



BASED UPON
“The Corporate Governance Principles of Turkey” issued by
the Capital Markets Board of Turkey

RATING REPORT ON

HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ

RATING RELEASE DATE
23.09.2011

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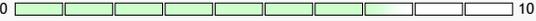
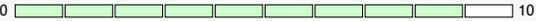
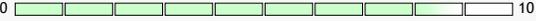
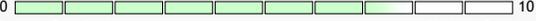
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RATING SUMMARY

COMPANY INFORMATION		ICS RATING RESULTS	
 <p>Hürriyet Hürriyet Medya Towers 34212 Günesli, Istanbul, TURKEY http://www.hurriyetkurumsal.com</p>		<p>CHAIRWOMAN Ms. Vuslat Doğan Sabancı</p> <p>CEO Mr. Hakkı Hasan Yılmaz</p> <p>CFO Mr. Dursun Ali Yılmaz</p> <p>HEAD CORPORATE GOVERNANCE COMMITTEE Mr. Ahmet Burak</p>	
<p>INVESTOR RELATIONS</p> <p>Mrs. Suzi Apalaçi</p> <p>Phone: +90 212 449 60 30 Fax: +90 212 449 60 46</p>		<p>OVERALL SCORE 85.54%</p> <p>0  10 Lowest Standard Highest Standard</p> <p>RESULTS BY CATEGORY</p> <p>Shareholders 0  10 Lowest Standard Highest Standard</p> <p>Public Disclosures and Transparency 0  10 Lowest Standard Highest Standard</p> <p>Stakeholders 0  10 Lowest Standard Highest Standard</p> <p>Board of Directors 0  10 Lowest Standard Highest Standard</p>	

SUMMARY

ISS confirms the rating score of 8,55 to Hürriyet. This rating reflects the good overall performance of the company regarding its current corporate governance structures. Despite the relatively high compliance of 85.54 % with the underlying Principles of the Turkish Capital Markets Board (CMB), the rating also indicates there is still room for improvement and further implementation of corporate governance mechanisms.

This rating report represents the fourth rating update after Hürriyet's first rating was released on 24 September 2007 and its updates on 24 September 2008, 2009 and 2010. Hürriyet's initial evaluation resulted in a score of 7,96 (79,67%) ,the first update in a score of 8,32 (83,21%), the second update 8,43 (84,31%) and the third update 8,46 (84.69).

Hürriyet scores particularly well on its *Disclosure and Transparency* standards.

It achieves a slightly lower result on its *Board of Directors* section.

METHODOLOGY AT A GLANCE

ISS Corporate Services division (ICS) was first appointed by Hürriyet in May 2007 to review its current corporate governance structure to ensure that it was in line with Corporate Governance Principles developed by the Turkish Capital Markets Board (CMB). ICS conducted its analysis and rating throughout August and July 2007,

2008, 2009, September 2010 and August 2011. The rating is based on public information.

Correspondence with the company clarified and expanded upon the initial findings.

The Rating Report is based on information provided to ISS Corporate Services in August 2011. The result may be changed, suspended or withdrawn as a result of changes in or unavailability of such information.

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RATING METHODOLOGY

UNDERLYING REFERENCE

The corporate governance (CG) rating has been conducted by ISS' Corporate Services division based on the *Capital Markets Board (CMB) CG Principles (CMB Principles)*. As such, it differs in content and methodology from ISS' standard CG ratings that are based on ISS' own methodology.

With respect to global financial market developments the CMB of Turkey has defined CG principles in 2003, followed by an amendment in early 2005. The CMB Principles have been compiled in line with an approach to restructure and harmonise the country's capital market according to international standards. Created by a committee consisting of representatives of the CMB, the Istanbul Stock Exchange, the Turkish Corporate Governance Forum as well as participants from the academia and the private sector, the established CMB Principles represent a synthesis of various national and international regulations and codes (e.g. the *OECD Corporate Governance Principles*) on the one side and particular domestic considerations on the other side.

The CMB Principles are divided into four main sections:

- Shareholders
- Public Disclosure and Transparency
- Stakeholders
- Board of Directors

In addition to existing legislation, the Principles include provisions that go beyond legal obligation. Though the company is not obliged to fulfill these additional provisions, it has to fully apply a "comply or explain" approach. However, the Principles also contain certain recommendations, where a deviation does not have to be disclosed.

THE RATING

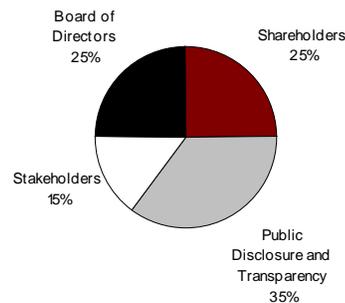
Based upon the CMB Principles, we identified more than 350 criteria to be included into the rating. Each single criterion has been examined thoroughly upon compliance by the company, on the basis of publicly available information. Additional information was

provided by the company upon request. "One-on-one" interviews with senior company representatives clarified and expanded upon the disclosures.

While in most instances a straightforward 0 (no) or 1 (yes) scoring approach has been applied, we also attributed a score of 0.5 points in some instances to acknowledge a partial fulfillment by the company or where the rating criteria could not be applied to the full extent. In order to reach the highest rating result, a company also has to comply with the recommendations put forward by the CMB Principles.

The weighting scheme to be applied to the four main sections was pre-determined by the CMB as outlined below:

Weighting Scheme



Further sub-weightings have been attributed to the sub-criteria according to ISS' own reference.

Based upon the scoring and adjusted weightings the overall rating result has been calculated. The result reflects the overall compliance of the company with the constituted CG rating criteria. Besides the overall assessment, results also have been calculated for each main section, providing a differentiated picture of the company's strengths and weaknesses.

The rating results are displayed as a percentage, thereby indicating the most accurate result, and as a numeric result on a scale from zero (lowest) to ten (highest) with half-point steps to provide nuanced results.

EXECUTIVE RATING SUMMARY

Though the corporate governance (CG) structure and performance on the company level is of particular interest for shareholders, one should also acknowledge the CG situation on the country level. Despite the fact that the country level is not a part of the rating itself, we believe that an overview can enable investors to enhance their CG perspective and evaluation in a more holistic approach

Turkey, as a promising emerging market and a candidate for future EU accession, is well aware of structural changes and the need for an ongoing development and harmonisation of its capital market legislation and has amended its legislation accordingly. Although, Turkey can be considered as a latecomer in CG development, it has tried to speed up the progress since the year 2000. The overall legal framework regulating public companies in Turkey is determined by the Turkish Commercial Code, the Capital Markets Law, the Decree-law, Capital Markets Board (CMB) regulations, Istanbul Stock Exchange (ISE) listing requirements and Central Registry Office (CRO) Rules.

Focusing in particular on CG the CMB and the ISE can be observed as key players in promoting relevant regulations. The new Turkish Commercial Code was adopted by the Parliament on 13 January 2011 and promulgated in the Official Gazette on 14 February 2011, which will be effective from 1 July 2012. The new TCC will bring broad recognition of CG principles. They are supported by several other organisations such as the Turkish Industrialists' and Businessmen's Association, Corporate Governance Association of Turkey, Corporate Governance & Sustainability Center and the Corporate Governance Forum of Turkey. However, despite rapid process on the regulatory side to improve the legal and institutional framework, the necessary implementation on the companies' side remains dissatisfying. After approaching 9% in 2010, growth is projected to slow to 6.5% in 2011 and 5.3% in 2012, as credit conditions, broadly defined, become tighter. The current account deficit is projected to rise further, to 8.9% of GDP by 2012.

