

**From the
Management**

Message from the Chairman



Dear Shareholders, Business Partners and Esteemed Colleagues,

2004 was a busy year for Turkey in terms of its political and economic climate. The economy and political developments both on a national and international scale have progressed positively while supporting Turkey in achieving its goals. Although internal politics in general were stable throughout the year, some trials and tribulations were on stage causing fluctuations in the marketplace, one of which was the debate on the Turkish Criminal Code in September. Conversely, year 2004 was quite prolific in terms of international affairs. Events such as the referendum on Cyprus, the war in Iraq and terrorist attacks in various countries occupied the Turkish agenda. Nonetheless, our relationship with the European Union was certainly the most significant issue of all.

Positive developments

In 2004, the most notable economic development was our improving relationship with the International Monetary Fund. After many years, Turkey has fulfilled the majority of the conditions laid down and has, for the first time, started seeking a new agreement with IMF. Considerable reforms have been achieved in terms of democratization, human rights, minority rights and the process of bringing military command under the control of civil authorities. Actions realized in the process of transition to the European Union have played an essential role in the accomplishment of all such reforms.

Turkey received the green light from the European Council

In the Progress Report released on October 6, the European Commission has given the green

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light for the start of negotiations; finally on December 17, the starting date for negotiations has been set for October 3, 2005. Turkey's relationship with the EU goes back to 1959. Since its foundation in 1957, the EU has accomplished an expansion process in five stages to date. If I may remind you, in 1987, Turkey applied for full membership to the EU... From a realistic point of view, Turkey's full membership can only be achieved after a long process. The main goal in this process is the transformation of the Turkey's political, economic, social and cultural potentials so that they will contribute to the future of Europe; this eventuality depends on making progress in line with Europe's common values and principles.

Turkey's improving relations with IMF

Turkey's progress along the way to the EU gives new momentum to achieving economic stability. Starting the membership negotiations with the EU also means starting a closer economic relationship with them. Turkey has completed the necessary arrangements for a new economic program with the IMF that will start in 2005. Combined with the perspective of EU membership, this process expectedly will reinforce the positive atmosphere in the markets. Recently, Turkey has made significant progress in establishing an active market economy as well as in coping with the competitive pressure of the pan-European market. No doubt, the goals of forthcoming governments will be to follow policies that will lower the inflation rate to fulfill the Maastricht economic criteria and reduce budget deficit and public debt.

A synergy creator in the sector and in the Group

In the light of all these macro developments and expectations, I see that Hürriyet has successfully maintained its objectives in the sector. Hürriyet constantly renews itself with dynamism rooted in its former and prospective goals; resulting achievements are also visible in the balance sheets.

Through attaining goals set for 2004 as well as its coherent management system, Hürriyet maintains its place as one of the synergy creators in Doğan Yayın Holding.

I would like to particularly highlight the following issue for our investors: With its current financial structure coupled with 57 years of experience, Hürriyet has the power to resist all possible negative impacts while sustaining its growth and competitive potential. It is this power which guarantees Hürriyet's future.

Hürriyet has been the symbol of independence and freedom of speech in the Turkish media for more than half a century. It seeks to have Turkey be involved in global decisions as a democratic state of law. Hürriyet turns its face to the future to realize the dream of a society in which libertarian intellectuals constitute the majority. For this reason, Hürriyet's columns host writers from different sides of the political spectrum. Reflecting Turkey's social and democratic values, Hürriyet is the most preferred newspaper with its free comments plus clear and explicit content of politics, business, economics, sports, entertainment and art. Owing to its belief in universal values, it has had the privilege of being the best-selling daily newspaper for many years.

I am very hopeful about the future of both Turkey and Hürriyet. I believe that all of the obstacles we have faced during the past thirty years which have impeded our development will be left behind and forgotten in the course of time. I also believe that wounds will be healed by the positive energy that nourishes our hopes. I want to take this opportunity to thank all of our employees who consistently and faithfully produce added value for the shareholders of Hürriyet and Doğan Yayın Holding. A very bright and beautiful future awaits us.

