

# Corporate Governance Principles Compliance Report

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## 1. Declaration of Compliance with the Corporate Governance Principles

Following the publication of the CMB Corporate Governance Principles in 2003, Hürriyet continued its efforts to comply with the Principles and developed its organization accordingly. Hürriyet is, therefore, among the companies to align their Articles of Association with the CMB Corporate Governance Principles.

**In essence, the Amendments in the Articles of Association stipulates:**

- For at least one-third of the Board of Directors to be independent members,
- The establishment of Board of Directors Committees, the specification of their duties and responsibilities and their organization,
- The regulation of the principles governing the Executive Committee (Executive Board),
- Board members' transactions with or in competition with the Company be contingent upon a ¾ majority ratification by the General Assembly,
- Specification of minority shares as 5%.

Additionally, the Board of Directors on March 22, 2010 decided to amend Articles 9, 10, 13, 20, 21, 26, 29 and Temporary Article 1 of the Articles of Association, in order to adapt to updates in the Capital Markets Law. Accordingly, the issue will be brought to the attention of shareholders in the first General Assembly Meeting following the obtainment of the necessary legal permission.

Hürriyet Gazetecilik has a deep-seated corporate culture, such that an evaluation of managerial practices by independent organizations became the order of the day. The world's leading corporate governance rating company, ISS Corporate Services Inc. (RiskMetrics Group), evaluated Hürriyet's corporate governance practices according to 530 criteria. ISS revised Hürriyet's corporate governance rating on September 24, 2009 and confirmed it as 8.5 out of 10 (84.31%). ISS granted a high rating of 9.13 out of 10 to Hürriyet's practices in the "public disclosure and transparency" subcategory.

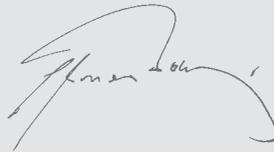
Consequently, the Company preserved its place in the Corporate Governance Index of the ISE.

Corporate Governance Rating and Corporate Governance Compliance Reports can be accessed via [www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com).

In the accounting period ending on December 31, 2009, Company management analyzed in detail the issues in which the Company does not comply with the Principles and came to the conclusion that these issues do not lead to a significant conflict of interest.



**Vuslat Doğan Sabancı**  
Deputy Chairman



**Ahmet Toksoy**  
Board Member

## 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. An "Investors Relations Unit" has been established in the Company. 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 about the Company in accordance with Capital Markets 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 and
- to ensure that all public disclosures are made properly.

The Investor Relations Unit uses electronic means of communication, as well as the Company's website, in all of its activities.

2.1.2. The Company's Investor Relations Unit is made up of the following individuals: Investor Relations Coordinator Suzi Apalaçi Dayan, Financial Control and Investor Relations Manager İnci Şencan, Doğan Yayın Holding A.Ş. Capital Markets Group Head Murat Doğu, Doğan Yayın Holding A.Ş. Investor Relations Coordinator Alpay Güler, Financial Affairs Manager Halil Özkan. Contact information for the Investor Relations Unit is as follows:

Hürriyet Gazetecilik ve Matbaacılık A.Ş. (Headquarters)  
Hürriyet Medya Towers 34212 Güneşli, İstanbul/Turkey  
Tel: +90 212 677 00 00  
Fax: +90 212 677 01 82  
<http://www.hurriyetkurumsal.com>

#### Investor Relations Unit

##### Suzi Apalaçi Dayan

Investor Relations Coordinator  
Tel: +90 212 449 60 30  
e-mail: [sapalaci@hurriyet.com.tr](mailto:sapalaci@hurriyet.com.tr)

##### İnci Şencan

Financial Control and Investor Relations Manager  
Tel: +90 212 449 65 54  
Fax: +90 212 677 08 92  
e-mail: [yatirimciiliskileri@hurriyet.com.tr](mailto:yatirimciiliskileri@hurriyet.com.tr)

2.1.3. 40% of the Company's shares are traded on the ISE. 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. All of Hürriyet shares are 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 2009, nor were there any official investigations launched against the Company.

### 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](http://www.hurriyetkurumsal.com).

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**3.1.2.** Several written and verbal requests for information were received from shareholders in 2009. These requests were responded to without delay, under the supervision of the Investor Relations Unit and in accordance with the Capital Market Law.

