



**ISS Corporate
Services, Inc.**

A subsidiary of Institutional Shareholder Services

CORPORATE GOVERNANCE RATING

RATING REPORT ON HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

Based upon 'The Corporate Governance Principles of Turkey' issued
by the Capital Markets Board of Turkey

Date: September 2007

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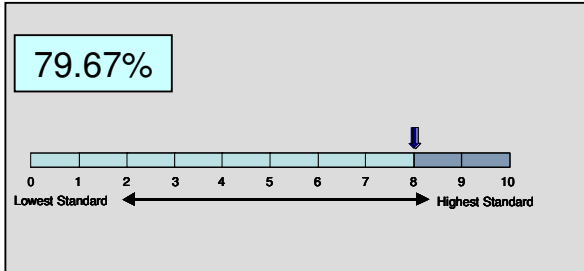
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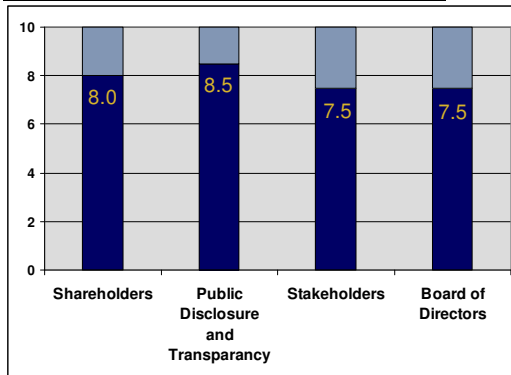
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RATING SUMMARY

RATING RESULT



RATING RESULTS FOR CATEGORIES



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SUMMARY

ISS Corporate Services (hereafter, ICS) assigns a rating score of 8.0 to Hürriyet. This rating reflects the good overall performance of the company regarding its current corporate governance structures as measured against the Principles of the Turkish Capital Markets Board (CMB). Despite the relatively high compliance of around 79.67% with the underlying CMB principles, the rating also indicates that beside the sound performance there is still room for improvement and further implementation of corporate governance mechanisms. Hürriyet has implemented a range of Corporate Governance friendly measures in the past calendar year in several fields such as risk management and internal control.

Hürriyet scores particularly well on its *Public Disclosure and Transparency*.

METHODOLOGY AT A GLANCE

ICS was appointed by Hürriyet in May 2007 to review its current corporate governance structures and workings in line with Corporate Governance Principles developed by the Turkish Capital Markets Board. The rating is based on public information. Correspondence with the company and one interview with a member of the Corporate Governance Committee expanded upon the disclosures.

The Rating Report is based on information provided to ICS prior to August 2007. The rating may be changed, suspended or withdrawn as a result of changes in or unavailability of such information.

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RATING METHODOLOGY

UNDERLYING REFERENCE

The corporate governance (CG) rating at hand has been conducted by ICS based on the Capital Markets Board (CMB) CG Principles (CMB principles). As such, it differs in content and methodology from ISS' standard CG ratings that are based on ISS' own methodology.

In line with global financial market developments the CMB of Turkey has defined CG principles in 2003, followed by an amendment in early 2005. The CMB principles have been compiled in conjunction with an approach to restructure and harmonise the country's capital market according to international standards. Created by a committee consisting of representatives of the CMB, the Istanbul Stock Exchange, the Turkish Corporate Governance Forum as well as participants from the academic field and the private sector. The established CMB principles represent a synthesis of various national and international regulations and codes (e.g. the OECD Corporate Governance Principles) on the one side and particular domestic considerations on the other side.

The CMB principles are divided into four main sections:

- Shareholders
- Public Disclosure and Transparency
- Stakeholders
- Board of Directors

In addition to existing legislation, the principles include provisions that go beyond legal obligation. Being a listed company, Hürriyet is mandated to report its compliance with these principles in its annual report. Though these provisions are voluntary, it has to fully apply a "comply or explain" approach. However, the principles also contain certain recommendations, where a deviation does not have to be disclosed. In

order to encourage listed companies to adopt high CG standards, a CG index has been set up by the ISE. To qualify, companies should score at least 6 out of 10 in an independent rating of their compliance with the CMB principles. Those companies will benefit of a discount of 50% of the listing fees.

THE RATING

Based upon the CMB principles, we identified more than 530 criteria to be included into the rating. Each single criterion has been examined against the company's practices using publicly available information. Additional information was provided by the company upon request. Interviews with senior company representatives clarified and expanded upon the disclosures.

While in most instances a straightforward 0 (no) or 1 (yes) scoring approach has been applied, we also attributed a score of 0.5 points in some instances to acknowledge a partial fulfillment by the company. In order to reach the highest rating result, a company also has to comply with the additional non-binding recommendations put forward by the CMB principles.

The weighting scheme to be applied to the four main sections was pre-determined by the CMB as outlined below:

- Shareholders **25 %**
- Public Disclosure and Transparency **35 %**
- Stakeholders **15 %**
- Board of Directors **25 %**

Further sub-weightings have been attributed to the sub-criteria according to ISS' own reference. Based upon the scoring and adjusted weightings the overall rating result has been calculated. The result reflects the overall compliance of the company with the

constituted CG rating criteria. In addition to the overall assessment, results also have been calculated for each main section, providing a differentiated picture of the company's strengths and weaknesses.

The rating results are displayed as a percentage, thereby indicating the most accurate result, and as a numeric result on a scale from zero (lowest) to ten (highest) with half-point steps to provide nuanced results.

EXECUTIVE RATING SUMMARY

While the corporate governance (CG) structure and performance on the company level is of particular interest for shareholders, it is also valuable to put the analysis into the context of corporate governance practices adhered to on a country level. Despite the fact that the country level is not a part of the rating itself, we believe that an overview can enable investors to enhance their CG perspective and evaluation in a more holistic approach.

Turkey, as a promising emerging market and a candidate for future EU accession, is well aware of the need for structural changes and an ongoing development and harmonisation of its capital market legislation and has amended its legislation accordingly. Although Turkey can be considered as a latecomer in focusing on corporate governance developments, it has tried to speed up the progress since the year 2000. The overall legal framework regulating public companies in Turkey is determined by the Turkish Commercial Code, the Capital Markets Law, the Decree-law, Capital Markets Board (CMB) regulations, and *Istanbul Stock Exchange* (ISE) listing requirements. Focusing in particular on CG the CMB and the ISE can be observed as key players in promoting relevant regulations. They are supported by several other organisations such as the Turkish Industrialists' and Businessmen's Association, the Corporate Governance Forum of Turkey and the Corporate Governance Association of Turkey. However, despite rapid process on the regulatory side to improve the legal and institutional framework, the necessary implementation on the companies' side remains unsatisfactory. According to a survey on CG in Turkey, conducted by The Institute of International Finance in 2005, the country finds itself still at an early stage of implementing a strong equity culture.

In the following, noteworthy aspects of Turkish CG practices are outlined.

COUNTRY ROUNDUP

- Within Turkish companies stock ownership is evidently concentrated, very often characterised by the presence of a majority shareholder. In addition, holding structures, conglomerates, pyramid shareholding structures, and cross-shareholdings are quite common. Through these mechanisms four Turkish families control a considerable amount of Turkish listed companies. Additionally one can also find shares containing multiple voting rights, thus preserving family control.
- Due to the influential holdings of the families, family members are often present on the boards of the holdings and subsidiaries or act as executives.
- Due to the limited free float, hostile takeovers appear to be rare, thus, weakening the market for corporate control.
- State ownership has declined significantly in line with massive privatization, but is still to be found in selected industries such as energy, communication and mining industries. In the meantime, foreign institutional investors have started to increase their holdings.
- Issued stocks in Turkey range from ordinary shares, to preference shares, and non-voting shares. Golden shares only exist in a few state-owned companies. The two types of equity securities in Turkey are bearer and registered shares, whereby most of the shares traded at ISE belong to the former one.
- Minority rights are granted to shareholders that own at least 5% of the company's capital, providing them with the right to call an extraordinary General Meeting or bring in a shareholder proposal.
- In order to vote at a General Meeting, shareholders must either be present in

person or can be represented by a proxy. Provisions do not permit postal, electronic, or voting via a company representative, so called oriented proxy voting.

