

Türk Telekom

2009 YE - Financial & Operational Results

February 2010

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Note: EBITDA numbers in this presentation include revenues, direct cost of revenues, selling and marketing expenses, general administrative expenses, research & development costs, and other operating income/(expense), but exclude depreciation and amortization cost, financial income/(expense), income/(loss) from related parties, and minority interest.

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Market Update & Consolidated Performance

2009 Highlights

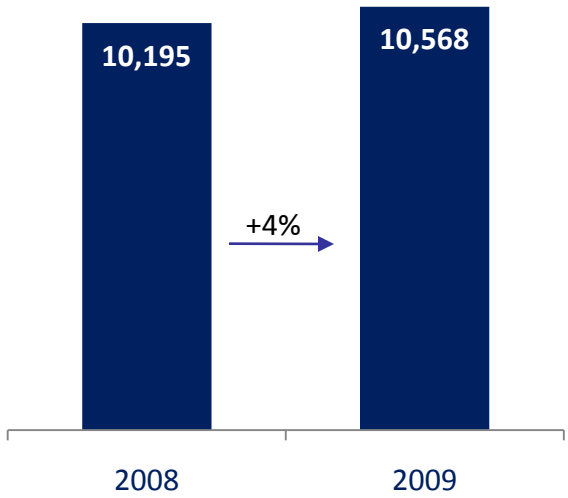
- Negative impact of the economic downturn hit global economies in 2009; but Turkish macro recovery displaying a promising outlook for 2010
- Fitch, Moody's, and JCR upgraded Turkey's sovereign rating; Turkey one-notch below investment grade according to Fitch
- Türk Telekom group achieved 4% revenue and 5% net income growth with 40% EBITDA margin; strong financial performance supporting our dividend policy
 - The launch of 8 Mbps ADSL services and upsell campaigns great success; now more basis for convergence service launches in 2010
 - 3G network launch enabled us to offer our fixed internet (ADSL) customers an 'add-on' mobile internet service
 - Our fixed voice bundles enabled customers to purchase talk minutes with a volume discount

Market Update

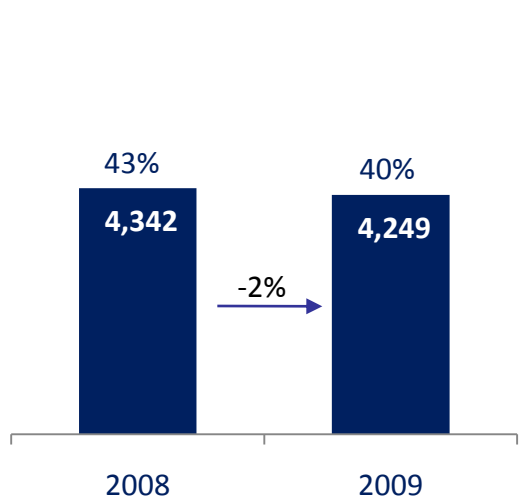
- Increasing movement to unlimited fixed internet packages ; data usage continues to increase
- Flexibility in fixed voice campaigns
- Mobile price war damaged the market overall
- Mobile off-net traffic and mobile MoUs increased in 2009 due to transformation to all direction offers
- No significant 3G take up so far
- Telecom Authority announced MTR cut of 52% for all mobile operators, and 17% cut in double tandem FTR effective April 1st, 2010.
- TA reduced GSM to GSM rate cap by 38%

Group Performance

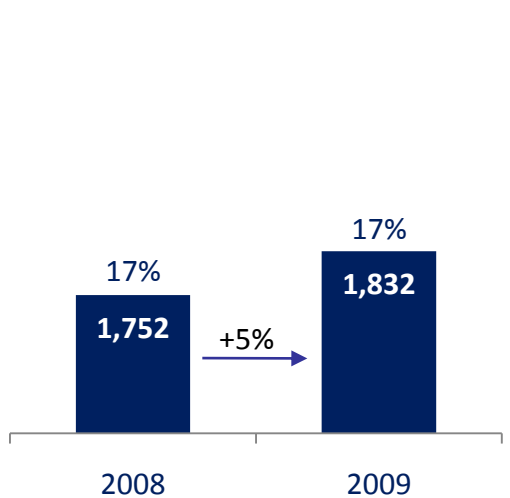
Revenue (TL mn)



EBITDA (TL mn)



Net Income (TL mn)



- Strong growth in mobile and broadband supported 4% consolidated revenue growth
- Consolidated EBITDA margin of 40% achieved with the help of strong OPEX controls in fixed business
- 5% Net Income growth supporting our dividend policy

Fixed Line Business Performance

Fixed Line Business - Voice & Convergence

- Focusing on increasing share of fixed fee in PSTN revenue via bundle packages **JeTTfon** & **JeTTvel**; over 2mn subscribers
- **Wirofon** IP based call service reached over 100K subscribers; planned features include online call service, video call, and instant messaging
- Free Wirofon access at more than 100K **iPass** WiFi hotspots in 160 countries
- Virtual Fixed Number service developed for Turkish people living abroad



Fixed Line Business - ADSL

- NET packages (up to 8Mbps speeds) number of subscribers now over %33 of total customer base thanks to strong up-sell campaigns and new acquisitions
- Campaigns to push ADSL penetration continues (VAS and limited-time discounted offers)
- Avea 3G mobile internet is offered as an add-on to ADSL packages; Wi-Fi hot spots now over 6,250 provide additional mobility
- Vitamin online education software now covers school curriculum up to age 18; content in major languages available
- Sobee (our online gaming company) and Marvel Characters (owner of Spider Man) partnership covering animated shorts, games, mobile applications, merchandising and kids web site
- Web TV commercial launch in Q1 2010

TTNET'ten
8 Mbps'e kadar
hızlı internet



TTNET NETPaket'e geç,
ayda yalnızca 2,19 TL* farkla
hızın 8 Mbps'e kadar artırsın!
Üstelik ilk 3 ay ödediğin tutar
aynı kalsın.

