



Türk Telekom Group
2011 Q1– Investor Presentation

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Note: *EBITDA is a non-GAAP financial measure. The EBITDA definition used in this presentation includes Revenues, Direct Cost of Revenues excluding depreciation and amortization, Selling and Marketing expenses, Administrative expenses, and other operating income/(expense), but excludes translation gain/(loss), financial income, income on unconsolidated subsidiaries, gain on sale of investments, and minority interest.*

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MARKET UPDATE & CONSOLIDATED PERFORMANCE



Market Update

- Successful performance in all business segments
 - Fixed voice revenue stabilized at Q4 2009 levels with the success of bundle tariffs introduced in 2010
 - ADSL revenue growth continues at double digit levels on the back of ARPU improvement and continued subscriber gains
 - Subscriber and revenue growth at AVEA
- Mobile market competition has intensified during Q1 2011
- Higher quotas and speeds offered to ADSL subscribers
- Wholesale Fixed voice offers are under discussion with the Telecom Authority
- Strategic partnership with Telefonica targeting Turkish community in Germany
- Collective Labor Agreement for 2011-2013 signed

Consolidated Performance

Revenue (TL mn)



Revenue growth across all business segments

EBITDA (TL mn)



EBITDA growth from both Fixed and Mobile

Net Income (TL mn)



Net income growth with better operating performance despite FX losses in Q1 2011

FIXED LINE BUSINESS PERFORMANCE



Fixed Line Business – Voice

- Bundle packages continue to grow strongly and support stable MoU
- New bundles (Köy Avantaj & GAP Avantaj) launched
- Inflation price adjustment in bundle packages made in Q1 with increased value to the subscribers as a campaign



Fixed Line Business – ADSL

- Fiber to the neighborhood (FTTN) now covers around three million homes
- Higher quotas and speeds available to our ADSL subscribers
- Inflation adjustments in unlimited packages and fair usage quota effective from January 2011
- Tivibu Home (IPTV) launched in February following the success of Tivibu Web which reached 1 mn subscribers
- Triple Play Tariff Packages with IPTV and ADSL
- New VAS introduced i.e. Playstore (Turkey’s first digital game store), Netdisk (Cloud Computing)



TTNET ADSL Subscriber Breakdown



TTNET up to 8 Mbps

Packages / Subscriber base

~80%

Average Monthly

Data usage now 16.8 GB

**43%
YoY**

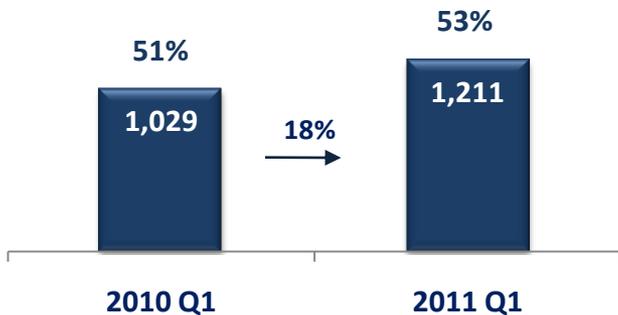
Fixed Line Business – Revenue & EBITDA Highlights

Revenue (TL mn)



Main driver of revenue growth ADSL

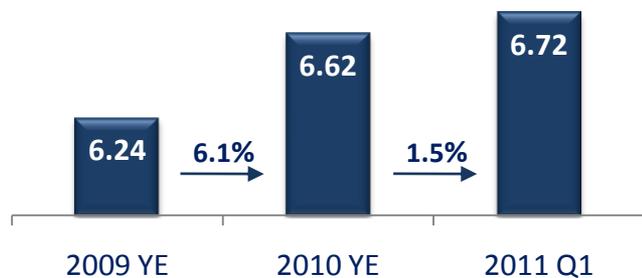
EBITDA (TL mn)



Fixed EBITDA margin remained over 50% for the fifth quarter

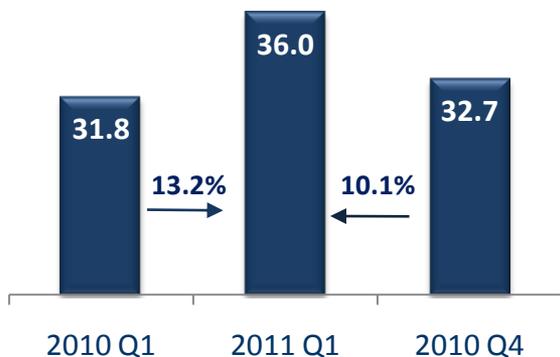
Fixed Line Business – ADSL Highlights

Wholesale ADSL Connections*(millions)