**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 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 re-issue 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](http://www.hurriyetkurumsal.com) 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 for scrutiny 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 2009, shareholders did not request the Company to make 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 facilitates 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 2008 was held on June 29, 2009, within the statutory timeframe. 2009 financial statements were announced at the end of the 15th week (April 5, 2010) following the end of the accounting period. In this regard, the meeting will be held in full compliance with applicable capital markets legislation and the spirit of the principles.

The Extraordinary General Meeting of Shareholders held on March 20, 2009, was also compliant to all declaration dates.

**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](http://www.hurriyetkurumsal.com).

**4.5.2.** Two General Meetings of Shareholders were held in 2009. At the Ordinary General Meeting of Shareholders of June 24, 2009, where 2008 operations were discussed, 71.17% or 327,386,203 shares out of the 460,000,000 shares of the Company were present. No new suggestions or questions on agenda items were raised by shareholders or their proxies.

At the Extraordinary General Meeting of Shareholders of March 20, 2009, 60.04% or 276,218,300 shares out of the 460,000,000 shares of the Company were present.

**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 from voting 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.

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**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 2009.

**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.** At the Ordinary General Assembly dated June 24, 2009, in accordance with the Board of Directors' proposition on the distribution of the 2008 accounting period profit, no dividends have been distributed to the shareholders due to the accrual of an accounting period loss.

**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 determines its dividend policy in accordance with the relevant provisions of the Turkish Commercial Code (TCC), the Capital Markets Law, regulations and Resolutions of the Capital Markets Board (CMB), tax laws, other applicable legislation and its Articles of Association.**

**Accordingly;**

- 1- In principle, a minimum 50% of net distributable profit based on Financial Statements prepared in line with International Financial Reporting Standards (IFRS) and Capital Market Board Regulations are distributed.
- 2- In case of an intention to distribute 50% to 100% of the net distributable profit, the dividend payout ratio is determined considering the financial structure and budget of the Company.
- 3- The dividend distribution proposal is made public taking into consideration legal time frames and in line with Capital Markets Law and CMB regulations and Resolutions.
- 4- In the event that the net distributable profit based on financial statements prepared in line with the Turkish Commercial Code and Tax Laws is;
  - a. Lower than the amount calculated according to Article 1, the amount calculated within the framework of this article (Article 4) is applied and all the distributable amount is distributed,
  - b. Higher than the amount calculated according to Article 2, this article is the guideline for the action to be taken.
- 5- In the case that there is no distributable profit based on financial statements prepared in accordance with the Turkish Commercial Code and Tax Laws, no dividend distribution is made even if there is a net distributable profit based on financial statements prepared in accordance with IFRS and Capital Markets Legislation.
- 6- In the case that the net distributable profit is below 5% of the Company's issued capital, it may be decided not to make any dividend distribution.

7- Dividend distribution is evaluated in the presence of investment plans that require considerable fund outflow, events that may affect the Company's financial structure and uncertainty and adverse developments in the economy and market conditions.

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. Information about this policy was provided at the General Meeting of Shareholders and 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.

## SECTION 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](http://www.hurriyetkurumsal.com).

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 CFO 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 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 Market Law.

8.6.1. There were no transactions or material disclosures in 2009 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 2009, no commercial and/or non-commercial transactions took place between Hürriyet and other companies in which Board Members, executives or shareholders who directly or indirectly own 5% or more of Hürriyet's capital and 5% or more of the other company, Hürriyet and other companies in which Hürriyet, its Board members, executives or shareholders who have management control irrespective of the amount of shares owned in this company.

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8.8. The financial statements and footnotes of 2009 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 2009 Annual Report was prepared in accordance with the Capital Market Law, CMB regulations and CMB Principles.

## 9. Material Disclosures

9.1. The Company's material disclosures comply with the Capital Market Law, regulations of CMB and the stock exchange and CMB principles.

9.1.1. In 2009, there were a total of 40 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 2009.

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](http://www.hurriyetkurumsal.com) 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 in the table below, after eliminating any indirect shareholdings:

Shareholder	Number of Shares	Amount of Shares	(%)
Doğan Family	229,383,943	229,383,943	41.56
Aydın Doğan Foundation	3,107,871	3,107,871	0.56
Other	81,742	81,742	0.01
Publicly traded	319,426,444	319,426,444	57.87
<b>Total</b>	<b>552,000,000</b>	<b>552,000,000</b>	<b>100.00</b>

11.3. To the best of the Company's knowledge, shareholders did not enter into any voting agreements in 2009 for increasing their role in the management of the Company.

