



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

RATING REPORT ON

# Doğan Yayın Holding

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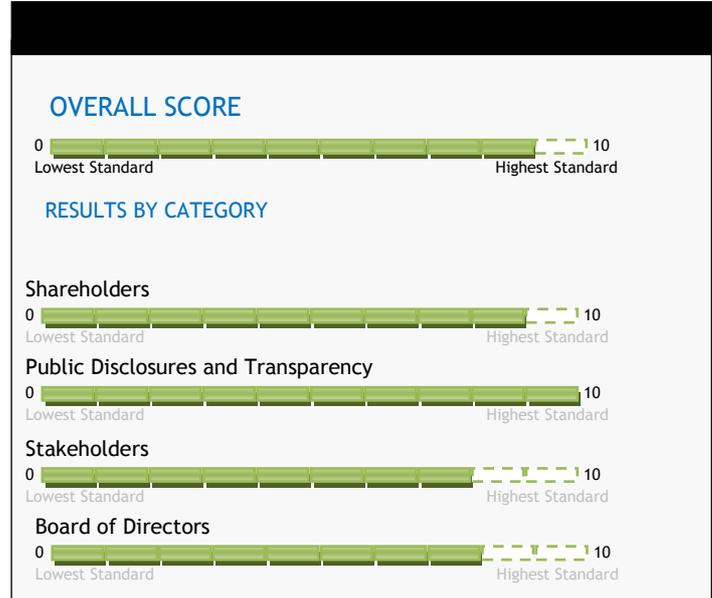
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## RATING SUMMARY

COMPANY INFORMATION	
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### SUMMARY

ISS assigns a rating score of 8.87 to *Doğan Yayın Holding* (DYH). This rating reflects the very good overall performance of the company regarding its current corporate governance structures. Despite the relatively high compliance of around 88,76 % with the underlying Principles of the Turkish Capital Markets Board (CMB), the rating also indicates that beside the good performance there is still room for improvement and further implementation of corporate governance mechanisms.

The rating report at hand represents the fifth rating update after DYH had been subject to a first rating released on 19 April 2006. DYH then had been rated with a score of 8,11 (81,19%). In the first update, released on August 2007, it received a score of 8,58 (85,88%). On the second update, in August 2008, it received a score of 8,76 (87,64%); this score is confirmed with the 2009, 2010 and the present update.

DYH scores particularly well on its *Disclosure and Transparency* standards and in respect to *Shareholders*.

It achieves a slightly lower result for both the *Stakeholders* and *Board of Directors* components.

### METHODOLOGY AT A GLANCE

ISS Corporate Services division (ICS) was first appointed by Doğan Yayın Holding (DYH) in November 2005 to review its current corporate governance structures and

workings in line with Corporate Governance Principles developed by the Turkish Capital Markets Board (CMB). ICS conducted updates of its analysis and rating throughout June 2007, July 2008, July 2009, July 2010 and July 2011. The rating is based on public information. “One-on-one” interviews with senior executives clarified and expanded upon the disclosures.

The Rating Report is based on information provided to ISS Corporate Services until July 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 The result may be changed, suspended or withdrawn as a result of changes in or unavailability of such information.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 at hand 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 a limited 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 academic field 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

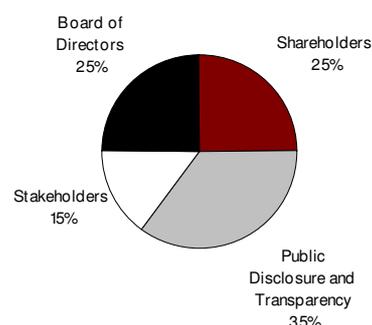
Based upon the CMB Principles, we identified more than 350 criteria to be included into the rating. Each single criterion has been examined thoroughly upon compliance by the company, on the basis of publicly available information. Additional information was

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 due to the particularity of the holding structure of Doğan Yayın Holding 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 recently.
- 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.

### DYH'S PERFORMANCE OVERVIEW

Referring to the company's level, DYH's overall rating result of 88,76 % or 8,87 indicates a high compliance with the established rating criteria with respect to the CMB Principles and good CG structures and performance. The rating improvement from previously 8,55 (85,54%) in 2007 reconfirms DYH's continuous 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.

At an early stage DYH revised its *articles of association* according to the CMB Principles. It also has been at the forefront regarding the establishment and disclosure of an *information policy*. Having an effective Audit Committee processes, DYH also re-organized its risk management and internal audit activities under Dogan Holding Risk and Audit Department. DYH also continuously develops its web site. Considering these developments one can assume DYH as being proactively involved in pursuing good CG practice.

