

2006 REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

1. Statement of Compliance with Corporate Governance Principles

The Company is committed to ensuring full compliance with the Corporate Governance Principles which were published by the Capital Markets Board (CMB) in July 2003 and reissued after a limited revision in February 2005 and will continue to conduct its business in accordance with these principles.

The Company believes that the 'Corporate Governance Principles' published by the Capital Markets Board in July 2003 is an important document that guides the Company in its operations. Accordingly, major steps were taken in 2003 to comply with all corporate governance principles mentioned in that document.

The Company has taken the following action in 2006 to ensure compliance with the CMB's corporate governance principles:

- In light of the CMB's Corporate Governance Principles and in order to achieve compliance with CMB legislation, the Company's Board of Directors decided to make the following amendments to its Articles of Association, which were ratified by shareholders at the Ordinary General Meeting of Shareholders on May 1, 2006: Amendments to Articles 3, 4, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41 and 42, addition of a Provisional Article 1, annulment of Articles 43, 44, 45, 46, 47, 48, 49, 50, 51, 52 and 54 and changing the number of Article 53 to 42. The draft for amending the Articles of Association was approved by the CMB in its letter dated April 4, 2006, numbered B.02.1.SP.K.0.13-609/5049.

Major changes introduced by these amendments to the Articles of Association are as follows:

- The authorized capital of the Company was raised from YTL 500 million to YTL 800 million.
- The nominal value of shares was changed from TL 1,000 to YTL 1.
- Shares representing the capital were dematerialized.
- At least one third of Board Members should be independent members who possess the qualifications specified in CMB's Corporate Governance Principles.
- A Board Secretariat, an Executive Committee, an Audit Committee and a Corporate Governance Committee directly reporting to the Board of Directors shall be set up and their members shall possess the qualifications specified in the CMB's Corporate Governance Principles.
- Representation of 5%, rather than 10%, of the capital shall be sufficient for the exercise of minority shareholders' rights.
- The Company's management should fully comply with the CMB's Corporate Governance Principles and any failure to do so should be duly explained in the annual report, also specifying the reasons and consequences of such failure.
- The Company shall publicly announce its operational results on a quarterly basis. Following this announcement, the Investor Relations Unit shall meet with investors, answer any questions and provide the necessary explanations.
- The Company has redesigned its website at www.hurriyetkurumsal.com to ensure that stakeholders can get detailed, regular and continuous information on the activities of the Company and can access any data concerning the Company. The purpose is to meet all the responsibilities of a publicly-held company in terms of providing full public disclosure and transparency. The website is being designed to improve investor relations and meet future requirements.
- A 'Corporate Governance Committee' has been established under the Board of Directors.
- Three-fourths of the vote shall be required at the General Meeting of Shareholders for authorizing board members to deal and compete with the Company.
- Approval of the General Meeting of Shareholders shall be required for the purchase, sale, lease, renting out and donation of assets whose value exceeds a certain limit and for the grant of sureties or guarantees in favor of third parties above a certain limit.

Those CMB principles with which full compliance could not be achieved have been specified in the compliance report in detail and it is believed that these deficiencies will not lead to any conflicts of interest.

SECTION I-SHAREHOLDERS

2. Investor Relations Unit

2.1. All provisions of applicable legislation, the Articles of Association and other Company policies regarding the exercise of shareholders' rights are being complied with and every precaution is being taken to ensure the exercise of these rights.

2.1.1. In accordance with the provisions of the Company's Articles of Association, an "Investors Relations Unit" was 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. Main duties of this unit are:

- to ensure that shareholder records are accurate, safe and up-to-date,
- to respond to written requests for information by all shareholders in accordance with applicable legislation,
- to observe that General Meetings of Shareholders are held in compliance with relevant procedures,
- to prepare the documents to be submitted to shareholders at General Meetings of Shareholders,
- to take the necessary precautions to ensure that the minutes of the meetings are kept properly,
- to ensure that all public disclosures are made properly.

The Investor Relations Unit makes its best efforts to use electronic means of communication and the Company's website in all its activities.

2.1.2. The Company's Investor Relations Unit is comprised of the following persons: Business Development and Investor Relations Coordinator Ahmet Özer, Corporate Governance and Investor Relations Manager İnci Şencan, Doğan Yayın Holding A.Ş. Capital Markets and Corporate Governance Coordinator Murat Doğu, Doğan Yayın Holding A.Ş. Legal Coordinator Erem Yücel, Doğan Yayın Holding A.Ş. Investor Relations Coordinator Alpay Güler, Financial Affairs Manager Halil Özkan and their subordinates. Contact information for the Investor Relations Unit is as follows:

Hürriyet Gazetecilik ve Matbaacılık A.Ş. (Headquarters)

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Investor Relations Unit

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2.1.3. 40% of the Company's shares are traded on the ISE, approximately 91% of the shares are held by foreign investors. The Company is one of the ISE's leaders in terms of foreign ownership. Consequently, the Company is frequently invited to meetings hosted by foreign institutional investors.

2.1.4. In 2006, all of Hürriyet shares were included in the Central Registry Agency system. Formalities related to the Central Registry Agency are managed by the Company internally.

2.1.5. Maximum care is taken to reply to inquiries in accordance with applicable legislation and the Articles of Association. To the best of the Company's knowledge, no written or verbal complaints concerning the exercise of shareholders' rights were received in 2006, nor were there any official investigations launched against the Company.

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3. Exercise of Shareholders' Right to Information

3.1. The Company does not discriminate against different groups of shareholders in terms of their rights to information.

3.1.1. All necessary information and documents to ensure the proper exercise of shareholders' rights are available on the Company's website at www.hurriyetkurumsal.com.

