of the Board of Directors;
8. Temporary appointment made by the Statutory Board of Auditors to the Statutory Board of Auditors for the position became vacant because of resignations shall be submitted to the approval of the General Assembly as per Article 351 of the Turkish Trade Law and under the same conditions; and the membership of the elected members shall be approved as of the appointment date for the remaining office of the Statutory Board of Auditors;
9. Releasing the Board Directors for operations and transactions of our Company during 2010;
10. Releasing the Statutory Board Auditors for operations and transactions of our Company during 2010;
11. Discussing and resolving on the proposal of the Board of Directors about distribution of the profit generated in 2010;
12. Resolving on signing an agreement with Güney Bağımsız Denetim ve SMMM A.Ş., the independent audit company with which our Company is currently working, for the purpose of auditing our Company's operations and accounts for the year 2011, as per Article 14 of the Regulation on Independent External Audit in Capital Markets published by the Capital Market Board and Article 17/A of the Articles of Association of our Company;
13. Defining the salaries of the Board Directors and Statutory Board Auditors;
14. Informing the Shareholders about the dividend distribution under the Corporate Governance Principles;
15. Reading the written explanations of the Independent Audit Company about the compliance of the financial statements and other reports with the standards, the accuracy and precision of the information, and that the independence of the audit company is not affected in any way in relation to the services it delivers to our Company or its subsidiaries, under the Corporate Governance Principles;
16. Informing the General Assembly about donations and aids made during 2010;
17. Informing the General Assembly about transactions made during 2010 with associated parties and their valuations as per Article 5 of the Communiqué Serial IV No. 41 of the Capital Market Board and about the implementation of IFRIC 12;

18. Discussing and voting for authorizing 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 during 2011 up to 300 million Euro which will be separately valid for each acquisition;

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

20. Informing the General Assembly about the guarantees, pledges and mortgages given by our Company in favour of third parties, and about revenues or interests generated, under Decision 28/780 dated 09.09.2009 of the Capital Market Board;

21. Resolving on giving permission to the Board Directors 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 who does such works, and to carry out other transactions, as per Article 334 and 335 of the Turkish Trade Law;

- With the resolution no.20 at the meeting held on April 4, 2011

It was resolved that Türk Telekomünikasyon A.Ş. 2010 Annual Report shall be approved.

- With the resolution dated April 19, 2011

Approval of our Company's Activity Report and Consolidated Financial Statements regarding the period between 01.01.2011 - 31.03.2011 which was prepared as per the International Financial Reporting Standards under the Turkish Capital Board Communiqué 29 Serial No. XI has been resolved.

- With the resolution dated April 26, 2011

The Ordinary General Assembly Meeting of our Company for the year 2010 which was planned to be held on 25 April 2011 couldn't convene since the Commissary of the Ministry of Industry and Trade could not attend.

Therefore, it has been resolved that our Company's Ordinary General Assembly Meeting for the year 2010 shall be held in Türk Telekomünikasyon A.Ş. HQ The Culture Centre, Turgut Özal Bulvarı 06103 Aydınlıkevler, Ankara on 24 May 2011 at 11.00 a.m. in order to discuss the following agenda items.

### TÜRK TELEKOMÜNİKASYON A.Ş.

#### ORDINARY GENERAL ASSEMBLY MEETING 2010

May 24, 2011

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 2010;
4. Reading the Statutory Board of Auditors annual report for the year 2010;

5. Reading the summary reports of the Independent Audit Company for the year 2010;
  6. Reading, discussing and approving the balance sheet and profit/loss accounts for the year 2010;
  7. Temporary appointments made by the Board of Directors to the Board of Directors for the positions became vacant because of resignations shall be submitted to the approval of the General Assembly as per Article 10 of the Articles of Association of our Company and Article 315 of the Turkish Trade Law and under the same conditions in order to be valid as of the appointment date; and the membership of the elected members shall be approved as of the appointment date for the remaining office of the Board of Directors;
  8. Temporary appointment made by the Statutory Board of Auditors to the Statutory Board of Auditors for the position became vacant because of resignations shall be submitted to the approval of the General Assembly as per Article 351 of the Turkish Trade Law and under the same conditions; and the membership of the elected members shall be approved as of the appointment date for the remaining office of the Statutory Board of Auditors;
  9. Releasing the Board Directors for operations and transactions of our Company during 2010;
  10. Releasing the Statutory Board Auditors for operations and transactions of our Company during 2010;
  11. Discussing and resolving on the proposal of the Board of Directors about distribution of the profit generated in 2010;
  12. Resolving on signing an agreement with Güney Bağımsız Denetim ve SMMM A.Ş., the independent audit company with which our Company is currently working, for the purpose of auditing our Company's operations and accounts for the year 2011, as per Article 14 of the Regulation on Independent External Audit in Capital Markets published by the Capital Market Board and Article 17/A of the Articles of Association of our Company;
  13. Defining the salaries of the Board Directors and Statutory Board Auditors;
  14. Informing the Shareholders about the dividend distribution under the Corporate Governance Principles;
  15. Reading the written explanations of the Independent Audit Company about the compliance of the financial statements and other reports with the standards, the accuracy and precision of the information, and that the independence of the audit company is not affected in any way in relation to the services it delivers to our Company or its subsidiaries, under the Corporate Governance Principles;
  16. Informing the General Assembly about donations and aids made during 2010;
  17. Informing the General Assembly about transactions made during 2010 with associated parties and their valuations as per Article 5 of the Communiqué Serial IV No. 41 of the Capital Market Board and about the implementation of IFRIC 12;
  18. Discussing and voting for authorizing 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 during 2011 up to 300 million Euro which will be separately valid for each acquisition;
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19. Discussing and voting for authorizing the Board of Directors to establish Special Purpose Vehicle(s) when required for above mentioned acquisitions;
20. Informing the General Assembly about the guarantees, pledges and mortgages given by our Company in favor of third parties, and about revenues or interests generated, under Decision 28/780 dated 09.09.2009 of the Capital Market Board;
21. Resolving on giving permission to the Board Directors 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 who does such works, and to carry out other transactions, as per Article 334 and 335 of the Turkish Trade Law.
  - With the resolution no. 33 at the meeting dated June 23, 2011

Upon the resignation of Dr. Boulos H.B. DOANY from his duty as the member of the Board of Directors, Mr. Rami ASLAN, shall be appointed as the member of the Board of Directors pursuant to Article 315 of the Turkish Commercial Code, and this appointment shall be submitted to the approval of the shareholders during the next General Assembly Meeting. Upon the resignation of Dr. Boulos H.B. DOANY from his duty as the member of the Audit Committee, Rami ASLAN shall be appointed as a member of the Audit Committee.