Net adds in Q1 in-line with average of 2010

ADSL ARPU (TL)**



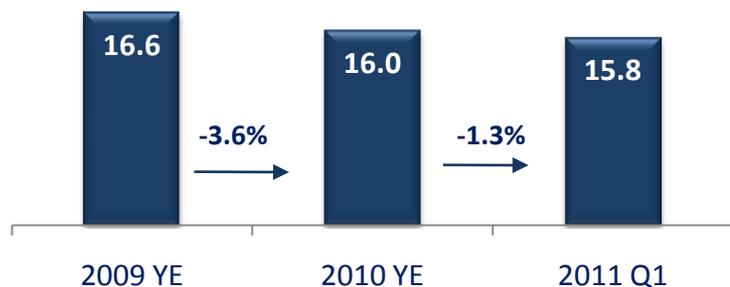
ADSL ARPU growth mainly driven by migration to unlimited packages and inflation price adjustment

* ADSL subscriber definition in other ISPs was changed and aligned with that of TTNET's in Q1 2011; 2009-2010 subscriber and ARPU figures were updated accordingly.

** Revenue divided by average number of access lines/connections

Fixed Line Business – PSTN Highlights

of PSTN Access Lines* (millions)



PSTN ARPU (TL)**



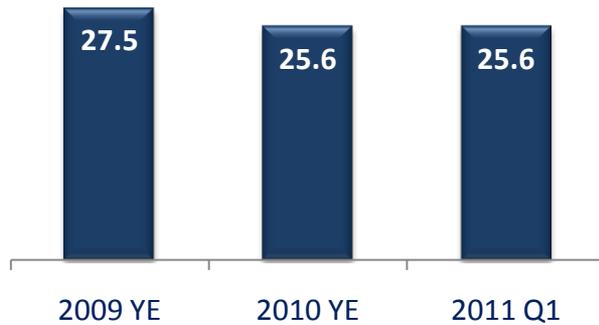
Subscriber decline offset by strong ARPU growth as MoU stabilized and below inflation price adjustment implemented

* PSTN subscriber definition was changed in Q1 2011 to include CENTREX and Digital Multiple Lines; traffic now includes special numbers (toll free and 3 digit numbers). 2009-2010 subscriber and ARPU figures were updated accordingly.

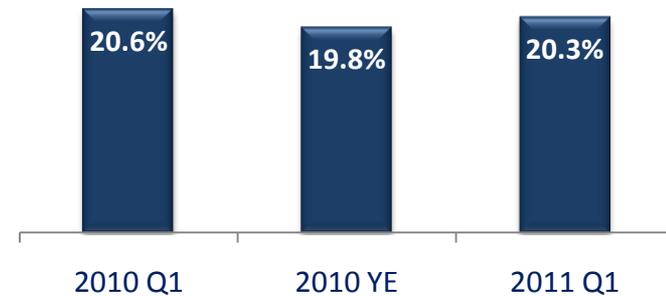
** Revenue divided by average number of access lines/connections

Fixed Line Business - Headcount

Number of Employees (thousands)*



Personnel Cost as a % of Revenue



- **Personnel cost remained at 20% of revenue**
- **Access lines per employee is 617 in Q1 2011 compared to 613 in Q1 2010**

* Fixed network operating unit

MOBILE BUSINESS PERFORMANCE



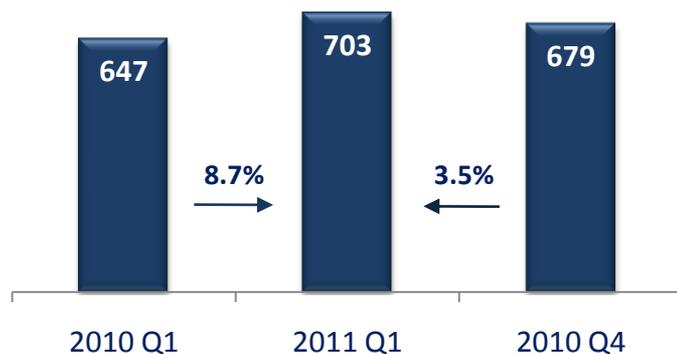
Mobile Business

- Aggressive competition continuous both in voice, SMS and data offers
- Targeted upsell and churn prevention campaigns to protect customer base and increase ARPU in prepaid and postpaid segments
- Marketing communication focusing on coverage quality and value to the subscriber
- New tariffs and campaigns to boost activations & reduce churn in Postpaid, Prepaid, Institutional and SME segments
- Gradual Jet Modem launched to increase data users
- Ongoing channel transformation

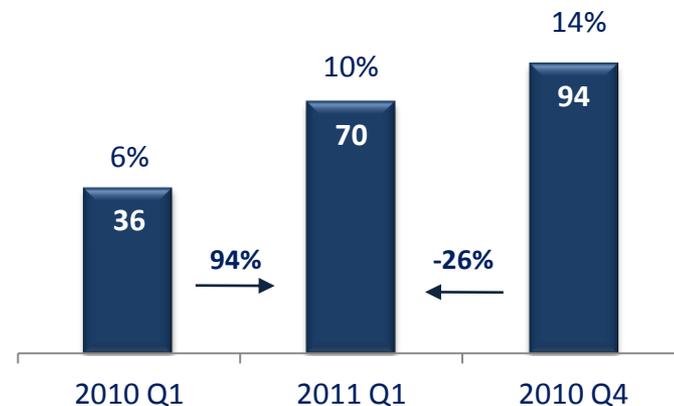


Mobile Business – Revenue & EBITDA Highlights

Quarterly Revenue (TL mn)