- Even though preemptive rights are granted by Turkish law at the first instance, companies can, through their articles of association, exclude preemptive rights in cases of capital increases up to 100% of their registered capital.
- Mandatory tender offer bid requirements exist according to different thresholds (e.g. increasing stake above 25%).
- Disclosure of indirect or direct stock ownership in case various thresholds (e.g. 5% 10%, 15%, 50%) are passed is mandatory.
- Beginning in 2005, listed companies were urged to adopt accounting standards almost identical to those of IFRS.
- Turkish companies have a single tier board structure.
- The CMB principles outline rules that regulate the independence of board members, thereby also indicating that at least one-third of the board should be composed of independent members.

HÜRRIYET'S PERFORMANCE OVERVIEW

Hürriyet's overall rating result of 79.67% indicates a good level of compliance with the established rating criteria with respect to the CMB principles. Transferred to the numeric rating scale, the company's result equals a 8.0 conveying that the company has sound CG structures and performance and shows clear efforts to implement existing regulations and to follow best practice standards as suggested by the CMB. However, the result also signals that there is still room to add momentum to the compliance with the CMB principles.

Hürriyet is committed to the CMB guidelines since its publication in 2003. Already in that year, Hürriyet reviewed its practices and implemented pertinent CG mechanisms to comply with the principles.

At the 2006 Annual General Meeting (AGM) it was agreed to revise Hürriyet's Articles of Association (AoA) according to the CMB principles. The major matters concerned by the amendment were, among others, the company's capital; the shares nominal value; the board's independence; the rights of minority shareholders; the creation of a board's secretariat and committees (Audit and Corporate Governance Committee); or the introduction of rules related to the AGM.

Hürriyet has made significant efforts to ensure compliance with the CMB guidelines. In addition to the mandatory CG compliance report as part of its annual report, Hürriyet also established an Audit and Corporate Governance Committee. Considering these developments one can see evidence that Hürriyet is proactively pursuing good corporate governance practices.

Reflecting the single results of the four main components of the rating, Hürriyet performs satisfactorily in all of them, though showing particular strength in its Shareholders and Public Disclosure areas.

SHAREHOLDERS

With respect to shareholder issues, Hürriyet has attempted to adhere to and pursue good practices as outlined by the CMB principles. A dividend policy has been established and voting rights are defined sufficiently. Following the conversion of registered to bearer shares which was decided in the AGM, the company now only has registered shares. An Investor Relations Unit has been established in order to maintain continuous communications with shareholders. One of its main responsibilities is the corporate investor relations' website. The IR website contains a satisfactory level of information in a clear and organized format. However, some sections are outdated.

As Hürriyet is controlled by a majority shareholder with a family background, this shareholder structure could potentially be detrimental to the interests of minority

shareholders. The company has not implemented cumulative voting procedures yet, and shareholders are not able to appoint external auditors on their behalf. Moreover, in the event of a capital increase, the board can offer to public shares remaining due to non-use of the rights of option, at a price per share above their nominal value. This is, however, a rather common practice in Turkey in connection with planned Secondary Public Offerings (SPO).

The AGM follows principles ensuring fair and equitable treatment of shareholders. The invitation to the AGM and an information note including the proxy form were uploaded to the landing page of the corporate website three weeks prior to the meeting. The minutes in English of the AGMs, except for the last one, are available to shareholders on the website.

PUBLIC DISCLOSURE AND TRANSPARENCY

The company issued a disclosure policy and discloses material information on its website, where essential documents can be downloaded. The company has a corporate website. In addition to it, a separate website for investors with a CG section has been set up. The most noticeable deficiency of Hürriyet's IR-site is belated information; for instance, the CG section refers still to the year 2004. The AGM invitation was relayed on the main corporate website three weeks prior to the meeting. Other relevant information related to past AGM's were also provided, except for the last AGM's minutes in its English version, that have not been uploaded yet to the website.

The company has taken several measures to enhance its level of transparency. Its adherence to DYH's Code of Conduct and Editorial Principles and the Insider Trading list (with the people having potential access to confidential information), being proof of it. However, the concrete measures to avoid insider trading are not disclosed. Disclosure from the external auditor reveals that it does

not offer consulting services and that it is subject to regular rotation. Both conditions work to ensure independence.

STAKEHOLDERS

Stakeholders' issues are duly considered and respected by Hürriyet. While most CMB suggestions are followed, some deficiencies are identified and examined within the rating report.

The company takes measures to address stakeholders issues through the Investor Relations Unit or the corporate website.

The ethical rules applicable (DYH code of conduct and editorial principles) provides the essential rules that govern the relationships between the company and its different stakeholders.

Another noteworthy issue is the existence of professional and personal training programs, that in 2006 benefited 13% of the employees.

Hürriyet has a Human Resources policy, but does not foresee the participation of employees in BoD meetings. To date, a performance based compensation model is not in place.

BOARD OF DIRECTORS

The board of Hürriyet consists of nine members, comprising two executive and seven non-executive members, of which two are independent. This is not in compliance with the guideline that one-third of directors qualify as independent according to a strict interpretation of the CMB Principles. In order to support the work of the board, two committees have been established: the Corporate Governance Committee and the Audit Committee. Both committees are comprised of non-executive directors, but only the Corporate Governance one is headed by an independent director.

The board can be considered as actively involved in the company's development and performance and contributes to a material

extent in setting up the vision and mission of the company.

Every board member is entitled to one vote without any privileges. Our assessment did not reveal issues that would question a good working atmosphere during board meetings. The company provides basic rules for the procedures for running the meetings in article 15 of the AoA. The remuneration structure of board members does not follow all CMB recommendations on the subject.

A secretariat has been established to support the work of board members and ensure proper communication.

The Executive Committee, which is in charge of the day-to-day management of the company, is composed of five members, of which two are board members. A Coordination Committee, composed of the Executive Committee's members and five more people reports to the Executive Committee. There is no mention of a monthly report of the work performed by the executives as recommended by the CMB.

Compensation is not sufficiently explained in the company's public documents.

be seen as a threat to minority shareholders, discouraging investment.

Thus, an extension of the free float paired with an amplified engagement by domestic and international shareholders, can be considered favourable, especially by foreign investors, in counterbalancing the fact that the majority shareholder is a holding company owned by the chairman's family.

A revised compensation model with performance based elements would further improve Hürriyet's corporate governance practices.

FINAL REMARKS

With the rating at hand, investors are able to evaluate the corporate governance practices of Hürriyet according to their individual preferences. On the whole, the established structures and mechanisms can be considered in line with the CMB principles. Continuing the implementation of these principles at country level and considering international best practice will further enhance CG practice at Hürriyet and lower potential risk factors for investors. As structural changes in the capital market of Turkey proceed and economic development remains benign, one can assume that Turkey will become increasingly attractive to foreign investors. However, existing holding structures and majority shareholdings could

COMPANY OVERVIEW

Hürriyet (full name: “HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ”) was originally founded in 1948. It went public in 1992 and since then its shares trade on the Istanbul Stock Exchange. To date, the company’s free float amounts to 40% while 60% are held by DYH. In April 2006, the CMB carried a resolution¹ that aims at assuring that all shares from a group traded on the Stock Exchange are converted into the same type. Following this regulation, Hürriyet decided at the AGM of 2006 on the conversion of all bearer shares into registered shares.

In addition to its core business of journalism, Hürriyet covers other fields of business such as printing, distribution, online services, book publishing, classified ads, TV broadcasting and marketing.

