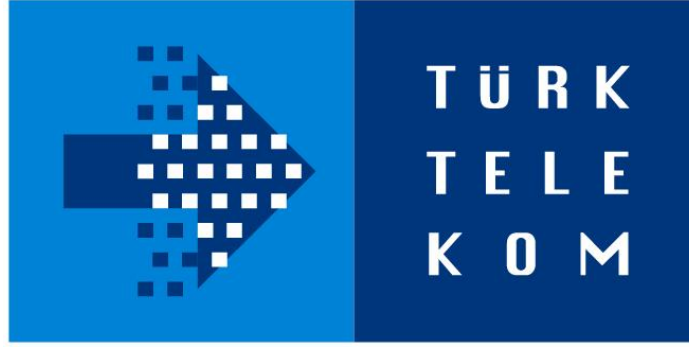


TÜRK TELEKOMÜNİKASYON A.Ş.



**INTERIM ACTIVITY REPORT AS OF 30.09.2015
BASED ON NO:II-14.1 COMMUNIQUÉ OF CAPITAL MARKETS
BOARD**



October 20, 2015

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1. OVERVIEW OF TÜRK TELEKOM

Türk Telekomünikasyon A.Ş. (“Türk Telekom”) with its subsidiaries, provides its customers with complete range of fixed line, mobile, data, and internet services as well as innovative convergence technologies through its extensive fixed-line telecommunications network, which covers almost 100% of the population.

Number of total access lines in service is flat at 12.9 million in the third quarter of 2015 vs. second quarter of 2015. This number was 13.3 million in the third quarter of 2014. 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 TTNET.

20% of broadband internet access in Turkey is through fixed broadband as of second quarter of 2015. The remaining 80% is attributable to mobile operators¹. The number of fixed broadband subscribers of Türk Telekom increased to 7.8 million in the third quarter of 2015 from 7.5 million in the same quarter of 2014.

Türk Telekom, having 100% shares of Avea, the third largest mobile operator in Turkey, provides mobile communications services, including traditional and value added voice services, international roaming services, messaging and data services (using SMS, GPRS, EDGE and 3G technologies).

Avea has been founded in 2004 as a result of the merger of Aycell and Aria. Thanks to its performance, from its foundation to the third quarter of 2015 its subscriber base rose from 4.8 million to 17.0 million.

In addition to fixed line and mobile voice and data services, Türk Telekom operates IT consulting services, telecommunications product and software services and education businesses through its wholly owned subsidiaries Innova, Argela and Sebit. Türk Telekom also operates CRM systems, directory services and call centers through its wholly owned subsidiary AssisTT. Finally Türk Telekom International (previously Invitel and Pantel), 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.

Türk Telekom supports various education projects, sports, arts and environmentally sensible activities as part of its social responsibility program.

¹Source: 2015 2nd Quarter Sector Report of Turkish Information and Communications Technologies Authority

