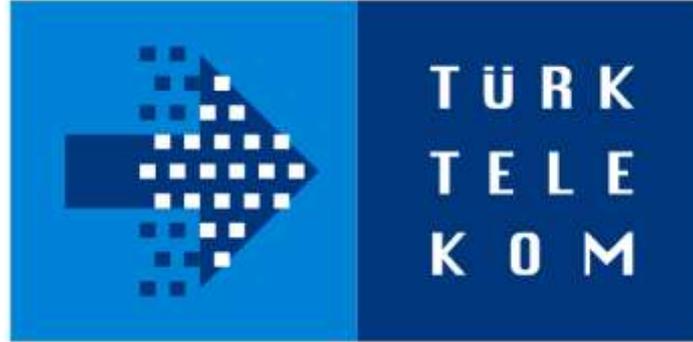


TÜRK TELEKOMÜNİKASYON A.Ş.



**INTERIM ACTIVITY REPORT AS OF 31.03.2012
BASED ON SERIAL:XI NO:29 COMMUNIQUÉ OF CAPITAL MARKET
BOARD**



APRIL 17, 2012

CONTENTS

- 1. OVERVIEW OF TURK TELEKOM**
- 2. CORPORATE STRUCTURE**
- 3. MEETINGS OF THE BOARD OF DIRECTORS**
- 4. PERSONNEL MOVEMENTS**
- 5. FINANCIAL RISK MANAGEMENT**
- 6. MATERIAL ISSUES IN THE PERIOD**
- 7. MATERIAL ISSUES AFTER THE END OF THE PERIOD**
- 8. SUMMARY FINANCIAL RESULTS**

1. OVERVIEW OF TÜRK TELEKOM

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

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

Turkey had 15,2 million PSTN access lines in service as of 2011 year end and this number decreased to 15 million in the first quarter of 2012. Türk Telekom’s PSTN access line capacity is approximately 21.2 million.

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

54% of the wholesale broadband internet access in Turkey was through ADSL. The remaining 46% is attributable to mobile operators¹ as of 2011 year end. The number of ADSL subscribers increased from 6.8 million as of 2011 year end to 7 million as of March 31, 2012.

Türk Telekom, having 89.99% shares of Avea, the third largest mobile operator in Turkey, provides a range of mobile communications services, including pre-paid, post-paid and value-added voice services.

Avea has been founded in 2004 as a result of the merger of Aycell and Aria brands. Thanks to its performance, from its foundation to the first quarter of 2012 its subscriber base rose from 4.8 million to 12,9 million

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

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

¹ Source: 4th Quarter Sector Report of the Information Technologies and Communications Authority

