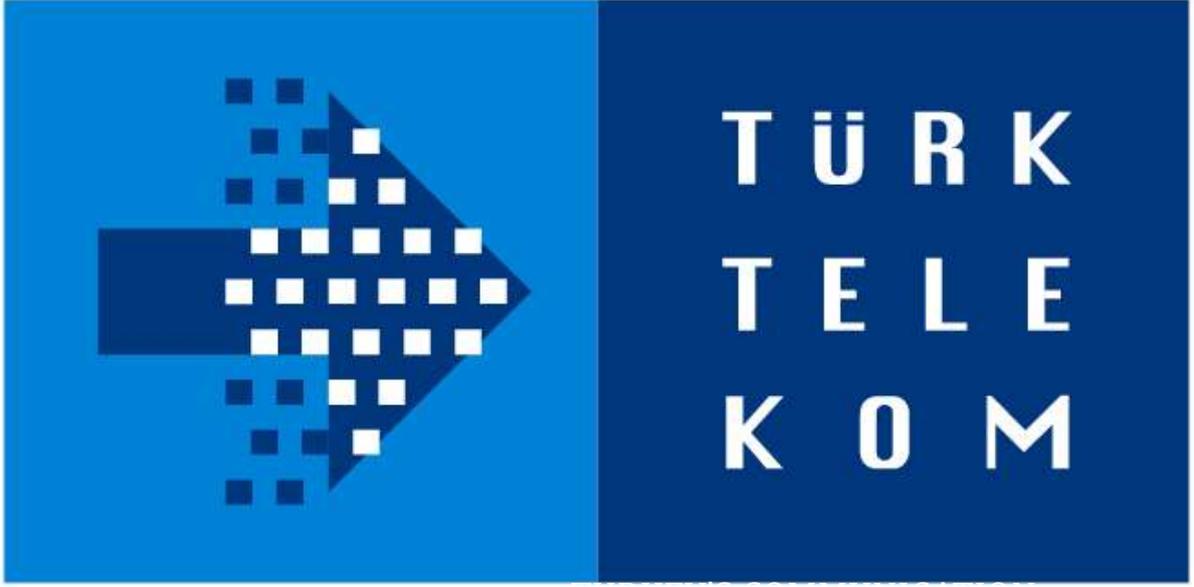


TÜRK TELEKOMÜNİKASYON A.Ş.



**INTERIM ACTIVITY REPORT AS OF 30 SEPTEMBER 2010
BASED ON SERIAL:XI NO:29 COMMUNIQUE OF CAPITAL MARKET BOARD**

20 OCTOBER 2010

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1. OVERVIEW OF TÜRK TELEKOM

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

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

Turkey had 16.5 million PSTN access lines in service as of 2009 year end and this number decreased to 16.1 million in the third quarter of 2010. 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. 91% of the wholesale broadband internet access in Turkey was through ADSL. The remaining 9% is attributable to 3G operators. The number of ADSL subscribers increased from 6.2 million as of 2009 year end to 6.5 million as of September 30, 2010.

Türk Telekom, having 81% shares of Avea, the third largest mobile operator in Turkey, provides a range of mobile communications services, including pre-paid, post-paid and value-added voice services.

Avea has been founded in 2004 as a result of the merger of Aycell and Aria brands. Thanks to its performance from its foundation to the third quarter of 2010, Avea has been the fastest growing mobile operator in the market, and in the same period its subscriber base rose from 4.8 million to 11.4 million.

Moreover, Türk Telekom operates IT consulting services, telecommunications product and software services and education content businesses through its wholly owned subsidiaries Innova, Argela and Sebit. The Company also operates CRM systems, directory services and call centers through its wholly owned subsidiary AssisTT. 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.