In the following, general aspects of Turkish CG practice are outlined.

COUNTRY ROUNDUP

- Within Turkish companies stock ownership is concentrated, very often characterised by the presence of a majority shareholder. In addition, holding structures, conglomerates, pyramid shareholding structures, and cross-shareholdings are quite common. Through these mechanisms Turkish families control a considerable amount of Turkish listed companies.
- Additionally one can also find shares containing multiple voting rights, thus preserving family control.
- Due to the influential holdings of the families, family members are often present on the boards of the holdings and subsidiaries or act as executives.
- Due to the limited free float, hostile takeovers appear to be rare, thus, weakening the market for corporate control. However, state ownership has declined significantly in line with massive privatization, but is still to be found in the energy, communication and mining industries. In the meantime, foreign institutional investors started to increase their holdings.
- Issued stocks in Turkey range from ordinary shares, to preference shares. Golden shares only exist in few state-owned companies. The two types of equity securities in Turkey are bearer and registered shares, whereby most of the shares traded at ISE belong to the former one.
- Minority rights are granted to shareholders that own at least 5 % of the company's capital, providing them with the right to call an extraordinary General Meeting or bring in a shareholder proposal.
- In order to vote at a General Meeting, shareholders must either be present in person or can be represented by a proxy. Provisions do not contain postal or electronic voting possibilities as well as voting via a company representative, so called oriented proxy voting.
- Even though preemptive rights are granted by Turkish law at the first instance, companies can, through their articles of association, exclude preemptive rights in case of capital increases up to 100 % of their registered capital.
- Mandatory tender offer bid requirements exist according to different thresholds (e.g. increasing stake above 50 %) _
- Disclosure of indirect or direct ownership in case various thresholds (e.g. 5, 10, 15, 20, 25, 1/3, 50, 2/3, and 75%) are passed.
- With the beginning of 2008, listed companies have been urged to adopt IFRS accounting standards. According to the new TCC, the financial statements of both listed and unlisted companies have to be prepared in accordance with Turkish Accounting Standards which are in line with IFRS and will be put into practice as of 1 January 2013.

- Turkish companies have a single tier board structure.
- The CMB Principles outline rules that regulate the independence of board members, thereby also indicating that the board should be composed of at least 2 independent members and/or to at least one third.

HURRIYET'S PERFORMANCE OVERVIEW

Referring to the company's score, Hürriyet's overall rating result of 85,54% indicates a high compliance with the established rating criteria with respect to the CMB Principles, conveying that the company has good CG structures and performance. The rating further validates the score it attained in the previous years and reconfirms Hürriyet's efforts to live up to high standards of good corporate governance. However, the result also signals that there is still room to add momentum to the compliance with the CMB Principles. The result underlines the company's efforts to implement existing regulations and to follow best practice as suggested by the CMB.

Hürriyet is committed to the CMB guidelines since its publication in 2003. Already in that year, Hürriyet reviewed its practices and implemented pertinent CG mechanisms to comply with the principles.

At the 2006 Annual General Meeting (AGM) it was agreed to revise Hürriyet's Articles of Association (AoA) according to the CMB principles. The major matters concerned by the amendment were, among others, the company's capital; the shares nominal value; the board's independence; the rights of minority shareholders; the creation of a board's secretariat and committees (Audit and Corporate Governance Committee); or the introduction of rules related to the AGM.

Hürriyet has made significant efforts to ensure compliance with the CMB guidelines. In addition to the mandatory CG compliance report as part of its annual report, Hürriyet also established an Audit and Corporate Governance Committee. Considering these developments one can see evidence that Hürriyet is proactively pursuing good corporate governance practices.

Upon closer review of the single results of the four main components of the rating, Hürriyet performs well in all of them, though showing particular strength in its Public Disclosure and Transparency, but displays some weaknesses in Stakeholders and in Board of Directors issues. The latter mentioned sections slightly fall below the overall rating result.

SHAREHOLDERS

With respect to shareholder issues, Hürriyet tries to adhere and pursue good practice as outlined by the CMB Principles. A dividend policy has been established and voting rights are defined sufficiently. The company only has registered shares. The General Meeting follows principles ensuring fair and equitable treatment. A Shareholder Relations Department is present in order to maintain a continuous communication with shareholders. As Hürriyet is controlled by a majority shareholder with a family background, this shareholder structure could potentially harm interests of minority shareholders. The company has not implemented cumulative voting procedures yet, and shareholders are not able to appoint special auditors on their behalf. The advantages and disadvantages of this method are being assessed within the framework of regulatory developments. However, the company may consider granting this right to shareholders in the future.

PUBLIC DISCLOSURE AND TRANSPARENCY

Public Disclosure and Transparency issues are duly respected by Hürriyet. The company issued a disclosure policy and performs material disclosure through its website and its written disclosures. The AGM invitation was relayed on the main corporate website three weeks prior to the meeting. Other relevant information related to past AGM's was also provided.

The company has taken several measures to enhance its level of transparency. Its adherence to DYH's Code of Conduct and Editorial Principles and the Insider Trading list (with the people having potential access to confidential information), being proof of it. However, the concrete measures to avoid insider trading are not disclosed. While most suggestions of the CMB are respected, some minor deficiencies are identified on the rating report. The company takes measures to avoid insider trading and discloses a list of possible insiders. The audit company does not offer consulting services and is subject to regular rotation. Both conditions add up to ensure independence.

STAKEHOLDERS

Stakeholders' issues are duly considered and respected by Hürriyet. While most CMB suggestions are followed, some deficiencies are identified and examined within the rating report.

The company takes measures to address stakeholder's issues through the Investor Relations Unit or the corporate website.

The ethical rules applicable (DYH code of conduct and editorial principles) provide the essential rules that govern the relationships between the company and its different stakeholders.

Another noteworthy issue is the existence of professional and personal training programs that in 2010 provided training to 337 employees.

Furthermore, Hürriyet has a Human Resources policy, but does not foresee the participation of employees in BoD meetings. In 2010 a performance based compensation model was put in place.

BOARD OF DIRECTORS

The board of Hürriyet consists of nine members, comprising two executive and seven non-executive members, of which two are independent. In order to support the work of the board, two committees are in place: the Corporate Governance Committee and the Audit Committee. Both committees are comprised of non-executive directors and Corporate Governance Committee is headed by an independent director.

The board can be considered as actively involved in the company's development and performance and contributes to a material extent in setting up the vision and mission of the company.

Every board member is entitled to one vote without any privileges. Our assessment did not reveal issues that would question a good working atmosphere during board meetings. The company provides basic rules for the procedures for running the meetings in article 15 of the AoA. The remuneration structure of board members does not follow all CMB recommendations on the subject.

A secretariat has been established to support the work of board members and ensure proper communication.

The Executive Committee, which is in charge of the day-to-day management of the company, is composed of six members, of which two are board members. Since 2010 a monthly report of the work performed by the executives is provided, as recommended by the CMB.

Compensation is not sufficiently explained in the company's public documents.