## 12. Persons with Access to Insider Information

All necessary measures are taken to prevent insider trading. A list of executives who had access to information that might affect the price of the Company's securities in 2009, as well as a list of all other persons and institutions that provide services for the Company were publicly disclosed on our corporate website ([www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com)). Investor Relations Coordination Department, Human Resources Coordination Department, Financial Affairs and Internal Audit departments work together in coordination under the

Executive Board to avert any possibility of people with access to trade secrets or insider information to use these against the Company or the investors. Criminal sanctions to be applied under such circumstances are clearly stated in the personnel regulations of the Company.

The full names and titles of individuals with access to trade secrets and insider information are as follows:

Name	Title
Aydın Doğan	Chairman of the Board
Vuslat Doğan Sabancı	Deputy Chairman of the Board /CEO
Mehmet Ali Yalçındağ	Board Member
Ertuğrul Özkök	Board Member
Soner Gedik	Board Member
Ahmet Toksoy	Board Member
H. Hasan Yılmaz	Board Member (Independent)
Cem Kozlu	Board Member (Independent)
Kai Diekmann	Board Member (Independent)
Ayşe Sözeri Cemal	Head of Advertising Group/Member of the Executive Board
Ahmet Özer	Head of Internet Group/ Member of the Executive Board
Ahmet N. Dalman	Head of Information Technology Group /Member of the Executive Board
Ayçin Bayraktaroğlu	Head of Marketing Group/Member of the Executive Board
Murat Doğu	Member of the Corporate Governance Committee
Alpay Güler	DYH Investor Relations Coordinator and Financial Advisor
Suzi Apalaçi Dayan	Investor Relations Coordinator
S. Serdar Giral	Financial and Administrative Affairs Coordinator
Halil Özkan	Financial Affairs Manager
Cem Baykara	Finance Manager
Fuat Arslan	Member of the Audit Board
Mehmet Yörük	Member of the Audit Board
Hakan Çömlekçioğlu	Accounting Manager
Gülhan Meral	Budget Manager

Aside from the names indicated above the following officers, although their names have not been written out, are considered as insiders;

- Employees of the Independent Audit Firm,
- Certified Public Accountants serving the Company,
- Employees with duties in accounting, financial control and audit processes.

### 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.

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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. The principles and the operation process of the 360 Degrees performance evaluation system were reviewed. Within this scope, evaluation criteria and performance indicators were revised in accordance with the updated job descriptions. Job descriptions were assessed at the level of individual employees as part of this effort. Therefore, job detail descriptions, new competencies attributed to the particular position and performance indicators to measure the job's output were revised across all positions. To ensure recognition of the works and pieces created by the publishing group, 20 employees are regularly selected each month to receive awards by the evaluation committee. The awards are assigned in nine categories, including the best page, the best photograph and the best interview. The award winners are announced to all employees of the Company.

15.5. The Company's workplace is designed to ensure the highest level of safety and facilitate maximum efficiency.

15.6. Employee relations are conducted by the Human Resources Coordination Department. There are no trade union members in the Company.

15.7. The Company does not discriminate against any employees and all are treated equally. In order to ensure these conditions, the Human Resources

Coordination Department holds regular meetings with all the department heads and employees. A penalty clause concerning the issue is applicable under the Personnel Regulations of the Company. No complaints were brought to the Company management and/or the Committees under the Board of Directors in this regard.

## 16. Customer and Supplier Relations

As a pioneer in the field of print media, Hürriyet 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. Newsprint 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, Trabzon and Frankfurt. 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 consists of advertisements. 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

Social responsibility activities Hürriyet carried out are given in detail in the Social Responsibility and Environmental Activities portion of the Annual Report. No lawsuits were brought against the Company in relation to harming the environment in the term.

## 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 are as follows:**

Name	Title	Note
Aydın Doğan	Chairman	Non-executive
Vuslat Doğan Sabancı	Deputy Chairman of the Board	Executive
Mehmet Ali Yalçındağ	Member	Non-executive
Ertuğrul Özkök	Member	Executive
Soner Gedik	Member	Non-executive
Ahmet Toksoy	Member	Executive
H. Hasan Yılmaz	Member	Independent
Cem M. Kozlu	Member	Independent
Kai Diekmann	Member	Independent

**18.2.1.** There are three independent members on the Board of Directors. The obligation of constituting at least one-third of Board Members from independent members for meeting the requirements set forth by the CMB in the Corporate Governance Principles has been fulfilled.