3.1.2. Several written and verbal requests for information were received from shareholders in 2006. These requests were responded to without delay, under the supervision of the Investor Relations Unit and in accordance with capital markets legislation.

3.1.3. The Articles of Association do not yet provide for an individual's right to appoint a special auditor. However, this right might be included in the Articles of Association in the near future, depending on changes in relevant legislation. No special auditors were appointed during the reporting period.

3.2. In order to improve the shareholders' right to obtain information, any information that might affect the exercise of these rights is made available to shareholders electronically and without delay.

4. Information on General Meetings of Shareholders

4.1. All of the Company's shares are registered shares. The transfer and reissue of these shares is subject to Article 9 of the Articles of Association.

4.2. The Articles of Association do not specify a timeframe for entering shareholders into the stock ledger, with a view to ensuring the participation of holders of registered shares in General Meetings.

4.3. In accordance with the relevant amendment to the Articles of Association, a document containing agenda items is prepared and announced to the public prior to the General Meeting of Shareholders.

4.3.1. In accordance with applicable legislation, the General Meeting of Shareholders is announced at www.hurriyetkurumsal.com.tr at least 21 days in advance and advertisements are published in Hürriyet and Referans, to ensure maximum participation by shareholders.

4.3.2. All announcements comply with the CMB principles.

4.3.3. Following the announcement of the General Meeting of Shareholders, the following documents are made available to all shareholders at the Company's headquarters, branches and websites: The annual report, financial statements and reports, dividend distribution proposals, the agenda of the General Meeting of Shareholders, any documents supporting the agenda and the most recent version of the Articles of Association, any amendments and their reasons.

4.3.4. No important changes occurred in the Company's management or operational organization during the accounting period and no changes are expected in the near future. Any such changes will be disclosed to the public in accordance with applicable legislation.

4.3.5. Prior to the General Meeting of Shareholders, forms of proxy statements are made available on the website for those desiring to be represented by proxy.

4.3.6. Prior to the General Meeting of Shareholders, the voting procedure is announced to shareholders on the website and through announcements in newspapers.

4.3.7. In 2006, shareholders did not request any additions to the agenda.

4.4. The meeting procedure for the General Meeting of Shareholders ensures maximum participation of shareholders.

4.4.1. General Meetings of Shareholders are designed to prevent any inequalities among shareholders and are held in the most economical and least complicated manner possible.

4.4.2. General Meetings of Shareholders are held at the Company's headquarters. An amendment to the Articles of Association allows for meetings to be held at another location in the city where most of the shareholders are residing. Any future requests in this regard will be duly considered.

4.4.3. The venue of General Meetings of Shareholders facilitate maximum participation of shareholders.

4.4.4. Ordinary General Meetings of Shareholders are held within the statutory timeframes following their announcement. The Ordinary General Meeting of Shareholders to discuss the activities of the year 2005 was held on May 1, 2006, within the statutory timeframe. Financial statements were announced at the end of the 13th week following the end of the accounting period. The Ordinary General Meeting of Shareholders to discuss 2006 operations is scheduled for May 10, 2007. In other words, the meeting will be held in full compliance with applicable capital markets legislation and the spirit of the principles.

4.4.5. Unless otherwise decided by the General Meeting of Shareholders, all General Meetings are open to media members and interested parties. However shareholders or proxies who attend a General Meeting of Shareholders without an entrance card are not entitled to speak and vote at the meeting.

4.5. At the General Meeting of Shareholders, agenda items are explained in an unbiased, detailed and clear manner and shareholders are allowed to explain their views, ask questions and discuss related issues in a democratic environment.

4.5.1. Minutes of General Meetings of Shareholders are made available at www.hurriyetkurumsal.com.tr.

4.5.2. Only one General Meeting of Shareholders was held in 2006. At the Ordinary General Meeting of Shareholders of May 1, 2006 where 2005 operations were discussed, 60.01% or 250,067.356 shares out of the 416,742,560 shares of the Company were present. No new suggestions or questions on agenda items were raised by shareholders or their proxies.

4.6. According to the Articles of Association, a decision of the General Meeting of Shareholders is required for changes in shares, the acquisition and/or sale of assets in excess of 10% of total assets of the Company, the leasing or renting of such assets, grants and donations made as per Article 3 of the Articles of Association, sureties and similar guarantees issued in favor of third parties. The General Meeting of Shareholders may authorize the Board of Directors for such actions in advance, provided that it specifies an upper limit.

5. Voting Rights and Minority Rights

5.1. The Company avoids any act that might compromise the exercise of voting rights. All shareholders are allowed to exercise their voting rights in the easiest and most convenient way.

5.2. The Company does not have any preferential shares or classes of shares.

5.3. Each share is entitled to one vote.

5.4. There exist no provisions that postpone voting rights until a specific date following the acquisition of a share.

5.5. The Articles of Association do not contain any provisions that prevent a non-shareholder to vote as a proxy.

5.6. In the event the beneficial interests and rights of disposal of a share belong to different persons, they may have them represented as they deem fit, upon mutual agreement. However, if they fail to agree, the right to participate in and vote at the General Meeting of Shareholders shall be given to the beneficial owner.

5.7. The Company's capital does not involve any cross-shareholding.

5.8. Minority rights are granted to shareholders who own at least 5% of the capital (Article 32 of the Articles of Association).

5.8.1. Utmost care is taken in relation to the exercise of minority rights. No criticisms or complaints were voiced in this regard in 2006.

5.9. The Articles of Association do not provide for cumulative voting. The advantages and disadvantages of this practice are assessed in view of changes in relevant legislation.

6. Dividend Policy and the Timing of Distributions

6.1. The Company's dividend policy has been designed in accordance with the relevant capital markets legislation and the provisions of the Articles of Association.

