

## **1. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT**

Following the publication of the Capital Markets Board's (CMB) Corporate Governance Principles in 2003, Hürriyet continued its efforts to comply with the principles and developed its organization accordingly. To this end, Hürriyet made amendments to its Articles of Incorporation to keep pace with current changes made in the Capital Market Law. The amendments stipulate 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 three-fourths majority ratification by the General Assembly; and specification of minority shares as 5%. Following the amendments, Hürriyet has been one of the companies to bring the Articles of Incorporation into compliance with CMB Corporate Governance Principles.

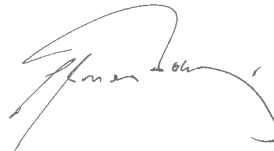
Hürriyet Gazetecilik has a deeply ingrained corporate culture, such that an evaluation of managerial practices by independent organizations became the order of the day. The world's leading corporate governance rating company, ISS Corporate Services Inc. (RiskMetrics Group), evaluated Hürriyet's corporate governance practices according to more than 530 criteria. ISS revised Hürriyet's corporate governance rating on September 23, 2011 and confirmed it as 8.55 out of 10 (85.54%). ISS granted a high rating of 9.18 out of 10 to Hürriyet's practices in the "public disclosure and transparency" subcategory. As a result, in 2011, Hürriyet also maintained its position 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, 2011, 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 SABANCI**  
*Chairwoman*



**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 and monitor 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 Tan, Financial Affairs Manager Halil Özkan. Contact information for the Investor Relations Unit is as follows:

**Hürriyet Gazetecilik ve Matbaacılık A.Ş.  
(Headquarters)**

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İstanbul/Turkey  
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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

**İnci Tan**

Investor Relations and Financial  
Control Manager  
Tel: +90 212 449 65 54  
Fax: +90 212 449 60 46  
E-mail: yatirimciiliskileri@hurriyet.com.tr

**Utku Edin**

Investor Relations and Business  
Development Manager  
Tel: +90 212 449 61 55  
Fax: +90 212 449 60 46  
E-mail: yatirimciiliskileri@hurriyet.com.tr

2.1.3. Pursuant to CMB's Principle Decision 21/655 dated July 23, 2010 and according to the Central Registry Agency records, as of December 2011, 21.15% (as of December 31, 2010: 21.11%) of the Company's shares are publicly floated stock. 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. Utmost care is taken to reply to inquiries in accordance with applicable legislation and the Articles of Incorporation. To the best of the Company's knowledge, no written or verbal complaints concerning the exercise of shareholders' rights were received in 2011, 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.

3.1.2. Several written and verbal requests for information were received from shareholders in 2011. 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 Radikal 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 2011, 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 2010 was held on April 20, 2011, within the statutory timeframe. 2010 financial statements were announced at the end of the 13th week (March 28, 2011) 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.

**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.** One Ordinary General Assembly Meeting was held in 2011. At the Ordinary General Assembly Meeting of April 20, 2011, where 2010 operations were discussed, 72.20% or 398,569,898 shares out of the 552,000,000 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, unless the General Meeting of Shareholders has adopted a decision stating otherwise, 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 the Company's total assets at one time, leasing or renting such assets, grants and donations made as per Article 3 of the Articles of Association within one accounting period, the total amount of which exceeds 1% of the Company's total assets, and for mortgages, sureties, pledges, warrants and similar guarantees issued in favor of third parties, total amount exceeding 25% (50% for non-cash loans of Banks) of the Company's assets in the last publicly announced balance sheet. In the event that the Company's activities require it, the General Meeting of Shareholders may authorize the Board of Directors for such actions in advance, by increasing the ratios described hereinabove.

## **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.

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 2011.

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 Meeting of Shareholders held on April 20, 2011, the shareholders were informed that according to the consolidated financial statements of the 2010 accounting period, prepared pursuant to the CMB Communiqué Series: XI, No. 29 and in accordance with the International Financial Reporting Standards, as there was a TL 40,079,404 "consolidated net loss for the period" there can be no dividend distribution for the accounting period of January 01, 2011 - December 31, 2011. Further, it was decided that according to financial records kept in accordance with the Turkish Commercial Code and Tax Procedure Law, the "net profit for the period" was determined as TL 30,800,152; that after deducting the corporation tax payable, the "net distributable profit for the period" would be determined as TL 18,387,447; and that after deducting the First Legal Reserve from this amount pursuant to Article 466/1 of the Turkish Commercial Code the remaining

amount of TL 17,468,075 would be added to the "extraordinary reserve."

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;

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.