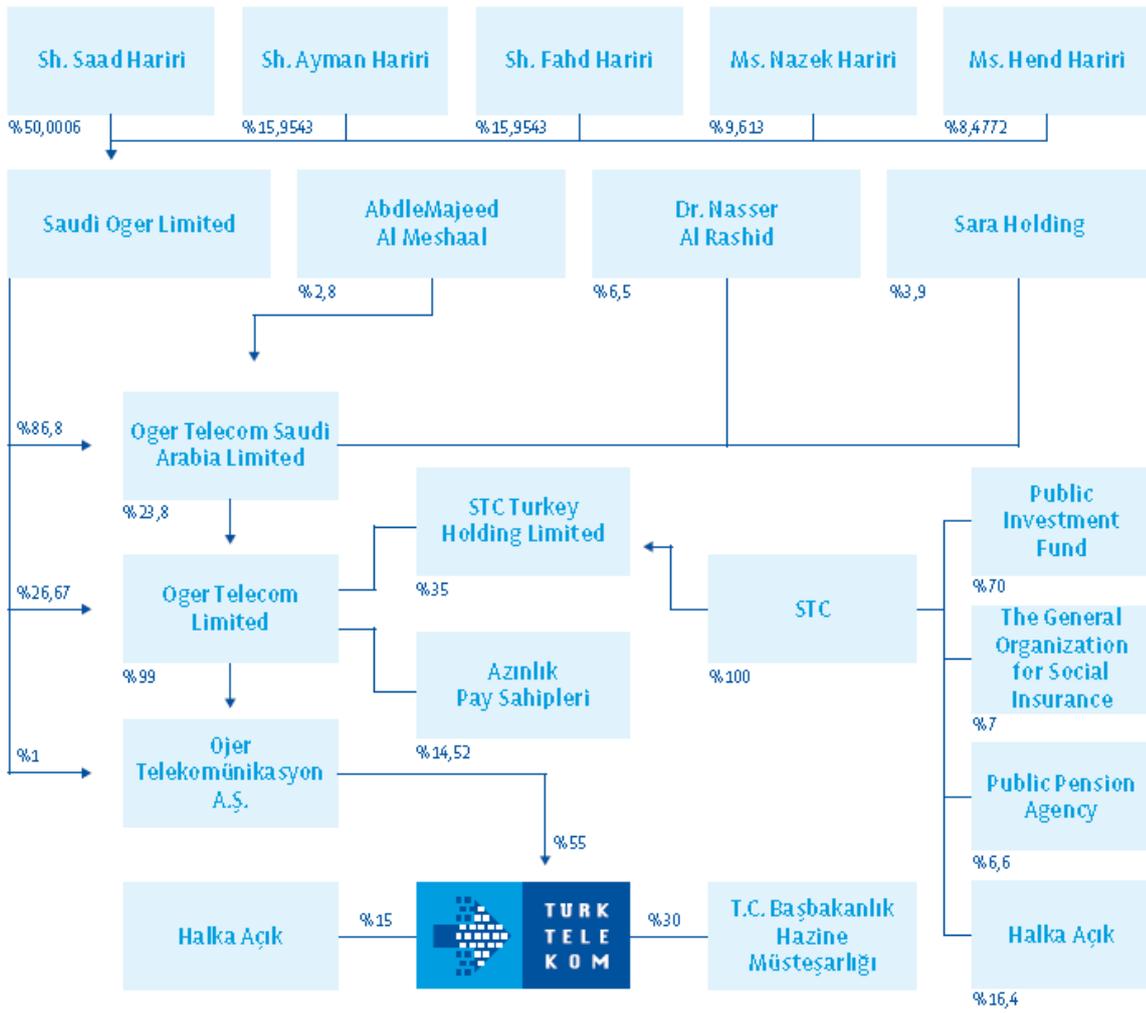
2. CORPORATE STRUCTURE

• Ownership Structure

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

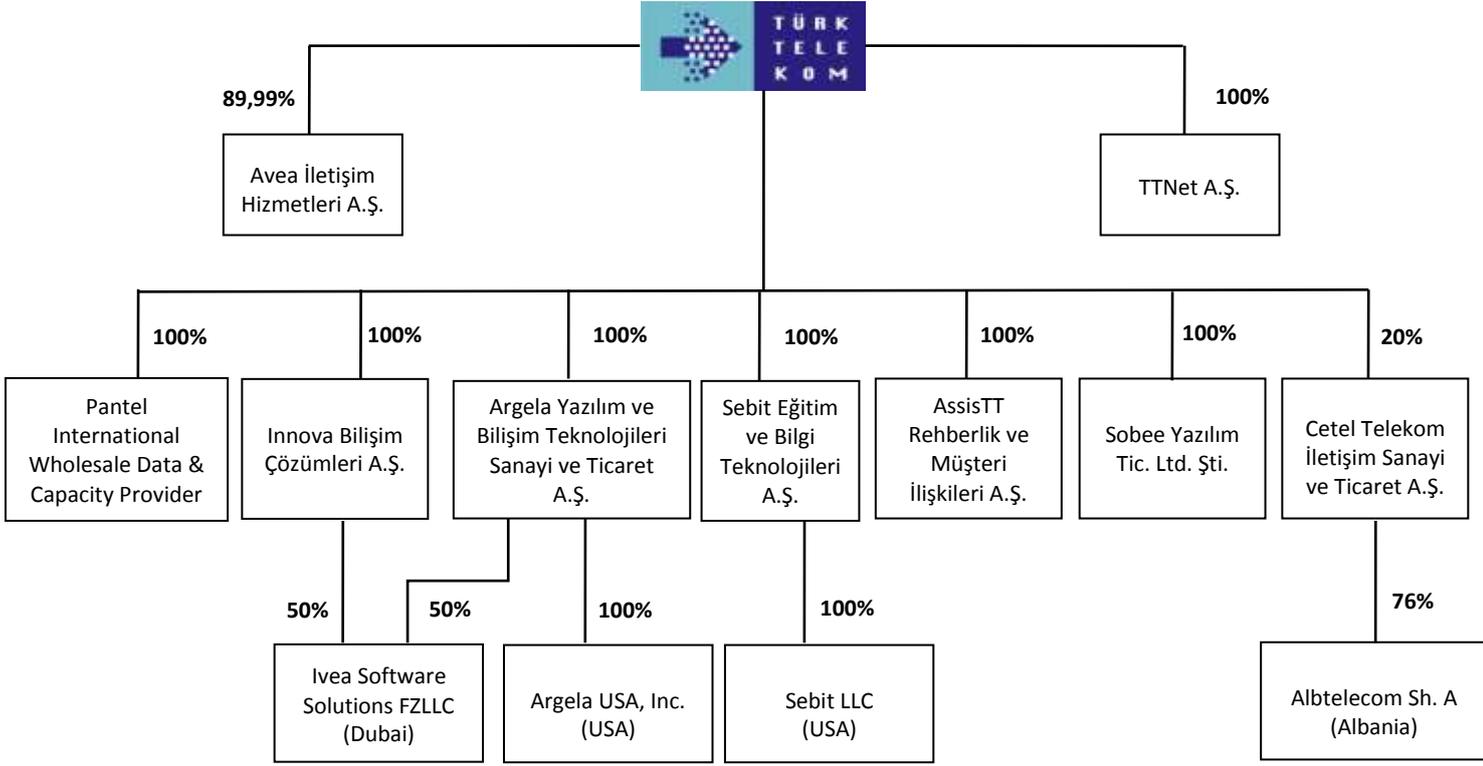
The Türk Telekom Shareholders' Agreement and the Articles of Association further state that the Turkish Treasury owns a "golden share" (Class C share). The "golden share" is required under the Telephone Law and provides that, in order to protect Turkey's national interests relating to national security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

- Any proposed amendments to the Articles of Association;
- The transfer of any of the Company's registered shares (i.e., the Class A shares) which would result in a change in management control;
- The registration of any transfer of the Company's registered shares in the shareholder ledger. As publicly disclosed in the Public Offering Prospectus, the real and legal persons directly or indirectly holding a stake in the Company's share capital are listed below:



- **Subsidiaries**

TÜRK TELEKOMÜNİKASYON A.Ş.



• Management and Organization

Board of Directors

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

Chairman of the Board of Directors
Vice Chairman of the Board of Directors
Member of the Board of Directors
Member of the Board of Directors
Member of the Board of Directors
Member of the Board of Directors