6.2. Dividends are distributed within the timeframe prescribed by the legislation and as soon as possible after the General Meeting of Shareholders.

6.2.1. The Ordinary General Meeting of Shareholders on May 1, 2006 decided to distribute a cash dividend of YTL 41,730,232, which corresponds to 50% of distributable net income for the period. Distribution of the cash dividend commenced on May 29, 2006.

6.3. According to the Company's Articles of Association, the Board of Directors is entitled to distribute dividends in advance, provided that it is authorized by the General Meeting of Shareholders in this regard and further provided that this complies with Article 15 of the Capital Markets Law and the regulations issued by the Capital Markets Board. The authorization granted by the General Meeting of Shareholders to the Board of Directors to distribute dividends in advance is restricted to the corresponding year of the Board's authorization. Until the advance dividend payments of the previous year are fully settled, further advance payments cannot be made and decisions to distribute dividends cannot be made.

6.4. The Company decides to pay dividends in accordance with the Turkish Commercial Code, the Capital Markets Law, the regulations and decisions of the Capital Markets Board, legislation on income taxes and corporate taxes, the Articles of Association and the dividend policy of its majority shareholder Doğan Yayın Holding A.Ş. according to this:

- a long-term cash dividend policy is targeted,
- at least 50% of distributable net profit shall be distributed, calculated in accordance with the Capital Markets Law and the International Financial Reporting Standards,
- the dividend policy shall be adhered to unless there are extraordinary economic developments,

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- if 50 to 100% of distributable profit is planned to be distributed, the ratio of the profit to be distributed shall be determined in line with the financial structure and budget of the Company,
- net distributable profit for the period shall be determined in accordance with provisions for taxes payable, if any and the financial position of affiliates,
- proposed dividend shall be announced to the public within the timeframe specified in relevant legislation and as soon as practicable after the completion of the general meetings of subsidiaries and affiliates that are included in the consolidated financial statements,
- if the general meetings of affiliates included in the consolidated financial statements do not decide to distribute a dividend, or decide for a partial dividend distribution, profits that have been retained shall be ignored in calculating net distributable profit for the period,
- if the net distributable profit calculated in accordance with the Company's statutory records (non-consolidated financial statements) is lower than the net distributable profit calculated in accordance with IFRS financial statements, the former shall be taken into account and fully distributed. If higher, the ratio of the profit to be distributed shall be determined in accordance with the financial structure and budget of the Company,
- if there is no net distributable profit in the Company's statutory records (non-consolidated financial statements), no dividend shall be distributed even if there exists a net distributable profit in the financial statements prepared in accordance with the Capital Markets Law and the International Financial Reporting Standards.
- if distributable profit is lower than 10% of issued capital, no dividends shall be paid.

At its April 17, 2007 meeting, the Board of Directors decided to propose that no dividend be distributed out of the net income of 2006 and that the amount that remains after setting aside a primary legal reserve be added to contingency reserves. This proposal was submitted to the approval of the General Meeting of Shareholders at its ordinary meeting on May 10, 2007.

6.5. In accordance with the January 27, 2006 decision of the CMB, the dividend policy of the Company was revised for 2006 and onwards. The General Meeting of Shareholders was informed of this policy, which was also publicly announced.

6.6. The Company's dividend policy is stated in its annual report and publicly announced on its website.

7. Transfer of Shares

The Articles of Association do not contain any provisions that restrict the free transfer of shares by shareholders.

PART II-PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy of the Company

8.1. A disclosure policy to provide necessary information to the public was prepared and announced on the Company's website. This policy is available at www.hurriyetkurumsal.com.tr.

8.2. The disclosure policy was approved by the Board of Directors and presented to the General Meeting of Shareholders. The Board of Directors is in charge of monitoring, revising and improving the 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.

8.3. A "Capital Markets and Corporate Governance Unit" was set up to monitor and supervise all issues related to public disclosures. Questions of third parties are responded to by the CEO, the CFO, the Business Development and Investor Relations Coordinator or the Investor Relations Director, depending on the content of the question.

In responding to questions, utmost care is taken to avoid any violation of the equal rights of stakeholders to obtain information.

8.4. Except where applicable legislation requires otherwise, data distribution companies and the website of the Company are used effectively for public disclosures.

8.5. The Company's disclosure policy contains guidelines for the disclosure of forward-looking information. This information is disclosed together with all relevant statistical data and evidence regarding the Company's financial position and its operational results. Only the CEO and the CFO are authorized to make such disclosures.

8.6. 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.

8.6.1. There were no transactions or material disclosures in 2006 regarding this issue.

8.6.2. Since all material disclosures are available on the website, those regarding this issue automatically become available there as well.

8.6.3. The Company does not have any stock-based derivatives.

8.7. In 2006, no commercial and/or non-commercial transactions took place between

- i. Hürriyet and other companies in which Board Members, executives or shareholders who directly or indirectly own 5% or more of Hürriyet's capital,
- ii. Hürriyet and other companies in which Hürriyet, its Board members, executives or shareholders who have management control with more than 5% or irrespective of the amount of share owned in this company.

8.8. The financial statements and footnotes of 2006 were prepared on a consolidated basis in accordance with International Financial Reporting Standards, audited by independent auditors pursuant to the International Auditing Standards and were publicly disclosed.

8.9. The 2006 Annual Report was prepared in accordance the Capital Markets Law, CMB regulations and CMB principles.

9. Material Disclosures

9.1. The Company complies with the Capital Markets Law, regulations of CMB and the stock exchange and CMB principles.

9.1.1. In 2006, there were a total of 24 material disclosures. The Capital Markets Board and the Stock Exchange did not issue any notifications, amendments or requests for additional material disclosures regarding the public disclosures the Company made in 2006.