- With the resolution dated June 23, 2011

It has been resolved that Mr. Memet Atalay, who serves as an acting VP Operations, shall be appointed as VP Operations, and Mr. Haktan Yaşar Kılıç, who serves as an acting VP Customer Relations, shall be appointed as VP Customer Relations.

- With the resolution dated June 23, 2011

The default interest for PSTN subscribers is 1.5 over thousand per day (4.5 % per month; 54 % per year taxes included) since 06.09.2003; and given the economic stability of the last 8 years and today's economic conditions, inflation rates and interest rates (in 2010 Producer Price Index is 8.87 % per year; and Consumer Price Index is 6.40 % per year and the default interest rate applicable for the Public receivables is 16 % per year and 1.4 % per month), our Company's default interest rate is very high, which harms our Company's reputation and the customer satisfaction. Within the framework of the current situation and the explanations above, and on the basis of the considerations mentioned in the proposal dated 17.05.2011 and numbered 99 of the Revenue Management Directorate ; it has been resolved that the authorization shall be given to the General Management to make a decision on the following, on the condition that the interest calculation methods and rates which are caused by exceptional cases such as legal provisions or Interconnection Agreements or other special agreements shall be out of the scope of such decision:

1. Delay penalty rate that we generally apply including the PSTN subscribers be decreased to 3.19 % per month from 4.5 % per month;
2. The calculation method which is different from our competitors' method be changed; in other words, the external percentage model, which is used by our competitors, be used and VAT and SCT be calculated apart from the default interest, and the default interest rate excluding the taxes be 2.4 percent [2.4 % default interest + (2.4 x 0.33 tax rate) = 3.19].

- With the resolution no.41 at the meeting dated July 18, 2011

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

- With the resolution no.46 at the meeting dated October 12, 2011

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

### TÜRK TELEKOMÜNİKASYON A.Ş.

#### EXTRA ORDINARY GENERAL ASSEMBLY MEETING

November 14, 2011

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

- With the resolution no.47 at the meeting dated October 18, 2011

Approval of our Company's Activity Report and Consolidated Financial Statements regarding the period between 01.01.2011 – 30.09.2011 which was prepared as per the International Financial Reporting Standards under the Turkish Capital Board Communiqué 29 Serial No. XI has been resolved.

- With the resolution no.52 at the meeting dated November 25, 2011

It has been resolved that Mohammed Hariri shall be appointed as Chairman of Board of Directors and İbrahim Şahin shall be appointed as Vice Chairman of the Board of Directors.

- With the resolution no.52/1 at the meeting dated November 25, 2011

It has been resolved that audit committee shall be composed of the names below:

Chairman of Audit Committee	Ghassan HASBANI
Member of Audit Committee	Mehmet Habib SOLUK
Member of Audit Committee	Rami ASLAN

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## Information about General Assembly Meetings

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Article 19 of the Articles of Association reads as follows: "The General Assembly is the decisionmaking body possessing all kinds of authorities, subject to the law, relating to the Company's business affairs." Article 21 of the Articles of Association lists the "Material Decisions to be adopted by the General Assembly" as follows:

- a) Filing a written application for liquidation;
  - b) Making modifications to these articles of association;
  - c) Making alterations to the Company name;
  - d) Changing the Company's fiscal year or accounting policies, save for those imposed legally;
  - e) Making alterations in the share capital, or creating, allocating or issuing shares or other securities, or granting option rights or the right to participate in the share capital, or converting any document into shares or securities other than into bonus shares;
  - f) Decreasing the capital or altering the rights enjoyed by any share class, or redemption, purchase or otherwise acquisition of Company shares and other securities by the Company;
  - g) The Company's merging with another company or acquiring a substantial portion of another company;
  - h) Discontinuing any major activity relating to the business;
  - i) Effecting a material change to the nature of the business;
  - j) The Company's making or declaring a profit share distribution or undertaking any other distribution in relation to the shares, save for those set out in Article 30 of the Articles of Association concerning Dividend Payment Timing and
  - k) Unless approved pursuant to Article 12 of the Articles of Association, the following decisions concerning the Board of Directors Meetings:
    - Entering into a contract or undertaking that might incur expenses for the Group Company in excess of USD 50 million (for each transaction), although not foreseen in the budget;
    - Acquisition of any asset or property with a total cost in excess of USD 50 million for each transaction except the normal course of commercial activities;
    - Disposal or sales of any fixed asset with a total value in excess of USD 10 million for each transaction;
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- Borrowing by a Group Company, which, when added to such Group Company's other indebtedness, exceeds USD 150 million, save for the loans to be secured from banks in the normal course of business;
- Entering into any agreement between a Group Company and any Shareholder (except for Class B Shareholder) or its Affiliated Companies which (x) is not on an arm's length basis, or (y) involves transfer of money, goods and service the value of which exceeds USD 30,000,000.- (except for any management contract as set out in Article 12(g) of the Articles of Association);
- Appointment of a proxy to be sent to the general assembly of any Group Company (except for the Company or AVEA) to act in the name of the Company

### **2011 General Assembly Meetings**

During 2011, 2010 Ordinary General Assembly Meeting planned for April 25, 2011 was delayed as the representative from Ministry of Industry and Trade could not join the meeting. On May 24, 2011 Ordinary General Assembly convened where 89.75% of the Company shares were represented in proxy and 0.00006% were represented in person. An Extraordinary General Assembly Meeting convened on November 14, 2011 where 89.54% of the Company shares were represented in proxy and 0.00058% were represented in person.