2. CORPORATE STRUCTURE

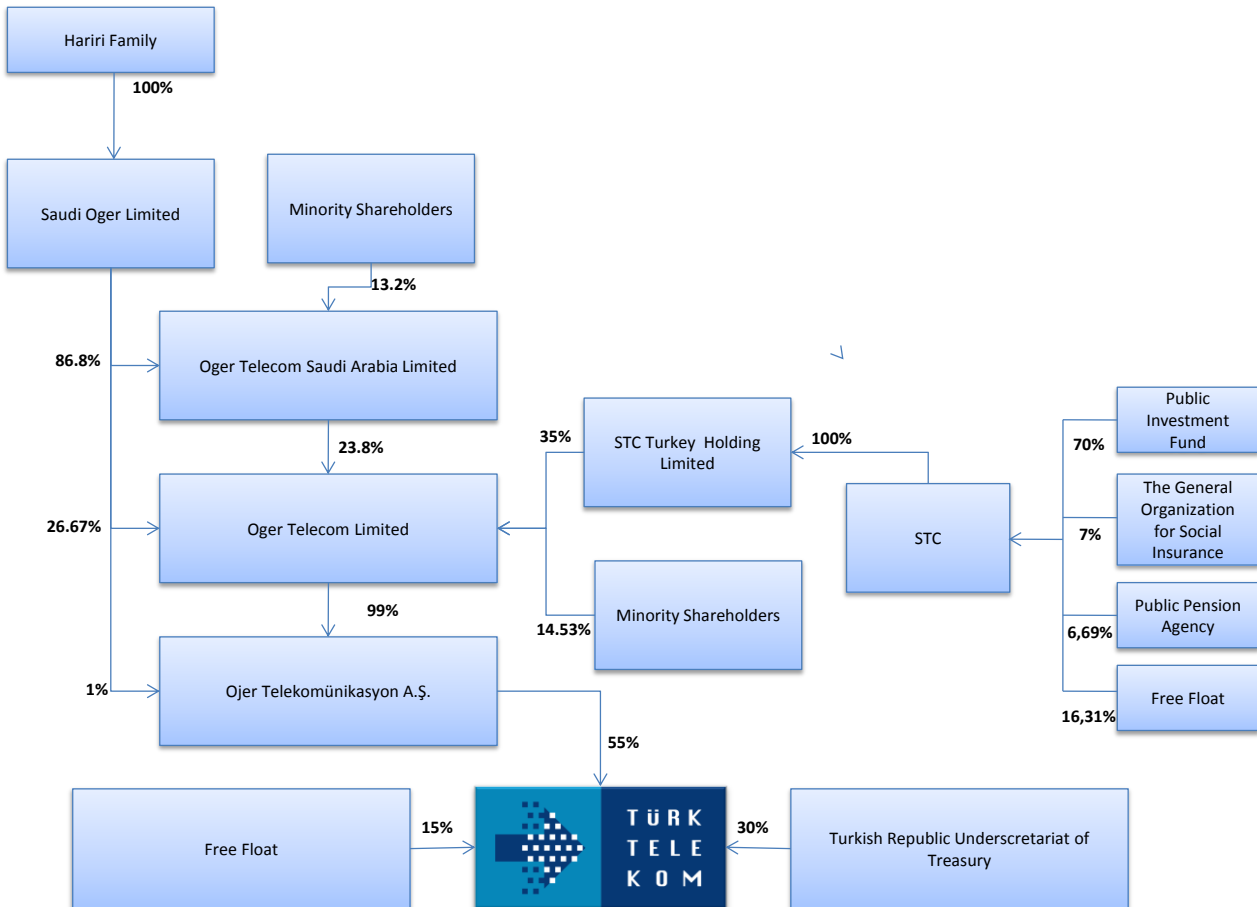
• Ownership Structure

Class	Shareholder	Share Capital (TL)	Share (%)
A	Ojer Telekomünikasyon A.Ş.	1,925,000,000.00	55
B	T.R. Undersecretariat of Treasury	1,049,999,999.99	30
C	T.R. Undersecretariat of Treasury	0.01	
D	Free float	525,000,000.00	15
Total		3,500,000,000.00	100

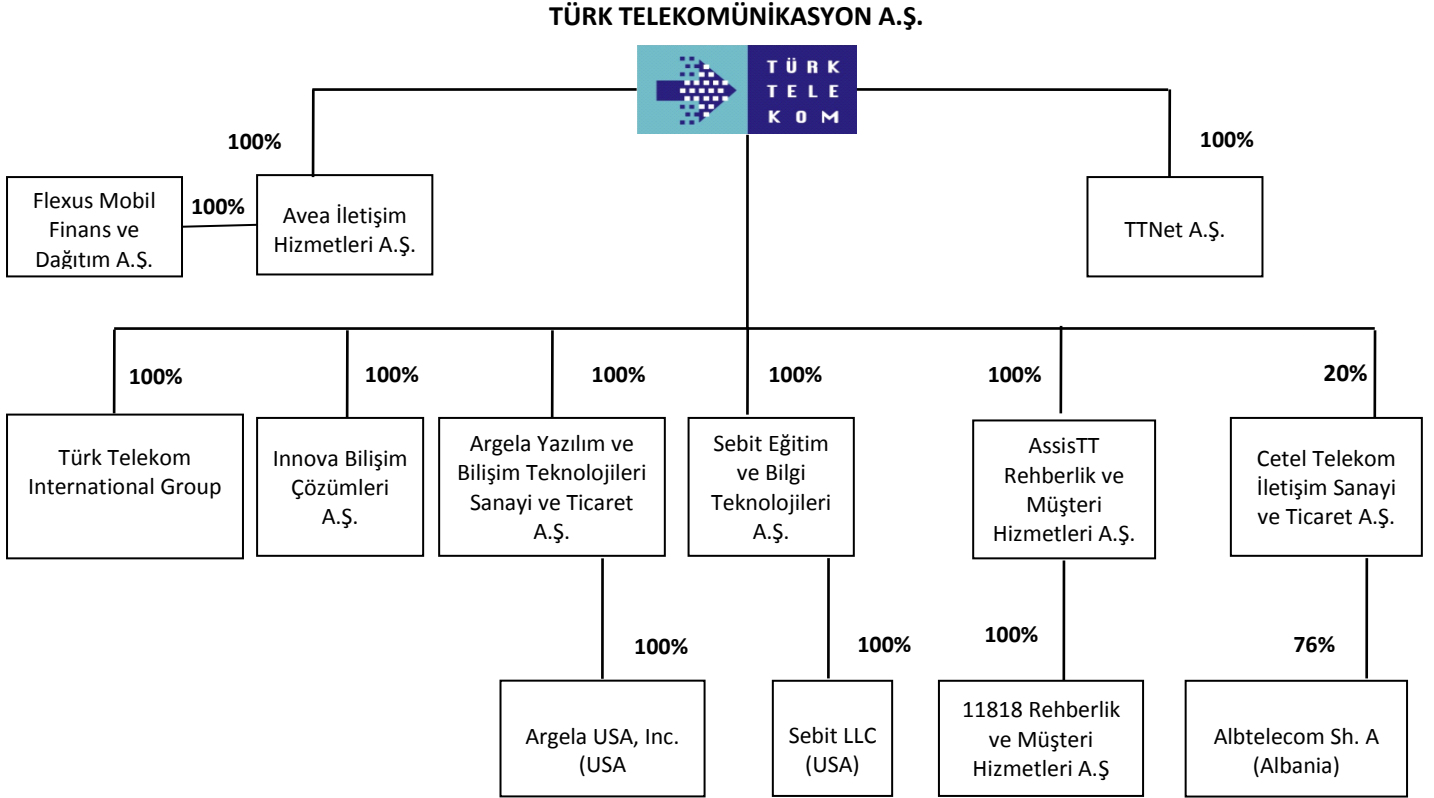
The Türk Telekom Shareholders' Agreement and the Articles of Association further state that the Turkish Treasury owns a "golden share" (Class C share). The "golden share" is required under the Telephone Law and provides that, in order to protect Turkey's national interests relating to national security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