Through its subsidiaries and shareholdings Hürriyet disposes of a network of 52 offices and 600 reporters in Turkey and abroad. The printing of the newspaper is done in Turkey and in Germany. It is the best selling newspaper in Turkish language in Europe and one of the best selling newspapers in the continent.

The company received a financial rating from Fitch in 2007: long-term foreign currency credit score of BB (stable outlook) and a long-term local currency credit score of AA-(Tur) (stable outlook).

Table 1: Stock performance

	TRY
08.08.2007	3.78
High* (05.04.2007)	4.40
Low* (27.06.2007)	3.52

*One year / (Source: Bloomberg 08.08.2007)

Table 2: Shareholder Structure of Hürriyet

Shareholder	%
Dogan Yayin Holding A.S.	60
Free Float	40
Total	100%

Table 3: Key Financial Figures Hürriyet (in TRY m)

	2002	2003	2004	2005	2006
Net Sales	n/i	458	473	585	632
Gross profit	n/i	150	166	210	209
EBITDA	n/i	47	65	122	112
Net Income	n/i	59	27	87	104

(Source: Bloomberg 08.08.2007 & AR)

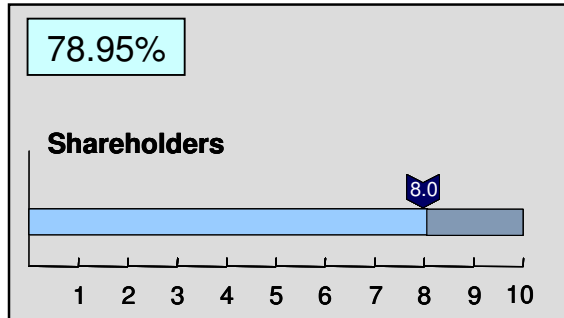
Table 4: Revenue Breakdown (in USD m.)

	2004	2005	2006
Domestic	n/i	558	600
Foreign	n/i	28	33

(Source: AR 2006)

¹ Resolution no.18/440 dated 13.04.2006.

SECTION 1 – SHAREHOLDERS



1 SUMMARY

Hürriyet reaches a good result of 8.0 in this category, in line with the overall rating score.

A clear dividend policy is in place and voting rights are well defined. Each share is subject to the one share - one vote - one dividend principle. However, in the event of a capital increase, the board can offer to public shares remaining due to non-use of the rights of option, at a price per share above their nominal value.

An Investor Relations Unit has been established to enable shareholders to exercise their rights and obtain relevant information.

Minority rights are clearly defined. However, the right to request an external auditor is not granted and cumulative voting does not apply.

The AGM's invitation, agenda and note including the proxy voting form were made available to shareholders and uploaded to the main page of the corporate website three weeks prior to the meeting. The English version of the summary of the voting results and attendance rate (minutes) was uploaded on the company website for the previous years but not yet for the 2007 AGM. The AGM is run in a fair and efficient manner and shareholders are allowed to exercise their statutory rights.

1.1 RIGHTS OF SHAREHOLDERS

Governance Focus

- + Established dividend policy
- + Clearly defined voting rights
- + Proxy voting
- + No preferred stocks
- + Respect of one share - one vote - one dividend principle
- +/- Information provided to shareholders
- + Minority rights apply to shareholders owning at least 5 % of equity capital
- No cumulative voting procedures
- Shareholders are not able to request external auditor

1.1.1 Dividend and Voting Rights

A **dividend policy** is established and accessible through the company's public documents and through the website, in English and Turkish. A consistent distribution policy is stated in the Articles of Association (AoA) and in the Corporate Governance Report, aiming at a balance between the interests of the shareholders and the company. As a proof of this, 50% of the distributable net profit is subject to distribution.

None of the company's shares incorporate special rights concerning the distribution of the company's profits. Each share is entitled to an equal dividend.

In the last AGM, it was unanimously decided that dividends would not be distributed to shareholders and that the amount that remains after setting aside a primary legal reserve is added to contingency reserves.²

The most important aspects of the dividend policy are made available on the website.

² The net consolidated profit for 2006 was of YTL 100,797,513.

Voting rights are well defined in the company's AoA, ensuring equal and clear voting procedures.

According to the AoA, voting is exercised by show of hands, though closed ballots are mandatory if requested by 5% of shareholders represented at the AGM.

There are no ceilings on the number of votes a shareholder might exercise during the meeting.

As the company has not issued any preferred stocks, each share is entitled to the one share - one vote – one dividend principle without any further privileges. The right to vote is automatically granted when the share is purchased, and no arrangements should be installed that would hinder this right or cause a delay in exercising voting rights, following the share acquisition. In the case of a capital increase, the board can offer to the public all and any shares remaining due to non-use of the rights of option, at a price per share above their nominal value, according to article 6 of the AoA.

Shareholders are enabled to exercise their proxy voting rights, through either another shareholder or a non-shareholder. Postal or electronic voting procedures are not yet permitted by law in Turkey. In compliance with the CMB guidelines, Hürriyet makes the electronic proxy form available on its website.

There are no provisions installed or included in the AoA that may impede the free transfer of shares by shareholders.

According to our analysis, we identified no provisions hindering the equitable treatment of shareholders.

As it is common standard in Turkish listed companies, an official representative of the Ministry of Industry and Trade attends AGMs to oversee legal aspects. And in case of prior awareness of contentious issues an additional observer of the CMB would be present.

1.12 Shareholders' Right to Obtain and Evaluate Information

A good level of **information** is provided to shareholders so that they can conveniently exercise their voting rights. The information regarding the AGM is provided in a timely manner, but could be more complete. Some essential pieces of information are only disclosed during the meeting itself, like the names and details of the candidates to be elected to the board. Although the CMB principles do not provide any time-lines for the disclosure of such information, international investors would appreciate timely disclosure to adequately execute cross-border votes.

Shareholders are not permitted by the AoA to appoint an external auditor on their behalf, as suggested by the CMB principles. However, this right might be included in the Articles of Association in the near future, depending on changes in relevant legislation, according to the annual report.

The AoA contain provisions to disclose minimum information about board candidates to the shareholders, as well as the possibility to open the AGM to media members and interested parties.

Unlike the other DYH's subsidiaries, the company has established an **Investor Relations Unit** in order to enable shareholders to exercise their rights, ease access to information for shareholders, to keep shareholders updated, and to oversee the company's information policy. This unit is also responsible for the website and is established under the Corporate Governance Committee and under the supervision of the chairman of that committee

IR's main duties cover: keeping record of shareholders, updating the corporate website, responding to shareholders' requests, monitoring the AGM and preparing and attending investor meetings.

1.1.3 Minority Rights

Minority rights, as stipulated by the AoA, are granted to shareholders owning (collectively) at least 5% of the equity capital. Those rights include raising a request to call an extraordinary meeting or requesting special agenda items. According to the Turkish Commercial Code, both aspects are up to the discretion of the board of directors, though shareholders can appeal to the court to decide on the AGM to convene.

In line with minority rights, the ability to **appoint an external auditor** is considered crucial, though this is only a recommendation by the CMB principles. Hürriyet does not grant this right, but, as mentioned before, the company might review its current policy in this respect.

Cumulative voting procedures are not permitted by the company, but the advantages and disadvantages of this practice are assessed in view of changes in relevant legislation.

An interview with the company revealed that if shareholders' issues arise, the IR department channels them directly to the CEO.

1.2 GENERAL MEETING

Governance Focus

- + Timely provision of information on agenda items at the headquarters and on the web
- Only abbreviated information and some info provided at the AGM
- + Sound execution of the AGM
- +/- Information on candidates provided at the AGM
- + Board remuneration is determined by the AGM
- + No directors engaged in business and/or competitive activities with the company
- + Clear voting procedures

1.2.1 Invitation

In the run-up to the AGM, shareholders are well informed by Hürriyet, but there is room for improvement. The announcement of the place and date of the AGM is posted on the website at least 21 days ahead of the meeting and there is information available at the headquarters. An additional document containing supplementary information on the agenda items is submitted to shareholders; however, we do not have information on when it was sent to shareholders or posted on the website. The agenda is prepared in a fair manner, clearly indicating each agenda item.