FINAL REMARKS

With the rating at hand, investors are enabled to evaluate the CG practice of Hürriyet according to their individual preference. On the whole, the established structures and mechanisms can be considered in line with the CMB Principles. Continuing the implementation of these principles and considering international best practice will further enhance CG practice at Hürriyet and lower potential risk factors for investors. As structural changes in the capital market of Turkey proceed and economic development remains on course, one can assume Turkey to become more and more attractive to foreign investors. However, existing holding structures and majority shareholdings could be seen as a threat to minority shareholders, discouraging investments. Thus, an extension of the free float paired with an amplified engagement by domestic and international shareholders, can be considered favorable, especially by foreign investors, in counterbalancing the fact that the majority shareholder is a holding company owned by the chairman's family.

A revised board compensation model with performance based elements would further improve Hürriyet's corporate governance practices.

COMPANY OVERVIEW

Hürriyet (full name: “HÜRRİYET GAZETECİLİK VE MATBAACILIK ANONİM ŞİRKETİ”) was originally founded in 1960.

Operating in the fields of journalism, printing and online publishing, the Company has seven printing centers of which six of them located in Turkey and one in Germany. On March 29, 2007, Hürriyet acquired a 67,3% equity stake in Trader Media East Limited (TME) through its subsidiary, Hurriyet Invest B.V., based in the Netherlands. TME is a classified advertising publisher, focused primarily on the real estate, automotive and recruitment segments, operating mainly in Russia and Eastern European countries by publishing various daily and weekly classified newspapers, magazines and websites.

Through its subsidiaries and shareholdings Hürriyet is comprised of a network of 52 offices and 600 reporters in Turkey and abroad. The printing of the newspaper is done in Turkey and in Germany. It is the best selling newspaper in the Turkish language in Europe and one of the best selling newspapers on the continent.

As a listed company, Hurriyet has to comply with the Capital Market Regulations. Hurriyet has been listed at the Istanbul Stock Exchange since 1992 and its publicly traded shares amount about 40%¹. As of August 2011 the number of shares amounted to 552 million. The market capitalization at August 11, 2011 was around USD 258 million.

To date, the company’s free float amounts to 22% while about 78% are held by DYH and Doğan Holding.

¹ This 40% includes 6,56% of the equity capital that belongs to Doğan Yayın Holding A.Ş. (DYH) and 11,09% Doğan Şirketler Grubu Holding A.Ş. which is the parent company of DYH (shares bought from the ISE), the controlling shareholder. As per to the CMB decision dated 23.07.2010; shares that are owned by a shareholder who has 5% or above share in the equity capital of the company, shares owned by related parties to the controlling shareholder, shares owned by company management, shares owned by State, shares if their flotation is limited one way or another etc. are not considered to be in circulation. According to this new rule, although 40% of the shares that represent equity capital are tradable in ISE, as of 11th of August, 2011 21,30% is considered to be in circulation.

The company received a financial rating from Fitch in 2011 (last update as of 10 January 2011): the Company’s long term local and foreign currency credit ratings were maintained at “B+” on rating watch negative.

Table 1: Stock performance

	TL
10.08.2011	0.79
52 Week High*	2.31
52 Week Low*	0.79
Average*	1.71

*One year / (Source: Reuters August 2011)

Table 2: Shareholder Structure of Hürriyet

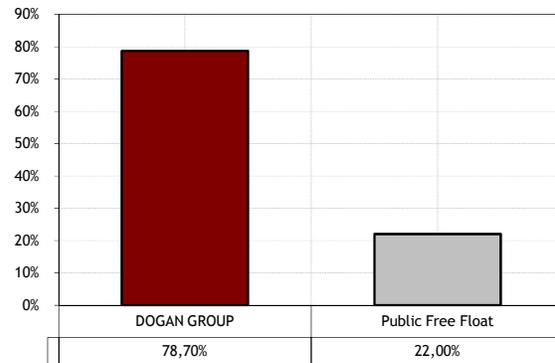


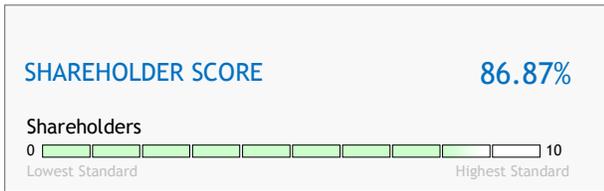
Table 3: Key Financial Figures Hürriyet (in TL m)

	2005	2006	2007*	2008	2009	2010
Net Sales	585	632	898	998	784	794
Gross Profit	210	209	366	403	285	307
EBITDA	161	146	202	210	146	142
Net Profit	87	104	94	-38	-35	-40

(Source: Bloomberg & AR)

* 2007 figures are restated due to some reclassifications made at 31.12.2008 mainly due to sales of Poland operations.

SECTION 1 - SHAREHOLDERS



1 Summary

Hürriyet attains a good result of 8.68 in this category, in line with the overall rating score. A clear dividend policy is in place and voting rights are well defined. Each share is subject to the one share - one vote - one dividend principle. An Investor Relations Unit is in place to enable shareholders to exercise their rights and obtain relevant information.

Minority rights are clearly defined. However, the right to request a special auditor is not granted and cumulative voting does not apply. The AGM's invitation, agenda and note including the proxy voting form were made available to shareholders and uploaded to the main page of the corporate website three weeks prior to the meeting. The AGM is run in a fair and efficient manner and shareholders are allowed to exercise their statutory rights.

1.1 Rights of Shareholders

GOVERNANCE FOCUS
+ Established dividend policy
+ Clearly defined voting rights
+ Proxy voting
+ No preferred stocks
+ Respect of one share - one vote - one dividend principle
+ Minority rights apply to shareholders owning at least 5 % of equity capital
± Sufficient information provided to shareholders
- No cumulative voting procedures
- Shareholders are not able to appoint a special auditor

1.1.1 Dividend and Voting Rights

A *dividend policy* is established and accessible through the company's public documents and through the website, in English and Turkish. A consistent distribution policy is stated in the Articles of Association (AoA) and in the Corporate Governance Compliance Report, aiming at a balance between the interests of the shareholders and the company. As a proof of this, at least 50% of the distributable net profit is subject to allocation.

None of the company's shares incorporate special rights concerning the distribution of the company's profits. Each share is entitled to an equal dividend.

In the last AGM, it was decided by a majority of votes, as allowed by the Capital Market Regulations and Dividend Policy, not to distribute dividend.

The most important aspects of the dividend policy are made available on the website.

Since 2010, more detailed information is provided on donations and contributions.

Voting rights are well defined in the company's AoA, ensuring equal and clear voting procedures.

According to the AoA, voting is exercised by show of hands, though closed ballots are mandatory if requested by 5% of shareholders represented at the AGM. There are no ceilings on the number of votes a shareholder might exercise during the meeting.

As the company has not issued any preferred stock class, each share is entitled to the one share - one vote - one dividend principle without any further privileges. The right to vote is automatically granted when the share is purchased, and no arrangements should be installed that would hinder this right or cause a delay in exercising voting rights, following the share acquisition.

Shareholders are enabled to exercise their proxy voting rights, through either another shareholder or a non-

shareholder. Postal or electronic voting procedures are not yet permitted by law in Turkey. In compliance with the CMB guidelines, Hürriyet makes the electronic proxy form available on its website.

There are no provisions installed or included in the AoA that may impede the free transfer of shares by shareholders.

According to our analysis, we identified no provisions hindering the equitable treatment of shareholders.

It is a common standard in Turkish listed companies, an official representative of the Ministry of Industry and Trade attends AGMs to oversee legal aspects. And in case of prior awareness of contentious issues an additional observer of the CMB would be present.