Aydın Doğan
Chairman

Message from the Chief Executive Officer



Dear Shareholders, Business Partners and Esteemed Colleagues,

Our country has concluded the year 2004 with a 9.9% growth rate - breaking a record that has stood since 1966. For the first time, an economic volume of more than US\$ 300 billion has been achieved. Per capita income exceeded US\$ 4,000 and now stands at US\$ 4,172. Restating the national income in terms of purchasing parity, this figure becomes US\$ 7,786. The national income in US dollar terms, with the additional effect of the depreciation of the exchange rates has reached US\$ 299,475 million - manufacturing industry and commercial activities are among the leading sectors in terms of growth with annual increases of 25.2% and 9.4%, respectively. Even though production figures and industry growth trends differ, it is obvious that the heavy burden of the past crises on the Turkish economy has been diminished; its effects have been reflected throughout the population. It is evident that adaptation to EU regulations and the negotiation date set on December 17 played an important role in the achievement of these developments. Under optimistic circumstances and hopeful prospects, Hürriyet achieved last year's goals and expectations, due in part to the productivity measures taken in 2001.

We maintained our leadership position in the sector

In terms of both sales and advertising revenue, Hürriyet experienced yet another successful year. In 2004, Hürriyet achieved a circulation of 495,000, an increase of 7.60% and its market share was realized at 10.9%. Hürriyet maintained its leading position by raising its share in the total advertising market to 14.8% - an increase of 0.9 points; the newspaper advertising market share rose to 41.3% for an increase of 1.1 points. Gross income totaled YTL 473 million; the net year-end profit was YTL 27 million while the paid-in capital stood at YTL 416.7 million. At the end of 2004, according to closing prices on the ISE, the market value of Hürriyet stock had increased by 12.4% in US dollar terms.

Hürriyet was 66th on the list of 500 of the largest industrial companies in Turkey as announced in 2003 by the Istanbul Chamber of Industry; it ranked 57th in the Private Sector listing. With respect to pre-tax profit, the Company reached 30th in the general ranking and was among the top 23 in the private sector list. Hürriyet's goal this year is to be one of the 20 foremost companies in the general ranking.

The corporate figures coming from beyond the borders are also positive

With an average daily circulation of between 130,000-140,000, Hürriyet is both the best-selling Turkish newspaper in Europe and one of the best-selling foreign daily newspapers on the continent. Hürriyet's availability abroad is not limited to countries in Western Europe; it is distributed through the Axel-Springer network to 20,000 sales locations in Germany and 30,000 locations across Europe.

Determining goals along with its leading position in the sector, Hürriyet's power is rooted in its independent journalism as well as in its readership.



Hürriyet also reaches another 23 countries from England to Romania, from the Scandinavian countries to Italy and also the USA and Canada. The Hürriyet-USA daily which had been printed in Germany and sent to USA has been printed in New York since November 1, 2004. It continues to be published daily and in several other important states in addition to New York. In the year 2004, the advertising revenue of just Hürriyet Europe totaled € 6.5 million. Hürriyet is moving rapidly toward its goal of becoming a 'name' known beyond the borders of Turkey.

With its rich and varied content, a monthly average of nearly 2 million visitors and 90 million hits, Hürriyetim is the leading Internet publication in Turkey and among some of the foremost publications in Europe. In 2004, overall revenue from Hürriyetim accrued from content services to companies outside the Group, from banner sales and special projects such as the Green Card and Mobile Hürriyetim amounted to YTL 1,355,910.

We also determined the agenda for our social responsibilities

On October 18, 2004, we initiated our campaign entitled "Stop Domestic Violence!" - intended to put domestic violence, one of Turkey's most critical social problems on the agenda. It is hoped that these efforts will enlighten the public and lead to positive changes. The opening meeting was attended by our top executives and the campaign achieved its target and gained immediate support from sensitive parties. The website, located at www.ailecisisiddeteson.com, is intended to carry detailed information on domestic violence and aims to be a platform on this issue. The website has had