Particulars related to said 2010 Ordinary General Assembly Meeting dated May 24, 2011 were published on Turkish Trade Registry Gazette (TTRG) no. 7826 dated May 30, 2011 and Extraordinary General Assembly Meeting dated November 14, 2011 were published on Turkish Trade Registry Gazette (TTRG) no.7496 dated November 23,2011. In addition, the relevant Regulatory Disclosures of Material Event 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 corporate 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 368 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 corporate 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. The General Assembly Meeting has been attended by 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 had the necessary general assembly custody procedures performed before the Central Registry Agency in order to participate in the General Assembly Meeting convened in the aftermath of the public offering and submitted their Custody Statements to the Company.

Minutes of our General Assembly Meeting are made available for uninterrupted access by our shareholders at [www.ttinvestorrelations.com](http://www.ttinvestorrelations.com)

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## Voting and Minority Rights

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All shares of Türk Telekom, save for the one Class C golden share, can be sold. In order to protect national benefits in relation to economy and national security, the following may not be carried out without the affirmative vote of the Class C golden share, irrespective of its being voted at the Board of Directors or the General Assembly. Otherwise, any transaction so performed will be deemed null and void.

- a) Amendments to the Articles of Association;
- b) Transfer of any registered shares which would result in a change in the control of management;
- c) Registration of any transfer of registered shares in the share ledger

As required by the Company's Articles of Association, holder of the Class C golden share will have one member on the Board of Directors of Türk Telekom to represent the golden share. Holder of the Class C golden share may not participate in capital increases. At the Extraordinary General Assembly Meeting of November 14, 2011, Mehmet Habib Soluk was elected as the Board member to represent the Class C golden share for a term of office of three years

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 cross shareholding interests in the Company's share capital. Since the implementation of cumulative voting right is left to the discretion of publicly held joint stock companies by the relevant CMB communiqué, this system was not implemented by the Company in 2011.

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## Dividend Distribution Policy and Timing

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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 of distributing the whole amount of dividends that are distributable as per CMB regulations and our Company's dividend policy were submitted to the shareholders's information in 2010 Ordinary General Assembly Meeting convened on May 24, 2011. On the other hand, when determining the dividend distribution proposal, the Board of Directors also takes into account the short term financial liabilities of group companies, and conditions of those contracts that are signed with creditor

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 included in our company annual report and disclosed to the public via corporate investor relations web site ([www.ttinvestorrelations.com](http://www.ttinvestorrelations.com))

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## Transfer of Shares

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The provisions contained in the Company's articles of association that are of a nature to restrict 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.
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.

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## Public Disclosure and Transparency

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### Company Disclosure Policy

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Türk Telekom disclosure policy has been formulated in line with the CMB's Communiqué on Principles Governing Disclosure of Material Events Serial: VIII, No: 54 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 April 6, 2010. It has been amended by board resolution no. 36 dated June 23, 2011 and submitted for its shareholders' approval in Extraordinary

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General Assembly Meeting dated November 14, 2011. The disclosure policy is posted on the corporate investor relations website ([www.ttinvestorrelations.com](http://www.ttinvestorrelations.com)) under the 'Corporate Governance' heading under the Investor Relations section. The Capital Markets and 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.

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## Regulatory Disclosures of Material Events

Pursuant to the CMB Communiqué on Principles Governing Disclosure of Material Events, Türk Telekom made 29 material event disclosures in 2011 in relation to the matters affecting the Company and its operations. The material event disclosures made are also regularly communicated by e-mail to domestic and international investors by the Capital Markets and Investor Relations Department. The ISE did not require any additional explanations in relation to material event disclosures, nor were there any sanctions imposed by the CMB on account of failure to comply with material event disclosure requirement. There is no additional disclosure obligations since our Company does not have any capital market instruments listed on foreign stock exchanges.

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## Corporate Investor Relations Web Site and its Content:

Corporate Investor Relations website accessible at [www.ttinvestorrelations.com](http://www.ttinvestorrelations.com) is actively used in achieving transparency and public disclosure in parallel with the Capital Market legislation, CMB and ISE rules and regulations, and CMB's Corporate Governance Principles. A large portion of the information contained 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
  - Meeting date, 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
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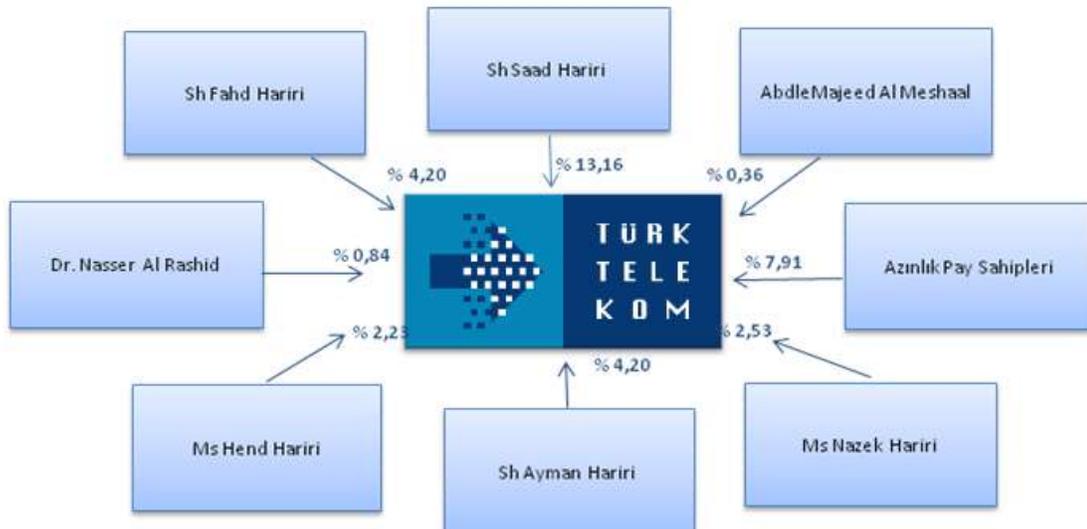
- Profit distribution policy, history and capital increases
- Disclosure policy
- Independent Auditor
- Insiders with Administrative Responsibilities
- Internal Audit And Risk Management
- Telecom Glossary
- Demand Circular related to the public offering and prospectus
- Turk Telekom call center and contact information
- Capital Markets & Investor Relations information
- Information about Social Responsibility Activities