Reflecting the single results of the four main components of the rating, DYH performs well in all of them, though showing particular strength in its Public Disclosure and Transparency as well as in respect to Shareholders on the one side and slightly more weaknesses in Stakeholders as well as Board of Directors issues. Both last-mentioned sections under perform the overall rating result slightly.

As explained in the Notes of the Financial Reports, the financial periods between 2003 and 2006 of the Company, were inspected by the Revenue Administration Department of the Turkish Ministry of Finance. As a result of the inspection, tax assessment

reports were issued and notified to DYH in December 2008 and February 2009 in which tax charges and penalties at an aggregate amount of TL 862,3 million were imposed to DYH. The company started legal proceedings and filed a lawsuit against the related Tax Administration Department (the "Tax Administration") for the cancellation of these assessments. At the tax court both the mentioned legal proceedings of the lawsuit amounting 772,5 million regarding the share sale of an affiliate, and the Court order appeal made by the Tax Administration have been finalised in favor of DYH. Also, DYH appealed to the Tax Administration for restructuring the rest of the tax charges and penalties according to the Law No 6111 on "Restructuring of Certain Receivables and Amendment to the Law of Social Insurance and General Health Insurance and Certain Other Laws and Decree Laws" which was promulgated in the Official Gazette on 25 February 2011. As a result of the legal procedures finalized in favor of DYH and the appeals made in the scope of the Law No: 6111, no pending law suit left with respect to the above mentioned tax charges and penalties.

On the other hand, CMB made an application to the Public Prosecutor's Office on October 21st, 2008, claiming that Mr. Aydın Doğan, Mrs. Hanzade Vasfiye Doğan Boyner and two other professionals violated article 155 of the Turkish Penalty Code (TPC) which is breach of trust, where it is claimed that, the existence of some certain companies abroad which take part in the importation of newsprint and other print material and owned or managed by the named persons, used to decrease the earnings of certain public companies (Hürriyet Gazetecilik and Doğan Gazetecilik). It is understood that, after investigating the CMB's claim, the Public Prosecutor rejected the claim and decided not to bring a law suit with regard to article 155 of TPC. Then the CMB objected the Public Prosecutor's decision in the upper court; but the upper court also rejected the CMB's decision. On the other hand, another Court accepted the Public Prosecutor's claim and this time decided to bring a law suit with regard to article 15 of CML. The first case court decided that, Mr. Aydın Doğan, Mrs. Hanzade Vasfiye Doğan Boyner and two other professionals are not guilty. CMB has the right to object this decision in the upper court.

In 2009 and 2010, the CMB decided to issue fines of 11,836 and 16,800 TL, respectively, to DYH for failing in the disclosure of material information. The company

started legal proceedings and filed a lawsuit against the CMB for the cancellation of these fines. The first case was finalised in favour of the CMB; but the second one finalised in favour of DYH.

## SHAREHOLDERS

With respect to shareholder issues, DYH 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 does not have registered shares and preferred stocks have not been issued, neither. 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 DYH is also 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 external 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 DYH. As mentioned, DYH issued a disclosure policy at a quite early stage. The company performs material disclosure through a platform operated by the ISE launched in 2009, its website and its written disclosures. 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

Acknowledging the holding structure of the company, we found stakeholder issues less applicable for DYH in the first instance. Notwithstanding, we emphasize an integral perspective on the holding level, that coordinates and oversees stakeholder relations of the subsidiaries, in order to avoid potential risk. With a rating result of 7,91 or 79,18% DYH can be considered fairly aware of stakeholder relations, though the door for further recognition and improvement is left open.

## BOARD OF DIRECTORS

The board of DYH consists of ten members, comprising four executive and six non-executive members of which one member is considered independent by the Company. However, it does not qualify to a one-third proportion of independent directors according to a strict interpretation of the CMB Principles. In order to support the work of the board, three committees have been established, whereby the Corporate Governance Committee and the Audit Committee are of particular interest. Although the committees comprise non-executives directors and selected experts in its ranks, only the Corporate Governance Committee is headed by an independent board member.

The board can be considered as actively involved in the company's development and performance. While contributing in a material extent to setting up the vision and mission of the company, the board also monitors and evaluates the executives.

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. However, internal regulations lack to formalise procedures of the meetings.

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

The Executive Committee is composed of five members, of which four are board members and one is a senior manager of the Group. The executives' work is closely scrutinized every month in comparison to the company's budget and the Executive Committee is to report at board meetings. Executives are, however, not liable to compensate losses that occur as a result of not-performing their duties properly. The salary is composed of a fixed component and a bonus payment at the end of the year.