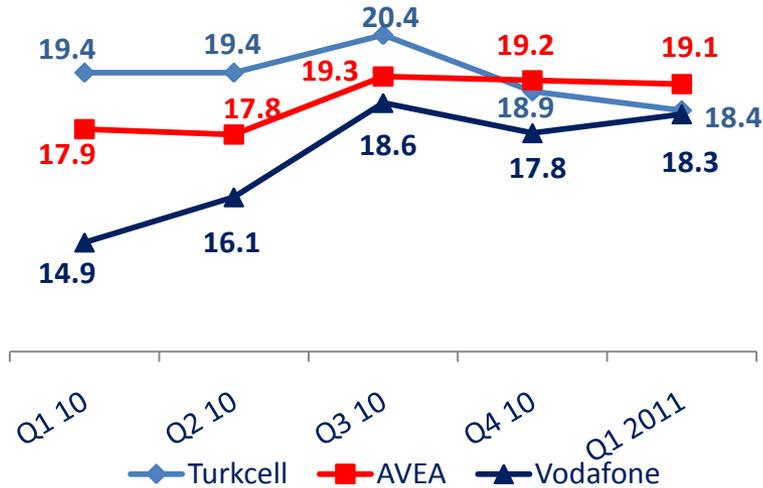
Quarterly EBITDA (TL mn)



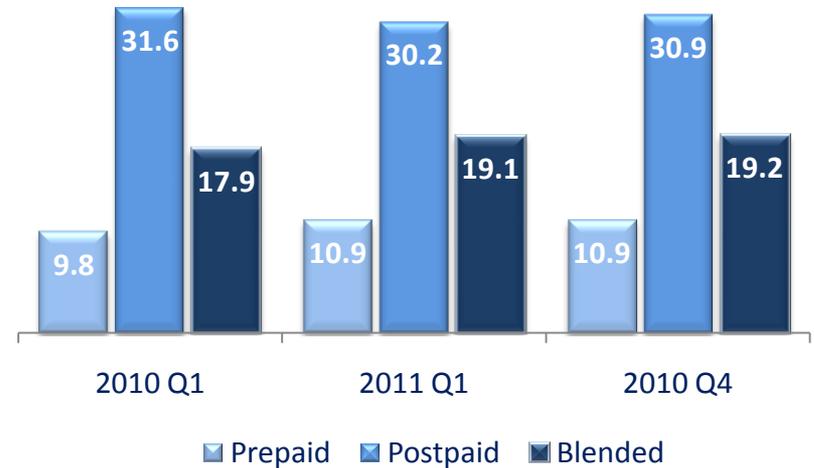
- Revenue grew from Q4 2010 levels and 9% growth year on year despite the significant MTR cuts in April 2010
- EBITDA doubled compared to prior year despite intensified competition

Mobile Business – ARPU Highlights

Market Blended ARPU Trend (TL)



AVEA Quarterly ARPU (TL)



Blended ARPU increased by 7% YoY driven by 11% increase in Prepaid ARPU and increased share of Postpaid in subscriber base

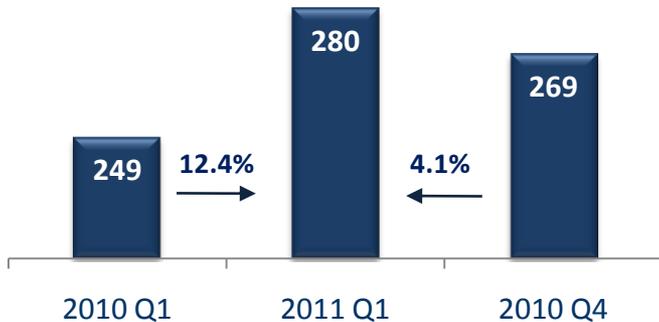
Mobile Business - Subscriber Composition & MoU

Subscriber Composition (millions)



Postpaid now over 42% of subscriber base compared to 37% in Q1 2010

Blended MoU



MoU at high levels as customers are migrating to the post paid market where offers have very high minute bundles

FINANCIALS



TT Consolidated - Summary P&L Statement

TL millions	2010 YE	2010 Q1	2011 Q1
Revenues	10,852	2,584	2,887
EBITDA	4,835	1,064	1,277
<i>Margin</i>	45%	41%	44%
Operating Profit	3,311	689	874
<i>Margin</i>	31%	27%	30%
Financial Income/Expense, net	(184)	9	(121)
FX & Hedging Gain/Loss, net	(87)	20	(131)
Interest Income/Expense, net	(29)	3	23
Other Financial Income/Expense, net	(68)	(15)	(13)
Tax Expense	(799)	(194)	(181)
Net Income*	2,451	546	609
<i>Margin</i>	23%	21%	21%