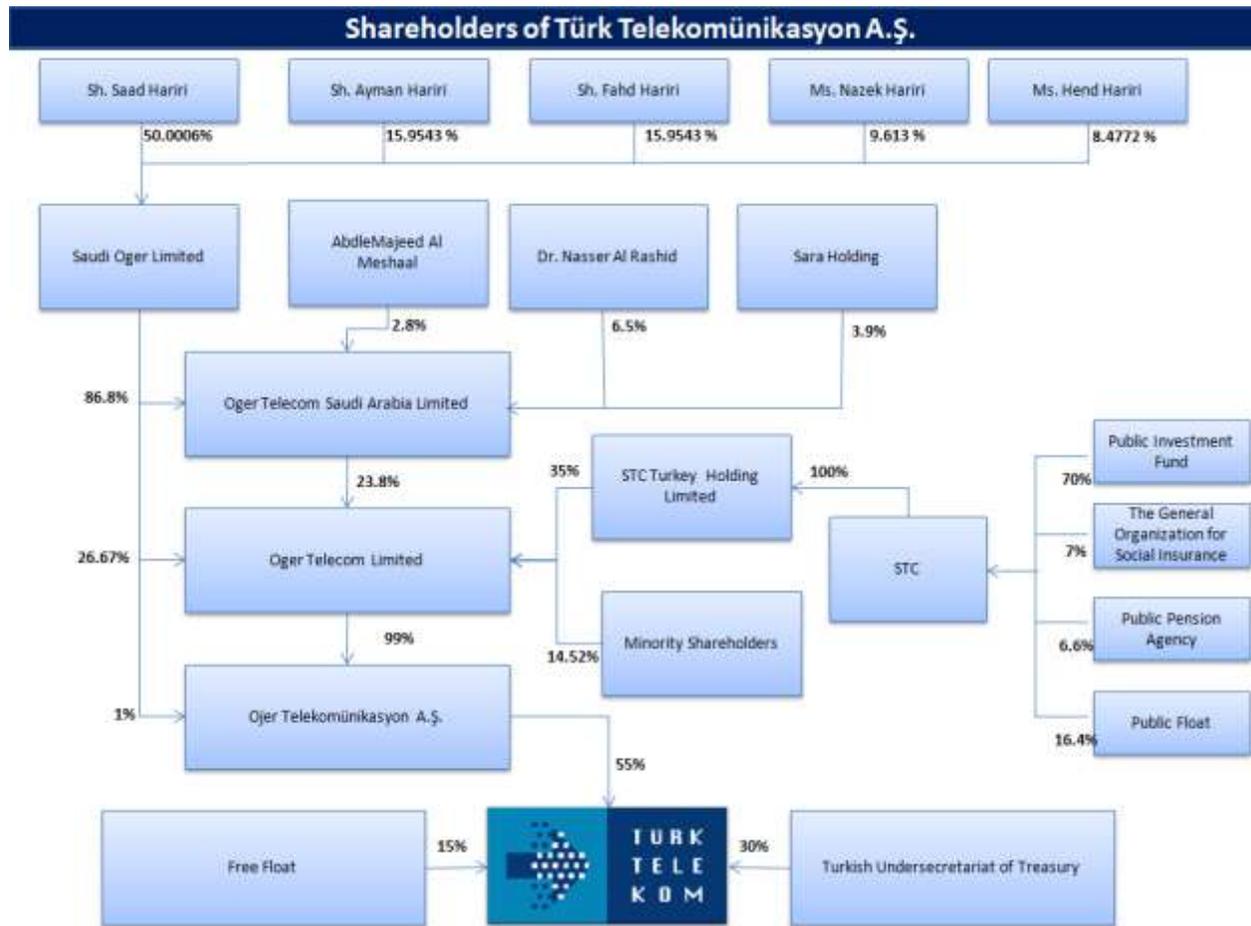
## Disclosure of Ultimate Controlling Individuals

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	Sermaye Miktarı (TL)	Payı (%)
A	Ojer Telekomünikasyon A.Ş.	1,925,000,000.00	55
B	TR Undersecretariat of Treasury	971,249,999.99	30
C		0.01	
D		78,750,000.00	
D	Free Float	525,000,000.00	15
<b>Total</b>		<b>3,500,000,000.00</b>	<b>100</b>

The real and legal persons directly or indirectly holding a stake in the Company's share capital are listed below:





## Silence and Blackout Periods for those who may have Access to Insider Information

In order to achieve compliance with the Capital Markets Law and applicable legislation, a policy concerning “insider trading” has also been devised under the Türk Telekom Disclosure Policy. Within the scope of the said policy, the Capital Markets and Investor Relations Department maintains a list of those who have access to insider information and monitors the individuals on this list. Declaration forms of all employees in the list of those who have access to insider information are obtained in order to protect insider information and prevent inappropriate information use.

Before the official disclosure of the periodical results, Turk Telekom implements a practice called “Silence Period” when the people who have access to insider information abstain from sharing such information with the public. This Silence Period starts at the end of the related period and ends when these results are disclosed. Investor meetings may be held in Silent Period but the information that will be shared with investors and analysts are limited with the results before the related interim period and long term corporate strategies.

In addition, Turk Telekom implements another practice that is called “Blackout Period” when the people who have access to insider information are prohibited to trade the shares of Türk Telekom. This Blackout Period starts with the Silence Period and ends one business day after the Silence Period.

## List of insiders with Administrative Responsibilities

People who have administrative responsibility consist of the following persons who are authorized to make decisions affecting the future development and commercial targets of the company.

