TÜRK TELEKOM GROUP ANNOUNCES H1 2011 FINANCIAL RESULTS

Strong Revenue Growth in H1 2011

Türk Telekom Group, Turkey's leading communication and convergence technologies Group, announced 2011 first half financial results. Türk Telekom Group's revenue grew 12% compared to the same period of last year and reached almost TL 6 billion on the back of strong operating performance. Türk Telekom Group's operating profit in H1 2011 is TL 1.7 billion which represents 16% increase compared to that of H1 2010. The Group's EBITDA* increased to TL 2.5 billion with a margin of 43%.

2011 First Half Highlights

- **Group revenue reached almost TL 6 billion increasing 12% YoY with EBITDA margin of 43% in H1 2011**

- **Group Operating Profit increased by 16% to TL 1.7 bn in H1 2011**

- **Group Net Income is TL 1.1 bn in line with H1 2010**

- **Our Mobile arm AVEA increased its subscribers by 615K in the first half of 2011 and revenues reached TL 1.5 bn in H1 2011, a 13% increase YoY**

**EBITDA is a non-GAAP financial measure. The EBITDA definition used in this press release 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.*

Türk Telekom Group CEO Hakam Kanafani's comments on H1 2011 results:

I am happy to report that Türk Telekom Group continued its strong operating performance in the second quarter this year. In the first half of 2011, group revenues and EBITDA increased by 12% (yoy) to TL 5.9 bn and TL 2.5 bn, respectively, with 43% EBITDA margin, the same level of profitability as we realized in the first half of 2010. Net income of TL 1.1 bn in H1 2011 is similar to H1 2010 figure which is a great achievement given that we recorded TL 368 mn net FX and hedging loss mainly due to TL's depreciation against USD and EURO in this year compared to TL 8 mn net FX and hedging gain in the same period last year.

CAPEX in the first half is 70% higher than previous year as we continued infrastructure and technology investments to support the growth of our business. This growth and investment enables us offer advantageous communication services to our millions of customers while ensuring world class quality. Our investment in information and communication technologies continues to support competitiveness of Turkey in the world.

We continued our investment in fixed line network including fiber to the neighborhood (FTTN) investments which now cover 3.3 mn homes. Our 6.7 mn ADSL subscribers now use 18 GB monthly data on average which is up by 50 % from June last year. With the PANTEL acquisition and our network investments, our international gateway data capacity is now 1.2 TB compared to 30 GB in 2005, a 40-fold increase. Our web-TV service Tivibu now reached more than 1.1 mn subscribers and our online data storage service reached 40K subscribers. With the improved infrastructure and quality service, we continue to launch new services.

Our mobile arm AVEA increased its customer base by 615K in the first half and reached 12.2 mn subscribers despite continued aggressive competition in the mobile market. Post-paid subscribers reached 5.4 mn increasing 21% (yoy). AVEA managed to grow revenues and EBITDA by 13% and 29%, respectively in H1 2011 thanks to innovative tariff offerings, continuous improvement in channel, and investment in infrastructure.

In June 2011, we exclusively launched "Motorola XOOM" tablet computer in Turkey for Turk Telekom customers which showed great interest for the product. This launch is a very strong addition to our already successful PC campaigns and we plan to launch similar offers with leading tablet manufacturers in the future.

With our broad portfolio of innovative products and services and value added offers we will continue our leadership position in the Turkish telecom market.

I would like to thank our employees, customers, business partners, and shareholders for their continued support.

Financial Highlights

	2010 H1	2011 H1	% Change
Revenue	5,250	5,855	11.5%
Net Operating Expenses excluding Depreciation and Amortization	(2,996)	(3,324)	10.9%
Operating Profit before Depreciation and Amortization (EBITDA)	2,254	2,531	12.3%
Depreciation and Amortization	(756)	(791)	4.6%
Operating Profit	1,498	1,740	16.2%
Net Financial Income/ (Expense)	(7)	(355)	4788.3%
Taxes	(424)	(352)	(16.8%)
Minority Interest	80	82	2.3%
Net Income After Minority Interest	1,147	1,115	(2.9%)
Capital Expenditure	520	880	69.3%

Revenues

The Group's consolidated revenue for H1 2011 is TL 5.9 bn which showed 11.5% growth (TL 605 mn) compared to that of H1 2010. The main drivers of revenue growth are ADSL business (up by 19.4%, TL 236 mn), Mobile business (up by 13.3%, TL 172 mn) and international revenues, which mainly relates to Pantel acquisition (up by 157%, TL 128 mn).

Net Operating Expenses (Excluding Depreciation and Amortization)

Net operating expense increased by 10.9% to TL 3.3 bn, in line with the overall growth in revenues. Commercial costs increased by 18.9% which is almost double revenue growth because of the intensification of competitive environment in mobile compared to first half 2010.