9.1.2. All material disclosures sent to the stock exchange were signed by the CFO and the Financial Affairs Manager. Public disclosures are prepared in close cooperation with the Audit Committee and the Corporate Governance Committee.

9.2. Since the Company's securities are not traded on international stock exchanges, no additional disclosures were required.

10. The Website and its Contents

10.1. In accordance with the CMB Principles, the Company's website at www.hurriyetkurumsal.com.tr is actively used for public disclosures.

10.1.1. The content and layout of the Turkish and English pages of the website were redesigned in accordance with CMB principles.

10.1.2. The website is being continuously improved.

10.1.3. The address of the website is clearly indicated on the Company's letterhead.

10.1.4 Guidelines related to the management of the website are included in the disclosure policy.

11. Ultimate Controlling Individual Shareholders

11.1. Changes in the Company's capital structure and/or management are disclosed to the public in accordance with capital markets legislation and CMB regulations.

11.2. Ultimate controlling individual shareholders and the shares they own are shown below, after eliminating any indirect shareholdings:

Shareholder	Number of Shares	Amount of Shares	(%)
Doğan Yayın Holding A.Ş.	250,045,536	250,045,536	60
Publicly-traded	166,697,024	166,697,024	40
Total	416,742,560	416,742,560	100

11.3. To the best of the Company's knowledge, shareholders did not enter into any voting agreements in 2006 for increasing their role in the management of the Company.

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12. Persons with Access to Insider Information

All necessary measures and precautions are being taken 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 www.hurriyetkurumsal.com.tr. The names and positions of individuals who have access to trade secrets are as follows:

Aydın Doğan	Chairman of the Board
Mehmet Ali Yalçındağ	Deputy Chairman of the Board
Vuslat Doğan Sabancı	Board Member / CEO
Ertuğrul Özkök	Board Member / Member of the Executive Board
İmre Barmanbek	Board Member / Chairman of the Audit Committee
Soner Gedik	Board Member / Member of the Audit Committee
Cem Kozlu	Board Member (Independent)
Kai Diekmann	Board Member (Independent)
Ertunç Soğancıoğlu	Board Member
Ahmet Toksoy	CFO / Member of the Executive Board
Ayşe Sözeri Cemal	Chief Advertising Officer / Member of the Executive Board
Sinan Köksal	Chief Marketing Officer / Member of the Executive Board
Murat Doğu	Member of the Corporate Governance Committee
Alpay Güler	DYH Investor Relations Coordinator and Financial Advisor
Ahmet Özer	Business Development and Investor Relations Coordinator
Halil Özkan	Financial Affairs Manager
Cem Baykara	Finance Manager
Şükran Yiğit	Budget Manager
H. Sancak Basa	Human Resources Manager
İnci Şencan	Financial Control and Investor Relations Manager
Korhan Kurtoğlu	Assistant to CFO
S. Serdar Giral	Internal Control Manager
Fuat Arslan	Member of the Audit Board
Mehmet Yörük	Member of the Audit Board
Levent Ateşli	Financial Control
Cansen Başaran Symes	Independent Auditor
Gökhan Yüksel	Independent Auditor
Elif Özmet	Independent Auditor
Mustafa Aydemir	Independent Auditor
Zeynep Kara	Independent Auditor
Sabire Dağlı	Independent Auditor
Ege Ersoy	Independent Auditor
Çiğdem Kazanç	Independent Auditor
Savaş Bekar	Certified Public Accountant
Özer Koçak	Certified Public Accountant
Hüseyin Küçük	Public Accountant
Ertan Ayhan	Circulation Control
Erdem Tecer	Circulation Control
Emre Beşli	Circulation Control
Tolga Kirelli	Circulation Control
Selim Güvenç	Circulation Control
Fevzi Keçeci	Circulation Control
Uğur Sağlam	Circulation Control
Alper Çelik	Circulation Control
Güzide Aslı Köylü	Circulation Control

SECTION III-STAKEHOLDERS

13. Disclosures to Stakeholders

Disclosures to stakeholders and investors are made in accordance with the Capital Markets Law and the regulations and principles of the CMB, using tools that are determined in advance. Management is encouraged to join NGOs formed by stakeholders. Participation in such endeavors together with advertisers helps the Company understand their needs and ensures sustainable growth and financial strength.

14. Participation of Stakeholders in Management

Hürriyet is in constant contact with the stakeholders mentioned above. Feedback received from stakeholders is evaluated and submitted to senior management, to assist the development of solutions and policies.

15. Human Resources Policy

15.1. The human resources policy of the Company has been defined in writing. According to this policy, the Company recruits individuals with superior knowledge and skills, easily adaptable to the corporate culture, possessing a highly developed sense of business ethics, honesty, coherence and openness, knowing how to unite the Company's future with their own.

15.2. The human resources policy requires the Company to provide equal recruitment and career planning opportunities to individuals with similar backgrounds.

15.2.1. All recruitment criteria have been specified in writing and are efficiently implemented.

15.2.2. All employees are treated equally with regard to education and promotion. Training is designed to enhance the knowledge and skill of each employee.

15.3. Decisions or developments within the Company that may affect employees are shared through the internal website set up to promote communication.

15.4. Efforts regarding job descriptions, performance and reward criteria are nearing completion.

15.5. Working conditions at the Company are designed to meet the highest safety standards and maximize efficiency.

15.6. Employee relations are managed by the Human Resources Coordinator. There are no trade union members at the Company.

15.7. The Company does not discriminate against any employee group and all employees are treated equally. No complaints have been made to the Board of Directors and/or the Management Committees in this regard.

16. Customer and Supplier Relations

Hürriyet, a pioneer in the field of print media, believes that customer (readers and advertisers) satisfaction is of vital importance. For this reason, editorial quality and social responsibilities are taken very seriously. With this objective in mind, Doğan Yayın Holding's Editorial Principles are clearly stated on the website and enforced at the highest level.