## FINAL REMARKS

With the rating at hand, investors are enabled to evaluate the CG practice of DYH 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 DYH and lower potential risk factors for investors. In addition, existing holding structures and

majority shareholdings could be seen as a threat to minority shareholders, discouraging investments. Thus, the extension of the free float in 2011 can be assumed as favourable.

## COMPANY OVERVIEW

*Doğan Yayın Holding* (DYH), initially founded in 1980 under the name of Milliyet Basım Malzemeleri İthalat ve Ticaret A.Ş., mainly operates in the media sector. Through its subsidiaries and shareholdings, where it owns usually a majority stake, it is one of the leading media companies in Turkey. DYH divides its business into two lines of business. On the one side, the company sees itself as a content producer, including newspaper and magazine publishing as well as television and radio broadcasting. On the other side, DYH functions as a service provider including distribution and retail business as well as internet services and cable television. Despite this wide diversification the core business of DYH remains, however, newspaper publishing and television broadcasting. At present the company publishes five daily newspapers; since Milliyet and Vatan titles sold to a third party in May 2011 and Referans was closed in 2010. Within its broadcasting operations DYH runs for example *Kanal D*, one of Turkey's leading television channels, *Star TV* and *CNN Türk*, a joint venture between AOL Time Warner and DYH. In 2007, DYH added to its holding Trader Media East Ltd, a leading company in Russia and Eastern Europe, with GDRs traded on the London Stock Exchange.

As a listed company, DYH has to comply with the Capital Market Regulations. DYH has been listed at the Istanbul Stock Exchange since 1998 and its publicly traded shares amount to about 34%<sup>1</sup>. As of July 2011 the number of shares amounted to 2,0 bn. DYH increased its capital from 1,0 bn. to 2,0 bn. via 100% rights issue in June 2011. The cash inflow will be used by both the company and its subsidiaries for meeting the needs of cash working capital, acquitting bank credits and/or capital/interest payments and for the payments to be made within the scope of Law No.6111. The market capitalization at July 20, 2011 was around USD 1.243 million.

<sup>1</sup>This 34% includes 11,90% of the equity capital that belongs to Doğan Şirketler Grubu Holding A.Ş. (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 34% of the shares that represent equity capital are tradable in ISE, as of 20<sup>th</sup> of July, 2011 17,26% is considered to be in circulation.

DYH has a free float of 34.01% that is relatively high for the local market, but still has a strong family conglomerate background.

**Table 1: Stock performance**

	TL
21.07.2011	0.95
52 Week High*	1.93
52 Week Low*	0.95
*One year / (Source: DYH)	

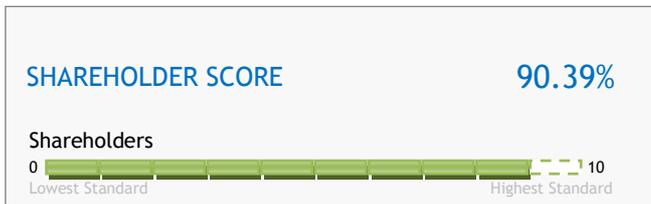
**Table 2: Key Financial Figures DYH (in TL m)**

	2005	2006	2007	2008	2009	2010
Net Sales	1712	2110	2559	2880	2435	2620
Gross Profit	393	489	610	667	425	697
EBITDA	206	214	222	174	7	196
Net Profit	9	(23)	617	(324)	(343)	(237)
(Source: DYH)						

**Table 3: Segment performance (in TL m.)**

	NET SALES		TOTAL ASSETS	
	2009	2010	2009	2010
	Publishing	1348	1363	2112
Broadcasting	683	929	1525	683
Retail	410	322	80	410
(Source: DYH)				

## SECTION 1 - SHAREHOLDERS



### 1 Summary

For this category the company achieves a 9,03 or 90,39 %, respectively. This result is in line with the overall rating result. The score indicates a very good corporate governance (CG) performance with respect to shareholder related aspects such as shareholder rights as well as procedures and mechanisms closely related to the General Meeting. A compliance of about 90% ensures shareholders to be protected sufficiently and enables them to exercise most of their rights properly. The free float of DYH could still be increased. Thereby the majority stake of Doğan Şirketler could be assumed to potentially wield a strong influence over the company on the expense of minority interests. However, there is no indication that long-term interests of Doğan Şirketler should deviate from those of other shareholders. In addition, some suggested CG mechanisms have not been installed yet, as outlined in the respective sub chapters.