www.ttnet.com.tr

TTNET

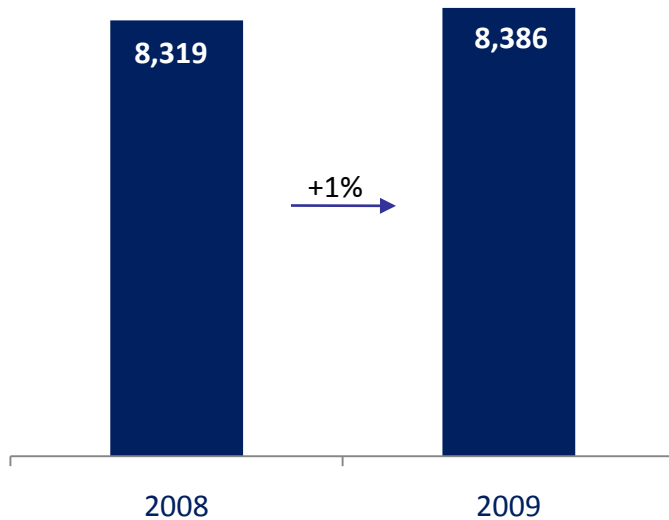


TTNET
VİTAMİN

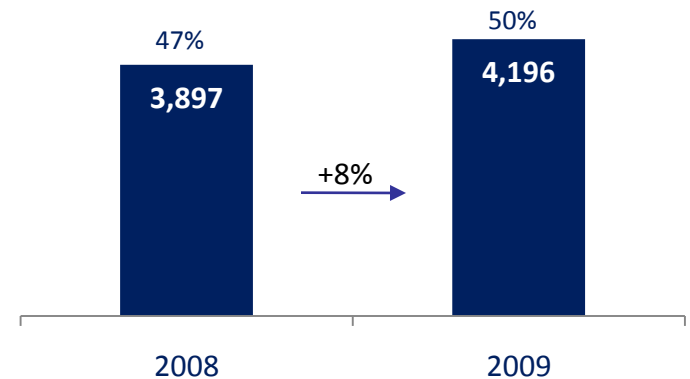


Fixed Line Business - Revenue & EBITDA Highlights

Revenue (TL millions)



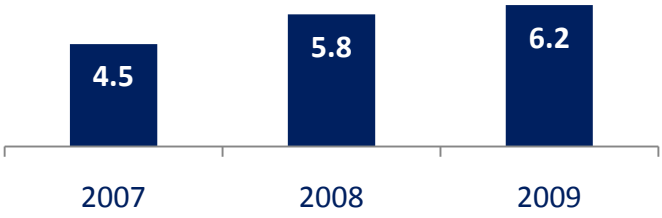
EBITDA (TL millions)



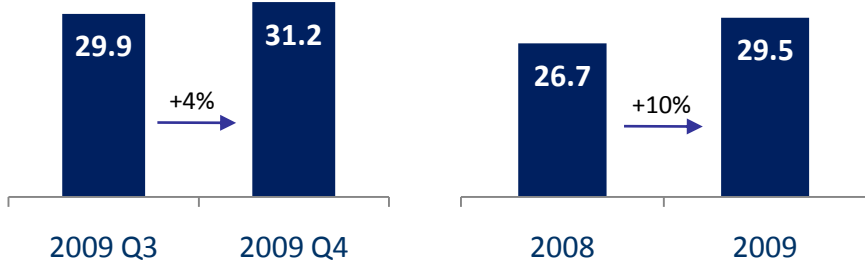
- ADSL growth has mainly offset the negative impact on fixed voice revenues from mobile price wars and recession
- Strong OPEX controls resulted in improved EBITDA margin

Fixed Line Business - ADSL & PSTN Highlights

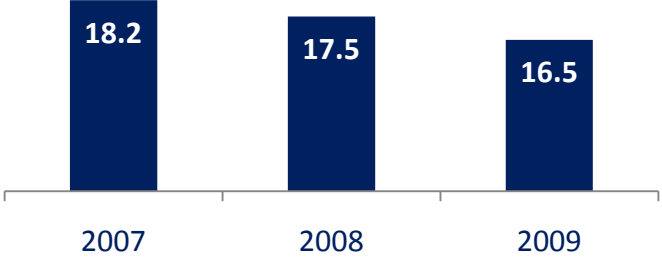
Wholesale ADSL Connections (millions)



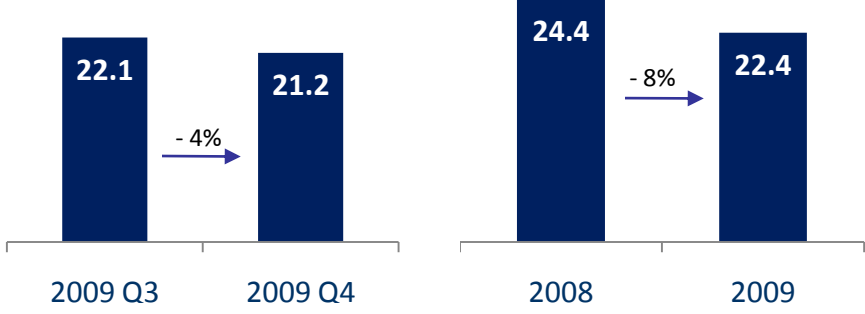
ADSL ARPU (TL)*



PSTN Access Lines (millions)



PSTN ARPU (TL)*

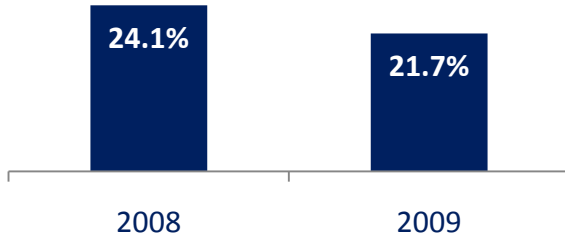


- Focus in 2009 for TTNET has been ARPU growth via up-selling to existing customers; ADSL connection growth started to pick up in Q4 (7% y-o-y growth); 150K subs gain in Q4
- PSTN access lines continue to decline with impact from economic recession; PSTN ARPU negatively impacted by mobile competition

* Revenue divided by average number of access lines/connections

Fixed Line Business – Personnel Cost

Personnel Cost as a % of Revenue



- Number of employees in Fixed Network Operating Unit is 27,500
- Access lines per employee is 600 at 2009 YE compared to 584 at 2008 YE.