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

**18.2.3.** Of the directors, more than half are non-executive members.

**18.2.4.** Cem Kozlu, born in 1946, was appointed Independent Board Member and he is a consultant for the North Asia, Eurasia and the Middle East Group of the Coca-Cola Company. Before joining the Coca-Cola Company, 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, born in 1964, 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, Germany's best-selling newspaper; he 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, a close friend.

The third independent Board member Hakkı Hasan Yılmaz was born in 1957. Having served in executive positions in the private sector for many years, Yılmaz was appointed President of Food, Retailing and Tourism businesses of Koç Holding in 2002. He served as Chairman and Vice Chairman of 21 companies under the Koç Group. Since 2005, he has been Adjunct Professor/Distinguished Executive in Residence at Koç University, teaching several courses and supporting the MBA and EMBA programs.

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

**18.3.** The independent members of the Board of Directors provide written statements regarding their independence that meet the criteria specified in the CMB Principles. 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.** To better perform its obligations and duties, every year the Board of Directors may designate members responsible for financial, monetary and legal issues; also they may delegate part of its duties by assigning executive directors to 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](http://www.hurriyetkurumsal.com).

## **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 executives 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.

**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, innovatively diversifying and expanding content distribution channels, tailoring information and educational products and tools to individuals, diversifying and expanding its sales and distribution channels, as well as cooperating 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 and Internal Control Mechanism

### 21.1 Risk Management

Risk management, operational and financial risk the Company is exposed to and efforts by the Corporate Risk Management unit are described in detail under the Risk Management section of the Annual Report.

### 21.2. Internal Control

The internal audit and internal control system of the Company is described in detail under the Internal Control section of the Annual Report.

## 22. Authorities and Responsibilities of Board Members and Executives

22.1. The authorities and responsibilities of the Board members and executives are set forth in the Company's Articles of Association, in a manner that is consistent with their functions and is clearly identifiable and distinguishable beyond suspicion from the authority and the responsibilities of the General Meeting of Shareholders.

22.2. The agenda of the Board of the Directors meeting drafted by the CEO is submitted to all Board members by the Secretariat of the Board of Directors at least one week before the date of the meeting. It 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. It is also mandatory for the Board of Directors to convene upon the joint request of at least three of its 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 for the negative votes are entered into the minutes of the meeting. In 2009, 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. Fundamentals of 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 a separate decision for the approval of the financial statements, their footnotes and 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 2009, the Board of Directors held 70 meetings and approved all Resolutions unanimously, without any opposing votes.

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## **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 utilize remote access technology. Written opinions of members who cannot attend the meetings in person are conveyed to the other members.

**23.5.6.** All documents of the meeting are 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.

**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 their 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 or approval of other members for a written proposal of a member. However, this method does not apply to decisions on matters that require personal presence at the meeting pursuant to the Principles. When important aspects of the Company's operations are discussed, all Board members personally attend the meeting.

**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 2009, 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 on 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](http://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 and an Executive Committee (Executive 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](http://www.hurriyetkurumsal.com). 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, on specific days and at specific hours.

26.3. The Audit Committee is a committee established by the Articles of Association and the relevant information is as follows:

26.3.1. The Audit Committee consists of the following members:

Name	Title	Note
H. Hasan Yılmaz	Chairman	Independent Board Member/Non-executive
Soner Gedik	Member	Board Member/Non-executive

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

26.3.3. The Board of Directors held a meeting on June 29, 2009 and decided that H. Hasan Yılmaz and Soner Gedik, Board Members, concurrently Committee members responsible for auditing, be re-elected and authorized to perform the duties specified in the Capital Markets Board Communiqué Series X, No. 22.

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 the Capital Market Law and in light of the CMB's Corporate Governance Principles.

In this regard, in 2009:

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, Emphasis was given to risk management activities. The Audit Committee held four meetings during 2009.

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

26.4.1. According to Board Decision No. 2009/45 dated June 29, 2009, the Corporate Governance Committee shall consist of the following chairperson and members:

Name	Title	Note
Cem Kozlu	Chairman	Independent Board Member/Non-executive
H. Hasan Yılmaz	Member	Independent Board Member/Non-executive
Murat Doğu	Member	Non-executive

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**26.4.2.** Corporate Governance Committee member Murat Dođu is also a member of the DYH Corporate Governance Committee.