- Mohammed Hariri, Chairman of the Board of Directors, Chairman of the Executive Committee
- İbrahim Şahin, Vice Chairman of the Board of Directors, Vice Chairman of the Executive Committee
- Hakam Kanafani, Member of the Board of Directors, Member of the Executive Committee, TT Group CEO
- Rami Aslan, Member of the Board of Directors, Member of the Audit Committee.
- Saad Zafer M Al Kahtani, Member of the Board of Directors, Member of the Executive Committee
- Abdullah Tivnikli, Member of the Board of Directors, Member of the Executive Committee
- Ghassan Hasbani, Member of the Board of Directors, Chairman of the Audit Committee
- Mehmet Habib Soluk, Member of the Board of Directors, Member of the Audit Committee
- Suat Hayri Aka, Member of the Board of Directors
- Süleyman Karaman, Member of the Board of Directors
- Efkan Ala, Member of the Board of Statutory Auditors
- Prof. Dr. Aydın Gülan, Member of the Board of Statutory Auditors
- Lütfi Aydın, Member of the Board of Statutory Auditors
- Kamil Gökhan Bozkurt, CEO
- Mustafa Uysal, TT Group CFO, TT Acting CFO
- Memet Atalay, VP Operations
- Timur Ceylan, VP Technology
- Dr. Ramazan Demir, VP Strategy and Business Development
- Erem Demircan, VP Marketing and Communication
- Celalettin Dinçer, VP Sales
- Haktan Kılıç, VP Customer Relations
- Dr. Mehmet Kömürcü, VP Legal
- Şükrü Kutlu, VP Human Resources Support and Regulations
- Mehmet Candan Toros, VP International and Wholesale
- Dr. Nazif Burca, Head of Internal Audit
- Mehmet Zafer Pınarcık, TT Group Financial Controller
- Bülent Taş, Tax Management Director
- Nurhan Kılıç, Treasury Director
- Yavuz Türkmen, Financial Controller
- Onur Öz, Capital Markets and Investor Relations Director<sup>2</sup>

<sup>2</sup> Onur Öz working as consultant, is appointed as Capital Markets and Investor Relations Director due to change of Abdullah Orkun Kaya's duty on March 28, 2012 and listed on the insiders with administrative responsibilities.

- Süleyman Eken, Director of Budget Planning and Analysis
- Erkan Akdemir, AVEA Chief Executive Officer
- Tahsin Yılmaz, TTNET Chief Executive Office

People with administrative responsibility included in the list within 2011 but delisted afterwards:

- Samir Asaad O Matbouli, Member of Board of Directors, Chairman of Audit Committee
- Doç. Dr. Tuna Tuğcu, Member of the Board of Statutory Auditors
- Dr. Paul (Boulos H.B.) Doany, Member of Board of Directors, Member of Audit Committee
- İsmet Yılmaz, Member of the Board of Director
- Dr. Ali Arıduru, Member of the Board of Director
- Abdullah Orkun Kaya, Capital Markets and Investor Relations Director

## Stakeholders

### Keeping Stakeholders Informed

Türk Telekom shareholders and investors are kept informed in line with the public disclosure principles. The Company's Customer Relations Vice Presidency and Call Center efficiently handle Türk Telekom customers' information requests about services and products, their comments or complaints, and provide solutions for customer problems. The Internal Communication Department keeps the employees informed.

### Stakeholder Participation in Management

Although there are no specific rules governing stakeholder participation in management, our subsidiaries, employees and other stakeholders are kept informed via regular meetings such as dealers meetings and communication meetings etc.

### Human Resources

#### *Human Resources Requirements and Planning*

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

Recruitment and carrier 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 possibilities of technological developments, fiscal and economic conditions, sectoral variations, convergence of goods and services, organizational and suchlike changes in order to provide fast, high quality and economic services. Continuous improvement of corporate depends on capability and flexibility of employees to adapt

changing conditions of sector fast and efficiently. In this regard, recruitment is made locally and internationally. Recruitment processes are defined according to relevant legislations.

### *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 are identified as being 'Customer Focused, Trustworthy, Innovative, Responsible and Dedicated'. There was no complaint regarding discrimination from our employees in 2011.

Keeping high quality on goods and services, satisfaction on process efficiency for supplier-company-customer channel is a part of working culture of Türk Telekom.

Processes including targets which are specific, measurable, attainable, relevant and time bound evaluated with business results are adopted to be implemented.

Alternative customer oriented channels and processes are engaged. Solutions for customer complaints are begun to be evaluated by new implementations.

It is aimed to make employees have corporate awareness, access to business resources, contribute to their career development and have a synergy through events and social activities via Intranet.

### *Health and Safety*

Türk Telekom are obliged to develop measures envisaged by the Labor Law and related articles regarding Occupational Safety and Health issues 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 Labour Agreements signed with integration.

### *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, level of developing businesses 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 Company,
- Monitoring employee performance continuously in line with the goals, action plans and measurements and giving feedback on,

- Evaluation of performance,
- Supporting motivation and continuous improvement, clarification of expectations regarding development plans,

Türk Telekom targets to provide opportunities for the personal and professional development of its employees so as to create a performance management concept focused on constant development whereby the employees will be able to realize their full potential, and aims to support corporate goals by enhancing the loyalty of its "human resources", which is deemed as its most valuable asset, to the Company. Within this process, Türk Telekom Academy supports the development of the employees.

### *Remuneration*

It is aimed to attract new qualified employees, give importance 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 assessing the market value

### *Relations with Customers and Suppliers*

Within the scope of "Customer Retention Management" project performed with a view to enhancing customer satisfaction, teams at the call center contact our customers in an effort to understand the problems they are faced with and solve their issues, if any.

Customers have the opportunity to benefit from interest rate cut on debt collection for past years, debt installments and unapplied default interest owing to one of the campaigns carried out under the Head of Customer Relations, "Smooth Over".

Studies were conducted to provide periodic price advantages to Turk Telekom customers through agreements with institutions and companies.