- **ADSL and Mobile businesses main drivers of 12% revenue growth**
- **EBITDA Margin sustained at 2010 FY level**
- **Net income shows strong growth despite negative FX variance**

* After minority interest

TT Consolidated - Summary Balance Sheet

TL millions	2010 YE	2010 Q1	2011 Q1
Intangible Assets ^(a)	3,517	3,211	3,466
Tangible Assets ^(b)	7,435	6,823	7,399
Other Assets ^(c)	2,929	2,525	3,164
Cash and Equivalents	1,219	727	1,133
Total Assets	15,100	13,286	15,162
Share capital	3,260	3,260	3,260
Reserves and Retained Earnings	2,915	2,686	3,497
Interest Bearing Liabilities ^(d)	4,199	3,501	3,756
Provisions for Long-term Employee Benefits	607	656	615
Other Liabilities ^(e)	4,119	3,183	4,034
Total Equity and Liabilities	15,100	13,286	15,162

Net Debt decreased by 12% compared to 2010YE and is 5% below Q1 2010

(a) Intangible assets excluding goodwill

(b) Tangible assets include property, plant and equipment and investment property.

(c) Major items within Other Assets are Trade Receivables, Due from Related Parties, Other Current Assets and Deferred Tax Asset.

(d) Includes short-term and long-term borrowing and short-term and long-term obligations under finance leases

(e) Major items within Other Liabilities are Deferred Tax Liability, Trade Payables, Provisions, Income Tax Payable, Due to Related Parties, Other Current Liabilities, Provisions for Employee Termination Benefits and Minority Put Option Liability

TT Consolidated - Summary Cash Flow Statement

TL millions	2010 YE	2010 Q1	2011 Q1
Cash Flow from Operating Activities	3,844	643	722
Cash Flow from Investing Activities	(1,761)	(157)	(108)
<i>CAPEX</i>	(1,805)	(215)	(198)
<i>Other Investing Activities</i>	44	58	90
Cash Flow from Financing Activities	(1,805)	(512)	(663)
Net Change in Cash Position^(a)	278	(26)	(49)

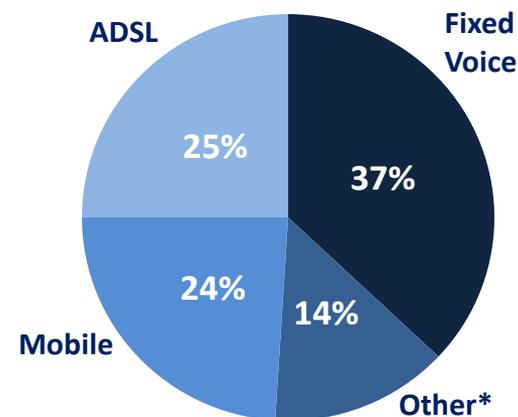
- **Strong cash generation continues**
- **12% increase in operating cash flow inline with revenue growth**

(a) Blocked deposits are included in operating activities rather than net cash position.

TT Consolidated- Summary Revenue Breakdown

TL millions	2010 YE	2010 Q1	2011 Q1
Domestic PSTN	4,255	1,025	1,055
ADSL	2,473	601	721
GSM	2,646	647	703
Data service revenue	364	85	105
International interconnection revenue	229	41	98
Domestic interconnection revenue	283	68	75
Leased lines	486	127	119
Rental income from GSM operators	101	26	26
Other	179	38	61
Eliminations	(305)	(75)	(81)
Sub-Total Revenue	10,711	2,583	2,881
Construction Revenue (IFRIC 12)	141	1	6
Total Revenue	10,852	2,584	2,887

Revenue Breakdown – 2011 Q1



*Other: Leased Lines, Data Ser., Domestic Interco., Int'l Sett., Rental income

TT Consolidated - Summary OPEX Breakdown

TL millions	2010 YE*	2010 Q1*	2011 Q1
Personnel	1,844	457	502
Domestic Interconnection	524	193	126
International Interconnection	158	29	57
Commercial ^(a)	1,029	240	285
Maintenance and Operations	389	84	77
Taxes & Government Fees	717	178	187
Doubtful Receivables	91	39	39
Others	1,140	301	332
Sub-Total	5,892	1,520	1,604
Construction Cost (IFRIC 12)	125	0	5
Total OPEX	6,017	1,520	1,610

➤ Overall OPEX increased by half the rate of revenue growth

➤ Domestic interconnection costs still benefiting from the Q2 2010 MTR cut

(a) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and promotion

* Fixed and Mobile OPEX items were reclassified in Q1 2011; 2010 figures were updated accordingly.