The Company's most important raw material is newsprint. This paper is supplied by Doğan Dış Ticaret ve Mümessillik A.Ş., a subsidiary of Doğan Holding and Işıl İthalat İhracat Mümessillik A.Ş.

The newspapers and their supplements are printed at company-owned Doğan Printing Centers in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon. The printing of supplements on offset paper is subcontracted to Doğan Ofset A.Ş., another subsidiary of the group.

The newspapers are distributed by Doğan Dağıtım A.Ş. nationwide. A substantial portion of revenue comes from advertisement. The Company makes its best efforts to ensure the satisfaction of advertisers. Advertisements that are not published in accordance with the customer's requests are compensated for in the shortest possible time.

17. Social Responsibility

As an integral part of its role in Turkey's modernization, Hürriyet believes that it should do its best to help solve social problems. Hürriyet's social responsibility efforts are described in detail in the section entitled "Social Responsibility, Environment and Donations."

In 2006, no lawsuits were brought against the Company in relation to harming the environment.

Environmental Protection at the Printing Facilities

Paper consumption:

Recycled paper accounts for 21% of the paper consumed at Hürriyet facilities. Approximately 40,000 tons of recycled paper is used in newspaper printing.

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Chemical treatment:

Liquid chemical wastes of the production facilities are collected at the wastewater plant and sent to the chemical treatment plant. Chemically-treated wastewater is then sent to biological treatment.

Biological treatment:

Household wastewater produced by the facilities and chemically-treated wastewater are biologically treated and sent to wastewater collection channels, whose standards are determined by the relevant public bodies.

The operation of the Company's treatment plants is under the supervision of specialized companies that analyze water samples taken from the facilities every day. In addition, every month, the treatment plants are inspected by the relevant official authorities.

Waste paper:

Paper waste is collected in special areas and sent to recycling.

Aluminum mold waste:

The aluminum molds used in printing are collected in special areas after production and sent to recycling.

Plastic bins and metal barrels:

Bins and barrels used to store tank water, solvents, oils and chemicals are collected in special areas and sent to recycling.

Lubricant waste:

Used lubricants are not spilled into plumbing installations but collected in barrels to be sent away later as waste.

Gas emissions:

Hürriyet's newspaper printers run on electricity and therefore no gas is released into the atmosphere.

Plant cleaning:

All plants are regularly cleaned by a cleaning company.

Care of green areas and trees:

All green areas of the facilities have undergone landscaping. Gardens are cared for regularly by professional firms.

Environmental health and protection:

Industrial wastewater produced at the Company's headquarters (Hürriyet Media Towers) is regularly sent to a professional firm for treatment.

Cooling equipment at the Company's headquarters was renewed four years ago. New-generation cooling equipment that are currently in use run on an environment-friendly gas known as R 134a. All newly-acquired coolers and equipment using coolers have been specifically chosen in view of their environment-friendly gas contents.

The halon fire-extinguishers previously used in the buildings were removed and replaced by environment- and health-friendly systems containing FM 200 gas in compliance with EU standards.

SECTION IV-BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors and Independent Members

18.1. The composition and election of the Board of Directors are subject to the Turkish Commercial Code and related provisions are set forth in the Articles of Association. Some arrangements have been made to comply with the CMB principles.

18.1.1. The Company is managed and represented by a Board of Directors that consists of nine members elected from among the shareholders at the General Meeting of Shareholders.

18.1.2. At least one third of the Board Members must be independent members who meet the qualifications specified in the CMB's Corporate Governance Principles. Individuals who have served on the Board for seven years cannot be elected independent members.

18.1.3 The number of executive directors cannot exceed half of the Board of Directors and this point is taken into consideration especially when defining the duties of Board Members.

18.2. Members of the Board of Directors and their status:

Aydın Doğan	Chairman of the Board	Non-Executive
Mehmet Ali Yalçındağ	Deputy Chairman of the Board	Non-Executive
Vuslat Doğan Sabancı	Member	Executive
Ertuğrul Özkök	Member	Executive
Soner Gedik	Member	Non-Executive
İmre Barmanbek	Member	Non-Executive
Ertunç Soğançoğlu	Member	Non-Executive
Cem M. Kozlu	Member	Independent
Kai Diekmann	Member	Independent

18.2.1. One fourth of the directors are independent members. Even though there are two independent members, this is below the required one-third ratio specified in the Principles. Work is in progress to raise the number of independent members to three.

18.2.2. The Chairman and the Chief Executive Officer of the Company are different persons.

18.2.3. Of the directors, 78% are non-executive members.

18.2.4. Cem Kozlu, who was appointed Independent Board Member, is a consultant for the North Asia, Eurasia and the Middle East Group of the Coca-Cola Company. Before joining Coca-Cola, Kozlu served as a Member of Parliament for four years and as the Chairman of Turkish Airlines. He has written four books on economics and business, one of which is a university textbook on international marketing.

The second independent member, Kai Diekmann, served as News Editor at Bunte Magazine and as Editor-in-Chief of the Welt am Sonntag newspaper. In 2001, he was appointed Editor-in-Chief of Bild, the best-selling newspaper of Germany and became Bild's publisher in 2004. Presently he serves as the publisher of Bild am Sonntag. After his appointment, Diekmann turned the Bild newspaper into one of the best-selling, most efficient and most profitable publishing organizations in Europe. In 2004, he wrote the biography of former German Chancellor Helmut Kohl, who is a close friend.

18.2.5. There are no rules and/or restrictions regarding the employment of Board Members outside the Company.

18.3. Since it is clear to the Board of Directors that the independent members meet the criteria specified in the CMB Principles, no further written statements regarding their independence were requested. As of the date of this report, there existed no circumstances that would cause any Board Member to lose his/her independent status.