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.

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.

In the event that the net distributable profit based on financial statements prepared in line with the Turkish Commercial Code and Tax Laws is;

- 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,
- Higher than the amount calculated according to Article 2, this article is the guideline for the action to be taken.

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.

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.

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 2011 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 2011, 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, its Board members, executives or shareholders who have management control irrespective of the amount of shares owned in this company.

8.8. The financial statements and footnotes of 2011 were prepared on a consolidated basis in accordance with International Financial Reporting Standards (IFRS), audited by independent auditors pursuant to the International Auditing Standards (IAS) and were publicly disclosed.

8.9. The 2011 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 2011, there were a total of 17 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 2011.

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 shareholder/shareholders of Company are Aydın Doğan and Doğan Family.

11.3. To the best of the Company's knowledge, shareholders did not enter into any voting agreements in 2011 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 2011, 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). 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
Vuslat Sabancı	Chairwoman of the Board of Directors
Hanzade V. Doğan Boyner	Deputy Chairwoman of the Board of Directors/CEO
Hakkı Hasan Yılmaz*	Board Member/Chairman of Executive Committee
Enis Berberoğlu	Board Member/Executive Committee Member
Ahmet Toksoy	Board Member/Chairman of Audit Committee
Yahya Üzdiyen	Board Member/Member of Audit Committee
Kai Diekmann	Board Member (Independent)
Ahmet Burak	Board Member (Independent)
Ayşe Sözeri Cemal	Head of Advertising Group/Member of the Executive Committee
Dursun Ali Yılmaz	Chief Financial Officer/Member of the Executive Committee
Ahmet Dalman	Head of Internet and Information Technologies Group/Member of the Executive Committee
Tijen Mergen	Head of Marketing Group/Member of the Executive Committee
Murat Doğu	Member of the Corporate Governance Committee/Vice President of Financial Affairs at Doğan Şirketler Grubu Holding A.Ş. Responsible for Capital Markets IFRS/CMB Reporting and Affiliates Oversight
Suzi Apalaçi Dayan	Investor Relations Coordinator
Utku Edin	Investor Relations and Business Development Manager
Halil Özkan	Financial Affairs Manager
İnci Tari	Financial Control and Investor Relations Manager
Cem Baykara	Financing Manager
Fuat Arslan	Member of Audit Committee
Mehmet Yörük	Member of Audit Committee
Hakan Çömlekçioğlu	Accounting Manager
Gülhan Meral	Budget Manager
Aynur Somuncu	Executive Assistant
Elif Özcan	Executive Assistant

\* On January 4, 2012, the Company disclosed to the public that Mr. Hakkı Hasan Yılmaz who served as Chairman of the Executive Committee for the last two years resigned from his post, effective as of March 1, 2012. Mr. Yılmaz resigned in order to return to pursue his academic studies which he had suspended during his service at the Company. Mr. Yılmaz maintains his position as a member of the Board of Directors.

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.

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. To ensure recognition of the works and pieces created by the publishing group, the leading works of employees are regularly selected each month to receive a prize of TL 5,000 by the evaluation committee. The awards are assigned in three 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 İşil 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.

**18.2.** Members of the Board of Directors and their status are as follows:

<b>NAME</b>	<b>TITLE</b>	<b>NOTE</b>
Vuslat Sabancı	Chairwoman	Non-executive
Hanzade V. Doğan Boyner	Deputy Chairwoman of the Board	Non-executive
Hakkı Hasan Yılmaz	Board Member	Executive*
Enis Berberoğlu	Board Member	Executive
Ahmet Toksoy	Board Member	Non-executive
Yahya Üzdüyen	Board Member	Non-executive
Kai Diekmann	Board Member	Independent
Ahmet Burak	Board Member	Independent

\* On January 4, 2012, the Company disclosed to the public that Mr. Hakkı Hasan Yılmaz who served as Chairman of the Executive Committee for the last two years resigned from his post, effective as of March 1, 2012. Mr. Yılmaz resigned in order to return to pursue his academic studies which he had suspended during his service at the Company. Mr. Yılmaz maintains his position as a member of the Board of Directors.

## **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.

**18.2.1.** The Board of Directors has two independent members. Therefore, the Capital Markets Board's requirement stipulating that at least one-third of the Board of Directors Membership should include independent members who meet the qualifications included in the Corporate Governance Principles has not been fully met; however, pursuant to the CMB Communiqué Series: IV, No. 56 which took effect on December 30, 2011, it is sufficient to have two independent Board members.