Mobile Business Performance

Mobile Business

- Wholesaling mobile internet to all ISPs as a complement to their fixed offers
- Pre-MVNOs with major football clubs; subscribers reached over 360K in a year
- MNP free minutes offer reduced to 1,000 from 1,500
- Partnerships with FIAT, Ford, Master Card, Google, and Turkish Airlines to stimulate usage and increase penetration



AVEA VE THY'DEN UÇURAN KAMPANYA!

1 TL'YE 5 MİL
1 KONTÖRE 1 MİL

TURKISH AIRLINES
A STAR ALLIANCE MEMBER

THY' topluk Miles&Smiles numaranızı yazıp 7755'e ücretsiz SMS gönderin. Programa kayıt olun.

AVEALI KAMU ÇALIŞANLARI FIAT ALIRKEN DE KAZANIYOR!

20 ANLIK İÇİNCE

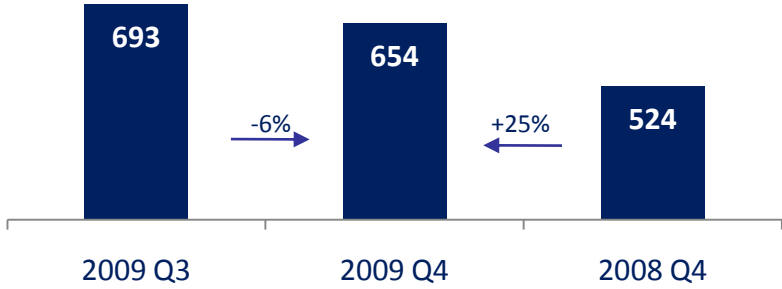
Yeni yıla yepyeni bir Fiat'la girin diye Fiat araç alırken %20'ye varan indirim ve %10 peşinatta 456 TL'den başlayan taksit fırsatları Fiat showroom'larında sizi bekliyor. Ayrıntı bilgi için tıklayın.

avea
Kazık

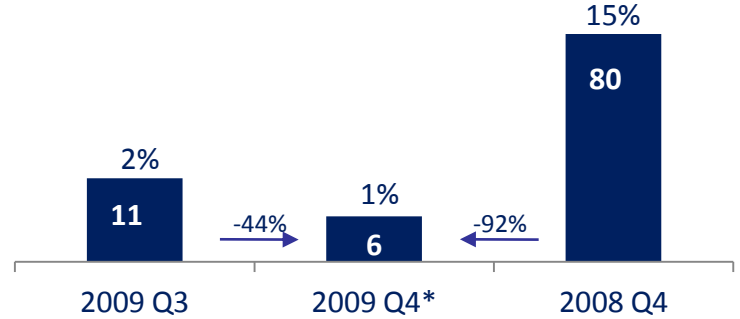
FIAT
www.fiat.com.tr

Mobile Business - Revenue & EBITDA Highlights

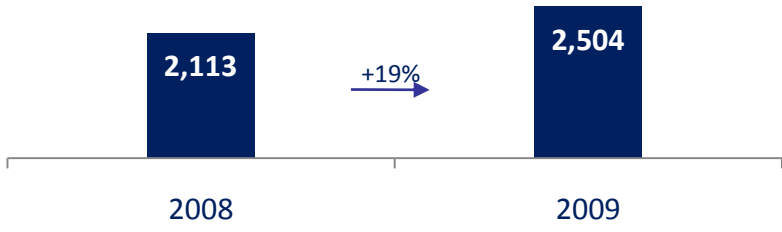
Quarterly Revenue (TL mn)



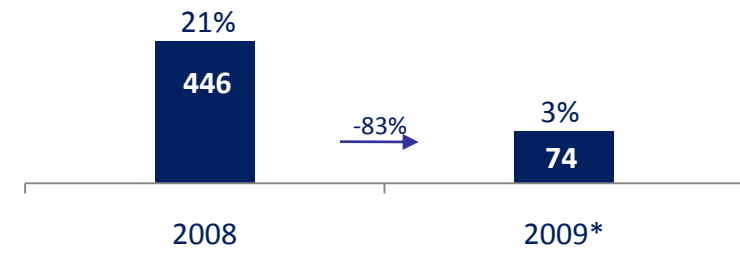
Quarterly EBITDA (TL mn)



Annual Revenue (TL mn)



Annual EBITDA (TL mn)

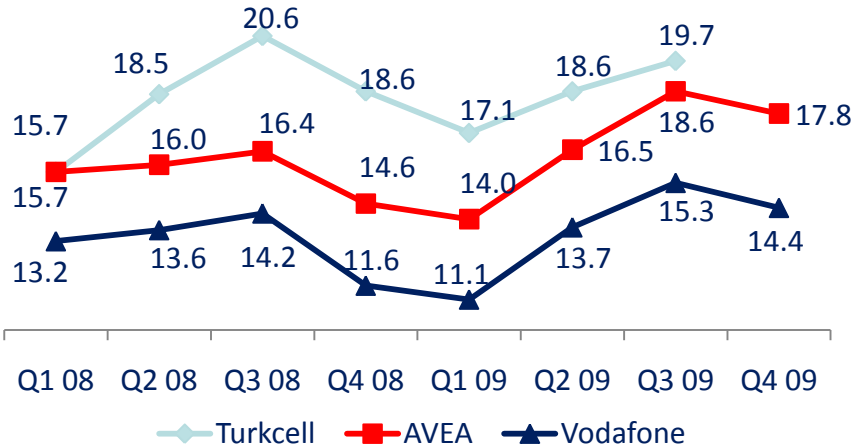


- 19% annual revenue growth achieved driven by all direction offers
- EBITDA margin low as a result of increased interconnection cost