As a step aimed at enhancing the satisfaction from services of Türk Telekom, our customers are guided to transfer to the tariff that best suits their telephone usage behaviors, and they are provided with advisory on this subject.

Türk Telekom Support Units were created through many channels, including social networking sites in the context of Absolute Customer Channel. In addition, information is offered on campaigns that provide optimum benefits to our customers, thereby trying to increase the benefit our customers derive from Türk Telekom.

### *Social Responsibility*

Türk Telekom who adds values to its customers' lives with the products and services it develops gathered all social responsibility projects it put into practice across Turkey under a single roof named "Türkiye'ye Değer" in 2011.

Turkey's leading communication and convergence technologies company considers contributing to the country by investing in technology and infrastructure as well as human resource and creating values among its preferential goals.

Türk Telekom creates values undertaking various social responsibility activities focusing on the nation's economic and social needs including, in particular, education, culture and arts, technology, environment and sports, besides the telecommunications field in which it operates.

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](http://www.turkiyeyedeğer.com.tr)

## Board of Directors

### Structure of Board of Directors

The structure of our company's Board of Directors is as follows:

- Mohammed Hariri, Chairman of the Board of Directors,
- İbrahim Şahin, Vice Chairman of the Board of Directors,
- Hakam Kanafani, Member ( TT Group CEO),
- Rami Aslan, Member of the Board of Directors,
- Saad Zafer M Al Kahtani, Member of the Board of Directors,
- Abdullah Tivnikli, Member of the Board of Directors,
- Ghassan Hasbani, Member of the Board of Directors,
- Mehmet Habib Soluk, Member of the Board of Directors,
- Süleyman Karaman, Member of the Board of Directors,
- Suat Hayri Aka, Member of the Board of Directors

No more than our board member, Al Hakam Marwan Moh'd Kanafani can assume an executive role in the Company, none of board members is independent.

The Company's Board of Directors has accepted resignation of Board Member Samir Asaad O. Matbuoli and resolved that Ghassan Hasbani be assigned for Board memberships with the board resolution dated February 8, 2011 in accordance with Article 315 of the Turkish Commercial Code and this assignment was submitted to the approval of the shareholders in the ordinary General Assembly Meeting which was held in May 24, 2011. The Company's Board of Directors has accepted resignation of Board Member Dr. Paul (Boulos H.B) Doany resolved that Rami M. Aslan be assigned for Board memberships with the board resolution dated June 23, 2011 and this assignment was submitted to the approval of the shareholders in the ordinary General Assembly Meeting which was held in May 24, 2011.

The Company's Board of Directors has accepted resignations of Board Members; Mehmet Habib Soluk representing Class A shares (Golden Share) by March 8, 2011, İsmet Yılmaz and Ali Arıduru representing Under secretariat of Treasury by March 10, 2011

Board of Directors has resolved in 22 July, 2011 that Mehmet Habib Soluk is assigned to vacant Board of Directors membership on behalf of Turkish Treasury which owns golden share (Class C share) in accordance

with Article 315 of the Turkish Commercial Code. His membership was submitted to the approval of shareholders in the Extraordinary General Assembly Meeting dated 14.11.2011. Pursuant to article 10, Süleyman Karaman, Suat Hayri Aka and İbrahim Şahin were appointed to the Board of Directors for three years representing Treasury and Mehmet Habib Soluk representing Group C. Pursuant to article 10 Mohammed Hariri, Abdullah Tivnikli, Al Hakam Marwan Moh'd Kanafani, Saad Zafer M Al Kahtani, Ghassan Hasbani and Rami Aslan appointed to the Board of Directors for three years representing Group A Shareholder

Pursuant to Article 8 of Türk Telekom's Articles of Association, holder of Class A shares is entitled to make six nominations in the election of the Board of Directors members, and the Under secretariat of Treasury, the holder of Class B shares, to make three nominations so long as it holds 30% or more of the Company's share capital. The Class C share is represented by one member on the Board of Directors. In line with these provisions of the Articles of Association, currently there are no independent members on the Board of Directors of Türk Telekom. Since Article 8 of the Articles of Association stipulates that holder of Class A shares and the Treasury will be entitled to nominate individuals to be elected as an independent Board member upon reaching a mutual agreement, provided that the Under secretariat of Treasury holds less than 30% but 15% or more of the Company's share capital, it will be possible to have an independent member on the Company's Board of Directors. Election of independent board members and defining independent board members according to the qualification determined by corporate governance principles shall be made by General Assembly Meeting in 2012 within the context of Communiqué Serial: IV, No: 56 on the Determination and the Enforcement of the Corporate Governance Principles amended by Communiqué Serial IV, No: 57 and related regulation. Preparations for amendments on Articles of Association are in progress.

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### Qualifications of Board Members

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The required qualifications of Board Members are determined in the Article 9 of Articles of Association and this provision is implemented for the qualifications of Board Members

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### Mission, Vision and Strategic Goals of the Company

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The Company's mission, vision and values and strategy management are publicly disclosed under the 'About Us' section on the corporate website. Türk Telekom's performance with respect to achievement of strategic goals is constantly monitored by the Board of Directors.

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### Risk Management Mechanism

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Risk and opportunity management vision of the Turk Telekom Group has been defined as; "understanding, measuring and creating awareness about the risk universe of the group; maximising the value of group assets by managing risks and associated opportunities with a holistic approach; making risk and opportunity management as a vital component of the corporate culture and strategic decision making process with the aim of contributing to sustainable growth and creating competitive advantage".

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Within this vision, risk universe is currently being identified and managed by the related business units in Turk Telekom A.S. Hence, in this framework all risk areas are closely monitored and managed. Additionally, group companies of Avea and TTNET have established their Corporate Risk Management organizations.

As it is clearly expressed in the vision statement, Turk Telekom group perceives risk management not only as minimising the potential losses but also as maximising the expected benefits of the opportunities. Within this context, senior management and the Board of Turk Telekom A.S. embrace the value added nature of the Enterprise Risk Management (ERM) and fully support the initiative to ensure that the system works efficiently.

