DOGAN YAYIN HOLDING REMAINS ON WATCH NEGATIVE

Fitch Ratings-London/Istanbul-24 August 2009: Fitch Ratings has today maintained Turkey-based Dogan Yayin Holding's (DYH) Long-term foreign and local currency Issuer Default ratings (IDRs), at 'B+' respectively, on Rating Watch Negative (RWN).

DYH's rating is mainly driven by the company's leading ad market share in the Turkish media and entertainment sector. It is also driven by the credit quality of its main operating subsidiary, Hurriyet Gazetecilik ve Matbaacilik A.S. (Hurriyet, rated 'BB-'/Rating Watch Negative (RWN)), and DYH's high consolidated leverage following a string of acquisitions in 2005-2007.

Fitch expects that DYH will target a reduction in leverage through equity injections from the parent company, Dogan Holding (DH). The ratings therefore also reflect DH's strong support for the media subsidiary through its stand-alone net cash position of USD850m at H109. Fitch notes that DH is fully supportive of its media business and plans to reduce leverage at the media subsidiary significantly in the next 12-18 months. DH has further increased its stake in DYH to 74.5% and completed a rights issue of TRY183m at the DYH level in August 2009.

The RWN is based on a TRY862m tax fine levied on the sale of 25% of Dogan TV Holding A.S.'s shares to Axel Springer in FY07-08, and the "cautionary attachment" that was issued by the tax authorities on the share certificates - representing a 53% stake in Dogan TV Holding as collateral for the tax fine. Fitch notes that the government's tax charges are being settled in court. Fitch would expect to resolve the RWN once the court case is resolved, which is expected in Q409. However, it is possible, due to continued economic weakness and high leverage, that DYH's rating may remain under pressure even upon a resolution of the RWN.

Ad spending has declined 25%-30% y-o-y since H108, which has negatively affected the revenue and operating margins of DYH's operating companies. Fitch is also concerned about the operational weakness on the broadcasting front, especially at Star TV, and cautions that cash outflows for broadcasting investments - such as Kanal D Romania, and the new digital platform D-SMART - weighed on DYH between FY07-H109.

The average debt maturity is concentrated in 2009-2011 (USD351m, USD342m and USD272m in 2009, 2010 and 2011 respectively), and is mostly related to the TME acquisition in H107 and its broadcasting assets under Dogan TV. The debt maturity concentration elevates DYH's refinancing risk and exposure to interest rate fluctuations.

The company's main focus is on deleveraging, due to an increase in leverage metrics to well above historical levels at FYE08. Fitch believes deleveraging will be hard to achieve in the present economic environment, and further rights issues by DH or asset sales by DYH may be pursued in 2009-10. Fitch expects DYH will record a net consolidated debt (including interest-bearing trade liabilities)/Operating EBITDAR metric of approximately 5x at financial year-end 2010 (FYE10), compared with 7.25x at FYE08.

DYH's rating could come under pressure if it is unable to reduce consolidated leverage, and if DH does not provide the required additional capital to its media business. The TRY862m tax fine, if paid, would place a significant extra burden on internal cash flow and would increase the group's refinancing risk. The potential payment of such a fine would also require direct support from Dogan Holding.

DYH is owned by the Dogan Group through Dogan Sirketler Grubu A.S. (74.53%), the Dogan Family (2.30%) and Aydin Dogan Vakfi (0.67%), giving the Dogan Group a combined 77.5% equity holding and voting interests. The remaining 22.5% of DYH's shares are free float.

Contacts: Bulent Akgul, Istanbul, Tel: +90 212 279 10 65; Michael Dunning, London, +44 (0) 20

7417 6343.

Media Relations: Peter Fitzpatrick, London, Tel: + 44 (0)20 7417 4364, Email: peter.fitzpatrick@fitchratings.com.