**26.4.3.** All of the committee members are non-executive. The Chairman and member H. Hasan Yılmaz are Independent Board members

**26.4.4.** Since its inception, the Committee has been continuing its activities in a regular manner.

Accordingly:

- Corporate governance rating studies were carried out,
- 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 2009 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.
- The Corporate Governance Committee held four meetings during 2009.

**26.5. The Executive Committee has been established pursuant to Article 19 of the Articles of Association as follows:**

“The Board of Directors shall form and appoint an Executive Committee comprised of a sufficient number of members in order to ensure that the Company’s activities and transactions are performed in accordance with the work program and budget it has determined. The appointment decision shall specify in detail the authorities of the Executive Committee and their limits.

The Chairman of the Executive Committee shall be authorized to manage and direct the activities of the Executive Committee and the Company and shall be elected from among the Directors. However, the Chairman of the Board of Directors may not be elected Chairman of the Executive Committee at the same time. In electing the members of the Executive Committee, the Board of Directors shall take into account the suggestions and proposals of the Chairman of the Executive Committee.

The Executive Committee shall meet upon the invitation of its Chairman at intervals required by the Company’s business. Company executives and third parties approved by the Executive Committee Chairman may also attend the meetings.

All activities of the Executive Committee shall be put into writing and in each meeting of the Board of Directors, the Chairman of the Executive Committee shall provide information about the work of the committee.”

Accordingly, the Board of Directors resolved to appoint Vuslat Dođan Sabancı as Chairman of the Executive Board (Executive Committee) and the following as Executive Board members with the particular responsibilities: Ertuđrul Özkök for Editorial Issues, Ayşe Cemal Sözeri for the Advertising Group, Ahmet Toksoy for Financial Affairs, Temuçin Tüzecan for Corporate Communications, Ayçin Bayraktarođlu for Marketing Affairs, Ahmet N. Dalman for Hürriyet Information Technology, Ahmet Özer for Internet Group and Kadri Enis Berberođlu for Ankara representative office.

Ertuđrul Özkök, Executive Committee (Executive Board) member in charge of Editorial Affairs and Editor-in-Chief, resigned from these positions as of December 29, 2009.

The Company’s Executive Committee (Executive Board) member in charge of Corporate Communications, Temuçin Tüzecan resigned from this position as of December 29, 2009.

The Executive Committee, which is comprised of Executive Board members and Group heads, meets weekly or at least once a month.

Name	Title
Vuslat Doğan Sabancı	Executive Committee Chairman (CEO)
Kadri Enis Berberoğlu	Executive Committee Member/Editor-in-Chief
Ayşe Sözeri Cemal	Executive Committee Member/Head of the Advertising Group
Ahmet Toksoy	Executive Committee Member/Head of the Finance Group
Ayçin Bayraktaroğlu	Executive Committee Member/Head of the Marketing Group
Ahmet N. Dalman	Executive Committee Member/Head of the Information Technology Group
Ahmet Özer	Executive Committee Member/Head of Internet Group

**26.6. The Company's committees act within their authority and responsibility and make recommendations to the Board of Directors. All final decisions are made by the Board of Directors.**

**26.6.1** All managers of technical and administrative departments in the Company regularly generate workflow reports every month on what was achieved in and planned for in the month to be submitted to their Group Leaders. These reports are then presented to the Executive Board for approval.

**26.6.2** Penalties to be applied in cases of losses arising from the failure or underperformance of managers serving in the technical and administrative organization are specified in the Personnel Regulations.

## 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 Assembly of Shareholders. The decision regarding this remuneration is based on the time Board Members spend for meetings and the time involved in pre and post-meeting preparations and the duties assumed, as well as the CEO's salary. The attendance fee to be paid to Board Members for each meeting is also decided upon by the General Assembly 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 or members of the Board of Directors, it is the duty of the General Assembly of Shareholders to determine whether they are to be paid any fees and the amounts and conditions of such fees, if any.

27.2. At the Ordinary General Assembly Meeting of Shareholders held on June 24, 2009, it was unanimously resolved that the Chairman of the Board of Directors be paid a monthly net fee of TL 7,500, the Deputy Chairman a monthly net fee of TL 6,500 and Members of the Board a monthly net fee of TL 5,000 each. Furthermore, it was resolved that Independent Members H. Hasan Yılmaz, M. Cem Kozlu and Kai Georg Diekmann each be paid a monthly net fee equal to the TL equivalent of US\$ 5,000. There exists no additional bonus mechanism based on performance for members of the Board of Directors.

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