Fixed Line Business- Summary P&L Statement

TL millions	2010 YE	2010 Q1	2011 Q1
Revenues	8,511	2,011	2,265
EBITDA	4,507	1,029	1,211
Margin	53%	51%	53%
Operating Profit	3,615	812	967
Margin	42%	40%	43%
CAPEX	1,263	149	140
CAPEX as % of Revenue	15%	7%	6%

➤ Revenues grew 13%

➤ Fixed voice now stable for six quarters

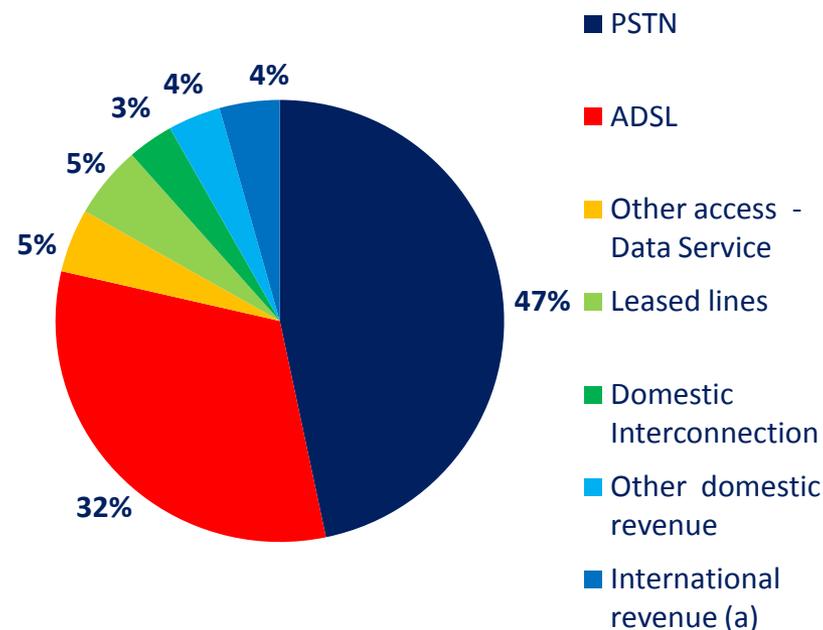
	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Domestic PSTN Revenue	1,061	1,025	1,079	1,078	1,073	1,055

➤ EBITDA and Operating profit margins maintained at 2010 FY levels

Fixed Line Business- Summary Revenue Breakdown

TL millions	2010 YE	2010 Q1	2011 Q1
PSTN	4,255	1,025	1,055
ADSL	2,473	601	721
Other access - Data Service	364	85	105
Leased lines	486	127	119
Domestic Interconnection	283	68	75
Other domestic revenue	280	63	86
International revenue ^(a)	229	41	98
Sub-Total Revenue	8,370	2,010	2,259
Construction Revenue (IFRIC 12)	141	1	6
Total Revenue	8,511	2,011	2,265

2011 Q1 Breakdown



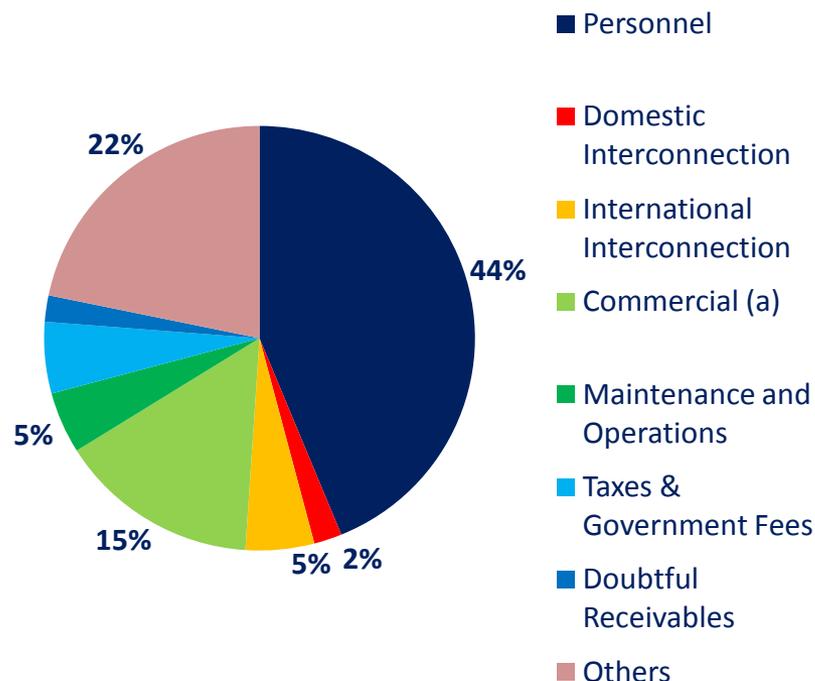
Strong ADSL and Other Access growth, whilst PSTN stable

(a) Revenue from Pantel (Q4 2010) and revenue from international data services and inbound traffic terminated at Türk Telekom's international gateway.