Nevertheless, there is still room for improvement: only abbreviated information is provided in all the AGM documents; some relevant information is provided to shareholders on the day of the meeting (e.g. the details of the candidates to the board).

The company provides additional information, e.g. the annual report and financial statements which are accessible three weeks prior to the meeting at the headquarters. Considering the administrative proceedings, voting procedures are set up in a clear and understandable manner and proxy forms are available in electronic form.

All shares are registered shares. Holders of shares or its proxies have to receive an admission card ahead of the AGM. Without an admission card shareholders may not attend the AGM.

1.2.2 Functioning

Hürriyet held its AGM on the 10th of May 2007, not in the three months following the end of its financial year. The reasons for the delay are not provided. However, it is common practice in Turkey that companies have their AGM's between April and June.

The agenda, invitation and the annual report and financial statements were made available to shareholders prior to the meeting, at the headquarters and on the

website. The minutes in English of the last meeting have not been uploaded after the meeting yet. Correspondence with the company revealed that before the AGM starts the chairman, if requested by the shareholders -though not required- can announce all the participants and their corresponding number of votes, including proxies.

Since Hürriyet is headquartered in Istanbul, this was the location of the AGM in 2007. This location can be considered as easily accessible to many shareholders.

Hürriyet's AGMs seem to be held in an appropriate way, apparently led in an unbiased manner by the chairman and overseen by an official representative of the Ministry of Industry and Trade (in his absence no decision can be taken, according to article 34 of the AoA), and thereby ensuring that all shareholders are able to exercise their statutory rights. According to the Corporate Governance report, shareholders are allowed to explain their views, ask questions and discuss related issues in a democratic environment.

The AGM functions as a forum to discuss the company's annual report and financial results. The appointed audit company is held responsible to present the latter to the auditorium.

The chairman of the meeting seems to ensure the equitable participation among shareholders and seems to lead the meeting in a fair and efficient manner, where each agenda item is voted upon separately and where there are no special privileges enjoyed by any shareholders.

Board members, auditors and other authorized and responsible persons attend the AGM to answer requests put forward by shareholders. As the minutes in English of the last AGM are not posted on the website yet, we do not have information on the presence/absence of those. But, according to article 27 of the AoA, if any Company officer invited to a meeting cannot attend the

meeting, the reasons of non-attendance of such officer will be declared by the Chairman of the General Assembly of Shareholders. According to the annual report, no new suggestions or questions on agenda items were raised by shareholders or their proxies.

The AoA enable the AGM (with a majority of three-fourth) to allow board members to be engaged in business with the company or competition against the company. In 2006, no board member, executive or controlling shareholder, including those who may have access to insider information, conducted business in the Company's line of business on behalf of themselves.

Candidates to be elected to the board of directors are obliged to disclose a wide range of information covering nearly all aspects put forward by the CMB principles. These requests, which are also included in the company's AoA, comprise for example their level of education, previous board membership and experience, their financial status as well as independence considerations. All of this information was provided to the shareholders at the meeting.

Remuneration of the board members is subject to the AGM and is determined by shareholders. However, it does not seem that shareholders are given the opportunity to express their views and suggestions in relation to the remuneration policy applicable to key executives, which deviates from the suggestion of the CMB principles.

The AoA contains a provision (article 30) that clearly states which kind of business activities and statutory issues (e.g. changes of shares, acquiring assets exceeding more than 10% of the company's assets) requires approval by the AGM.

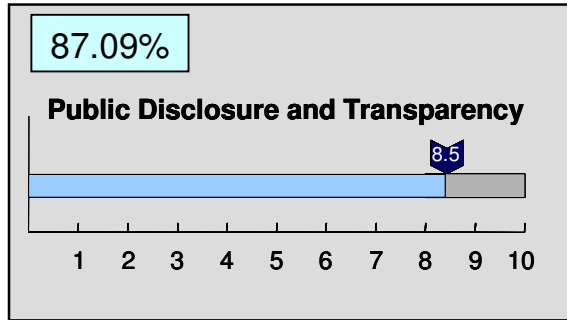
The votes are counted and the result is announced in the AGM minutes. The details of the voting (number of votes for, against or the abstentions) are not disclosed.

1.23 After the General Meeting

As a follow-up to the meeting, minutes are made available for the examination of shareholders at the company's website, in a short but clear manner. Information of the AGM of the last 2 years is available on the company's website. The last AGM's minutes in English are still not uploaded.

There is no mention to the CMB recommendation that in cases where questions are raised by shareholders that cannot be answered immediately, the Investor Relations Unit is responsible to answer them within one week of the meeting. According to the annual report, no questions were put forward by shareholders at the AGM. And correspondence with the company stated that in case this happens, it would do its best to provide written answers to the queries.

SECTION 2 – PUBLIC DISCLOSURE AND TRANSPARENCY



2 SUMMARY

Hürriyet scores 8.5 in this category, outperforming the overall rating result. This reflects a very good flow of information between the company and investors and a good level of transparency.

A website for investors with a CG section has been set up. This section is partly outdated, reflecting information of the 2005 annual report. The annual report is reasonable in terms of form and content, but could be further improved, e.g. providing information on forecasts, more complete information on board members and on the executives' remuneration.

Hürriyet publishes a public disclosure policy on its website and in the corporate governance compliance report. The Investor Relations Unit is responsible for its implementation.

Hürriyet also discloses the Ethical Rules it applies: DYH's code of conduct and its Editorial Principles.

2.1 DISCLOSURE MEANS

Governance Focus
+ Website in Turkish and English version
+/- Website contains and archives information disclosed to the public. Some info is missing
+ Website provides valuable information for investors, including documents for download -
- Partly outdated IR website (CG section)
+/- Annual report provides adequate information, though can be improved
+ Board members signed the annual report

2.1.1 Website

Hürriyet has created a specific website for Investor Relations. It easily allows shareholders to access information on the company. Notwithstanding, the company has still room for improvement. For foreign investors an English version of the website is available. The content is structured in a sound manner, where investors find relevant documents (e.g. annual reports, audit reports, analyst presentations) available for download.

Examined in more depth, it contains much of the information suggested by the CMB principles, e.g. information about the shareholder structure and the management, the articles of association or annual reports and financial statements. There is a corporate governance section that includes, information on shareholders and stakeholders, the public disclosure policy of Hürriyet, and information on the Board of Directors.

A prospectuses and circulars section has been created, which, to date remains empty, as no prospectuses or circulars have been issued this year. Some important information is not updated, like the Corporate Governance section that refers to the year

2004 (Annual Report of 2005) or the FAQ; other documents are not available e.g. the minutes of board meetings, the participants' lists to the AGM's and the minutes of the last AGM.

In reference to the AGM the website contains relevant information for shareholders. This includes the agenda, informative documents, and the minutes. However, this information was not regularly updated, as mentioned above.

As a means of communication the use of the website is also subject to and incorporated in the company's disclosure policy.

2.1.2 Annual Report

Overall, the annual report is prepared in a reasonable way according to the content provided and information relevant to investors.

It includes the signature of the Chairman, CEO and CFO in order to explicitly indicate that the financial statements truly reflect the current financial status as well as that the company acts in accordance with the related legislation. The audit report is only signed by external auditors.

There is a risk management mechanism in place that was enhanced in 2006, and a brief explanation of the different types of risks encompassed (interest rate, currency, credit, etc).

The information on the opinion of a rating agency about the company is disclosed in the annual report.

While the annual report provides basic elements, there is still room for improvement to cover more items, as outlined by the CMB principles. Issues that could be added are: the opinion of the audit firm about the internal audit, a statement referring to how the company prevents conflicts of interest between the company and related companies offering investment, consulting and auditing services, a more detailed description of the scope of activities of the company, as well as future forecasts.