2. CORPORATE STRUCTURE

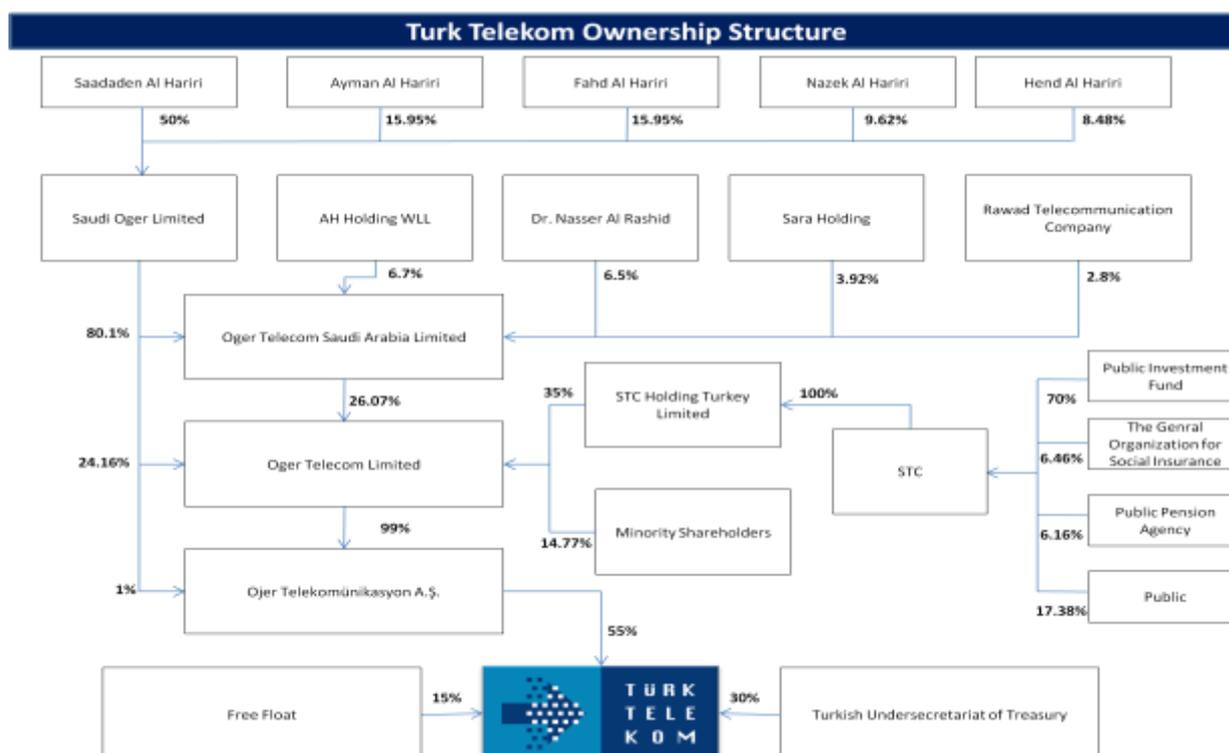
• Ownership Structure

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

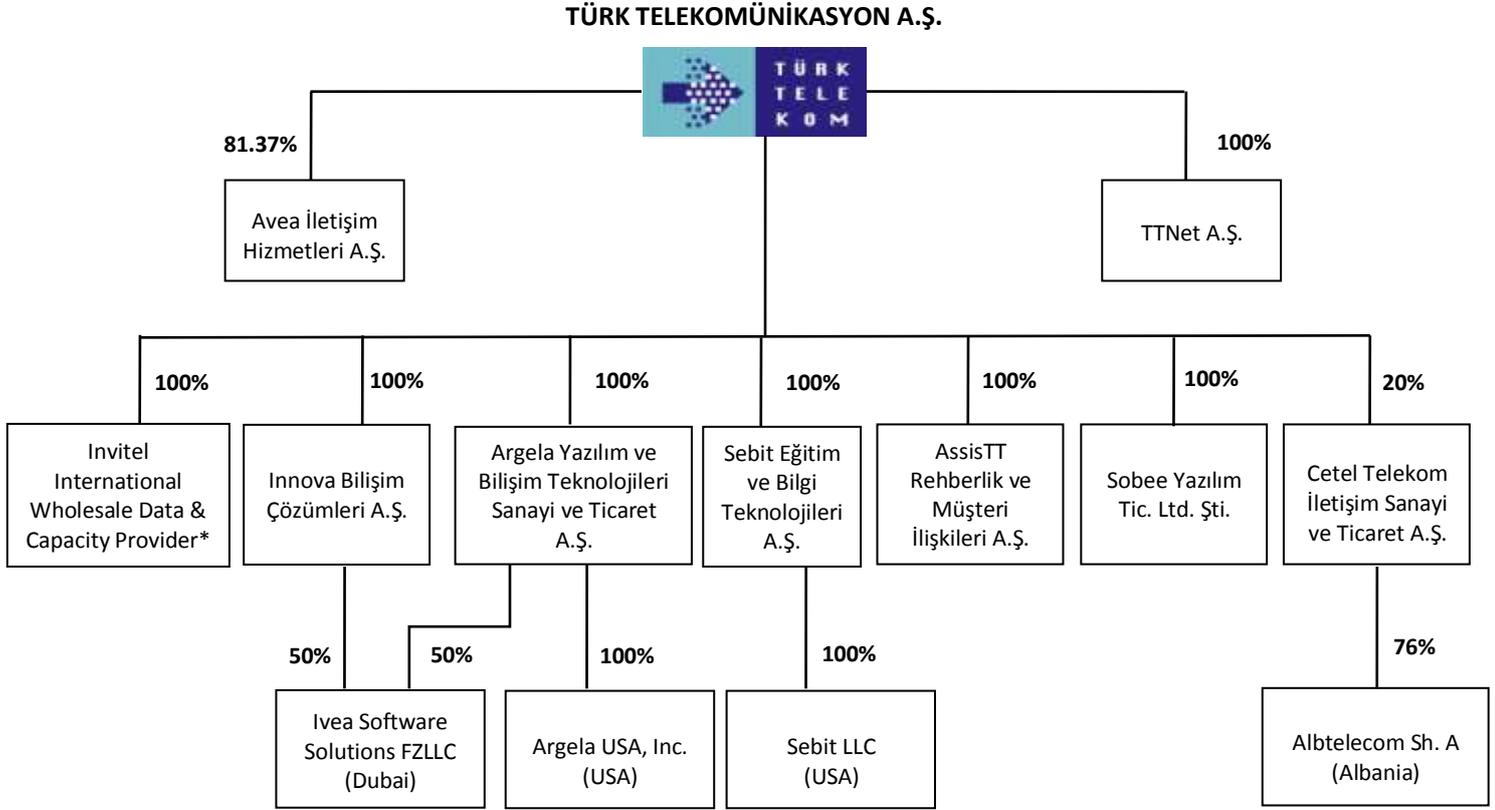
The Türk Telekom Shareholders' Agreement and the Articles of Association further state that the Turkish Treasury owns a "golden share" (Class C share). The "golden share" is required under the Telephone Law and provides that, in order to protect Turkey's national interests relating to national security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