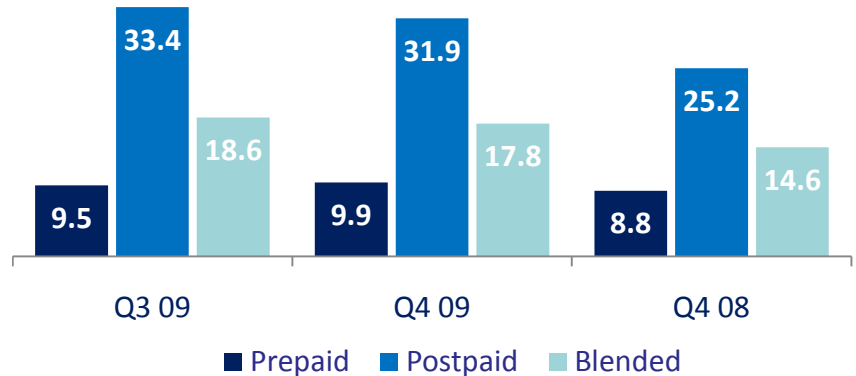
* Adjusted EBITDA figures exclude roaming VAT penalty provision of TL 18.6 mn for Q4 2009 and TL 1.8 mn for the first three quarters in 2009.

Mobile Business - ARPU Highlights

Market Blended ARPU Trend (TL)

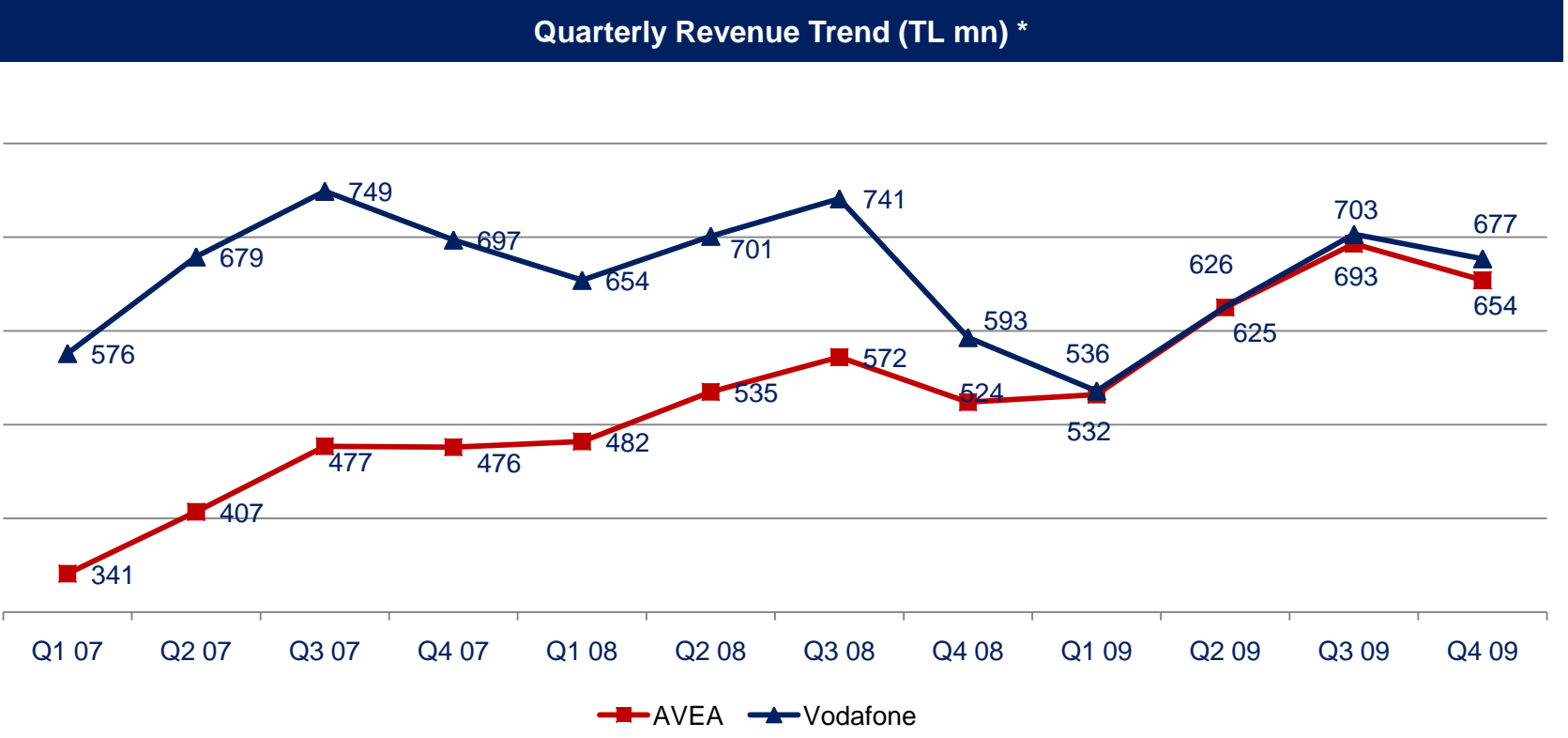


AVEA ARPU (TL)



- Annual Postpaid ARPU grew 20% in 2009 driven by all direction offers
- Prepaid ARPU up by 13% in Q4 2009 vs. Q4 2008