1.1.2 Shareholders' Right to Obtain and Evaluate Information

A good level of information is provided to shareholders so that they can conveniently exercise their voting rights. The information regarding the AGM is provided in a timely manner, but this could be more complete. Some essential pieces of information are only disclosed during the meeting itself, like the names and details of the candidates to be elected to the board. Although the CMB principles do not provide any time-lines for the disclosure of such information, international investors would appreciate timely disclosure to adequately execute cross-border votes.

Shareholders are not permitted by the AoA to appoint a special auditor on their behalf, as suggested by the CMB principles. However, this right might be included in the Articles of Association in the near future, depending on changes in relevant legislation, according to the annual report.

The AoA contain provisions to disclose minimum information about board candidates to the shareholders, as well as the possibility to open the AGM to media members and interested parties.

The company established an Investor Relations Unit in order to assist shareholders in exercising their rights, easing access to information for shareholders, keeping shareholders updated, and overseeing the company's information policy. This unit is also responsible for the

website and works closely with the Corporate Governance Committee.

IR Unit's main duties cover: updating the corporate website, responding to shareholders' requests, monitoring the AGM and preparing and attending investor meetings.

1.1.3 Minority Rights

Minority rights, as stipulated by the AoA, are granted to shareholders owning (collectively) at least 5% of the equity capital. Those rights include raising a request to call an extraordinary meeting or requesting special agenda items. According to the Turkish Commercial Code, both aspects are up to the discretion of the board of directors, though shareholders can appeal to the court to decide on the AGM to convene.

In line with minority rights, the ability to appoint a special auditor is considered crucial, though this is only a recommendation by the CMB principles. Hürriyet does not grant this right, but, as mentioned before, the company might review its current policy in this respect. Cumulative voting procedures are not permitted by the company, but the advantages and disadvantages of this practice are assessed in view of changes in relevant legislation.

If shareholders' issues arise, the IR department channels these concerns directly to the Corporate Governance Committee and these issues are also discussed in all of the Committees as it relates.

1.2 General Meeting

GOVERNANCE FOCUS
+ Timely provision of information on agenda items
+ Sound execution of the General Meeting
+ Clear voting procedures
+ Board remuneration is determined by the General Meeting
+ No directors engaged in competitive activities with the company
+ Improved information document on the AGM agenda points
± Information on candidates provided at the AGM

1.2.1 Invitation

In the run-up to the AGM, shareholders are well informed by Hürriyet, but there is room for improvement. The announcement of the place and date of the AGM is posted on the website at least 21 days ahead of the meeting and there is information available at the headquarters. Since 2010, the additional document containing supplementary information on the agenda items submitted to shareholders, is more detailed and comprehensive. The agenda is prepared in a fair manner, clearly indicating each agenda item.

Nevertheless, there is still room for improvement: some relevant information is provided to shareholders on the day of the meeting (e.g. the details of the candidates to the board).

The company provides additional information, e.g. the annual report and financial statements which are accessible three weeks prior to the meeting at the headquarters. Considering the administrative proceedings, voting procedures are set up in a clear and understandable manner and proxy forms are available in electronic form.

Shareholders that planned to attend the AGM were invited to register their shares with the Central Registry Agency of Turkey (CRA) in the AGM 'Blocking List' (Last AGM by 5:00 p.m. on April 18, 2011) in accordance with the AGM Blocking Procedure of the CRA. Accordingly, shareholders who failed to do that

were not allowed to use their rights to speak and vote at the meeting.

1.2.2 Functioning

Hürriyet held its year 2010 AGM on the 20th of April 2011, not in the three months following the end of its financial year. The reasons for the delay are not provided. However, it is common practice in Turkey that companies have their AGM's between April and June.

The agenda, invitation and the annual report and financial statements were made available to shareholders prior to the meeting, at the headquarters and on the website. Correspondence with the company revealed that before the AGM starts the chairman, if requested by the shareholders -though not required- can announce all the participants and their corresponding number of votes, including proxies.

Hürriyet is headquartered in Istanbul and this was the location of the AGM in 2011. This location can be considered as easily accessible to many shareholders.

Hürriyet's AGMs seem to be held in an appropriate way, apparently led in an unbiased manner by the chairman and overseen by an official representative of the Ministry of Industry and Trade (in his absence no decision can be taken, according to article 34 of the AoA), and thereby ensuring that all shareholders are able to exercise their statutory rights. According to the Corporate Governance Compliance Report, shareholders are allowed to explain their views, ask questions and discuss related issues in a democratic environment.

The AGM functions as a forum to discuss the company's annual report and financial results. The appointed audit company is held responsible to be present in the auditorium.

The chairman of the meeting seems to ensure the equitable participation among shareholders and seems to lead the meeting in a fair and efficient manner, where each agenda item is voted upon separately and where there are no special privileges enjoyed by any shareholders.

Board members, auditors and other authorized and responsible persons attend the AGM to answer requests put forward by shareholders. And according to article 27 of the AoA, if any Company officer invited to a meeting cannot attend the meeting, the reasons of non-attendance of such officer will be declared by the Chairman of the General Assembly of Shareholders. According to the annual report, no new suggestions or questions on agenda items were raised by shareholders or their proxies.

The AoA enable the AGM (with a majority of 75% of the quorum) to allow board members to be engaged in business with the company or competition against the company. In 2010, 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 their behalf.

Candidates to be elected to the board of directors are obliged to disclose a wide range of information covering nearly all aspects put forward by the CMB principles. These requests, which are also included in the company's AoA, comprise for example their level of education, previous board membership and experience, their financial status as well as independence considerations. All of this information was provided to the shareholders at the meeting.

Remuneration of the board members is subject to the AGM and is determined by shareholders. However, it does not seem that shareholders are given the opportunity to express their views and suggestions in relation to the remuneration policy applicable to key executives, which deviates from the suggestion of the CMB principles.

The AoA contains a provision (article 30) that clearly states which kind of business activities and statutory issues (e.g. changes of shares, acquiring assets exceeding more than 10% of the company's assets) require approval by the AGM. The AGM can authorize the Board to take decisions within certain limits.

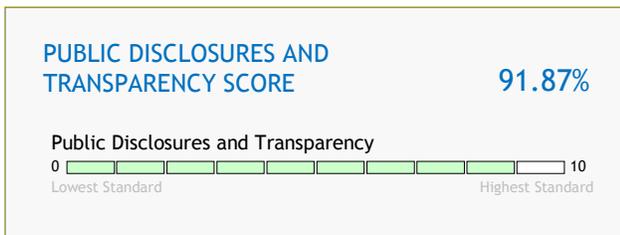
The votes are tabulated and the result is announced in the AGM minutes. The details of the voting (number of votes for, against or the abstentions) are not disclosed.

1.2.3 After the General Meeting

As a follow-up to the meeting, minutes are made available for the examination by shareholders at the company's website, in a short but clear manner. Information of the AGM for the last 5 years is available through the English and Turkish versions on the company's website, except for the minutes of the 2011 meeting.

There is no mention to the CMB recommendation that in cases where questions are raised by shareholders that cannot be answered immediately, the Investor Relations Unit is responsible to answer them within one week of the meeting. According to the annual report, no questions were put forward by shareholders at the AGM. In the event shareholders have questions, the company has promised to do its best to provide written answers to the queries.