* Acquisition of Invitel International has been completed as of 07.10.2010.

- **Management and Organization**

Board of Directors

Mohammed Hariri

İbrahim Şahin

Dr. Paul (Boulos H.B.) Doany

Saad Zafer M. Al Kahtani

Abdullah Tivnikli

Samir Asaad O. Matbouli

Basile Yared*

İsmet Yılmaz

Dr. Ali Arıduru

Mehmet Habib Soluk

Chairman of the Board of Directors

Deputy Chairman of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

Statutory Audit Board

Efkan Ala

Prof. Dr. Aydın Gülan

Doç. Dr. Tuna Tuğcu

Member of the Statutory Audit Board

Member of the Statutory Audit Board

Member of the Statutory Audit Board

Executive Committee

Mohammed Hariri

İbrahim Şahin

Abdullah Tivnikli

Dr. Paul (Boulos H.B.) Doany*

Saad Zafer M. Al Kahtani

Chairman of the Executive Committee

Vice Chairman of the Executive Committee

Member of the Executive Committee

Member of the Executive Committee

Member of the Executive Committee

Audit Committee

Basile Yared*

Mehmet Habib Soluk

Samir Asaad O. Matbouli*

Chairman of the Audit Committee

Member of the Audit Committee

Member of the Audit Committee

Senior Management

Hakam Kanafani

Kamil Gökhan Bozkurt

Celalettin Dinçer

Mustafa Uysal

Mehmet Candan Toros

Şükrü Kutlu

Dr. Mehmet Kömürcü

Dr. Ramazan Demir

Erem Demircan

Aydın Çamlıbel

Haktan Kılıç

Dr. Nazif Burca

Group CEO

CEO

VP Operations

Group CFO / Acting VP Finance

VP International Sales and Wholesale

VP Regulation and Support Services

VP Legal

VP Strategy and Business Development

VP Marketing and Internal Communications

VP Sales

Deputy VP Customer Relations

Head of Internal Audit

* There have been changes in management upon resolutions of the Board meeting dated 20 October 2010. Details of these changes are explained in Material Issues After The End of The Period section.

3. MEETINGS OF THE BOARD OF DIRECTORS

In the period of this report, meetings of the Board of Directors were held on 19.07.2010 and 20.08.2010.

- With the resolution no.43 at the meeting held on July 19, 2010

It has been resolved that our Company's consolidated financial statements which was prepared according to the CMB Communique Serial:XI, No: 29 for the period between 01.01.2010 – 30.06.2010 and the interim activity report for the same period shall be approved.

- With the resolution no.44 at the meeting held on August 20, 2010,

It has been resolved that:

- the resignation of Dr. Boulos H.B. Doany, dated 20 August 2010, from his position as Turk Telekom General Manager;
- the establishment of a Turk Telekom Group CEO position and the appointment, with immediate effect, of Mr. Al-Hakam Marwan Kanafani as Türk Telekom Group CEO;
- the appointment, with immediate effect, of Mr. Kamil Gökhan Bozkurt as Türk Telekom CEO (General Manager)

shall be approved.

The Executive Committee shall be authorized to determine the authority limits to be granted to Turk Telekom Group CEO, Turk Telekom CEO (General Manager) and Turk Telekom Management in a subsequent meeting.