Mobile Business - Revenue Trend

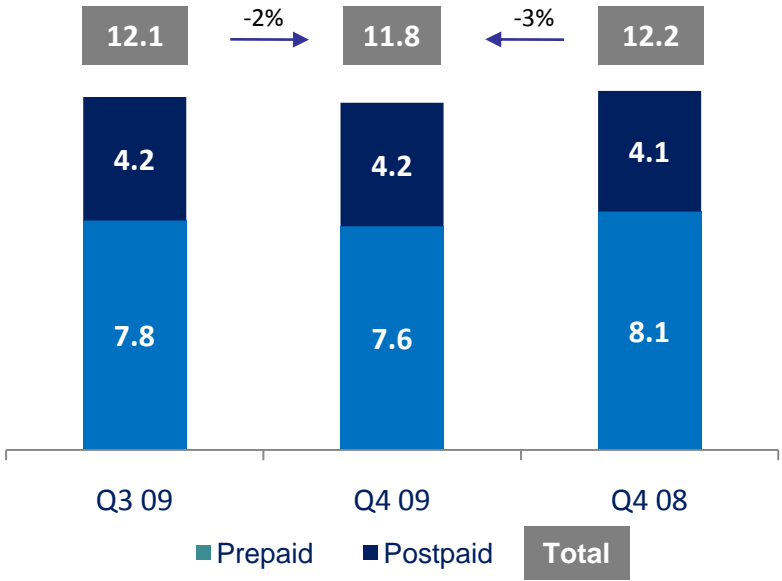


- Avea has continued to match Vodafone revenues throughout 2009

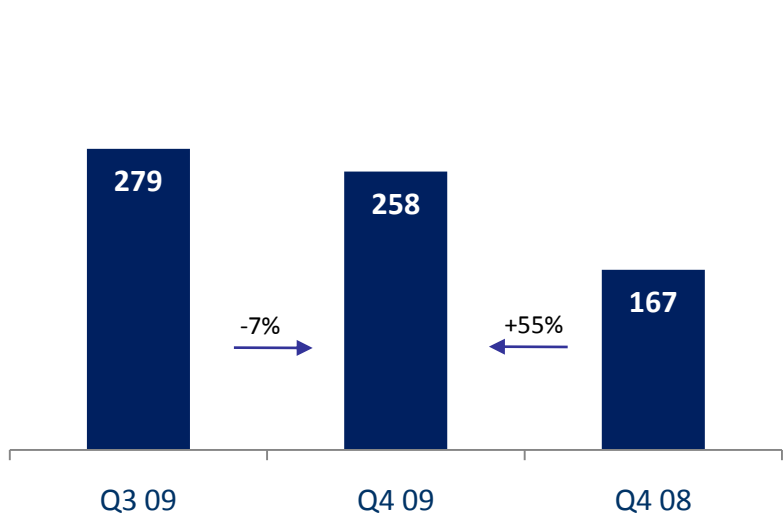
* Vodafone TL revenue figures are calculated based on blended TL ARPU figures and average number of subscribers in the relevant period.

Mobile Business - Subscriber Composition & MoU

Subscriber Composition (millions)*



Blended MoU



- AVEA postpaid subscribers stable; subscriber loss just in prepaid
- Overall mobile market penetration is expected to decrease in Q4 2009
- MoU growth moderated

* Figures are rounded

Financials

TT Consolidated - Summary P&L Statement

| TL millions | 2008 | 2009 |
|--------------------------------------|---------------|---------------|
| Revenues | 10,195 | 10,568 |
| EBITDA | 4,342 | 4,249 |
| <i>Margin</i> | 43% | 40% |
| Operating Profit | 2,710 | 2,692 |
| <i>Margin</i> | 27% | 25% |
| Financial Income/Expense, net | (574) | (367) |
| FX & Hedging Gain/Loss, net | (596) | (237) |
| Interest Income/Expense, net | 29 | (61) |
| Other Financial Income/Expense, net | (7) | (70) |
| Tax Expense | (509) | (673) |
| Profit* | 1,752 | 1,832 |
| <i>Margin</i> | 17% | 17% |

* After minority interest

TT Consolidated - Summary Balance Sheet

| TL millions | 2008 | 2009 |
|---|---------------|---------------|
| Intangible Assets ^(a) | 2,734 | 3,295 |
| Tangible Assets ^(b) | 6,588 | 6,911 |
| Other Assets ^(c) | 2,295 | 2,441 |
| Cash and Equivalents | 1,042 | 754 |
| Total Assets | 12,659 | 13,401 |
| Share capital | 3,260 | 3,260 |
| Reserves and Retained Earnings | 1,853 | 2,162 |
| Interest Bearing Liabilities ^(d) | 3,455 | 3,974 |
| Provisions for Long-term Employee Benefits | 667 | 634 |
| Other Liabilities ^(e) | 3,424 | 3,371 |
| Total Equity and Liabilities | 12,659 | 13,401 |

(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 | 2008 | 2009 |
|---|----------------|----------------|
| Cash Flow from Operating Activities | 3,353 | 3,252 |
| Cash Flow from Investing Activities | (1,330) | (2,079) |
| <i>CAPEX</i> | <i>(1,638)</i> | <i>(2,321)</i> |
| <i>Other Investing Activities</i> | <i>308</i> | <i>242</i> |
| Cash Flow from Financing Activities | (2,329) | (1,472) |
| Net Change in Cash Position ^(a) | (306) | (298) |

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

Dividend Distribution (Subject to General Assembly Approval)

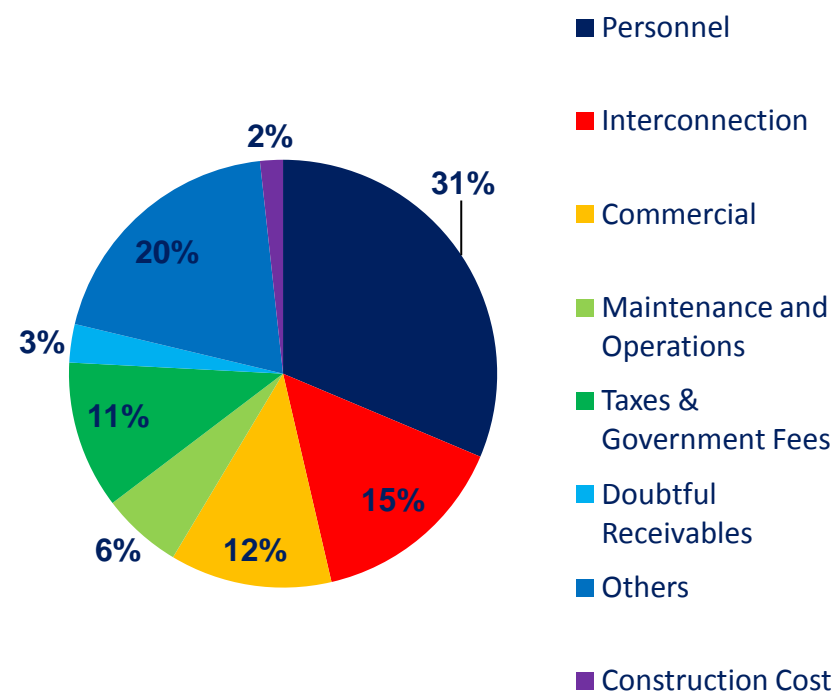
| TL millions | 2008 | 2009 |
|------------------------|--------------|--------------|
| Net Income | 1,752 | 1,832 |
| First Legal Reserve | 131 | 101 |
| First Dividend | 327 | 353 |
| Second Legal Reserve | 132 | 141 |
| Second Dividend | 1,163 | 1,237 |
| Total Dividend | 1,490 | 1,590 |
| Payout Ratio | 85% | 87% |