SECTION 2 - PUBLIC DISCLOSURE AND TRANSPARENCY



2 Summary

Hürriyet scores 9,18 in this category, outperforming the overall rating result. This reflects a very good flow of information between the company and investors and a high level of transparency.

A website for investors with a CG section has been set up. The annual report is reasonable in terms of form and content, but could be further improved, e.g. providing information on forecasts, or more complete information on executives.

Hürriyet publishes a public disclosure policy on its website and in the corporate governance compliance report. The Investor Relations Unit is responsible for its implementation.

Hürriyet also discloses the Ethical Rules it applies: DYH's code of conduct and its Editorial Principles.

2.1 Disclosure Means

GOVERNANCE FOCUS
+ Website in Turkish and English version
+ Website provides valuable information for investors, including documents for download
± The annual report provides fair information, though can be improved
± Website contains and archives information disclosed to the public

2.1.1 Website

Hürriyet has created a specific website for Investor Relations. It easily allows shareholders to access information on the company. Notwithstanding, the company still has room for improvement. Foreign

investors can access an English version of the website. The content is structured in a sound manner, where investors find relevant documents (e.g. annual reports, audit reports, analyst presentations) available for download.

Examined in more depth, it contains much of the information suggested by the CMB principles, e.g. information about the shareholder structure and the management, the articles of association or annual reports, financial statements and an FAQ section. There is a corporate governance section that includes information on shareholders and stakeholders, the public disclosure policy of Hürriyet, and information on the Board of Directors.

The minutes of important board meetings are not available.

In reference to the AGM the website contains relevant information for shareholders. This includes the agenda, informative documents (explanations on the agenda items, participation procedure to the AGM etc.), the participants list and the minutes for the last AGMs.

As a means of communication the use of the website is also subject to and incorporated in the company's disclosure policy.

2.1.2 Annual Report

Overall, the annual report is prepared in a reasonable way according to the content provided and information relevant to investors.

It includes the signature of the Chairman, CEO and CFO in order to explicitly indicate that the financial statements truly reflect the current financial status as well as that the company acts in accordance with the related legislation.

There is a risk management mechanism in place and an explanation of the different types of risks encompassed (interest rate, currency, credit, etc) is provided.

The information on the opinion of a rating agency about the company is disclosed in the annual report.

While the annual report provides basic elements, there is still room for improvement to cover more items, as outlined by the CMB principles. Issues that could be added are: the opinion of the audit firm about the internal audit, a statement referring to how the company prevents conflicts of interest between the company and companies offering consulting and auditing services, as well as future forecasts.

Hürriyet demands individual independence statements of its independent board members.

2.2 Disclosure Procedures

GOVERNANCE FOCUS
+ Disclosure policy is established and covers material disclosure aspects
+ Forward looking information is handled reasonably
+ Ethical rules are disclosed
+ Audit company is subject to regular rotation and does not provide any consulting services
+ Independence statements issued by independent board members
± The company doesn't disclose measures to prevent insider trading but discloses a list of insiders

2.2.1 Information Policy

An information policy was developed by Hürriyet. It is disclosed to the public and is permanently accessible through the company's website. The disclosure policy aims at providing the necessary information to the public. To underscore its relevance, the BoD introduces, develops and monitors the public disclosure policy. The Corporate Governance Committee informs the Board of Directors, the Executive Board, the Audit Committee and the Financial Affairs Director on issues related to the disclosure policy and makes suggestions as needed. A "Capital Markets, IFRS/CMB Reporting and Affiliate Oversight Group" was set up at the Holding level (DOHOL) to monitor and supervise all issues related to public disclosures. The CEO, the CFO, the Investor Relations Director will respond the questions raised by third parties.

The disclosure policy covers scope, forms, frequency and methods of disclosure, informs about the company's authorized persons regarding public disclosure, and outlines how the company deals with investors, among others. Hürriyet may make public statements concerning its forward looking statements. This information must be associated with the company's financial results, and only the CEO and the CFO are authorized to make such disclosures.

The lists of the ultimate controlling shareholders and of the persons with access to insider information are disclosed on the annual report and on the corporate website.

2.2.2 Public Disclosure

After reviewing the public disclosure of Hürriyet no major issues could be found, that would harm investors' interests. However, there is room for improvement. The responsibility for public disclosure is clearly defined and is mainly assigned to high level personnel, usually to the board of directors or senior key executives. The executives responsible for public disclosures, with the authority to sign official documents are Mr. Dursun Ali Yılmaz, CFO of Hürriyet, and Mr. Halil Özkan, head of the financial affairs department of Hürriyet.

An Investor Relations Unit has been set up with the responsibility for publicly disclosing all information about the company. The unit, managed by Ms. Suzi Apalaçi, has been established to manage relationships between the company and its shareholders and to ensure that shareholders can fully exercise their right to information.

Within the scope of its public disclosure the company publicly announces its dividend policy. Financial statements are disclosed in line with legislation, international accounting standards and international financial reporting standards. As current legislation does not allow companies to grant shares to employees as a means of incentive compensation, the company does not provide disclosure on this aspect.

Hürriyet's shares are traded on the Istanbul Stock Exchange in Turkey.

When announcing forward looking information to the market the company states that it will provide underlying statistical data and avoid exaggerated or misleading information. Only the CEO and the CFO are authorized to make such disclosures. Due to the nature of forward looking information and the implied uncertainty, the company reviews its given predictions and assumptions and will disclose revised information about the company's projections together with the reasons for the changes. As mentioned before, the principles applicable to forward looking information are included in the disclosure policy of the company.

2.3 Transparency Issues

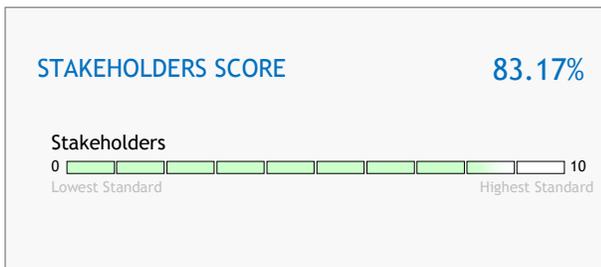
Transparency issues cover ethical behavior, insider trading rules, and the functions of the external audit.

To ensure a high degree of transparency Hürriyet discloses its Ethical Rules to the public. The company adheres to the "Values" it has announced on its website and annual report, as well as the "Editorial Principles" and the Code of Conduct of DYH.

In order to prevent insider trading, a list of executives who have access to information that might affect the price of the Company's securities, as well as a list of all other persons and institutions that provide services for the Company are publicly disclosed on the website and in the annual report. Hürriyet states that all necessary measures and precautions are being taken to prevent insider trading. However, these measures are not explained.

The appointed audit company (currently DRT Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik A.S.) does not provide any consulting services to Hürriyet and also with regard to the Audit Regulation in Turkey, it can be considered as independent from having other business interests that may impede the objectivity of the auditing services. As the audit company should be subject to regular rotation, the AoA as amended in 2010 states that Hürriyet will comply with the existing regulation.

SECTION 3 - STAKEHOLDERS



3 Summary

Hürriyet scores a result of 8,31 in this category.

Hürriyet identifies its readers, advertising clients and employees as its main stakeholders. Some reference is made to other stakeholders, such as the environment, suppliers, and society as a whole.

Stakeholders do not take part in the management of the company. However, the company is in permanent contact with them according to the Corporate Governance Compliance Report.