Member of the Board of Directors
Member of the Board of Directors
Member of the Board of Directors
Member of the Board of Directors

Statutory Audit Board

Efkan Ala
Prof. Dr. Aydın Gülan
Lütfi Aydın

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

Executive Committee

Mohammed Hariri	Chairman of the Executive Committee
İbrahim Şahin	Vice Chairman of the Executive Committee
Abdullah Tivnikli	Member of the Executive Committee
Hakam Kanafani	Member of the Executive Committee
Saad Zafer M. Al Kahtani	Member of the Executive Committee

Audit Committee

Ghassan Hasbani	Chairman of the Audit Committee
Rami Aslan	Member of the Audit Committee
Mehmet Habib Soluk	Member of the Audit Committee

Senior Management

Hakam Kanafani	Türk Telekom Group CEO
Kamil Gökhan Bozkurt	CEO – General Manager
Celalettin Dinçer	VP Sales
Mustafa Uysal	Group CFO / Acting VP Finance
Mehmet Candan Toros	VP International Sales and Wholesale
Şükrü Kutlu	VP Human Resources Support and Regulations
Dr. Mehmet Kömürcü	VP Legal
Dr. Ramazan Demir	VP Strategy and Business Development
Erem Demircan	VP Marketing and Communications
Haktan Kılıç	VP Customer Relations
Dr. Nazif Burca	Head of Internal Audit
Memet Atalay	VP Operations
Timur Ceylan	VP Technology

3. MEETINGS OF THE BOARD OF DIRECTORS

In the period of this report, meetings of the Board of Directors were held on February 14, 2012 and February 15, 2012.