- The Board recommends distribution of 100% of net distributable profit
- Legal cap is reached in First Legal Reserves
- General Assembly expected to meet in April to make the final decision on dividend distribution

TT Consolidated - OPEX Breakdown

| TL millions | 2008 | 2009 |
|------------------------------|--------------|--------------|
| Personnel | 2,146 | 1,980 |
| Interconnection | 606 | 949 |
| Commercial (a) | 841 | 773 |
| Maintenance and Operations | 523 | 384 |
| Taxes & Government Fees | 507 | 705 |
| Doubtful Receivables | 179 | 183 |
| Others | 960 | 1,235 |
| Sub-Total | 5,763 | 6,210 |
| Construction Cost (IFRIC 12) | 91 | 109 |
| Total OPEX | 5,854 | 6,319 |

2009 Breakdown



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

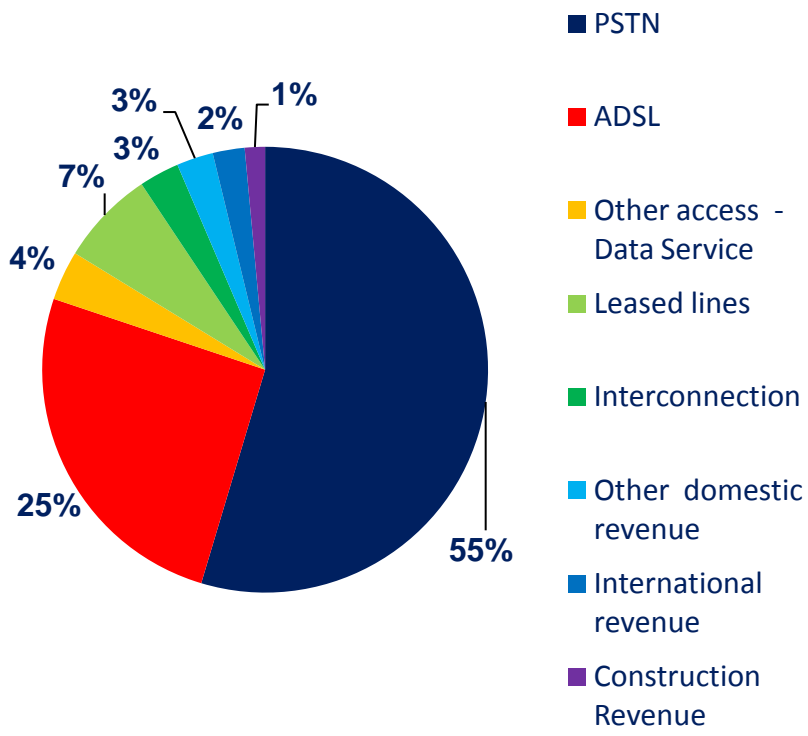
Fixed Line Business - Summary P&L Statement

| TL millions | 2008 | 2009 |
|------------------------------|--------------|--------------|
| Revenues | 8,319 | 8,386 |
| EBITDA | 3,897 | 4,196 |
| <i>Margin</i> | <i>47%</i> | <i>50%</i> |
| Operating Profit | 2,766 | 3,215 |
| <i>Margin</i> | <i>33%</i> | <i>38%</i> |
| CAPEX | 1,291 | 1,327 |
| <i>CAPEX as % of Revenue</i> | <i>16%</i> | <i>16%</i> |

Fixed Line Business - Summary Revenue Breakdown

| TL millions | 2008 | 2009 |
|--------------------------------------|--------------|--------------|
| PSTN | 5,218 | 4,581 |
| ADSL | 1,670 | 2,140 |
| Other access - Data Service | 239 | 302 |
| Leased lines | 556 | 579 |
| Interconnection ^(a) | 172 | 244 |
| Other domestic revenue | 148 | 223 |
| International revenue ^(b) | 216 | 194 |
| Sub-Total Revenue | 8,219 | 8,263 |
| Construction Revenue (IFRIC 12) | 100 | 123 |
| Total Revenue | 8,319 | 8,386 |