Hürriyet adheres to DYH's Code of Conduct and Editorial Principles. Both regulations provide the essential framework of rules to be applied in the relationships between the company and its stakeholders. However, compensation in case of violation of rights is only foreseen for advertisers and there are no concrete measures in place to avoid conflicts of interest.

A Human Resources policy is in place. Although being rather comprehensive, some aspects, such as performance based compensation are not covered.

GOVERNANCE FOCUS
+ Companywide human resources policy
+ Employee rights are warranted
+ An Investor Relations Unit and the website to inform investors are in place
+ Code of Ethics (DYH) governing the company-wide relationships
+ Performance based compensation model
- No integral model to include stakeholders on the management

3.1 Participation to the Management

Stakeholders do not take part in the management. However, in order to take into account the stakeholders' opinions in the management of the company, as recommended by the CMB principles, some actions are in place, for example: the management is encouraged to join NGOs formed by stakeholders and shareholders are continuously informed through the Investor Relations Unit and the corporate website. According to the annual report, feedback received from stakeholders is evaluated and submitted to senior management, to assist the development of solutions and policies. To date, no comprehensive model has been set up to include stakeholders in the Company's management. Notwithstanding, customers can give their feedback to Hürriyet using different channels such as the website or the reader representative. In addition to it, advertisers can contact the company's add department.

According to the Corporate Governance Compliance Report, Hürriyet is in constant contact with its stakeholders. Direct representation of the employees at board level, as suggested by the CMB principles, does not exist.

3.2 Company Policy

3.2.1 Rights and Duties of Stakeholders

Hürriyet recognizes the rights of employees and customers explicitly in the Code of Ethics and in the Social Responsibility chapter in the annual report. An AR section entitled "Social Responsibility and Environmental Activities" provides information on some of Hürriyet's social initiatives, the environmental actions and the social donations is provided.

The company only foresees compensation in case of violation of the rights of the advertisers but not of other stakeholders. According to correspondence with the company, in the event of the publication of incorrect news, the company immediately apologizes and corrects the mistake in consecutive issues. In addition, if the company's lawyers agree that there was a violation of rights, a written response from the person who was the subject of the news will be published.

There is a declaration of intentions pertaining to the recognition rights of all its stakeholders to have equal, complete, timely, and quick access to information concerning the company, but there is no specific information provided about stakeholders' rights.

Hürriyet manifests its intention to avoid conflicts of interest, but does not establish concrete measures in order to do so and does neither explain how potential disputes between the company and the stakeholders are resolved

3.2.2 Relation with Customers and Suppliers

According to the Corporate Governance Compliance Report, Hürriyet takes a great effort to ensure readers and advertisers satisfaction and takes the quality of its publications and its social responsibilities very seriously. As a proof of this, the company publishes and puts into practice Doğan Yayın Holding's Core Principles and Hürriyet's Editorial Principles. Additionally, Hürriyet adheres to the universal journalism guidelines and to the Atatürk's principles (rule of law, democracy, secularity, independence, freedom and respect of human rights).

Compensation is provided to advertisers when their advertisements are not published according to their requests.

3.3 Employees and Social Responsibility

Hürriyet has defined a written human resources policy that aims at recruiting people with superior knowledge and skills, adaptable to the company's culture and with a high sense of ethics, honesty, coherence and openness. It has still opportunities to improve its human resources policy.

The company ensures that equal opportunities are provided to people with similar qualifications. While, according to the company, no cases of discrimination have been reported, the explicit mechanisms to avoid such instances remain unclear.

Professional and personal training was provided to 337 employees in 2010 in 29 different areas. These training programs consisted of both in-house and external programs, as well as language training. There are no regular sessions organized to inform all employees about the company's financial capability, training, or

health, amongst others. However, an online platform called Hürform is in place to ensure transparent and rapid daily information with employees.

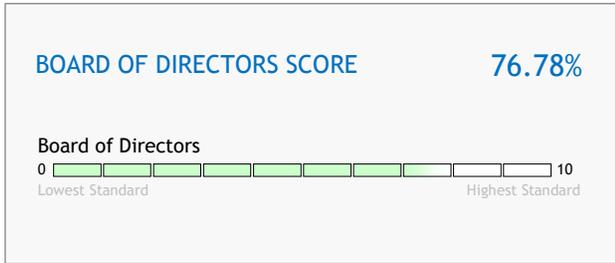
As mentioned before, Hürriyet adheres to DYH Code of Conduct. This code contains the main core values of DYH, the main responsibilities of its employees, core guidelines in respect of customer, supplier, and public authority relations, as well as other aspects. Additionally and attributed to the responsibility that media companies take over in society, DYH also issued Broadcasting and Publishing Principles that should provide guidance to its business activities as a media company. Hürriyet adheres to those as well.

With respect to performance based compensation, the company revised in 2008 its 360-degree performance evaluation system and put it in place in 2009. All job descriptions were revised accordingly, new competencies were attributed and performance indicators to measure the job's output were assigned to each position.

The company provides enhanced information on its social responsibility activities within its annual report as well as on its website. Some examples relate to waste paper, gas emissions and environmental and health protection.

The annual report contains more information on the social responsibility activities of Hürriyet in a section called 'Social Responsibility and Environmental Activities'.

SECTION 4 - BOARD OF DIRECTORS



4 Summary

Hürriyet scores 7,67 in this category. Though the compliance is still fairly good, there is opportunity for improvement.

There are eight members on the BoD, two executives (ED) and six non-executives (NED), of whom two are independent. The AoA describes clearly the duties of the board members.

The suggested separation of the chairman and CEO positions is respected.

Each board member has one vote without any privileges. Attendance at board meetings is encouraged by the AoA. However, no information on attendance rates is provided.

The remuneration policy could be further improved in order to comply with the CMB principles: there is no performance-based incentive scheme and no different model for ED and NED disclosed.

Two committees are in place to support the work of the board: Audit Committee and CG Committee. Only one of the committees is headed by an independent director. The charters for the Audit and CG committee can be found on the website, with information on their composition and duties.

There are risk management and internal control systems in place. A risk management section has been included in the website.

An Executive Committee is responsible of the day-to-day running of the company. It consists of six members, [two of whom are board members](#).

4.1 Board of Directors

GOVERNANCE FOCUS
+ The board plays an active role in the company's strategic planning
+ Majority of the board is composed of NEDs
+ The independent directors provide a signed statement of independence
+ Each board member is entitled to one vote
+ Secretariat has been established to support the board
+ Training can be offered to new board members
+ Company does not lend money to board members or executives
± No mention of training to new board members, but there is a compliance program
± Shareholders can request the board to call a general meeting, but decision comes from the board
- No performance based compensation
- Less than one third of board members fully meet the independence criteria

4.1.1 Principles of Activity, Duties, and Responsibilities of the Board of Directors

According to the undertaken examination, the board of directors fulfills its duties with diligence and meets its responsibilities to a high degree.

As stated in the AoA, the board defines the mission and vision and is thereby leading the company. The Board of Directors (BoD) with the Executive Committee reviews continuously its position in the market and defines new targets and strategies responding to changing conditions.

It is also a primary duty of the board to ensure that shareholders can exercise their rights properly. In line with that, a close cooperation with the Corporate Governance Committee, Capital Markets Compliance Officer and the Investor Relations Department has been established.

There is no specific mention of measures in place to encourage employees to work for the company over a long period of time. The role of the board in settling disputes between the company and the shareholders or in ensuring the effective exercise of shareholders rights are among its duties according to the AoA.