In 2011, Turk Telekom A.S. initiated a study to create a governance model for Enterprise Risk Management and developed a group wide governance model for integrated ERM implementation. In this model, risks are managed by the business units. However, all the standards, policies and procedures of the ERM are set by the central risk management unit.

Following the development of the governance model, Enterprise Risk Management Directorate, which will coordinate all risk management activities at the group level, was established.

ERM directorate commenced its activities to;

- Work on establishing a strong risk management culture in the Turk Telekom group,
- Develop methodologies for identification and monitoring of all risks,
- Make suggestions to the related committees about; constructing ERM policy and procedures, defining the risk appetite, setting the key risk indicators and limits,
- Continuously monitor and report level of risks and planned risk mitigation actions,
- Support decision making by conducting various analyses,
- Ensure that business continuity plans are in place and up to date,
- Analyse risks attached to the new services/products and investment decisions and review related processes with a risk based approach.

We strongly believe that, enhanced structure of ERM practice will improve Turk Telekom Group's value by efficiently managing the risks such as; operational, financial, regulatory, strategic, legal etc.

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## [Authorities and Responsibilities of Board Members and Executives](#)

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The duties and authorities of the members of the Board of Directors are covered in detail in Article 11 of the Company's Articles of Association.

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## Operating Principles of the Board of Directors

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Within the frame of the provisions set out in the Articles of Association, the Board of Directors meets as and when necessitated by the Company's affairs, but holds at least four meetings annually. The activities and formalities of the Board of Directors are handled by the General Secretariat of the Board. In this frame, the meeting date, agenda and relevant documents are sent to Board members for their review 10 business days in advance of the meeting. Rights of Board Member representing Group C are explained in the section of Voting and Minority Rights.

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## Prohibition on Doing Business and Competing with the Company

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The Company has adopted practices that are aligned with Articles 334 and 335 of the Turkish Commercial Code and Communiqué Serial: IV, No: 56 on the Determination and the Enforcement of the Corporate Governance Principles amended by Communiqué Serial IV, No: 57 and related regulation.

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## Code of Ethics

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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.

It is the responsibility of our executives to create an environment that is in conformity with the Code of Ethics across the Company. To this end, our executives;

- First and foremost recognize the importance of Code of Ethics and abide by them;
  - Set role models for other employees with their actions and thoughts;
  - Adopt the principle of the establishment and maintenance of the Code of Ethics firstly in the units they are in charge of;
  - Work towards the establishment of the corporate culture and ensuring that employees espouse the norms, values and principles by which they are obliged to abide. They strive to make sure that their activities are aligned not only with the wording but also with the spirit of the Code of Ethics, and try to develop a culture deeply espoused by the organization in accordance with the law and corporate policies;
  - Provide an environment where employees feel comfortable coming to them for ethical issues as well as problems regarding the operation of the Company, and having an open communication with them;
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- Display honesty and consistency in their actions and decisions including ethical handling of existing or future conflicts of interest at all times, which may arise between their own personal relations or financial and commercial interests and their responsibilities towards the Company;
- Ensure full, fair, accurate, timely and intelligible disclosure of all reports and documents that will be submitted to the ISE and other authorized entities and boards or otherwise publicly disclosed by the Company;
- Fully abide all laws, rules and regulations applicable to the Company and the relationship between the Company and its shareholders;
- Notify any known or suspected violation of the Code of Ethics, if any, to the chairman of the Audit Committee promptly.

The Code of Ethics by which the Company employees are obliged to abide is spelled out below:

#### *Use of Resources*

Utmost attention will be paid in the use of Company's all tangible and intangible resources and its brand name. These resources may not be used for personal use, interests, expenses, nor may they be given as gifts, donated or given away as political incentives.

Entering into personal financial relationship with the customers and with individuals and organizations doing business on behalf of the Company, attempting to derive personal benefits and observing personal benefits in the contracts made constitute indirect use of the Company's tangible and intangible assets.

#### *Use of Fixtures and Stationary*

Stationery, printed documents and all kinds of fixtures owned by the Company are to be used strictly for Company affairs and must not be taken out of the Company. Utmost care will be paid to saving principles in their internal use.

An employee leaving the company is obliged to return any and all negotiable, non-negotiable instruments, files, written information, documents, records and fixtures etc. given to him or her for the performance of his or her job.

Company employees are obliged to implement all necessary security procedures and to protect computer hardware and electronic equipment against theft and unauthorized use.

#### *Communication Tools*

Electronic mailing will be used strictly as a means of communication. Attention will be paid not to use electronic mail for non-business purposes. Also efforts will be spent not to use telephones, fax equipment, the Internet and similar tools for personal reasons. Attention will be paid to keep private phone calls short.

### *Protection of Confidentiality*

Attention will be paid to the confidentiality of data and documents pertaining to the Company, employees and customers, and every effort will be spent not to use such data for any personal purpose whatsoever and not to disclose them to any third party.

### *Company Vehicles*

Employees who are allocated motor vehicles by the Company will pay the necessary attention and care in their use and will not let third persons other than themselves drive the allocated vehicles save for exceptional circumstances. Traffic fines resulting from violation of traffic rules will be borne by the individuals to whom vehicles are allocated.

### *Shuttle Buses*

Employees making use of the shuttle bus service will not keep the bus waiting for personal reasons and will not disturb the other people on the shuttle bus.

### *Shared Work Spaces*

Posters, fliers or ready-made notes other than those allowed by the management may not be posted in the Company's shared work spaces. Goods and services apart from those allowed may not be traded in the buildings. Any documents, papers, etc., which may be of a confidential nature, must not be left on the desks or out in the open outside business hours.

### *Giving or Accepting Presents, Invitations or Donations on behalf of the Company*

Presents may be given to customers, business partners or suppliers' representatives on behalf of the Company, in accordance with the principles set by the Company management. However, attention will be paid not to use the presents for personal relationships such as relatives, friends and acquaintances, etc. Aids or donations can be made to an organization on behalf of the Company strictly subject to the approval of the CEO.