2009 Breakdown



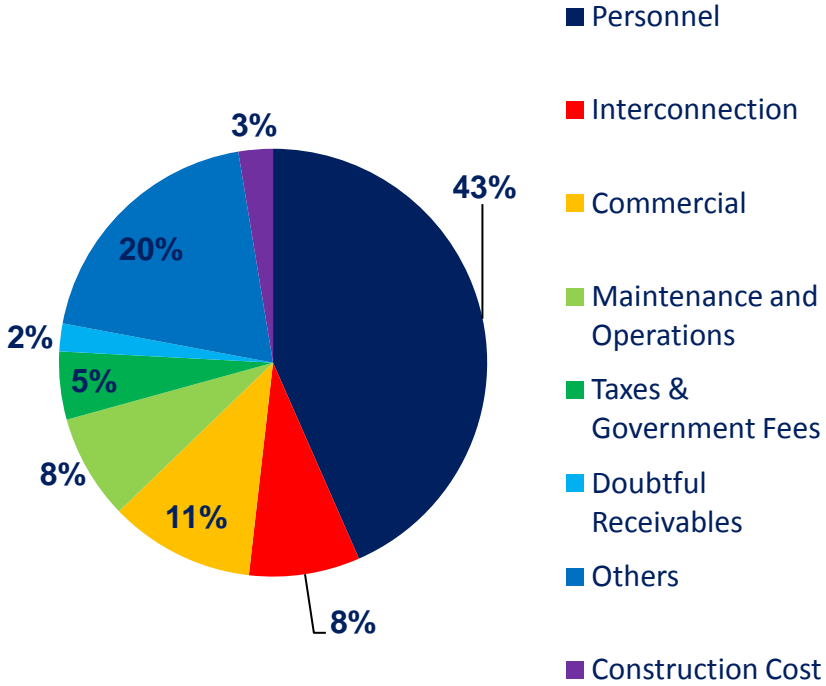
(a) Domestic Interconnection

(b) Revenue from international data services and inbound traffic terminated at Türk Telekom's international gateway

Fixed Line Business - Summary OPEX Breakdown

| TL millions | 2008 | 2009 |
|------------------------------|--------------|--------------|
| Personnel | 2,009 | 1,819 |
| Interconnection | 453 | 351 |
| Commercial (a) | 443 | 460 |
| Maintenance and Operations | 407 | 332 |
| Taxes & Government Fees | 205 | 215 |
| Doubtful Receivables | 136 | 88 |
| Others | 678 | 815 |
| Sub-Total | 4,331 | 4,081 |
| Construction Cost (IFRIC 12) | 91 | 109 |
| Total OPEX | 4,422 | 4,190 |

2009 Breakdown



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

Mobile Business - Summary P&L Statement

| TL millions | 2008 | 2009 |
|----------------------------------|--------------|----------------|
| Revenues | 2,113 | 2,504 |
| EBITDA | 446 | 54* |
| <i>Margin</i> | <i>21%</i> | <i>2%</i> |
| Operating Profit / Loss | (55) | (523) |
| <i>Margin</i> | <i>-3%</i> | <i>-21%</i> |
| CAPEX (excluding leasing) | 465 | 1,155** |
| <i>CAPEX as % of Revenue</i> | <i>22%</i> | <i>46%</i> |

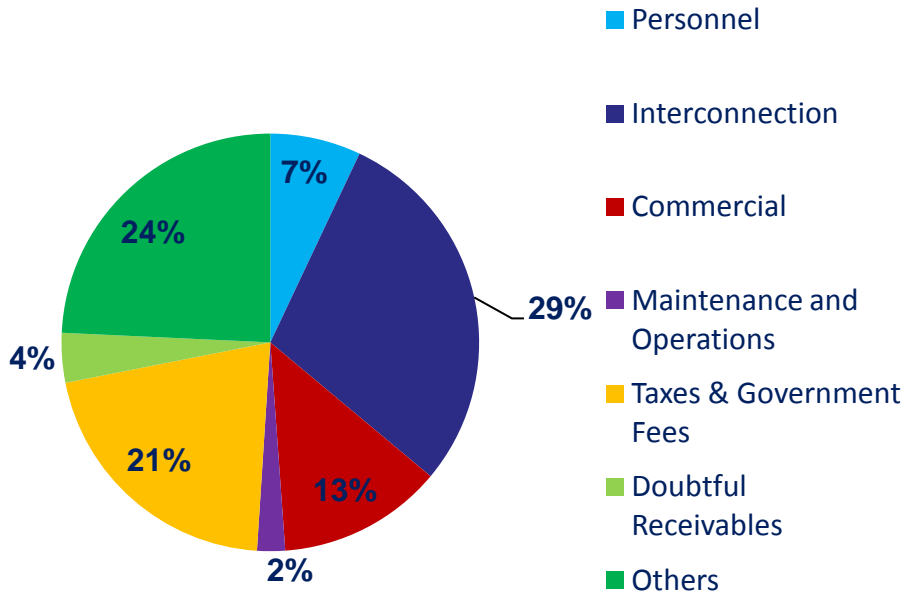
* Annual EBITDA is TL 74 mn before roaming VAT penalty provision

** Includes 3G License Fee

Mobile Business - Summary OPEX Breakdown

| TL millions | 2008 | 2009 |
|----------------------------|--------------|--------------|
| Personnel | 153 | 172 |
| Interconnection | 241 | 712 |
| Commercial (a) | 351 | 314 |
| Maintenance and Operations | 40 | 53 |
| Taxes & Government Fees | 390 | 490 |
| Doubtful Receivables | 43 | 94 |
| Others | 449 | 615 |
| Total | 1,667 | 2,450 |

2009 Breakdown



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

Debt Profile and Maturities

| 2009 YE - in thousands | | | 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 | Total |
| TL Debt | 1.593.269 | 1.593.269 | 1.593.269 | 0 | 0 | 1.593.269 |
| USD Debt | 969.405 | 1.459.633 | 119.880 | 267.630 | 1.072.123 | 1.459.633 |
| EUR Debt | 407.002 | 879.245 | 7.580 | 166.479 | 705.186 | 879.245 |
| TOTAL | | 3.932.147 | 1.720.729 | 434.109 | 1.777.309 | 3.932.147 |

- Our Net Debt to EBITDA increased from 0.55 at 2008 YE to 0.75 at 2009 YE

Appendix

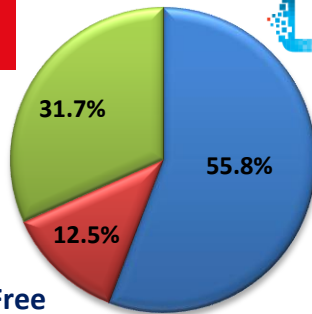
Regulatory & Legal Update

- Alternative local calls started in October 2009
- Naked ADSL in Telecom Authority's (TA) agenda for June 2010; TT proposal submitted for TA approval
- TL per minute pricing will be in place by April 2010; counter based pricing will be discontinued
- Turkcell ordered by commercial court to pay Türk Telekom to recover TT's losses due to Millenicom case; as of January, total amount including accrued interest is exceeding TL 500 mn according to our calculations.
- TA announced new Termination Rates applicable from April 1st, 2010.
- The new termination rates are given below (Excluding taxes)

| Effective Date | | Avea | Turkcell | Vodafone | |
|----------------|--|------------|--------------|----------------------|----------------------|
| 01.04.2010 | 2G Termination Rate (Kr/dk) | | 3,70 | 3,13 | 3,23 |
| | 3G Network Termination Rate (Kr/dk) | Voice Call | 3,70 | 3,13 | 3,23 |
| | | Video Call | 7,75 | 7,75 | 7,75 |
| | Fixed Network Termination Rate (Kr/dk) | | Local | Single Tandem | Double Tandem |
| | | 1,39 | 1,71 | 2,24 | |