Operating Profit before Depreciation and Amortization (EBITDA)

Operating profit before depreciation and amortization increased by 12.3% to TL 2,531 mn in H1 2011 compared to H1 2010, resulting in a consolidated EBITDA margin of 43.2%. The fixed line business segment shows 11.6% growth in EBITDA in H1 2011 compared to the same period of last year with an EBITDA margin of 53%. Mobile EBITDA increased by 29.3% year over year from TL 107 mn to TL 139 mn resulting in 9.5% EBITDA margin for H1 2011.

Depreciation and Amortization

Total depreciation and amortization charges at TL 791 mn are up by 4.6% from TL 756 mn recorded in H1 2010.

Operating Profit

Türk Telekom Group's operating profit improved by 16.2% to TL 1,740 mn as a result of the strong growth in EBITDA.

Net Financial Income / (Expense)

Türk Telekom Group recorded a net financial expense of TL 355 mn in H1 2011 compared to a TL 7 mn expense in H1 2010; all related to FX impact.

Corporate Taxes

Tax Expense in H1 2011 at TL 352 mn is down by 16.8% compared to the tax expense in H1 2010 as our effective corporate tax rate in H1 2011 is 25%.

Net Income

The net income in H1 2011 is TL 1,115 mn, or 0.3184 Kurus per share compared to TL 1,147 mn, or 0.3278 Kurus per share in H1 2010.

Operational Highlights

Year	2010	2011	2011	YoY	QoQ
Period	Q2	Q1	Q2	Change	Change
PSTN Number of Access Lines (millions)	16.3	15.8	15.6	(4.5%)	(1.3%)
PSTN ARPU (TL)	21.9	22.1	22.1	1.0%	0.1%
PSTN MoU (minutes)	120	111	112	(6.4%)	1.1%
ADSL Wholesale Connections (millions)	6.5	6.7	6.7	4.2%	0,0%
ADSL ARPU (TL)	32.1	36.0	36.4	13.3%	0,9%
Mobile Total Subscribers (millions)	11.5	11.8	12.2	6.6%	3.5%
Mobile Prepaid Subscribers (millions)	7.0	6.8	6.9	(2.3%)	1.0%
Mobile Postpaid Subscribers (millions)	4.4	5.0	5.4	20.6%	6.8%
Mobile Prepaid ARPU (TL)	9.7	10.9	10.9	11.4%	(0.5%)
Mobile Postpaid ARPU (TL)	30.0	30.2	31.8	6.1%	5,5%
Mobile Blended ARPU (TL)	17.8	19.1	20.5	15.4%	7.1%
Mobile MoU (minutes)	268	280	309	15.3%	10.2%

Additional Information

Türk Telekom Group invested TL 880 mn in H1 2011 with primary focus on continuing to improve the quality of the services and products we provide to our customers.

Türk Telekom Group's total headcount at June 30, 2011 was 35,454.

Outlook

On the back of our continued strong revenue growth in mobile, we believe our previously announced revenue guidance of 5-7% growth for 2011 will be exceeded.

After the impressive 8.9% GDP growth in 2010, Turkish economy is expected to grow around 6-7% in 2011, with the risks skewed to the upside. With her solid and further improving macroeconomic fundamentals and healthy financial sector, Turkey already deserves an upgrade in her credit ratings. Yet, as a prerequisite for an upgrade in ratings, leading international credit rating agencies expect the policymakers to take concrete steps in order to curb the current account deficit.

About Türk Telekom Group

Türk Telekom Group, the leading communication and convergence technology group in Turkey, provides integrated telecommunication services from PSTN and GSM to broadband internet. As of June 30, 2011; Türk Telekom group companies have 15.6 mn Fixed Access Lines, 6.7 mn ADSL Connections and 12.2 mn Mobile Subscribers. Group companies have a modern network infrastructure covering the whole country and offer a wide variety of services to residential and commercial customers all over Turkey. Apart from 81,4 % shares in Avea, one of the three GSM operators in Turkey, Türk Telekom owns 100% of wholesale data and capacity service provider company Pantel International AG and its subsidiaries, 99.9% of broadband provider TTNET, convergence technologies company Argela, IT solutions provider Innova, online education company Sebit A.Ş., online gaming company Sobee and call center company AssisTT. Türk Telekom also has an indirect minority share in Albtelecom, the Albanian incumbent telecom operator. 55% of Türk Telekom shares belongs to Ojer Telekomünikasyon A.Ş. and 30% belongs to Turkish Treasury. The remaining 15% is publicly traded. Türk Telekom shares are listed in Istanbul Stock Exchange since May 2008.

DISCLAIMER

This release includes forward-looking statements. All statements other than statements of historical facts included in this press release, including, without limitation, certain statements regarding our operations, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as, among others, "may", "will", "expect", "intend", “plan”, "estimate", "anticipate", "believe" or "continue".

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.