Fixed Line Business – Summary OPEX Breakdown

TL millions	2010 YE*	2010 Q1*	2011 Q1
Personnel	1,683	415	459
Domestic Interconnection	118	45	22
International Interconnection	142	25	54
Commercial (a)	615	158	158
Maintenance and Operations	282	56	49
Taxes & Government Fees	224	52	57
Doubtful Receivables	15	12	21
Others	800	219	229
Sub-Total	3,879	982	1,049
Construction Cost (IFRIC 12)	125	0	5
Total OPEX	4,004	982	1,054

2011 Q1 Breakdown



Main cost increase is from personnel expenses which includes a one-off charge of 9m TL and 11m TL of severance incentive payments

(a) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and Promotion

* Reclassification between Personnel and Other OPEX due to change in booking of government incentive for Social Security Payments in Q1 2011; 2010 figures were updated accordingly.

Mobile Business – Summary P&L Statement

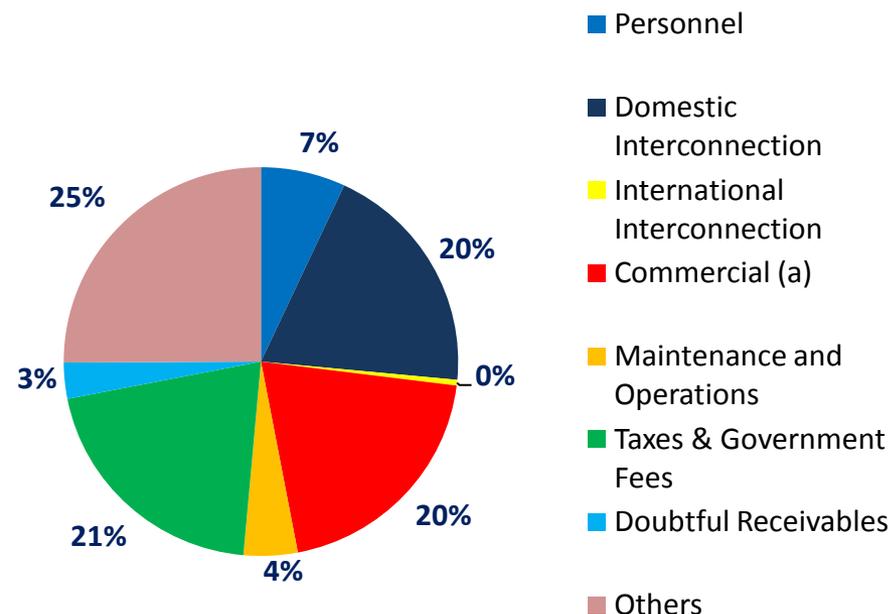
TL millions	2010 YE	2010 Q1	2011 Q1
Revenues	2,646	647	703
EBITDA	332	36	70
<i>Margin</i>	13%	6%	10%
Operating Profit / (Loss)	(302)	(123)	(91)
<i>Margin</i>	(11%)	(19%)	(13%)
CAPEX	470	55	178
<i>CAPEX as % of Revenue</i>	18%	9%	25%

- EBITDA doubled and margin maintained in double digits
- CAPEX high in Q1 as a result of the delay in 2010 roll-out

Mobile Business – Summary OPEX Breakdown

TL millions	2010 YE*	2010 Q1*	2011 Q1
Personnel	178	44	44
Domestic Interconnection	495	174	124
International Interconnection	16	4	3
Commercial (a)	416	83	127
Maintenance and Operations	111	28	28
Taxes & Government Fees	493	125	130
Doubtful Receivables	77	27	19
Others	528	127	159
Total	2,314	612	634

2011 Q1 Breakdown



Main cost increase is from commercial expenses and network / BST costs (included within 'other')

(a) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and Promotion

* Reclassifications in Mobile OPEX items due to the change in Avea's cost definitions which were aligned with TT Group cost definition in Q1 2011; 2010 figures were updated accordingly.

Debt Profile

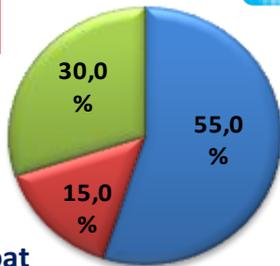
2011 Q1 - in mn			Maturities			
Debt	Total Amount in Original Currency	Total Amount in TL	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
TL Debt	25	25	24	2	0	0
USD Debt	1,303	2,017	177	626	1,050	163
EUR Debt	769	1,678	130	475	973	99
TOTAL		3,720	331	1,103	2,023	263

Ratios	2010 YE	2010 Q1	2011 Q1
Net Debt / EBITDA	0.62	0.64	0.52
Net Debt / Assets	0.20	0.21	0.17
Debt (Total Liabilities) / Equity	1.45	1.23	1.24
Debt (Financial) / Equity	0.68	0.59	0.56
Current Ratio	0.77	0.77	0.89