**18.2.2.** The Chairman of the Board of Directors and the Chairman of the Executive Committee are not the same person.

**18.2.3.** More than half of the members of the Board of Directors are not executive directors.

**18.2.4.** Kai Diekmann, who acts as an Independent Member of the Board of Directors was born in 1964, in Germany. After completing his high school education and military service, he started as a trainee in Axel-Springer Publishing in 1985. Within a short time, he became the company's Bonn representative. Between 1989 and 1991, he worked as the News Director for Bunte Magazine. After working in Berliner Zeitung for a short time, he joined Bild in 1992. The next boost in his career occurred in 1998 when Diekmann became the Editor-in-Chief of Welt am Sonntag. He assumed the duties of the Editor-in-Chief of Bild, the bestselling newspaper of Germany, in 2001 and publisher of the same newspaper in 2004. Diekmann also acts as the publisher of Bild am Sonntag. After assuming his position, he turned Bild into one of the best-selling, most influential and most profitable publishing companies of Europe. Kai Diekmann wrote a biography of Helmut Kohl, one of the former prime ministers of Germany and his friend in 2004.

The second Independent Board of Directors Member, Ahmet Burak, was born in 1954 in Istanbul. Following his graduation from FMV Işık High School, he graduated respectively from the School of Business Administration of Middle Eastern Technical University and Finance Departments of the University of Denver BSBA, and University of

Denver, MBA. After working at the Istanbul and London offices of Arthur Andersen, he became Manager of Financial and Administrative Affairs at Coca-Cola in 1986. He assumed the duties of General Manager of Bottling Operations in Turkey in 1991 and Assistant to Chairman of the Executive Committee of Coca-Cola Canada in 1992. He returned to Turkey in 1993 to initiate Coca-Cola operations in Middle Asia and Caucasia, where no Coca-Cola products had been sold before. During this period, Coca-Cola established factories in eight countries, thus becoming the region's biggest non-alcoholic beverages company. After serving as the General Manager for eight years, he became the President of Coca-Cola Turkey in 2001. The Region of Turkey reached the highest profitability and market share in its history within eight years and the Company became 13th among 200 countries. Burak retired from the Coca-Cola Company in 2009 and is currently acting as Member of the Board of Trustees of Coca-Cola Life Plus Foundation, of which he is one of the founders.

**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.** Hürriyet's primary 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**

Determination and control of risks is vital to reach a company's performance desired targets. To this end, it is important that the senior management functions of the Company are periodically and systematically made aware of the risks and their grading and are presented with proposals related to risk management.

Financial risks the Company is exposed to include:

**Interest rate risk:** Hürriyet and its subsidiaries are subject to interest rate risk due to their interest-sensitive assets and liabilities. This risk is managed through balancing interest rate-sensitive assets and liabilities. When deemed necessary, interest swaps are made to protect the interest rates from future increases.

**Funding risk:** Existing and forward-looking borrowing requirements are performed by securing sufficient funding commitments from lending companies with high funding capability and quality.

**Credit risk:** Financial asset ownership comes with counterparty risk. This risk is managed by limiting credit exposure to each debtor. The Company's credit risk is mitigated to a large extent thanks to the large number of debtors and the fact that they operate in diverse business lines.

**Exchange rate risk:** Hürriyet and its subsidiaries are subject to exchange rate risk due to changes in the exchange rate used in converting their foreign currency-denominated debt to the Turkish lira. This risk is monitored through foreign currency position analysis. When deemed necessary, protection from

exchange rate risk is ensured via options and/or derivative transactions. Financial institutions with high creditworthiness both in Turkey and abroad are chosen for these types of transactions.

### **21.2. Internal Control**

Hürriyet conducted a thorough audit of its operations in 2011 to ensure that the Company reached its performance targets. The review included in depth analyses of expense/cost factors and operational efficiency; the Company implemented an action plan based on the results of the analyses. The review also encompassed compliance, stock monitoring and management and purchasing processes. The objective was to minimize risks facing the Company and eliminate existing risks with minimum costs in coordination with the related departments.

In parallel with the goal to continue the COSO-based internal control and audit activities in 2012, the Company plans to conduct information sharing, training and model exercises to perform the audit processes pursuant to international standards.

## **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 2011, 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 2011, the Board of Directors held 65 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 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 2011, 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 Executive Committee (Executive Board), an Audit Committee and a Corporate Governance Committee have been established to ensure that the Board of Directors properly fulfills its duties and responsibilities.

**26.2.** The Executive Committee (Executive Board) has been established pursuant to Article 19 of the Articles of Incorporation as follows:

"The Board of Directors will 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 plan and budget it has determined. The authorities of the Executive Committee and their limits shall be specified in detail with the appointment decision.