**Accepting Presents:** Presents may not be asked for from customers, subcontractors, and/or suppliers, nor such a request may be implied. No presents, money, checks, free vacations, special discounts, etc. may be accepted which might put the Company and the recipient of the present under any obligation. Presents worth in excess of TL 50, which are deemed not to have an influence on the decisions to be made, may be accepted upon notification of the immediate manager. The total worth of presents that may be accepted as such may in no way exceed TL 500

**Accepting Invitations:** Business meetings may be attended, provided that such meetings will not influence the attendee's decisions and will not contradict with the Company's policies and interests, and provided further that written or verbal consent of the immediate manager shall have been obtained.

**Accepting Aids and Donations:** Donations and aids may not be accepted from any person and/or entity having a business relationship with the Company. In any case, such donation and aid offers will be informed to the immediate manager.

### *Relations with Individuals, Enterprises and Establishments with which there is a Business Relationship*

All employees must pay attention to be accurate, consistent, trustworthy, helpful and punctual in their relations with those having a business relationship with our Company, as well as with our customers.

Product/service agreements with those having a business relationship with the Company, including but not limited to contractors, subcontractors, etc. will be handled within the scope of applicable legislation, and corporate policies and principles. The considerations presented below will be taken into account when entering into these agreements:

Those having a business relationship with the Company will, as a matter of principle, be identified according to Company regulations, and acts and transactions will be carried out according to predefined principles.

Feedback will be sought from the Legal Department and other concerned units with respect to the agreements and protocols to be made with those having a business relationship with the Company.

Objective criteria such as benefit vs. cost and so on will be taken as the basis in the selection of companies, without yielding to any influence that may be exercised by anyone.

### *Time Management*

Employees will make optimum use of time and will not spare time for personal business (except for emergencies) during business hours. Personal visitors will not be accepted during business hours. An employee's meeting with external visitors will not exceed 10-15 minutes, save for extraordinary and exceptional cases.

### *Conflict of Interest*

A conflict of interest is an inverse relationship between the Company's interests and personal interests, and the interests of customers or suppliers. Personal interests may not be held above Company interests. The position in the Company, information on Company goods and services may not be used to derive personal benefits. In the case of a conflict of interest, guidance will be sought from the immediate manager forthwith.

Our employees, Executives and Members of the Boards of Directors and Auditors;

Shall not yield to any pressure that may give rise to events which are detrimental to the shareholders, may not personally profit from customers/suppliers, and may not be instrumental in any transfer of profits by way of mediating between customers/suppliers.

Must act equally and fairly to all parties involved in the case of a conflict of interest between customers/suppliers. They also must fulfill their duties impartially, and spend every effort to this end.

In order to avoid conflicts of interest, our employees do not:

- enter into a debtor-creditor relationship with customers/suppliers, not act as their surety and not accept their suretyship.

- attend invitations, domestic/international trips, vacations with customers/suppliers, the expenses of which are fully or partially covered, without the knowledge and approval of the immediate manager.
- accept customers'/suppliers' uncustomary gifts of a nature and value that might give rise to an obligation on their part, and not use his or her authority to derive advantages from the customer's/supplier's field of activity which go beyond the purpose or regular practices.
- enter into business relationship with spouses, relatives and friends (a business relationship may be established if an interest in favor of the Company is in question, subject to approval by the immediate manager).
- influence promotion or rewarding decisions concerning spouses or close relatives working for the Company or its subsidiaries.

### *Mobbing*

Executives and employees must not practice mobbing against each other. They must not cause any discomfort to one another in this sense.

### *Discrimination*

Executives and employees must act fairly and equally towards everyone without any prejudices. They must not allow discrimination in whatsoever manner. No individual may be exposed to discriminatory treatment for reasons such as age, language, race, nationality, health, gender, marital status, religion and sect, political affiliation or philosophical belief, etc. The Company may impose sanctions upon those violating these rules, up to and including termination of the employment contract. No complaints about this matter may be obstructed; in addition, employees may leave out all superiors and submit their complaint directly to the Human Resources Department or the Legal Department.

## Protection of Health, Safety and the Environment

Executives and employees must practice necessary caution and attention to carry on the Company's activities in the healthiest and safest manner, with the environmental impact thereof minimized.

## Numbers, Structures and Independence of Committees within the Board of Directors

An Audit Committee was set up at the Board of Directors meeting held on April 9, 2009. Basile Yared was elected as the chairman of this committee, while Mehmet Habib Soluk and Samir Asaad O. Matbuoli were elected as its members. Dr. Paul (Boulos H.B.) Doany was elected as board member to replace Basile Yared and Samir Asaad O. Matbuoli was elected as the Chairman with resolution dated 20.10.2010; in 2011 Ghassan Hasbani was elected as the Chairman to replace Samir Asaad O Matbuoli, Rami Aslan was elected as member to replace Paul (Boulos H.B) Doany. Mehmet Habip Soluk has also resigned from his duties as a board member on March 8, 2011 and re-elected as audit committee member as of November 25, 2011 after being board member in November 14, 2011. As per Article 10 of the Audit Committee Regulation which is updated with the

board resolution dated June 23, 2011, the Audit Committee meets at least four times a year, and is also entitled to hold additional meetings. The meetings are organized each quarter following the disclosure of financial statements.

A Corporate Governance Committee has not been formed at the Company, but efforts for creating such committee are underway. Activities aimed at achieving compliance with the corporate governance principles which are regulated under Communiqué Serial: IV, No: 56 on the Determination and the Enforcement of the Corporate Governance Principles amended by Communiqué Serial IV, No: 57 and related regulation are being carried out by the Capital Markets and Investor Relations Department.

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### Remuneration of the Board of Directors

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Remuneration of the members of the Board of Directors is determined by the General Assembly in accordance with Article 369 of the Turkish Commercial Code and Article 8 of the Company's Articles of Association. Accordingly, the monthly salary determined at the General Meeting for Board members is TL 5,500. 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.

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