APPENDIX



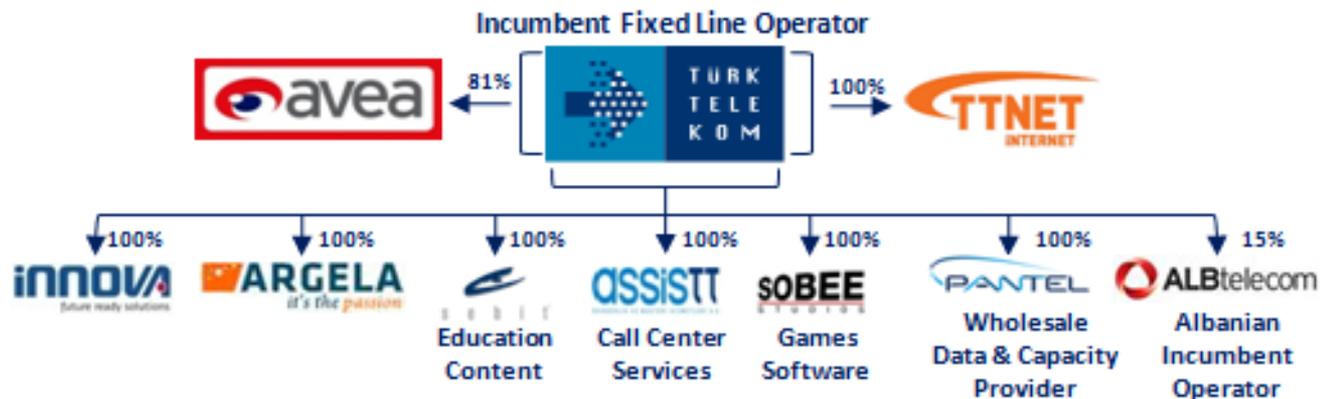
Ownership Structure



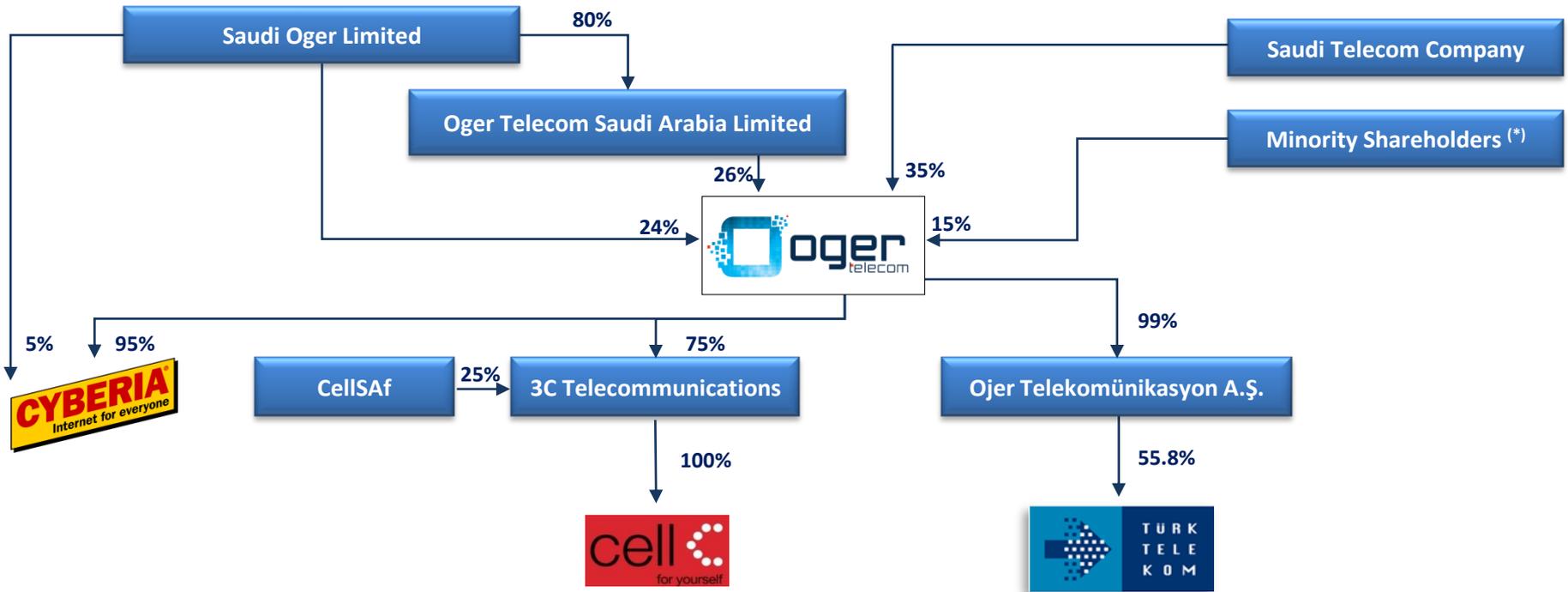
Free Float

- Oger Telecom appoints 6 Board Members
- Turkish Treasury appoints 4 Board Members (1 represents Golden Share)
- Turkish Treasury and Oger Telecom bought 1.7% and 0.8% additional stakes respectively, from free float.