19. Qualifications of Board Members

19.1. The Board of Directors is constituted to ensure maximum efficiency and effectiveness. CMB Principles are complied with in this regard and relevant guidelines are specified in the Articles of Association:

19.1.1. Members of the Board of Directors shall be elected from among individuals who have basic knowledge of the legal environment in the Company's line of business, are professional and experienced in management, can review financial statements and preferably hold relevant university degrees.

19.1.2. In order to perform its obligations and duties, every year, the Board of Directors may designate members responsible for financial, monetary and legal issues and may delegate part of its duties by assigning executive directors who shall oversee the implementation of the Board's resolutions.

19.1.3. The compliance program shall be led by the Corporate Governance Committee and implemented under the responsibility of the CEO. Every new member joining the Board of Directors receives an information folder prepared by the Secretariat of the Board of Directors and attends meetings organized by the Secretariat, obtaining information on such issues as the Company's operations, the situation of the industry as a whole, the competitive environment and reader profiles.

19.2. Resumes of Board Members are available in the annual report and at www.hurriyetkurumsal.com.tr.

20. Mission, Vision, Strategic Objectives

20.1. Mission: Hürriyet's mission is to provide accurate news and information, as well as honest analyses and assessments to all Turkish-speaking people around the globe. To accomplish this objective, the main task of the directors of Hürriyet and its subsidiaries is to maintain the independence of both the Company and the newspaper and to manage the Company in a way that will provide maximum value to shareholders.

20.2. Vision: Playing an active role in Turkey's modernization, Hürriyet stands out with its high-quality publishing, employee focus and social responsibility. Hürriyet has always been and will continue to be guided by its commitment to serving the public good and maintaining its role as a pioneer.

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20.3. Strategic Objectives: Hürriyet's strategy involves providing customer-focused service, developing reader-oriented specialty products, producing content for traditional brands, keeping abreast of advances in technology and innovatively diversifying and expanding content distribution channels. The Company's strategy also involves tailoring information and educational products and tools to individuals, diversifying and expanding its sales and distribution channels in cooperation with the world's leading media enterprises.

The Board of Directors and the management continuously review Hürriyet's position in line with its strategic objectives. At regular and frequent board meetings, the Company reviews its position in the market and devises new targets and strategies responding to changing conditions. The strategic targets defined by executives are implemented following the approval of the Board of Directors. The Chairman of the Executive Board reports on progress in achieving the targets and past performance to the Board of Directors.

21. Risk Management, Risk Factors and Internal Control

The Finance, Accounting, Budget and Internal Control Departments manage financial risk under the authority and responsibility of the CFO. Along with financial risk, the identification and reporting of operational risk of the affiliates is the CFO's responsibility as well.

The Internal Control Department aims to introduce a systematic approach to improve the efficiency of existing risk management, as well as control and corporate governance functions based on a thorough evaluation, in order to enable the Company to reach its goals. The Internal Control Department, in accordance with applicable legislation, prepares independent reports on the efficiency and effectiveness of operations, the reliability of financial statements and compliance with the by-laws and rules approved by the management. Its duties also include reviewing existing internal control mechanisms, creating an effective internal control mechanism and informing management on related activities.

The Audit Committee reports any problems it identifies concerning risk management and internal control.

In 2006, efforts were made to review the Company's existing practices and determine points of internal control. In this context, authorizations and limits concerning these points of control were specified on an "authorization chart" and various internal regulations and instructions were formulated. These were procurement regulations, travel expense regulations, procurement instructions for the purchase of goods and services, cash count instructions, stock count regulations and internal control regulations. All of the regulations were reviewed periodically to ensure compliance.

Controls on and reliability of monthly financial statements were tested.

Physical inventory counts were taken at the end of the accounting period and the results were reported.

Doğan Yayın Holding Internal Control Department performed an audit covering all regions and an action plan was prepared on the basis of the resulting audit report. Necessary action was taken without delay.

Audits were performed in the various regions and implementation was monitored in accordance with the resulting reports.

A "Personnel Productivity Analysis" was carried out for all departments.

A 'Competition Analysis' was made and higher management was provided with information on current market shares and on competitive conditions in newly-developing markets on a macro and micro basis.

Valuations and risk analyses were made for existing companies and potential investments. Some projects approved by management began to be implemented (Anneyiz.Biz) or, as in the case of 'Hürriyet Real Estate' and 'Hürriyet Auto', new investments were made to enter into new activities.

Changes in legislation were monitored and agreements binding the Company were reviewed in an attempt to reduce risks.

The following internal control goals have been determined for 2007:

- Using appropriate methods such as observation, information-gathering, communication, control work and risk assessment to establish effective controls in existing and new processes and supporting the organization with a strong control system;
- preparing regulations and instructions that present powerful and flexible solutions and reviewing efforts regularly in order to minimize all potential risks that may jeopardize the achievement of the Company's goals;
- protecting the organization against the possible consequences of lack of control (e.g. legal obligations, loss of share value, financial losses, lost business opportunities, loss of customer satisfaction);
- determining points of control for new investments and making recommendations to management for improving margins.

21.1. Interest-rate risk: Hürriyet and its subsidiaries have interest-rate exposure due to the interest sensitivity of some of its assets and liabilities. These risks are managed by balancing interest-sensitive assets and liabilities with each other.

21.2. Funding risk: Existing and future borrowing requirements are covered through sufficient funding commitments from lending institutions with high-quality lending capacities.

21.3. Loan risk: Possession of financial assets creates the risk of the other party's failing to meet its obligations. These risks are kept under control by limiting loan amount per borrower. The high number of borrowers and the variety of their fields of activity diversifies loan risk.