- With the resolution dated February 14, 2012

Approval of our Company's Activity Report and Consolidated Financial Statements regarding the period between 01.01.2011 – 31.12.2011 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 dated February 15, 2012

The Board of Directors has resolved on the following to be submitted to our Company's General Assembly to be held on May 25, 2012;

1. Our Company's net profit provided from its operating activities between 01 January 2011 / 31 December 2011 according to the independently audited consolidated financials prepared in accordance with "CMB Communiqué About Financial Reporting in Capital Markets Serial: XI No:29" is TL 2,068,677,923 and according to the Turkish Commercial Code clauses and Tax Procedure Law is TRY 2,470,409,945;
2. According to the CMB Communiqué Serial IV No: 27, the profit after tax amount of TRY 2,068,677,923 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 2011,
4. According to the consolidated financial tables, TRY 2,110,708,067 shall be the base for first dividend which is reached with adding the donations made in 2011 of TRY 42,030,144 to TRY 2,068,677,923 which is net distributable profit of 2011.
5. It is decided to distribute 20% of TRY 2,110,708,067 (first dividend base), TRY 422,141,613 as cash first dividend, in accordance with "CMB Communiqué Serial IV No: 27". The second legal reserve of TRY 172,152,538 shall be set aside and the remaining TRY 1,474,383,772 shall be distributed as cash second dividend.
 - a. Total cash dividend amount of TRY 1,896,525,385 to be distributed shall be covered by current period net profit.
 - b. Accordingly 0.5418644 Kuruş (54.18644%) gross cash dividend per each share with nominal value of 1 Kuruş shall be distributed to our shareholders and total gross cash dividend distribution amount shall be TRY 1,896,525,385.
6. The distribution of the cash dividends to our shareholders shall begin on May 29, 2012, at Merkezi KayıtKuruluşu A.Ş. Süzer Plaza Askerocağı Caddesi No: 15 Kat: 2 34367 Elmadağ-Şişli İstanbul.

4. PERSONNEL MOVEMENTS

Consolidated headcount as of 2011 year end and first quarter of 2012 are 34,886 and 35,278 respectively.

5. FINANCIAL RISK MANAGEMENT

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

6. MATERIAL ISSUES IN THE PERIOD

- **Guidance for 2012**

As we have disclosed on February 15, 2012

We expect;

* The consolidated revenue growth to be 6% to 8%.

- * EBITDA margin to be at low 40%^s
- * Consolidated CAPEX to be around TL2.4bn

- **Utilization of Long Term Loan**

As we have disclosed on February 21, 2012, our company has signed a loan agreement with China Development Bank (CDB) on February 21, 2012 which includes USD 500 million principal amount with 8 years of maturity, 2,5 years of grace period and semi-annual payment of interest in order to finance our company's and affiliates' procurements within the context of our investment program. Payments of interest will be done semi annually after the utilization of the loan. Payment of principal amount will be done in installments semi annually after the grace period.

As we have disclosed on March 20, 2012, our company has signed a club loan agreement with 13 banks amounting to Euro 239,4 million and USD 285,2 million with 3 years of maturity including 2 years of grace period, in order to finance our company's general working capital needs on March 19, 2012. Interest rate is Euribor + 3% per annum for Euro 239,4 million and Libor +3% per annum for USD 285,2 million. For the deal, Bank of America Securities Limited, Bank of Tokyo-Mitsubishi UFJ, LTD and BNP Paribas act as Mandater Lead Arranger, Bookrunner and Coordinator; Export Development Canada, JP Morgan Limited , Mizuho Corporate Bank, LTD, Natixis Dubai Branch, HSBC Bank Plc and West LB AG London Branch act as Mandated Lead Arranger; Standard Chartered Bank, Citibank N.A., Nassau Branch, Akbank AG and Raiffeisenlandesbank Niederösterreich-Wien AG act as Lead Arranger.