The concrete mechanisms used to keep the board members informed are not explained, except for the possibility that managers may be invited to take part in meetings of the board to explain matters that are on the agenda so that board members become better informed about specific issues.

The information on the attendance of board members to the meetings is not disclosed. The agenda of the meetings is prepared by the CEO and sent to the rest of board members for their comments and suggestions that will be incorporated in the final draft of the agenda.

Overall, the AoA contain clear rules describing the activities and duties of board members. Board members in theory have no restrictions before accepting outside duties. Nevertheless, as suggested by the CMB principles the AoA provide guidance to the issue of board members engaging in business or competitive activities with the company. Accordingly, such

activities have to be approved by three-fourths of the company's shareholders at the AGM. The annual report states that no board member engaged in any business or competed with the company in 2010.

Hürriyet does not apply a recommendation put forward by the CMB Principles, envisioning that before board members start commencing their work, they are to declare compliance with all necessary internal and external regulations.

An official declaration confirming the careful supervision and preparation of financial statements is provided by the board, the Audit Committee and the responsible financial officers in the annual report.

Turkish Law foresees the joint liability of the board. In accordance with this, the AoA states that the BoD should perform and carry out its duties in accordance with the provisions of the Capital Markets Law, Turkish Commercial Law, other related regulation and the AoA.

There are no sanctions foreseen for employees that obstruct the flow of information to board members, apart from the ones foreseen in Turkish Labor Law.

4.1.2 Structure

The board of Hürriyet is composed of eight members of whom two are executive (ED) and six are non-executive (NED) directors.

The suggested separation of the chairman of the board and the CEO is followed, but there are several family members on the board: the chairman, Vuşlat Sabancı and the member Hanzade Vasfiye Doğan Boyner. DYH and Doğan Holding (parent company of DYH) holds 78% of Hürriyet's shares. This confirms the strong family ownership common in Turkey.

Having two independent members on the Board, Hürriyet does not comply with the suggested proportion of one-third. The CG statement declares that the directors have to comply with the criteria put forward by the CMB guidelines.

Since the general meeting in 2011, two directors are independent: Kai Diekmann and Ahmet Burak.

The 2010 corporate governance compliance report states that the independent members have submitted their independence statements to the Chairman of the Board of Directors of the Company. In order to fully comply with the CMB guidelines, Hürriyet may consider providing more detailed information on the independence criteria of board members or make these independent statements available to shareholders.

Appointed board members at Hürriyet seem to be highly qualified and show a high level of knowledge and experience, reflected in long-lasting career backgrounds. Hürriyet's board can draw on a wealth of expertise in the industry sector but also other areas such as finance and business. Gender diversity is limited with two women and seven men. All board members have received education at the university level.

The company takes into consideration the qualifications of its board members. The annual report states that every new board member participates in a compliance program that includes an information folder and the attendance to meetings organized by the Secretariat of the Board.

In reference to the election of the board members, Hürriyet does not permit cumulative voting, but it will be assessed by the board in view of changes in the legislation.

Table 4: Board Structure

NAME	ED / NED	INDEPENDENCE
Ms. Vuslat Doğan Sabancı (Chairwoman)	NED	No
Ms. Hanzade Vasfiye Doğan Boyner (Vice Chairwoman)	NED	No
Mr. Hakkı Hasan Yılmaz	ED	No
Mr. Kadri Enis Berberoğlu	ED	No
Mr. Yahya Üzdiyen	NED	No
Mr. Ahmet Toksoy	NED	No
Mr. Ahmet Burak	NED	Yes
Mr. Kai Diekmann	NED	Yes

4.1.3 Functioning

Executives have to attend the meetings whenever necessary and requested. In case of dissenting votes the dissenting board members have to disclose the reasons that will be recorded in the minutes. Each board member is entitled to one vote without any preferential voting or veto rights. There is no mention of the chairman having a casting vote.

All board members must be present at board meetings that will vote on the issues stipulated in article 2.17.4 of section IV of CMB principles, related to important company's operations such as the establishment of committees, the dividend policy or the decrease or increase of capital.

In order to ensure adequate preparation, the agenda and relevant documentation are provided to board members at least seven days in advance. The way these documents are delivered to board members is not disclosed. A board secretariat is in place in order to prepare and assist the board meetings as well as to ensure convenient access to information for board members. According to information provided by the board members, the agenda is prepared by the CEO and sent to all board members so that they can propose changes to it.

There is no information on the attendance rates at board meetings. Nevertheless, the company introduced a rule to the AoA to encourage attendance.

The BoD must meet at least twelve times a year; it has taken a total of 59 decisions during 2010. Some of them have been adopted without board members being physically present.

The board and majority decision quorum are both stated in the AoA: the board shall convene in the presence of at least one more than half the number of its membership, decisions shall be taken by a majority of the meeting's participants.

Board meetings appear to be conducted in an open manner. There is a clear definition of the duties of the board and its secretariat; article 15 of the AoA provides basic rules about the procedures for running the meetings.

Deviating from the CMB guidelines, meeting and travel expenses are reimbursed to board members without any restriction. Board meetings appear to be conducted in an efficient manner.

4.1.4 Remuneration

Currently Hürriyet's board compensation is solely composed of a monthly fee of 13,500TL (6,000 € approx.) for the Chairman, 13,500TL (6,000 € approx.) for the Vice Chairman, 5,000TL (2,250 € approx.) for the rest and 5,000, USD (3.450 €) for the independent board members. No additional attendance or committee membership fees, as suggested by the CMB principles, are paid. The compensation is discussed and determined by the AGM, in theory providing material power to the shareholders. According to the CG statement, the remuneration is calculated taking into account the salary of the CEO, and the time board members will spend for the meetings, its preparation and the duties assumed.

Table 6: Board Compensation

POSITION	COMPENSATION (PER MONTH, IN TL)
Chairman	13500
Vice-Chairman	13500
Member	5000
Independent Member	5000 Usd
*according to a decision by the General Meeting 2011	

Hürriyet does not offer performance based incentive schemes, as proposed by the CMB principles. While the CMB Principles do not indicate a difference between ED and NED in terms of remuneration, one should keep in mind that international best practice suggests that performance-based incentive schemes should be granted to ED only. ED only get a monthly fee of 5,000 TL (2,250 €).

In line with performance-based incentives the CMB principles also recommend accountability of the board members according to the company's level of success. Within this scope the board should declare possible deviations in the results within the annual report, conduct a self-assessment and a performance evaluation.

To avoid conflicts of interest Hürriyet strictly adheres to the principle not to grant loans in any way to board members or executives.

4.2 Board Committees

GOVERNANCE FOCUS
+ Two committees have been established
+ Audit Committee oversees external audit appointment and audit execution
+ Corporate Governance Committee deals with Corporate Governance issues proactively
+ Majority of the committees members are NED
+ Corporate Governance Committee is headed by an independent board member
- Audit Committee is not headed by an independent

4.2.1 In General

The board of Hürriyet has established two board committees to support its work and ensure an effective and efficient work flow.

There is an Audit Committee (AC) and a Corporate Governance Committee (CGC). In addition to it, there is an Executive Committee.

Ahmet Toksoy, head of the Audit Committee, is NED and Ahmet Burak, head of the Corporate Governance Committee, is independent.

According to the CMB Law, each committee should be composed of at least two members. The former has two members and the latter three.