The Chairman of the Executive Committee will be authorized to manage and direct the activities of the Executive Committee and the Company and will 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 will take into account the suggestions and proposals of the Chairman of the Executive Committee.

The Executive Committee will 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 will be put into writing and at each meeting of the Board of Directors, the Chairman of the Executive Committee will provide information about the work of the committee.”

In accordance with the Board Resolution dated April 26, 2011, Mr. Hakkı Hasan Yılmaz was appointed Chairman of the Executive Committee (Executive Board); Mr. Kadri Enis Berberoğlu was appointed Executive Committee Member in charge of Editorial Affairs; Ms. Ayşe Sözeri Cemal was appointed Executive Committee Member in charge of the Advertising Group; Mr. Dursun Ali Yılmaz was appointed Executive Committee Member in charge of Finance; Ms. Tijen Mergen was appointed Executive Committee Member in charge of Marketing; and Mr. Ahmet Nafi Dalman was appointed Executive Committee Member in charge of Internet and Information Technologies.

The Executive Committee (Executive Board) convenes once a week or at least once a month.

NAME	TITLE
Hakkı Hasan Yılmaz	Chairman*
Kadri Enis Berberoğlu	Executive Committee Member / Editor-in-Chief
Ayşe Sözeri Cemal	Executive Committee Member / Head of Advertising Group
Dursun Ali Yılmaz	Executive Committee Member / Chief Financial Officer
Tijen Mergen	Executive Committee Member / Head of Marketing Group
Ahmet N. Dalman	Executive Committee Member / Head of Internet and Information Technology Group

\* On January 4, 2012, the Company disclosed to the public that Mr. Hakkı Hasan Yılmaz who served as Chairman of the Executive Committee for the last two years resigned from his post, effective as of March 1, 2012. Mr. Yılmaz resigned in order to return to pursue his academic studies which he had suspended during his service at the Company. Mr. Yılmaz maintains his position as a member of the Board of Directors.

**26.3.** 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 Market Law, CMB Regulations, and the Principles, the Articles of Incorporation as well as practices in other countries. Both committees meet on a monthly basis, on specific days and at specific hours.

**26.4.** The Audit Committee is a committee established by the Articles of Incorporation and the relevant information is as follows:

**26.4.1.** The Audit Committee consists of the following members:

**26.4.2.** The Chairman of the Audit Committee is a Board member. However, his position complies with CMB regulations because he is a non-executive member.

**26.4.3.** The Board of Directors held a meeting on April 26, 2011 and decided that Mr. Yahya Üzdiyen, Mr. Ahmet Toksoy and Dr. Murat Doğu, Board Members, are elected concurrently as members of the Committee responsible for auditing and authorized to perform the duties specified in the Capital Markets Board Communiqué Series X, No. 22.

NAME - SURNAME	TITLE	NOTE
Ahmet Toksoy	Chairman	Board Member/Non-Executive
Yahya Üzdiyen	Member	Board Member/ Non-Executive
Dr. Murat Doğu	Member	Non-Executive

**26.4.4.** All members of the Committee are Non-executive Board Members.

**26.4.5.** The Audit Committee makes regular efforts in compliance with the Capital Market Law and pursuant to CMB's Corporate Governance Principles.

To this end, in 2011:

- 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 Committee responsible for auditing held four meetings in 2011.

**26.5.** The Corporate Governance Committee is a committee established by the Articles of Incorporation and the relevant information is as follows:

**26.5.1.** According to Board Decision No. 2011/18 dated April 26, 2011, the Corporate Governance Committee shall consist of the following chairperson and members:

**26.5.2.** All of the committee members are non-executive. The Chairman and member Mr. Ahmet Burak are independent Board members.

NAME - SURNAME	TITLE	NOTE
Ahmet Burak	Chairman	Independent Board Member/Non-Executive
Ahmet Toksoy	Member	Board Member/ Non-Executive
Dr. Murat Doğu	Member	Non-Executive

**26.5.3.** 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 2011 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 2011.

**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 held on April 20, 2011, it was unanimously resolved that the Chairman of the Board of Directors be paid a monthly net fee of TL 13,500, the Deputy Chairman a monthly net fee of TL 13,500 and members of the Board a monthly net fee of TL 5,000 each. Furthermore, it was resolved that independent members Mr. Kai Georg Diekmann and Mr., Ahmet Burak each be paid a monthly net fee equal to the TL equivalent of USD 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.