4. PERSONNEL MOVEMENTS

Consolidated headcount as of 2009 year end and third quarter of 2010 are 34,086 and 33,750 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

ICTA's Naked ADSL Decision

Information and Communication Technologies Authority has regularized Naked DSL application enabling the customers to procure DSL internet service without having a fixed PSTN subscription with the decision numbered 2010/DK-07/417. In the justification of the related decision it has been declared that;

- To provide the connection between the customer and the Internet Service Provider our Company's fixed line network's copper wires which are reaching houses are used,
- If the Naked DSL internet service is procured the above mentioned copper wires will be continued to be used,
- It is required that costs regarding the copper wires (investment, maintenance, operation etc.) need to be recompensed being added to the monthly DSL fees as it is in the other countries providing the Naked DSL service,
- Costs presented by our company, information and explanations, fixed PSTN retail tariffs in practice, other related wholesale services' tariffs, EU applications, public opinion and our country's peculiar conditions are taken into consideration.

According to this, monthly wholesale access fee for Naked DSL has been determined as TL 8.13, excluding taxes.

We have filed a lawsuit under the 13th Division of State Council to demand the cancellation of the mentioned tariff.

CEO Change

Türk Telekom, the leading communication and convergence technology Company in Turkey, is pleased to announce the appointment of Mr. Hakam Kanafani as Türk Telekom Group CEO and the appointment of Mr. K. Gökhan Bozkurt as Türk Telekom CEO.

Tax Examination

The Tax Audit Reports for the years 2005, 2006, 2007 and 2008 notified to our Company on 13.09.2010 provide for a tax assessment in addition to tax cancellation and tax return, for following reasons:

- In 2005 and 2006, in some periods, tax overpayment and in some other periods tax underpayment was calculated, declared and paid.
- In 2005, 2006, 2007 and 2008 the VAT that had to be calculated and declared in the capacity of limited liability tax payer was under declared.
- In 2006, 2007 and 2008 VAT deductions were made more than the required amount.

Taking the tax to be cancelled into account, the tax amount is foreseen to be approx. TL 61 million. Out of this amount, approx. TL 47.5 million will be assessed, and at the same time, will be considered as the VAT to be deducted.

The tax loss penalty calculated in relation to the assessed tax amount is approx. TL 343 million.

Türk Telekom will seek all the legal remedies including the reconciliation.

7. MATERIAL ISSUES AFTER THE END OF PERIOD

Closing of Invitel International Acquisition

Our Company had disclosed on 18.05.2010 that we signed a share purchase agreement to acquire 100% of Invitel International AG (including its subsidiaries), Invitel International Hungary Kft and S.C. EuroWeb Romania S.A. After receiving the required approvals to close the transaction, share purchase has been completed as of 07.10.2010 and the aforesaid companies have become our Company's subsidiaries.

Changes In Board And Its Committees

At the board meeting dated October 20, 2010, it has been resolved that;

- Resignation of Basile Yared, Türk Telekom Board Member, from his positions of Board member and Audit Committee Chairman shall be approved,
- Al-Hakam Marwan Kanafani shall be elected as the Board member to replace Basile Yared, and his membership will be submitted to approval of shareholders in the next General Assembly as per Article 315 of Turkish Trade Law,
- Resignation of Dr. Boulos H.B.Doany, Türk Telekom Board Member, from his position of Executive Committee member shall be approved,
- Al-Hakam Marwan Kanafani shall be elected as the Executive Committee member,
- Boulos H.B.Doany shall be elected as the Audit Committee member

Samir Asaad O. Matbouli, Türk Telekom Board member and Audit Committee member, shall be elected as the Chairman of the Audit Committee

8. SUMMARY FINANCIAL RESULTS

• Summary Türk Telekom Consolidated Balance Sheet as of 2009 YE and 2010 Q3

<i>TL million</i>	2009 YE	2010 Q3
Intangible Assets	3.286	3.166
Tangible Assets	6.920	6.726
Other Assets	2.441	2.634
Cash and equivalents	754	917
Total Assets	13.401	13.443
Share capital	3.260	3.260
Reserves and retained earnings	2.162	2.429
Interest Bearing Liabilities	3.974	3.964
Provisions for long-term employee benefits	634	659
Other Liabilities	3.371	3.132
Total Equity And Liabilities	13.401	13.443

• Summary Türk Telekom Consolidated Income Statement as of 2009 year-end, 2009 Q3 YTD and 2010 Q3 YTD

<i>TL million</i>	2009 YE	2009 Q3 YTD	2010 Q3 YTD
Revenues	10,568	7.818	7.957
<i>Change</i>			2%
EBITDA	4,321	3.311	3.511
<i>Margin</i>	41%	42%	44%
Operating Profit	2,763	2.111	2.383
<i>Margin</i>	26%	27%	30%
Profit Before Tax	2,325	1.710	2.411
<i>Margin</i>	22%	22%	30%
Tax Expense	-673	-474	-607
Minorities	180	133	88
Profit/(Loss) For The Year	1,832	1.369	1.892
<i>Margin</i>	17%	18%	24%