Hürriyet demands individual independence statements of its independent board members.

According to the annual report, no fines have been levied against Hürriyet as a result of legislative practices. And it has not received any warnings or administrative fines from public authorities.

2.2 DISCLOSURE PROCEDURES

Governance Focus

- + Disclosure policy is established and covers material disclosure aspects
- Disclosure proceedings could be defined more clearly
- + Forward looking information is handled reasonably
- + Ethical rules applicable are disclosed (DYH)
- + Audit company is subject to regular rotation and does not provide any consulting services
- +/- The company does not disclose measures to prevent insider trading but discloses an insider trading list
- No disclosed declaration of the board stating that all disclosure principles are duly kept
- + Independence statements issued by board members

2.2.1 Information Policy

An information policy has been developed by Hürriyet. It has been disclosed to the public and is permanently accessible through the company's website. The disclosure policy aims at providing the necessary information to the public. To underscore its relevance, the BoD introduces, develops and monitors the public disclosure policy. The Corporate Governance Committee informs the Board of Directors, the Executive Board, the Audit Committee and the Financial Affairs Director on issues related to the disclosure policy and makes suggestions. A "Capital Markets and Corporate Governance Unit" was set up to monitor and supervise all issues related to public disclosures. The CEO, the CFO, the Business Development and Investor

Relations Coordinator or the Investor Relations Director will respond the questions raised by third parties.

The disclosure policy covers scope, forms, frequency and methods of disclosure, informs about the company's authorized persons regarding public disclosure, and outlines how the company deals with investors, among others. Hürriyet may make public statements concerning its forward looking statements. This information must be associated with the company's financial results, and only the CEO and the CFO are authorized to make such disclosures.

The company stated its adherence to the following principles: all amendments of the disclosure policy should be presented to the AGM; board members, executives and shareholders who directly or indirectly own 5% of the Company's capital are required to disclose all their dealings in the company's securities, in accordance with applicable capital markets legislation; public disclosures are prepared in close cooperation with the Audit Committee and the Corporate Governance Committee. The lists of the ultimate controlling shareholders and of the persons with access to insider information are disclosed on the annual report and on the corporate website.

2.2.2 Public Disclosure

After reviewing the **public disclosure** of Hürriyet no major issues could be found, that would harm investors' interests. However, there is ample room for improvement. The responsibility for public disclosure is clearly defined and is mainly assigned to high level personnel, usually to the board of directors or senior key executives. Additionally, the established committees (Corporate Governance Committee and Audit Committee) are closely involved in public disclosure issues. The executives responsible for public disclosures, with the authority to sign official documents are Mr. Ahmet Toksoy, CFO of Hürriyet, and Mr.

Halil Özkan, head of accounting department of Hürriyet. A publicly available declaration by the board on whether or not the principles are duly followed is missing.

An Investor Relations Unit has been set up with the responsibility for publicly disclosing all information about the company. The unit, managed by Ahmet Özer, has been established under the Corporate Governance Committee and under the supervision of the chairman of that committee, to manage relationships between the company and its shareholders and to ensure that shareholders can fully exercise their right to information.

Within the scope of its public disclosure the company publicly announces its **dividend policy**. **Financial statements** are disclosed in line with legislation and international accounting standards. As current legislation does not allow companies to grant shares to employees as a means of incentive compensation, the company does not provide disclosure on this aspect. However, legislation is expected to change.

Hürriyet's shares are traded on the Istanbul Stock Exchange in Turkey.

When announcing **forward looking information** to the market the company states that it will provide underlying statistical data and avoid exaggerated or misleading information. Only the CEO and the CFO are authorized to make such disclosures. Due to the nature of forward looking information and the implied uncertainty, the company reviews its given predictions and assumptions and will disclose revised information about the company's projections together with the reasons for the changes. As mentioned before, the principles applicable to forward looking information are included in the disclosure policy of the company.

2.3 TRANSPARENCY ISSUES

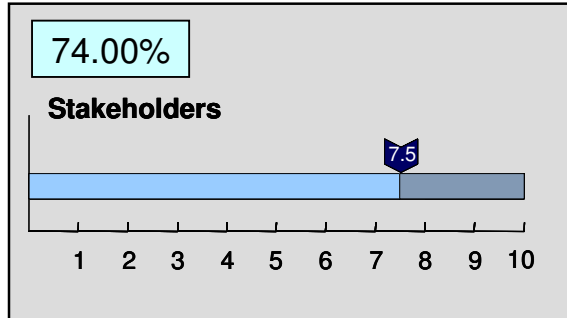
Transparency issues cover ethical behavior, insider trading rules, and the functions of the external audit.

To ensure a high degree of transparency Hürriyet discloses its **Ethical Rules** to the public. The company adheres to the “Values” it has announced in its website and annual report, as well as the “Editorial Principles” and the Code of Conduct of DYH.

In order to prevent **insider trading**, a list of executives who have access to information that might affect the price of the Company's securities, as well as a list of all other persons and institutions that provide services for the Company are publicly disclosed at the website and on the annual report. Hürriyet states that all necessary measures and precautions are being taken to prevent insider trading. However, these measures are not explained.

Since the appointed **audit company** (currently PriceWaterhouseCoopers) does not provide any consulting services, it can be considered as independent from having other business interests that may impede the objectivity of the auditing services. As the audit company should be subject to regular rotation, the AoA states that Hürriyet may work with the same independent auditor for no more than five years.

SECTION 3 – STAKEHOLDERS



Governance Focus	
-	No integral model to include stakeholders in the management
+	Code of Ethics (DYH) governing the company-wide relationships
+	Employee rights are warranted
+	An Investor Relations Unit and the website to inform investors are in place
-	No performance based compensation model
+	Companywide human resources policy

3 SUMMARY

Hürriyet reaches a good result of 7.5 in this category.

Hürriyet identifies its readers and advertising clients as its main stakeholders. Some but limited reference is made to other stakeholders like the environment, the suppliers or the society as a whole.

Stakeholders do not take part in the management of the company. However, the company is in permanent contact with them according to the corporate governance compliance report.

Hürriyet adheres to DYH's Code of Conduct and Editorial Principles. Both regulations provide the essential framework of rules to be applied in the relationships between the company and its stakeholders. However, compensation in case of violation of rights is only foreseen for advertisers and there are no concrete measures in place to avoid conflicts of interest.

A Human Resources policy is in place. Although being rather comprehensive, some aspects, such as a performance based compensation are not covered.

3.1 PARTICIPATION TO THE MANAGEMENT

Stakeholders do not take part in the management. However, in order to take into account the stakeholders' opinions in the management of the company, as recommended by the CMB principles, some actions are in place, like for instance: shareholders are continuously informed through the Investor Relations Unit and the corporate website. According to the annual report, feedback received from stakeholders is evaluated and submitted to senior management, to assist the development of solutions and policies. To date, no comprehensive model has been set up to include stakeholders in the Company's management. Notwithstanding, customers can give their feedback to Hürriyet using different channels such as the website or the reader representative. In addition to it, advertisers can contact the company's add department.

According to the Corporate Governance Compliance report, Hürriyet is in constant contact with its stakeholders. Direct representation of the employees at board level, as suggested by the CMB principles, does not exist.

3.2 COMPANY POLICY

3.2.1 Rights and Duties of Stakeholders

Hürriyet recognizes the rights of employees and customers explicitly in the Code of Ethics and in the Social Responsibility chapter in the annual report, but does not offer much information. It refers to an AR section entitled “Social Responsibility, Environment and Donations” where information on some of Hürriyet’s social initiatives, the environmental actions and the social donations is provided.

The company only foresees compensation in case of violation of the rights of the advertisers but not of other stakeholders. According to correspondence with the company, in the event of publication of wrong news, the company immediately apologizes and corrects the issue in consecutive issues. In addition to it, if the company’s lawyers agree that there was a violation of rights, a written answer from the person who was the subject of the news will be published.