Group Companies



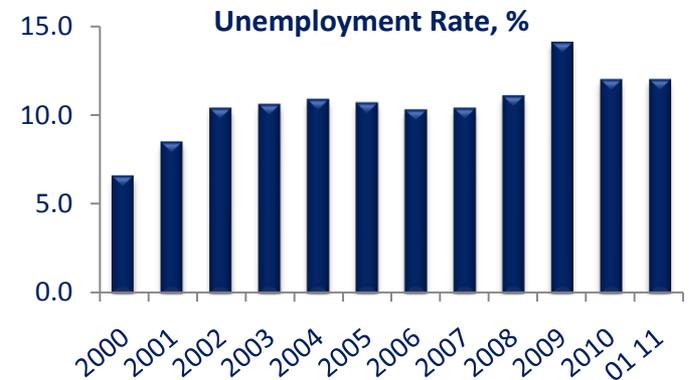
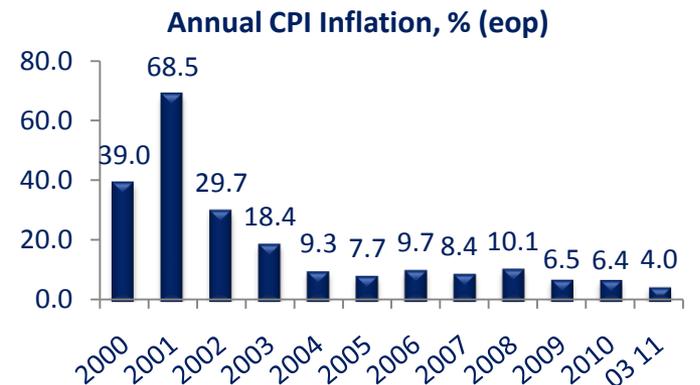
Oger Telecom Ownership Structure



(*) Among Oger Telecom's direct and indirect minority shareholders are regional and 'blue chip' global financial investors.

Macro Highlights

- The Turkish economy grew by 8.9% in 2010, which is the highest annual growth rate since 2004. Leading indicators suggest that the pace of economic activity slowed in 1Q, yet remaining strong.
- In March, the annual CPI inflation was 4.0%, remaining below the Central Bank's year-end target of 5.5% during 1Q.
- In its March meeting, the Central Bank decided to keep the policy rate (one-week repo rate) on hold at 6.25% (the latest change was a 25 bps rate cut in January). However, in 1Q, the Central Bank decided to raise TL required reserve ratios in order to enhance financial stability.
- The unemployment rate decelerated to 11.9% in 2010 from 14.0% in 2009 (in January, the unemployment rate increased to 11.9% from 11.4% in December due to negative seasonality). Despite the improvement in employment conditions, the unemployment rate is expected to remain higher than pre-crisis levels for some time.
- On the fiscal front, a budget deficit of TL 4.1 bn (12% of the year-end target of TL 33.5 bn) and a primary surplus of TL 9.8 bn (71% of the year-end target of TL 14.0 bn) were recorded during the January-March period.
- As of February, the year-to-date current account deficit registered as US\$ 12.1 bn (compared to the deficit of US\$ 5.8 bn one year ago). The measures taken since last November by the Central Bank are expected to have an impact on credit volume and domestic demand starting with 2Q.



Regulatory Actions

2008

April

- Interconnection rate decrease in Fixed (10%) and Mobile (33%)

November

- 3G tender held
- Mobile Number Portability introduced
- New Electronic Communications Law passed

2009

May

- About 29% reduction in MTRs
- MVNO regulation was in place

July

- 3G services started

September

- Fixed Number portability introduced

October

- Local call Liberalization

2010

April

- About 52% reduction in MTRs
- 17% cut in double tandem FTR
- 38% decrease in GSM to GSM rate cap
- TL per minute pricing introduced

July

- TA announced Naked ADSL fee as TL 8.13
- TA postponed 20 second billing for an indefinite time

December

- Naked ADSL services started

2011

April

- Mobile off-net price cap increased by 4%
- SMS price cap decreased by 48%

2010 Dividend Distribution Proposal

TL millions	2009	2010
Net Distributable Profit	1,731	2,451
First Legal Reserve	101	-
First Dividend	353	494
Second Legal Reserve	141	207
Second Dividend	1,237	1,750
Total Dividend	1,590	2,244
Payout Ratio	87%	91%

- **Legal cap was reached in First Legal Reserve last year**
- **Dividend Per Share**
 - **Gross: 0.64 kuruş**
 - **Net: 0.54 kuruş**

Recognition

➤ The IP&TV World Forum honored TNET with “**International IP&TV Industry Award**” for Tivibu Web service running on Argela’s iTV solution



➤ Türk Telekom received “**Best Customer Focus**” award by Best Business Awards



➤ Türk Telekom IR Web site received Europe’s “**Best IR Website**” and “**Most Improved IR Website**” in IR Global Rankings





Türk Telekom Investor Relations

ir@turktelekom.com.tr

www.turktelekom.com.tr

+90 (212) 306 8080