21.4. Exchange-rate risk: Hürriyet and its subsidiaries may be exposed to exchange rate risk as a result of fluctuations in exchange rates used to convert foreign-currency loans into Turkish lira. This risk is monitored through currency position analyses (2006 Consolidated Financial Statements, Note 29).

22. Authorities and Responsibilities of Board Members and Executives

22.1. The duties and responsibilities of Board Members and executives are stated in the Company's Articles of Association, in a manner that is consistent with their functions and clearly defined and separated from the duties and responsibilities of the General Meeting of Shareholders.

22.2. The agenda of the Board of the Directors meeting prepared by the CEO is submitted by the Secretariat of the Board of Directors to all Board Members at least one week before the date of the meeting and is revised in accordance with the suggestions of Board Members. As a rule, the Board of Directors convenes upon the invitation of either the Chairman or the Deputy Chairman. The Board of Directors must also be invited to a meeting upon the joint request of at least three members.

Any internal auditor or minority shareholder may invite the Board to a meeting, by determining its agenda in advance. In this case, the Chairman of the Board of Directors evaluates the emergency of the matter specified in the request. Eventually, the Chairman may either call for a meeting immediately or decide to postpone the discussion of the matter until the next ordinary meeting of the Board of Directors, assuming the responsibility of this decision and explaining its reasons.

Except for situations that require emergency meetings, meeting calls must be made at least seven days before the meeting date and shall also include the agenda of the meeting and all documents and information on agenda items.

22.3. If there are dissenting opinions and negative votes, the reasons of the negative votes are entered into the minutes of the meeting. In 2006, no material disclosures were made due to the absence of dissenting opinions and negative votes.

22.4. Personal presence of all members at board meetings is ensured for decisions on matters that require personal presence as per the Corporate Governance Principles of the Capital Markets Board.

23. Activities of the Board of Directors

23.1. Members of the Board of Directors are promptly provided all information they may need to adequately perform their duties.

23.2. The Board of Directors makes separate decisions for the approval of the financial statements and their footnotes, the Independent Audit Report, the Corporate Governance Compliance Report and the Annual Report.

23.3. Meetings of the Board of Directors are organized by the Chairman, the Deputy Chairman or the CEO, who is also a Board Member. Communication between Board Members is facilitated by the Secretariat of the Board of Directors, which is responsible for keeping all documents regarding the meetings of the Board of Directors. The duties and responsibilities of the Secretariat of the Board of Directors, which directly reports to the Chairman of the Board, are stated in the Articles of Association.

23.4. In 2006, the Board of Directors held 57 meetings and approved all resolutions unanimously, without any opposing votes.

23.5. Meetings of the Board of Directors are planned effectively and efficiently. As stated in the Articles of Association:

23.5.1. The Board of Directors meets whenever required by the business of the Company and at least once every month.

23.5.2. As a rule, the Board of Directors meets when requested by the Chairman, the Deputy Chairman or the CEO, who is also a Board Member. The meeting date may be decided by the Board of Directors as well. In case the Chairman or Deputy Chairman does not call for a meeting upon the request of one of the Board Members, then the members shall have the right to call for a Board meeting. Any internal auditor may call for a Board meeting, by determining its agenda in advance.

23.5.3. Meeting calls are made at least seven days before the meeting date and include the agenda and all documents and information related to agenda items.

23.5.4. As a rule, meetings of the Board of Directors take place at the Company's headquarters. However, upon a decision of the Board of Directors, meetings can be held in a different location in the same city or in another city.

23.5.5. Members of the Board of Directors primarily attend meetings in person. However, it is also possible to use technology that provides remote access. Written opinions of members who cannot attend the meetings in person are conveyed to the other members.

23.5.6. Discussions at meetings of the Board of Directors must be entered into minutes and signed by the members present at the meeting. Opponents to a decision must also sign the minutes, declaring their dissenting opinion and its reasons. The minutes, other related documents and all relevant correspondence must be duly filed by the Secretariat of the Board of Directors. Detailed opinions and the reasons of opposition of dissenting independent members are also disclosed to the public.

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23.5.7. Board of Directors meetings require the presence of at least one more than half of the full number of members and decisions require a simple majority of members present at the meeting. In case of equality of votes, the subject matter is added to the agenda of the next Board meeting and if it cannot be approved and decided upon by a majority of the votes at the next Board meeting, the relevant motion is deemed to have been disapproved. Each member is entitled to one vote, irrespective of its position and duties in the Board of Directors.

23.5.8. Pursuant to the second paragraph of Article 330 of the Turkish Commercial Code, Board decisions may be taken by receiving the written consent and approval of other members for a written proposal of any member. However, this method does not apply to decisions on matters that require personal presence at the meeting pursuant to the Corporate Governance Principles of the Capital Markets Board. The following agenda items can only be approved by Board Members attending the meeting in person:

- a- Determination of the business areas in which the Company will operate and approval of business and finance plans,
- b- calling for an ordinary/extraordinary General Meeting of Shareholders and issues related to the organization of the meeting,
- c- finalization of the annual report to be presented to the General Meeting of Shareholders,
- d- election of the Chairman of the Board and the Deputy Chairman; appointment of new members,
- e- establishment or decommissioning of administrative units.
- f- appointment and dismissal of the CEO,
- g- establishment of committees,
- h- mergers, spin-offs, restructuring, sale of the Company as a whole, sale of 10% or more of fixed assets, investments in excess of 10% of total assets, expenses in excess of 10% of total assets,
- i- determination of the Company's dividend policy and the amount of dividend to be distributed.
- j- capital increase or decrease.

23.6. Meetings and travel expenses of the Board of Directors, special studies it may request in relation to its duties and related expenses are paid out of the general budget without any restriction.