- **Avea Capital Increase**

As we have disclosed on February 29,2012, our subsidiary Avea held its Extraordinary General Assembly Meeting on 28 February 2012. It was resolved that Avea's share capital will be strengthened, and within this context Avea's total paid in share capital of TL 7,115,000,000 will be decreased by TL 3,295,000,000 in order to eliminate losses from previous years; then will be increased by the same amount of TL 3,295,000,000, in cash, back to TL 7,115,000,000; additional issue premium of TL 1,080,810,157 will be paid accordingly.

Our company will fully participate in the capital increase. If other shareholders of Avea (Six Isbank Group companies) decide not to participate in the capital increase, their preemptive rights will be used by our company as well. Four of Isbank Group companies representing majority disclosed that they will not participate in the capital increase.Total payment of our company for the capital increase will be finalized based on the decisions of other two companies of Isbank Group (Trakya Yatırım Holding A.Ş. and Efes Holding A.Ş.).

Total amount of the capital increase to be paid by Avea shareholders including the issue premium is TL 4,375,810,157. Avea Board resolved that proceeds from the capital increase will be fully used for repayment of shareholder loans granted by our company (Board Resolution dated 27 February 2012). Therefore, the capital increase in Avea will not result with any net cash outflow from our company.

As we have disclosed on March 30, 2012, referring to our disclosure dated February 29, 2012, our mobile subsidiary Avea's General Assembly convened on February 28, 2012 and decided to decrease

Avea's share capital and increase it back to original amount with a share premium. In this process, Isbank Group Companies, then owning 18.63% of Avea shares, decided not to exercise their preemptive rights and our company exercised their unexercised rights, as well as its own rights. With this decision our share in Avea increased to 89.9965%.

Licensed Professional

As we have disclosed on March 30, 2012, pursuant to Article 8 of Capital Markets Board Communiqué Serial IV No: 41 Communiqué; in order to fulfill the obligations under the Company's capital market regulations and coordinate the corporate governance applications, Corporate Governance & Compliance Manager Süleyman Kısaç who has Capital Market Activities Advanced Level License (License No.: 205170) and Corporate Governance Rating Specialist License (License No.: 700729) will take the responsibility due to change of Abdullah Orkun Kaya's duty.

7. MATERIAL ISSUES AFTER THE END OF PERIOD

There is no material issue after the end of the period.

8. SUMMARY FINANCIAL RESULTS

• Summary Türk Telekom Consolidated Balance Sheet as of 2012 Q1 and 2011 YE

TL million	2012 Q1	2011 YE
Intangible Assets	3,474	3,540
Tangible Assets	8,197	8,156
Other Assets	3,637	3,499
Cash and equivalents	1,063	979
Total Assets	16,371	16,174
Share capital	3,260	3,260
Other Reserves and Currency Translation Reserve	(1,455)	(1,342)
Reserves and retained earnings	3,851	1,782
Interest Bearing Liabilities	5,312	5,346
Provisions for long-term employee benefits	583	563
Other Liabilities	4,049	4,496
Net Income	772	2,069
Total Equity & Liabilities	16,371	16,174

- **Summary Türk Telekom Consolidated Income Statement as of 2012 Q1 and 2011 Q1**

<i>TL million</i>	2012 Q1	2011 Q1
Revenues	2,960	2,887
<i>Change</i>	3%	
EBITDA	1,232	1,277
<i>Change</i>	(4%)	
<i>Margin</i>	42%	44%
Operating Profit	817	874
<i>Change</i>	(6%)	
<i>Margin</i>	28%	30%
Profit Before Tax	978	752
<i>Change</i>	30%	
<i>Margin</i>	33%	26%
Tax Expense	(233)	(181)
Minorities	26	38
Profit/(Loss) For The Year	772	609
<i>Change</i>	27%	
<i>Margin</i>	26%	21%