There is a declaration of intentions on the recognition of the right of all its stakeholders to have equal, complete, timely, and fast access to information about the company, but there is no specific information provided on stakeholders’ rights.

Hürriyet manifests its intention to avoid conflicts of interest, but does not establish concrete measures in order to do so and does neither explain how potential disputes between the company and the stakeholders are dealt with.

3.2.2 Relation with Customers and Suppliers

Hürriyet takes a great effort to ensure readers and advertisers satisfaction and takes the quality of its publications and its social responsibilities very seriously, according to the corporate governance report. As a proof of this, the company publishes and puts into practice Doğan

Yayın Holding's Core Principles and Hürriyet's Editorial Principles. Additionally, Hürriyet adheres to the universal journalism guidelines and to the Atatürk's principles (rule of law, democracy, secularity, independence, freedom and respect of human rights).

Compensation is provided to advertisers when their advertisements are not published according to their requests.

3.3 EMPLOYEES AND SOCIAL RESPONSIBILITY

Hürriyet has defined a written human resources policy that aims at recruiting people with superior knowledge and skills, adaptable to the company’s culture and with a high sense of ethics, honesty, coherence and openness. It has still opportunities to improve its human resources policy.

The company ensures that equal opportunities are provided to people with similar qualifications. While, according to the company, no cases of discrimination have been reported, the explicit mechanisms to avoid such instances remain unclear.

Professional and personal training was provided to employees in 2006, but only 13% of the workforce benefited from it. There are no regular sessions organized to inform all employees about the company’s financial capability, training, or health, amongst others.

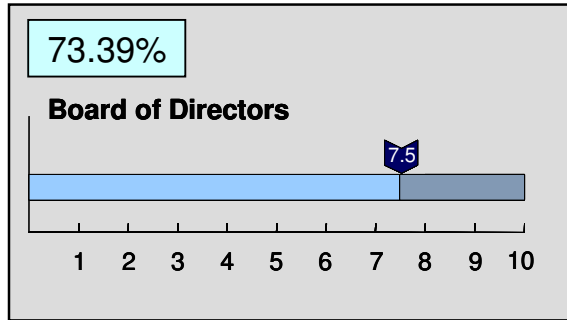
As mentioned before, Hürriyet adheres to DYH Code of Conduct. This code contains the main core values of DYH, the main responsibilities of its employees, core guidelines in respect of customer, supplier, and public authorities relations, as well as other aspects. Additionally and attributed to the responsibility that media companies take over in society, DYH also issued Broadcasting and Publishing Principles that should provide guidance to its business activities as a media company. Hürriyet adheres to those as well.

With respect to performance based compensation, the company currently discusses this option, but there is no concrete model in place.

The company provides information on its social responsibility activities within its annual report as well as on its website. Some examples relate to waste paper, gas emissions and environmental and health protection.

The annual report contains more information on the social responsibility activities of Hürriyet in a section called 'Social Responsibility, Environment and Donations',

SECTION 4 – BOARD OF DIRECTORS



4 SUMMARY

Hürriyet scores 7,5 in this category. Though the compliance is still fairly good, there is opportunity for improvement.

There are nine members on the BoD, two executives (ED) and seven non-executives (NED), of whom two are independent. The board structure does not comply with the one-third proportion of independent directors recommended by the CMB principles. The AoA describes clearly the duties of the board members. However, board members do not prepare explicit declarations of compliance with internal and external regulations, as recommended by the CMB guidelines.

The suggested separation of the chairman and CEO positions is respected. However, both persons are members of the Dogan family.

Each board member has one vote without any privileges. Attendance at board meetings is encouraged by Hürriyet with a new rule that imposes resignation on members who do not attend three consecutive meetings. However, no information on attendance rates is provided.

The remuneration policy could be further improved in order to comply with the CMB principles: there is no performance-based incentive scheme and no different model for ED and NED disclosed.

Two committees have been set up to support the work of the board: Audit Committee and CG Committee. Only the

latter is headed by an independent director. On the website we can only see the charter for the CG committee, where its composition and duties are outlined in a brief but clear manner.

There are risk management and internal control systems in place. A very brief risk management section has been included in the website.

An Executive Committee is responsible of the day-to-day running of the company. It consists of five members, two of whom are board members. A Coordination Committee, composed of the five members of the Executive Committee and four senior managers reports to this committee.

4.1 BOARD OF DIRECTORS

Governance Focus	
+	The board plays an active role in the company's strategic planning
+	Majority of the board is composed of NEDs
-	2 independent directors, which falls short of the required 1/3
+	Each board member is entitled to one vote
+	A board secretariat has been established to support the board
+/-	No mention of training to new board members, but there is a compliance program
+	Company does not lend money to board members or executives
+	Shareholders can request the board to call a general meeting, but decision comes from the board
-	Compensation of board members is not explained in detail
-	No performance based incentive scheme

4.1.1 Principles of Activity, Duties, and Responsibilities of the Board of Directors

According to the undertaken examination, the board of directors fulfills its duties with diligence and meets its responsibilities to a high degree.

As stated in the AoA, the board defines the mission and vision and is thereby leading the company. According to the annual report, the Board of Directors (BoD) reviews continuously its position in the market and defines new targets and strategies responding to changing conditions.

There is no specific mention of measures in place to encourage employees to work for the company over a long period of time. The role of the board in settling disputes between the company and the shareholders or in ensuring the effective exercise of shareholders rights are among its duties according to the AoA.

The concrete mechanisms used to keep the board members informed are not explained, except for the possibility that managers may be invited to take part in meetings of the board to explain matters that are on the agenda so that board members become better informed about specific issues.

The information on the attendance of board members to the meetings is not disclosed. The agenda of the meetings is prepared by the CEO and sent to the rest of board members for their comments and suggestions, that will be incorporated in the final draft of the agenda.

Overall, the AoA contain clear rules describing the activities and duties of board members. Board members in theory have no restrictions before accepting outside duties. Nevertheless, as suggested by the CMB principles the AoA provide guidance to the issue of board members engaging in business or competitive activities with the company. Accordingly, such activities have to be approved by three-fourths of the company's shareholders at the AGM. The

annual report states that no board member engaged in any business or competed with the company in 2006. The holding of outside positions by board members is not a serious concern in Turkey, as long as they can dedicate 10-15 days a year to the monthly board meetings.

Hürriyet does not apply a recommendation put forward by the CMB principles, envisioning that before board members start commencing their work, they are to declare compliance with all necessary internal and external regulations.

An official and publicly disclosed declaration confirming the careful preparation of financial statements is not provided by the board either.

Turkish Law foresees the joint liability of the board. In accordance with this, the AoA states that the BoD should perform and carry out its duties in accordance with the provisions of the Capital Markets Law, Turkish Commercial Law and the AoA.

There are no sanctions foreseen for employees that obstruct the flow of information to board members, apart from the ones foreseen in Turkish Labor Law.

4.1.2 Structure

The board of Hürriyet is composed of nine members of whom two are executive (ED) and seven are non-executive (NED) directors.

The suggested separation of the chairman of the board and the CEO is followed, but there are several family members on the board: the chairman, Aydin Dogan and the CEO, Vuslat Dogan Sabanci. DYH holds 60% of Hürriyet's shares. This underscores the strong family ownership common in Turkey.

Having two independent members on the Board, Hürriyet fails to fully comply with the suggested proportion of one-third. Moreover, the CG statement declares that the directors have to comply with the criteria put forward by the CMB guidelines.

According to the Corporate Governance Compliance report, two directors are independent: Cem Kozlu and Kai Diekmann³.

The annual report states that Cem M. Kozlu and Kai Diekmann have submitted their independence statements to the Chairman of the Board of Directors of the Company. In order to fully comply with the CMB guidelines, Hürriyet may consider providing more detailed information on the independence criteria of board members or make these independent statements available to shareholders.