23.7. According to the Articles of Association, members of the Board of Directors do not have weighted voting and/or veto rights.

24. Restrictions on Dealing and Competing with the Company

According to the Articles of Association, Members of the Board of Directors are not allowed to deal or compete with the Company. An exception can be granted at the General Meeting of Shareholders upon the affirmative vote of shareholders who represent at least three-fourths of the capital.

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.

25. Ethical Rules

Hürriyet adheres to the "Values" it has announced in its website and annual report, as well as the "Editorial Principles" announced to the public by Doğan Yayın Holding. In addition to these rules, the Company has also adopted the Code of Conduct of Doğan Yayın Holding, with which all Doğan Media Group personnel should comply. Doğan Holding Editorial Principles and the Code of Conduct are available on Doğan Yayın Holding' website at www.dyh.com.tr.

26. Number, Structure and Independence of the Committees Constituted by the Board of Directors

26.1. In line with the Company's current position and needs, an Audit Committee, a Corporate Governance Committee, an Executive Committee and a Coordination Board have been established to ensure that the Board of Directors properly fulfils its duties and responsibilities.

26.2. The charters of the Audit Committee and the Corporate Governance Committee have been approved by the Board of Directors and are available at www.hurriyetkurumsal.com.tr. These charters have been carefully designed in light of the Capital Markets Law, CMB Regulations, the Principles, the Articles of Association as well as practices in other countries; both committees meet on a monthly basis.

26.3. Information on the Audit Committee established by the Articles of Association:

26.3.1. The Audit Committee consists of the following members:

Name	Title	Note
İmre Barmanbek	Chairman	Board Member / Non-executive
Soner Gedik	Member	Board Member / Non-executive

According to Section IV/5-4 of the Principles, individuals who are not Board Members but are considered experts in their fields can be appointed to the committee.

26.3.2 The Chairman of the Audit Committee is not an Independent Board Member. However, her position complies with CMB regulations because she is a non-executive member.

26.3.3. The Board of Directors held a meeting on May 5, 2006 and decided that İmre Barmanbek and Soner Gedik, Board Members who are concurrently Committee Members Responsible for Auditing, be reelected and authorized to perform the duties specified in the Capital Markets Board Communiqué Series X, No. 16.

26.3.4. All members of the Audit Committee are non-executive Board Members.

26.3.5. The Audit Committee makes regular efforts in compliance with capital markets legislation and in light of the CMB's Corporate Governance Principles. In this regard, in 2006:

- the Company's financial statements and their footnotes, as well as the independent audit report of the previous year were reviewed prior to their public disclosure and meetings were held with the Independent Audit Firm,
- the Company's independent audit contract was revised,
- results of the internal controls performed by the Internal Control Department and the measures taken have been reviewed,
- efforts were made regarding the establishment of a central dematerialized system.

26.4. Information on the Corporate Governance Committee established by the Articles of Association:

26.4.1. According to Board Decision No. 2006/34 dated May 5, 2006, the Corporate Governance Committee shall consist of the following chairperson and members:

Name	Title	Note
Cem Kozlu	Chairman	Independent Board Member / Non-executive
Murat Dođu	Member	Non-executive
Ahmet Özer	Member	Business Dev. and Investor Rel. Coord. / Non-Executive
İnci Şencan	Member	Finan. Control and Investor Rel. Manager / Non-executive

26.4.2. Corporate Governance Committee Member Murat Dođu is also a Member of DYH Corporate Governance Committee.

26.4.3. More than half of the committee members are non-executive.

26.4.4. Since its inception, the Committee has been continuing its activities in a regular manner. In this regard:

- corporate governance compliance reports prepared by the Company were reviewed,
- annual reports prepared by the Company were reviewed,
- it was ensured that the Ordinary General Meeting of Shareholders, where the activities of 2005 were discussed, was held in compliance with related legislation and principles,
- it was ensured that relations with shareholders and investors are pursued in compliance with related legislation and principles,
- public disclosures of the Company were reviewed,
- the website was regularly updated and improved.

26.5. The committees act in accordance with their authorities and responsibilities and make suggestions to the Board of Directors. The final decision always belongs to the Board of Directors.

26.5.1. All activities of the committees are documented in writing.

26.5.2. The committees present their annual reports to the Board of Directors in writing.

27. Remuneration of the Board of Directors

27.1. The Chairman, Deputy Chairman and Members of the Board of Directors are paid remuneration as decided upon by the General Meeting of Shareholders. The decision regarding this remuneration is based on the CEO's salary, the time Board Members spend for meetings, as well as the time involved in pre and post-meeting preparations and the duties assumed. The attendance fee to be paid to Board Members for each meeting is also decided upon by the General Meeting of Shareholders.

Whether the chairmen and members of the committees are to be paid any fees and the amounts and conditions of such fees, if any, are decided by the Board of Directors together with the resolution regarding the establishment of the particular committee. If the chairman and members of a committee are at the same time the chairman and members of the Board of Directors, it is the duty of the General Meeting of Shareholders to decide whether they are to be paid any fees and the amounts and conditions of such fees, if any.

27.2. At the Ordinary General Meeting of Shareholders on May 1, 2006, it was unanimously decided that the Chairman of the Board of Directors be paid a monthly fee of YTL 6,000, the Deputy Chairman a monthly fee of YTL 5,000 and Members of the Board YTL 4,000 each. Furthermore, it was decided that Independent Members Cem M. Kozlu and Kai Georg Diekmann each be paid a monthly fee equal to the YTL equivalent of US\$ 5,000. There exists no bonus mechanism based on performance for members of the Board of Directors.

No loans or credits are extended by the Company to any Board Members or executives, either directly or indirectly.