Natural and legal persons owing share from our Company's capital are stated below:



- **Subsidiaries and financial investments**



- **Management and Organization**

Board of Directors

Mohammed Hariri
Abdullah Tivnikli
Cenk Serdar
Hakam Kanafani
Khaled Biyari
Mazen Abou Chakra
Rami Aslan
Talat Aydın
Fahri Kasırğa
İbrahim Eren
Kemal Madenoğlu
Yiğit Bulut

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
CEO and Member of the Board of Directors
Member of the Board of Directors
Independent Member of the Board of Directors
Independent Member of the Board of Directors
Independent Member and Vice Chairman of the Board of Directors
Independent Member of the Board of Directors

Statutory Audit Board

Lütfi Aydın
Ali Polat
Mustafa Koç

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

Senior Management

Rami Aslan
Erkan Akdemir

CEO and Member of Board of Directors
CEO, Avea

Mehmet Ali Akarca
Kaan Aktan
Bahattin Aydın
Hüseyin Balcı

CEO of the Consumer Business Unit, TNET
CEO of the Corporate Business Unit, TNET
Chief Consumer Finance Officer, TNET
Chief Human Resources Officer
Chief Consumer Sales Officer, TNET

Necdet Mert Başar	Chief Corporate Marketing Officer, TTNET
Kadir Boysan	Chief Corporate Sales Officer, TTNET
Dr. Nazif Burca	Head of Internal Audit
Doğın Coşgun	Chief Legal Officer, Avea
Dr. Ramazan Demir	Chief Regulation Officer
Çağrı Dönmez	Chief TV Officer, TTNET
Hakan Dursun	Chief Strategy and Business Development Officer
Fırat Yaman Er	Chief Business Planning Officer
Metin Erhan	Chief Procurement and Vendor Management Officer
Dehşan Ertürk	Chief Consumer Marketing Officer, TTNET
Abdurrahman Güvenliođlu	Chief Support Services Officer
Nimet Güventepe	Chief Corporate Customer Care Officer, TTNET
Tevfik Fikret Karaman	Chief Field Management Officer, Türk Telekom
Murat Kırkgöz	Chief Financial Officer
Orçun Onat	Chief Consumer Care Officer, TTNET
Kaan Sümer	Chief Corporate Financial Officer, TTNET
Dr. Coşkun Şahin	Chief Technology Officer
Cemil Yıldırım	Chief Administrative Affairs Officer, Avea
Yavuz Yıldırım	President of Wholesale Clients Unit, Türk Telekom

3. SIGNIFICANT BOARD RESOLUTIONS

Significant Board Resolutions taken during the period are presented under Material Issues During the Period section.

4. PERSONNEL MOVEMENTS

Consolidated headcount as of the third and second quarter of 2015 are 34,204 and 33,389 respectively.

5. FINANCIAL RISK MANAGEMENT

Main financial instruments of the Company are forward market transactions, bank loans and cash and short-term deposits. They are being used with the aim of raising funds for the Group's operations and hedging interest rate risk. The risks stemming from these instruments are liquidity risk, foreign exchange risk, interest rate risk, and credit risk.

6. MATERIAL ISSUES DURING THE PERIOD

As we have disclosed on August 4, 2015,

The share transfer of Avea İletişim Hizmetleri A.Ş. owned by İş Bank Group to our company is completed. Following the completion of the share transfer transactions, our company has become the sole owner of Avea İletişim Hizmetleri A.Ş.