Table 5: Board Structure

Name	ED / NED	Independence
Mr. Aydin Dogan (Chairman)	NED	No
Mr. Mehmet Ali Yalçindag	NED	No
Ms. Vuslat Dogan Sabanci	ED	No
Mr. Ertugrul Özkök	ED	No
Mr. Soner Gedik	NED	No
Ms. Imre Barmanbek	NED	No
Mr. Ertunç Sogancioglu	NED	No
Mr. Cem Kozlu	NED	Yes
Mr. Kai Diekmann	NED	Yes

Appointed board members at Hürriyet seem to be highly qualified and show a high level of knowledge and experience, reflected in long-lasting career backgrounds. Hürriyet's board can draw on a wealth of expertise in the industry sector but also other areas as

³ It is worth mentioning that Kai Diekmann's independence might be questionable to some extent, as 'Axel Springer, the biggest media organization in Germany, acquired 25% of Dogan TV shares which is a member of Dogan Yayin Holding (DYH), that, as mentioned before, owns 60% of Hürriyet. Diekmann is board member of Bild, a newspaper of Axel-Springer.

law, public sector, and business. The oldest member is 71 years old and the youngest 36. Gender diversity is limited with two women and seven men. All have university studies except for one. Some information is missing in some of the directors curricula: the age and the first appointment date.

The company takes into consideration the qualifications of its board members. The annual report states that every new board member participates in a compliance program that includes an information folder and the attendance to meetings organized by the Secretariat of the Board.

In reference to the election of the board members, Hürriyet does not permit cumulative voting, but it will be assessed by the board in view of changes in the legislation.

4.1.3 Functioning

Executives have to attend the meetings whenever necessary and requested. In case of dissenting votes the dissenting board members have to disclose the reasons that will be recorded in the minutes. Each board member is entitled to one vote without any preferential voting or veto rights. There is no mention of the chairman having a casting vote.

All board members must be present at board meetings that will vote on the issues stipulated in article 2.17.4 of section IV of CMB principles, related to important company's operations such as the establishment of committees, the dividend policy or the decrease or increase of capital.

In order to ensure adequate preparation, the agenda and relevant documentation are provided to board members at least seven days in advance. The way these documents are delivered to board members is not disclosed. A board secretariat has been established in order to prepare and assist the board meetings as well as to ensure convenient access to information for board members. According to information provided

by the board members, the agenda is prepared by the CEO and sent to all board members so that they can propose changes to it.

There is no information on the attendance rates at board meetings. Nevertheless, the company has introduced a rule to the AoA to encourage attendance: "A member of the board who does not take part in three consecutive meetings shall be deemed to have resigned his seat."

The BoD must meet at least twelve times a year; it has taken a total of 57 decisions during 2006. Some of them have been adopted without board members being physically present.

The board and majority decision quorum are both stated in the AoA: the board shall convene in the presence of at least one more than half the number of its membership, decisions shall be taken by a majority of the meeting's participants.

Board meetings appear to be conducted in an open manner. There is a clear definition of the duties of the board and its secretariat; article 15 of the AoA provides basic rules about the procedures for running the meetings.

Deviating from the CMB guidelines, meeting and travel expenses are reimbursed to board members without any restriction.

4.1.4 Remuneration

Currently Hürriyet's board compensation is solely composed of a monthly fee of 6,000YTL (3,395 € approx.) for the Chairman, 5,000YTL (2,830 € approx.) for the Deputy Chairman and 4,000YTL (2,260 € approx.) for the rest. No additional attendance or committee membership fees, as suggested by the CMB principles, are paid. The compensation is discussed and determined by the AGM, in theory providing material power to the shareholders. According to the CG statement, the remuneration is calculated taking into account the salary of the CEO, and the time

board members will spend for the meetings, its preparation and the duties assumed.

Table 6: Board Compensation

Position	Compensation (per month, in YTL in 2006)
Chairman	6,000
Vice-Chairman	5,000
Member	4,000

Hürriyet does not offer performance based incentive schemes, as proposed by the CMB principles. While the CMB Principles do not indicate a difference between ED and NED in terms of remuneration, one should keep in mind that international best practice suggests that performance-based incentive schemes should be granted to ED only. ED only get a monthly fee of 6,460 YTL (3,655 €).

In line with performance-based incentives the CMB principles also recommend accountability of the board members according to the company's level of success. Within this scope the board should declare possible deviations in the results within the annual report, conduct a self-assessment and a performance evaluation. Each year the CGC assesses the members of the BoD to determine whether or not they have fulfilled their duties and responsibilities.

To avoid conflicts of interest Hürriyet strictly adheres to the principle not to grant loans in any way to board members or executives.

4.2 BOARD COMMITTEES

Governance Focus
+ Two committees have been established
+ AC oversees external audit appointment and audit execution
+ The CGC deals pro-actively with Corporate Governance issues
- One committee (AC) is not headed by an independent director
- Only the CGC's charter is available
+ Internal control and risk management systems in place
- No information on number of meetings

4.2.1 Committees' background

The board of Hürriyet has established two board committees to support its work and ensure an effective and efficient work flow.

There is an Audit Committee (AC) and a Corporate Governance Committee (CGC). In addition to it, there is an Executive Committee and a Coordination Board.

The head of the Audit Committee, Imre Barmanbek, is non-executive but not an independent director. Cem Kozlu, head of the Corporate Governance Committee is independent.

According to the CMB Law, each committee should be composed of at least two members. The former has two members and the latter four.

Both committees also fulfill the CMB suggestion to be composed of a majority of NEDs.

Table 7: Committee Overview

Committee	No. of Members	Independent Chairman*	No. of NED
Audit	2	No	2
Corporate Governance	4	Yes	4

*according to the status "Independent Board Member"

The work of each committee is closely related to the board, as the results of the committee meetings are summarised in the minutes along with special reports and communicated to the board afterwards.

4.2.2 Audit Committee

The Audit Committee oversees the financial and operational activities of the company. In doing so the committee should be supported by the board and be enabled to access all necessary information. A committee charter is mentioned but not available on the website (the Corporate Governance Committee charter is posted twice instead). This is not required by the CMB CG principles, but it would help outlining more details of the work of the AC.

It is the task of the AC to ensure that all internal and external audit activities are carried out adequately and transparently. It advises the board in appointing the external audit company and attends the appointing process. This includes, amongst others, a statement on the independence of the audit company. According to Hürriyet's CG statement, the AC scrutinizes the effectiveness and adequacy of the internal control system and the risk management system. It is also responsible that measures are taken in order to ensure that internal control is transparent. Furthermore, the AC takes care of the company's financial disclosure. Internally, the AC is also responsible for evaluating the audit system and for responding to complaints and suggestions put forward by any member of the company.

The external audit firm is invited to the meetings of evaluation of the financial statements if the committee members consider that its presence could help clarify issues. It shall meet at least four times a year according to the AoA. There is no information on how many times it met in 2006.

Table 8: Audit Committee Composition

Name	Board Member	NED	Independence
Ms. Imre Barmanbek	Yes	Yes	No
Mr. Soner Gedik	Yes	Yes	No

4.2.3 Corporate Governance Committee

It is the main purpose of the CGC to monitor the company's compliance with CG principles. There is no information on how many times it met in 2006 or on the self evaluation of the committee.

The committee seems to pursue its tasks actively as demonstrated in the mandatory CG compliance report that forms part of the annual report. As suggested by the CMB Hürriyet's CEO does not fulfill a duty in this committee and it is headed by an independent board member.