Both committees also fulfill the CMB suggestion to be composed of a majority of NEDs.

Table 7: Committee Overview

COMMITTEE	NO. OF MEMBERS	INDEPENDENT CHAIRMAN*	NO. OF NED
Audit	3	No	3
Corporate Governance	3	Yes	3

*according to the status "Independent Board Member"

The work of each committee is closely related to the board, as the results of the committee meetings are summarized in the minutes along with special reports and communicated to the board afterwards.

4.2.2 Audit Committee

The Audit Committee oversees the financial and operational activities of the company. In doing so the committee should be supported by the board and be enabled to access all necessary information. It met four times in 2010.

It is the task of the AC to ensure that all internal and external audit activities are carried out adequately and transparently. It advises the board in appointing the external audit company and attends the appointing process. This includes, amongst others, a statement on the independence of the audit company. According to Hürriyet's CG statement, the AC scrutinizes the effectiveness and adequacy of the internal control system and the risk management system. It is also responsible that measures are taken in order to ensure that internal control is transparent. Furthermore, the AC takes care of the company's financial disclosure. Internally, the AC is also responsible for evaluating the audit system and for responding to complaints and suggestions put forward by any member of the company.

The external audit firm is invited to the meetings of evaluation of the financial statements if the committee members consider that its presence could help clarify issues. It shall meet at least four times a year according to the AoA.

The charter of the AC is available in Turkish and English.

Table 8: Audit Committee Composition

NAME	BOARD MEMBER	NED	INDEPENDENCE
Mr. Ahmet Toksoy	Yes	Yes	No
Mr. Yahya Üzdiyen	Yes	Yes	No
Mr. Murat Doğu	No	Yes	No

4.2.3 Corporate Governance Committee

It is the main purpose of the CGC to monitor the company's compliance with CG principles. It met four times in 2010.

The committee seems to pursue its tasks actively as demonstrated in the mandatory CG compliance report that forms part of the annual report. As suggested by the CMB, it is headed by an independent board member.

Table 9: Corporate Governance Committee Composition

NAME	BOARD MEMBER	NED	INDEPENDENCE
Mr. Ahmet Burak	Yes	Yes	Yes
Mr. Ahmet Toksoy	Yes	Yes	No
Mr. Murat Doğu	No	Yes	No

Core responsibilities of the committee during 2010 have been: to determine the compliance with CG principles, to develop recommendations on the structure and effectiveness of the BoD, to evaluate the structures and functions of the committees and make recommendations on it, and to organize and coordinate the Investor Relations Unit, amongst others.

There is compliance with the recommendation that the CEO cannot be a member of the CGC.

The charter of the CGC is available in Turkish and English.

4.3 Internal Control and Risk Management

Hürriyet's BoD has defined and implemented a risk management mechanism and an internal control system. There is an Internal Control Department that, amongst other activities, aims at improving the efficiency of the risk management and creating an effective internal control mechanism.

For instance a brief examination of Hürriyet's main risks coming from the financial instruments is provided in the annual report (liquidity, foreign, credit, currency risks). According to information provided by the company, in 2010, Hürriyet's existing internal audit practices were reviewed and efforts were made to improve it. The control and reliability of monthly

financial statements were tested; end-of-period physical inventory counts were carried out and the results were reported.

DYH's Internal Audit Department also performed periodic site visits. Changes in legislation were monitored and agreements binding the Company were reviewed in an attempt to reduce risk.

Further, it is a duty of the board to oversee whether or not the company complies with the relevant legislation, AoA, in-house regulations and policies. Our analysis did not reveal any instance that the board would fail to fulfill this duty in an adequate manner. The company's website also features a section related to risk management and internal control, but it does not contain much information.

4.4 Executives

GOVERNANCE FOCUS
+ Reporting to the Board of Directors
+ Operational performance monthly report provided
- Not liable for company's losses caused by a violation of their duties
- No distinction between ED and NED in the definition of responsibilities
-

The day-to-day running of the company is assigned to the Executive Committee.

The Executive Committee is composed of six members,

The composition of the Executive Committee is found on the website and on the AR. Its duties are not stated in Hürriyet's public documents. It is stated that the chairman of the committee has to inform the Board of Directors about the works of the committee. No distinctions are made between ED and NED in terms of responsibilities or compensation, according to the company documents. However, correspondence with the company revealed that compensation to executives is linked to the EBITDA and to costs.

A monthly report of the performed works by the executives is provided since 2010, as recommended by the CMB.

Table 10: Composition of the Executive Committee

NAME	POSITION / FUNCTION	BOARD MEMBER
Mr. Hakkı Hasan Yılmaz	CEO	Yes
Mr. Kadri Enis Berberoğlu	Editor-in-Chief	Yes
Mr. Dursun Ali Yılmaz	Chief Financial Officer	No
Ms. Ayse Sözeri Cemal	Chief Advertising Officer	No
Ms. Tijen Mergen	Chief Marketing Officer	No
Mr. Ahmet Dalman	Chief Internet and IT Officer	No

There is no provision that executives are to compensate losses that occur as a result of not performing their duties properly.

Starting from 2009, Hürriyet fulfill the recommendation of the CMB Principles that suggest including such provision into the employment contract.

5 Appendix

DETAILED SHAREHOLDER STRUCTURE

The following tables provide an overview of Hürriyet's shareholder's structure.

Table 11: Main Shareholders of HÛRRIYET

SHAREHOLDER	SHARES HELD YTL (IN MILLION)	% OF CAPITAL
Dogan Yayin Holding	367,416	66,56
Doğan Şirketler Grubu	61,200	11,09
Free float	123,384	22,35

Source: company's website (March 2011)

BOARD OVERVIEW

Table 12: Board of Directors

NAME	AGE	FIRST APPOINTMENT	POSITION	EXECUTIVE / NON-EXECUTIVE DIRECTOR	INDEPENDENCE	MEMBER OF EXECUTIVE COMMITTEE	COMMITTEES	
							CGC	AC
Ms. Vuslat Dogan Sabanci	40	1996	Chairwoman	NED	No			
Ms. Hanzade Vasfiye Doğan Boyner	38	2010	Vice Chairwoman	NED	No			
Mr. Hakkı Hasan Yılmaz	54	2008	Member	ED	No	X		
Mr. Kadri Enis Berberoğlu	55	2009	Member	ED	No	X		
Mr. Ahmet Toksoy	52	1989	Member	NED	No			X
Mr. Yahya Üzdiyen	54	2011	Member	NED	No		x	x
Mr. Kai Diekmann	61	2005	Member	NED	Yes			
Ahmet Burak	57	2010	Member	NED	Yes		x	

CGC=Corporate Governance Committee / AC=Audit Committee

EXECUTIVE COMMITTEE OVERVIEW

Table 13: Executive Committee

NAME	AGE	FIRST APPOINTMENT	POSITION	FUNCTION	BOARD MEMBERSHIP
Mr. Hakkı Hasan Yılmaz	54	2010	Chairman	CEO	X
Mr. Kadri Enis Berberoğlu	55	2010	Member	Editor-in-Chief	X
Mr. Dursun Ali Yılmaz	53	2010	Member	Chief Financial Officer	
Ms. Ayşe Sözeri Cemal	54	1992	Member	Chief Advertising Officer	
Mrs. Tijen Mergen	52	2008	Member	Chief Marketing Officer	
Mr. Ahmet Dalman	47	2008	Member	Chief Internet and IT Officer	

Source : Web Site