Türk Telekom Group

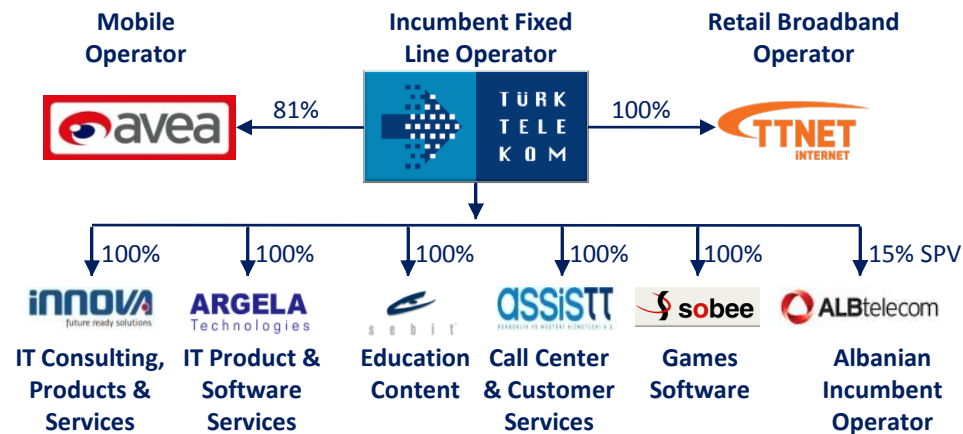
Ownership Structure



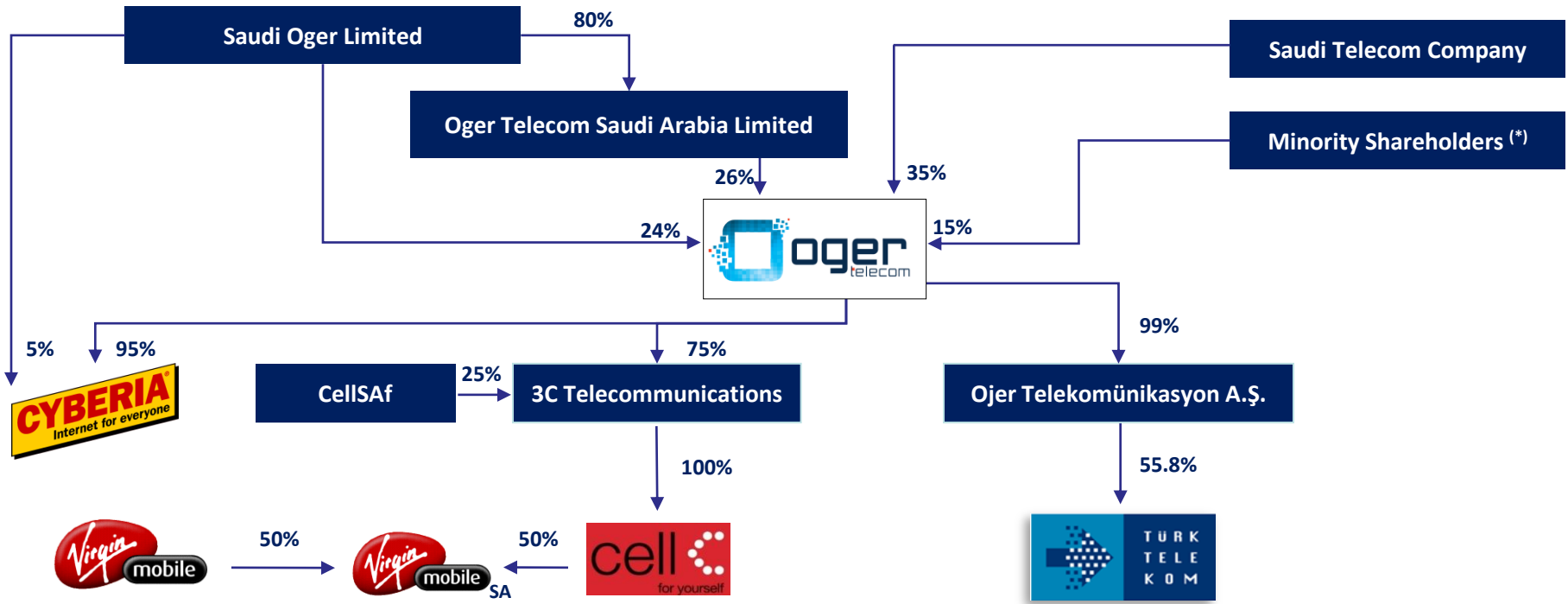
- Oger Telecom appoints 6 Board Members
- Turkish Treasury appoints 4 Board Members (1 represents Golden Share)
- Free Float is 15%; Turkish Treasury and Oger Telecom bought 1.7% and 0.8% additional stakes, respectively after the IPO in 2008

Effective Free Float

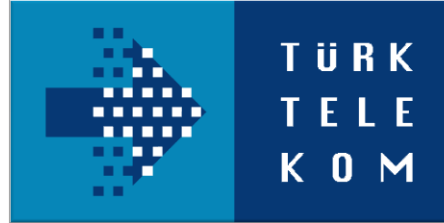
Group Companies



Oger Telecom Ownership Structure



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



Türk Telekom Investor Relations