Table 9: Corporate Governance Committee Composition

Name	Board Member	NED	Independence
Mr. Cem Kozlu	Yes	Yes	Yes
Mr. Murat Dogu*	Yes	Yes	No
Mr. Ahmet Özer*	Yes	Yes	No
Mr. Inci Sencan*	Yes	Yes	No

* non board member, company employee, considered as an expert

Core responsibilities of the committee during 2006 have been: to determine the compliance with CG principles, to develop recommendations on the appointments, structure and effectiveness of the BoD, to evaluate the structures and functions of the committees and make recommendations on it, and to organise and coordinate the Investor Relations Unit, amongst others. As the Corporate Governance Compliance report states, the Shareholders Relations Unit has been established as part of the Committee and reporting to the Committee Chairman with the aim of monitoring all relations between shareholders and

investors and ensuring that requirements of their rights for obtaining information on the same are fulfilled fully.

There is compliance with the recommendation that the CEO cannot be a member of the CGC.

The charter of the CGC is available in Turkish and English.

4.3 INTERNAL CONTROL AND RISK MANAGEMENT

Governance Focus
+ Risk management and internal control systems in place
+ The internal audit unit of DYH checks Hürriyet's internal control system
+/- There is a dedicated but brief risk section on the website

Hürriyet's BoD has defined and implemented a risk management mechanism and an internal control system. There is an Internal Control Department that, amongst other activities, aims at improving the efficiency of the risk management and creating an effective internal control mechanism.

For instance a brief examination of Hürriyet's main risks coming from the financial instruments is provided in the annual report (liquidity, foreign, credit, currency risks). In 2006 Hürriyet introduced some improvements, reviewing its practices and determining points of internal control. In addition to it, an audit was conducted by the Internal Control Department of DYH, as well as a personnel productivity analysis and a competition analysis were carried out. There is no information on the results of such analysis. Hürriyet does neither provide the composition of the Internal Control Unit.

The CG statement examines both mechanisms (risk management and internal control system) and presents the goals for 2007.

Further, it is a duty of the board to oversee whether or not the company complies with the relevant legislation, AoA, in-house

regulations and policies. Our analysis did not reveal any instance that the board would fail to fulfill this duty in an adequate manner. The company's website also features a section related to risk management and internal control, but it does not contain much information.

4.4 EXECUTIVES

Governance Focus
- No distinction between ED and NED in the definition of responsibilities
- Not liable for company's losses caused by a violation of their duties
- Operational performance monthly report not provided

The day-to-day running of the company is assigned to the Executive Committee. A Coordination Committee consisting of nine executives meets weekly and reports to the Executive Committee.

The Executive Committee is composed of five members (the first five on chart number 10), that are also part of the Coordination Committee. Both are mentioned in the CG statement. The composition of the Executive Committee is only found on the website, not on the company's documents, where it is not clear if it is the same. Its duties are not stated in Hürriyet's public documents. It is stated that the chairman of the committee has to inform the Board of Directors about the works of the committee. No distinctions are made between ED and NED in terms of responsibilities or compensation, according to the company documents. However, correspondence with the company revealed that compensation to executives is linked to the EBITDA and to costs.

There is no mention to the monthly report of the performed works by the executives, as recommended by the CMB. The curricula of the Coordination Committee's members that are not members of the board are not provided.

Table 10: Composition of the Coordination Committee

Name	Position / Function	Board Member
Ms. Vuslat Dogan Sabanci	CEO	Yes
Mr. Ertugrul Özkök	Editor-in-Chief	Yes
Mr. Ahmet Toksoy	Chief Financial Officer	No
Ms. Ayse Sözeri Cemal	Chief Advertising Officer	No
Mr. Sinan Köksal	Chief Marketing Officer	No
Mr. Fikret Ercan	Publishing Coordinator	No
Mr. Ahmet Özer	Business Development and Investor Relations Coordinator	No
Mr. Temuçin Tüzecan	Corporate Communications Coordinator	No
Mr. Sancak Basa	Human Resources Director	No

There is no provision that executives are to compensate losses that occur as a result of not performing their duties properly.

The CEO of Hürriyet is Vuslat Dogan Sabanci, who is also a member of the International Press Institute Board of Directors.

Up to now non-competition clauses have not been allowed under Turkish law. So, Hürriyet cannot fulfill the recommendation of the CMB Principles that suggest including such provisions into the employment contract.

5 APPENDIX

DETAILED SHAREHOLDER STRUCTURE

The following tables provide an overview of Hürriyet's shareholder's structure. The first one displays the majority shareholder Dogan Yayin Holding A.S. and the free float. The second one shows the holding of mutual funds as part of the free float.

Table 11: General shareholder structure of Hürriyet

Shareholder	Nominal value (try)	% shareholding interest
Dogan Yayin Holding A.S.	250,045,536	60
Publicly held	166,697,024	40

SOURCE: ANNUAL REPORT 2006

Table 12: Biggest shareholders of Hürriyet

Shareholder	Shares held (in million) ³	% of Capital
Capital Rsch Mgt	16.736	4.02
Fidelity Investment	8.502	2.04
Scudder Kemper	5.689	1.37
Capital Rsch Mgt	5.579	1.34
Carmignac	5.310	1.27
Pictet Asset Mgt	3.740	0.90
Templeton Asset Mgt	3.509	0.84
Capital Rsch Mgt	3.243	0.78
Capital Intl Inc	2.190	0.53

SOURCE: BLOOMBERG (08.08.2007)

PUBLIC DISCLOSURE

Table 13: Documents available

Documents available	for analysis	in English	on website
Annual report	yes	yes	yes
Articles of association	yes	yes	yes
Code of Ethics	yes	yes	yes
Environmental report	no	no	no
Social report	no	no	no
Board members CV	yes	yes	yes
Board code of conduct	no	no	no
Committees working guidelines	yes	yes	yes
CG statement	yes	yes	yes
CG compliance report	yes	yes	yes
Half-year report	yes	yes	yes
Quarterly report	yes	yes	yes
Agenda of the last AGM (3 years)	yes	yes	yes
Minutes of the last AGM (3 years)	no	no	no
Remuneration policy of the Boards	no	no	no
Employee long term incentive plan	no	no	no

BOARD OVERVIEW**Table 14: Board of Directors**

Name	Age	First Appointment	Position	Executive / Non-Executive Director	Independence	Member of Executive Committee	CGC	AC
Mr. Aydin Dogan (Chairman)	71		Chairman	NED	No			
Mr. Mehmet Ali Yalçindag	43	1996	Deputy Chairman	NED	No			
Ms. Vuslat Dogan Sabanci	36	1996	Member	ED	No	X		
Mr. Ertugrul Özkök	60	1986	Member	ED	No	X		
Mr. Soner Gedik	49	1989	Member	NED	No			X
Ms. Imre Barmanbek	65	1998	Member	NED	No			X
Mr. Ertunç Sogancioglu	n/i	2006	Member	NED	No			
Mr. Cem Kozlu	n/i	2005	Member	NED	Yes		X	
Mr. Kai Diekmann	n/i	2005	Member	NED	Yes			

Source: Annual report 2006
CGAC=Corporate Governance & Appointments Committee / AC=Audit Committee

COORDINATION COMMITTEE OVERVIEW**Table 15: Coordination Committee**

Name	Age	First Appointment	Position	Function	Board Membership
Ms. Vuslat Dogan Sabanci	36	1996	Chairman	CEO	X
Mr. Ertugrul Özkök	60	1986	Member	Editor-in-Chief	X
Mr. Ahmet Toksoy	48	1989	Member	Chief Financial Officer	
Ms. Ayfle Sözeri Cemal	n/i	1992	Member	Chief Advertising Officer	
Mr. Sinan Köksal	44	2000	Member	Chief Marketing Officer	
Mr. Fikret Ercan	n/i	2006	Member	Publishing Coordinator	
Mr. Ahmet Özer	n/i	2006	Member	Business Development and Investor Relations Coordinator	
Mr. Temuçin Tüzecan	n/i	2006	Member	Corporate Communications Coordinator	
Mr. Sancak Basa	n/i	2006	Member	Human Resources Director	

Source: Annual report 2006