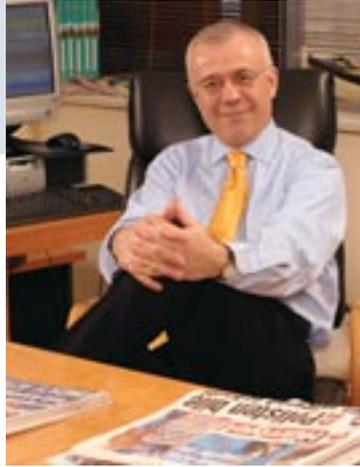
many visitors and e-mail responses from people who have personally experienced or witnessed this type of violence in their neighborhoods, in addition to numerous attentive professionals and volunteers. In the first three months alone, the campaign reached 1,500 people in the Gaziosmanpaşa, Ümraniye, Bakırköy and Kağıthane districts; the Assistance Program for Marital Relations, an effective part of the campaign, has been embraced by local authorities. The municipalities and non-governmental organizations from Istanbul and its surroundings have inquired about the possibility of expanding the program. The campaign took place in the European press as well, appearing in two newspapers in Holland as a model program from Turkey. Training programs and the campaign will continue in 2005.

By renewing our energy and hope for the future, we enter 2005. As witness to the history of our country and as part of the independent and diverse voice of our society, we share a commonality with our employees, who have devoted themselves to journalism; our shareholders who trust us and our increasing readership... We see the face of a country with a bright future.

Again, I would like to thank the institutions and individuals who have worked with us and supported us.

Vuslat Doğan Sabancı
Chief Executive Officer

Message from the Editor-in-Chief



“The Flagship” and “Hürriyet”...

Those two words go together very well. They are not only well-suited, but they also have become expressions of the reality in the history of the Turkish media. Behind these two words is the story of success spanning almost 60 years. Hürriyet has again achieved another year of reinforcing this image - unrivaled in journalism.

Nothing has changed, but for the last decade Hürriyet's remarkable success has been in its drive to becoming a great role model and a prototype within the world's media. All over the world, journalism tends to advance through a more hybrid model. A decade before, daily newspapers were divided between tabloid news and serious reference news. But the last decade witnessed the rise of serious popular newspapers which blend the successful of both of these two areas.

Hürriyet was most probably the first newspaper in the world to apply this new success model. Dealing with the popular issues, expectations

and tastes of the majority and by providing a platform for professional journalists and influential commentators, it has become the most popular daily newspaper of the higher-income group and decision makers.

Hürriyet's headlines, columns and special articles have played an exclusive role in determining the country's social agenda. It's not a matter of chance that Hürriyet appears as the most popular daily in many polls undertaken by various organizations. This is an expected consequence of this new global trend.

Hürriyet journalists were very successful this year. As in the past, this year again, the most debated topics first appeared in Hürriyet's headlines. However, Hürriyet is not only a journalism success story - other service areas of this flagship are also as full as journalism.

According to many polls conducted within the business world, Hürriyet always appears among the leading companies in Turkey. Moreover, Hürriyet

The bridge, deck and helm of the flagship have been entrusted to a crew that brings this story into life.



consistently maintains its high performance ranking with regard to annual, quarterly and semi-annual analysis reports released by the foreign consultants and investment banks.

It is not a matter of chance that Hürriyet is one of two companies with the highest percentage of foreign investors; it's the result of successful management. Today, no newspaper can survive by its performance alone with regard to journalism or managerial success. Contemporary journalism can only flourish through the synergy of great journalistic performance and successful financial management and marketing methodology. Hürriyet is the only Turkish newspaper that has achieved this type of journalism.

Hürriyet is not just a Turkish newspaper; it's also a successful global role model. Behind this success is solid management found only in well established press organizations that demonstrate strong leadership and a dynamic professional management style. All of these qualities create the foundation for a success story that has lasted for

over a half-century. This is a sustainable success story that is not simply fortuitous and certainly not conjectural.

The bridge, deck and helm of the flagship have been entrusted to a crew that brings this story into life. You can call it a global success story.

A handwritten signature in black ink, appearing to be 'Ertuğrul Özkök'. The signature is stylized and written in a cursive script.

Ertuğrul Özkök
Editor-in-Chief