As we have disclosed on August 10, 2015,

Standard & Poors Ratings Services has affirmed our Long-term Foreign and Local Currency Issuer Default Ratings of "BBB-" (investment grade) with negative outlook, and our long term foreign currency senior unsecured debt rating of "BBB-", as part of a routine portfolio review process.

As we have disclosed on August 27, 2015,

Our subsidiary Avea İletişim Hizmetleri A.Ş., has won the below packages in the IMT Service and Infrastructure Authorization Tender done by Information and Communication Technologies Authority (ICTA) on August 26, 2015.

- 2x10 MHz bandwidth in 800 MHz frequency for Euro 380,000,000,
- 2x7.6 MHz bandwidth in 900 MHz frequency for Euro 216,819,184,
- 2x20 MHz bandwidth in 1800 MHz frequency for Euro 310,000,000,
- 2x10 MHz bandwidth in 2600 MHz frequency for Euro 25,858,917,
- 1x15 MHz bandwidth in 2600 MHz frequency for Euro 22,000,000.

As a result of this tender Avea,

- In 800 MHz frequency, will own the cleanest and the closest package to 700 MHz frequency, which is an important element for 5G
- In 900 MHz frequency, will move out from a disadvantageous position
- In 1800 MHz frequency, will have the widest capacity, which is the most important frequency for 4G
- Will have 175 MHz of total bandwidth.
- Will have the highest MHz per user.

Total spectrum fee is Euro 954,678,101.

7. MATERIAL ISSUES AFTER THE END OF THE PERIOD

As we have disclosed on August 27, 2015,

It is decided to increase our subsidiary Avea İletişim Hizmetleri A.Ş.'s paid-in capital by 3,000,000,000 TL to 11,200,080,847.95 from 8,200,080,847.95 TL. Our Company will participate in the capital increase via cash, total amount will be paid in two years. Proceeds of the capital increase will be used to pay the fees of the spectrum acquired at the IMT Service and Infrastructure Authorization Tender done by Information and Communication Technologies Authority on August 26, 2015.

8. SUMMARY FINANCIAL RESULTS

• Summary Türk Telekom Consolidated Balance Sheet as of 2015 Q3 and 2014 YE

TL million	2015 Q3	2014 YE
Intangible Assets ^(a)	5,047	4,789
Tangible Assets ^(b)	8,188	8,194
Other Assets ^{(c) (d)}	5,450	4,356
Cash and equivalents ^(d)	2,782	2,538
Total Assets	21,467	19,878
Share capital	3,260	3,260
Reserves and Retained Earnings	700	3,043
Interest Bearing Liabilities ^(e)	12,001	8,878
Provisions for long-term employee benefits ^(f)	612	556
Other Liabilities ^(g)	4,893	4,141
Total Equity & Liabilities	21,467	19,878

(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) Advances received for TAFICS (Turkish Armed Forces Integrated Communication Systems) project is restricted cash and only used for payments related to project. Therefore, the related amount, which was previously presented under "Cash and cash equivalents", was reclassified under "other current assets" as of Q3 2014. "Cash and cash equivalents" and "other current assets" accounts were updated since Q1 2008 in order to conform to presentation of the current years' financial statements.

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

(f) Includes Employee Retirement Pay Liability Provision

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

• Summary Türk Telekom Consolidated Income Statement for the periods of 2015 Q3 and 2014 Q3

TL million	2015 Q3	2014 Q3
Revenues	3,696	3,512
EBITDA	1,269	1,362
<i>Margin</i>	34%	39%
Operating Profit^(a)	669	869
<i>Margin</i>	18%	25%
Financial Income/Expense, net^(b)	-1,195	-453
Tax Expense	22	-106
Profit/(Loss) For The Period^(c)	-493	319
<i>Margin</i>	-13%	9%

(a) Operating profit includes revenues, cost of sales, depreciation and amortization, selling and marketing expenses, administrative expenses, other operating income/(expense), and income/(expense) from investing activities, but excludes financial income/(expenses) presented in other operating income/(expenses) (i.e. FX gain/(loss), interest income/(expenses), and discount income/(expense) on receivables and payables), income on unconsolidated subsidiaries, and minority interest. Reported operating profit on CMB financial statements is different due to reclassification requirements of the POA/CMB since 2013 Q3 financial statements. Further explanations are available on notes 2.1 and 5 on financial statements.

(b) Net financial income/(expense) includes financial income/(expense) and FX gain/(loss), interest income/(expenses), discount income/(expense) on receivables and payables excluding financial borrowings which are presented in other operating income/(expenses). Net financial income/(expense) on CMB financial statements is different due to reclassification requirements of the POA/CMB since 2013 Q3 financial statements. Further explanations are available on notes 2.1 and 5 on financial statements.

(c) After minority interest