#### 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
+ Sufficient information provided to shareholders
+ Minority rights apply to shareholders owning at least 5 % of equity capital
- No cumulative voting procedures
- Shareholders are not able to appoint an external auditor

#### 1.1.1 Dividend and Voting Rights

A dividend policy is established and accessible through the company's public documents. The initial disclosure of the dividend policy dates back to Sept. 29, 2003. Pursuant to the CMB resolution for the ISE Listed Companies of Jan. 27, 2006, the company revised its dividend policy. Depending on the financial results of the companies belonging to DYH, a dividend will be paid to investors, currently aimed at 50 % of distributable net profits. With regard to 2010, no dividends were distributed because there was no distributable income. Correspondence with the company revealed that DYH is taking steps to decrease its indebtedness, aiming at disposing of distributable income in the near future. The most important aspects of the dividend policy are made available throughout the company's public documents. The dividend policy is accessible on DYH's English website and also the information regarding the donations that are deducted from the profit.

Voting rights are defined in the company's *articles of association*, hence ensuring equal and clear voting procedures. According to the articles of association, voting is exercised by show of hands, though closed ballots are mandatory if requested by 5% of shareholders represented at the General Meeting. No provisions are designed in order to apply certain ceilings on the number of votes a shareholder might exercise during the meeting. As the company hasn't issued any preferred stocks, each share is entitled to the favourable 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. In addition, shareholders are enabled to proxy voting, that can be exercised through either another shareholder or a non-shareholder. Postal or electronic voting procedures are not permitted by law in Turkey.

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

According to our analysis, we identified no reasons speaking against the equitable treatment of shareholders. As it is common standard in Turkish listed companies an official representative of the Ministry of Industry and Trade attends General Meetings to oversee legal aspects. And in case of prior awareness of contentions issues an additional observer of the CMB is present.

### 1.1.2 Shareholders' Right to Obtain and Evaluate Information

Sufficient information is provided to shareholders in an accurate, timely, and diligent manner. The articles of association contain provisions to disclose minimum information about candidates to the shareholders, as well as the possibility to open the General Meeting to the public, though without the right to speak for non-shareholders attendees, as it is recommended by the CMB Principles.

Up to now, shareholders have not been enabled by the articles of association to appoint an external auditor on their behalf, as suggested by the CMB Principles. However, as DYH is following the CG development proactively and according to interviews with company representatives this may be rethought as a next step to improve its CG practice.

The company has a Shareholder Relations Department in order to help and ease shareholders using their shareholders rights regulated by law. Its main duties also cover: keeping record of the shareholder structure and monitoring the General Meetings. Although functioning separately, the Investor Relations Department is closely related to the Shareholder Relations Department and both Departments share info with the Corporate Governance Committee. The Investor Relations Department's main duties cover: responding to shareholders' requests; attending investor meetings and ease access to information for shareholders.

### 1.1.3 Minority Rights

Minority rights are granted to shareholders owning (collectively) at least 5 % of the share capital.

In line with minority rights, the ability to appoint an external auditor is considered crucial, though this is only a recommendation by the CMB Principles. However, as mentioned before, and expressed by

interviewees the company might review its current policy and act accordingly.

Cumulative voting procedures are not intended by the company, but the advantages and disadvantages of this voting procedure are being assessed.

## 1.2 General Meeting

GOVERNANCE FOCUS
+ Timely provision of information on agenda items
+ Sound execution of the General Meeting
+ Sufficient information disclosure on candidates
+ Board remuneration is determined by the General Meeting
± General Meeting allowed directors to engage in business and competitive activities with the company
- Remuneration of key executives is not subject to the General Meeting

### 1.2.1 Invitation

In the run-up to the General Meeting, shareholders are well informed by DYH. This is related to a well-ahead announcement of place and date of the General Meeting through all means of modern communication along with sufficient information on the agenda items. An additional document containing supplementary information on the agenda items is submitted to shareholders three weeks in advance to the meeting. The agenda is prepared in a solid manner, clearly indicating purpose and content of each agenda item.

Furthermore, the company ensures a sufficient flow of additional information, e.g. the annual report and financial statements which are accessible three weeks prior to the meeting. Considering the administrative proceeding, voting procedures are set up in a clear and understandable manner and proxy forms are available electronically through the company's website. Shareholders who have already dematerialized their shares in the files of the Central Registration Office (CRO) and who wish to attend the General Meeting are required to be personally registered and recorded in the "General Assembly Blocking List" by no later two days ahead of the meeting, in accordance with the general assembly blocking procedures determined by

CRO. Accordingly, shareholders who failed to do that unfortunately were not allowed to use their rights to speak and vote in the meeting.

### 1.2.2 Functioning

According to its holding status and the large number of subordinated companies to be consolidated, DYH does not consider itself in the position to hold its General Meeting within the suggested period of three months following the end of its financial year. However, in line with legal regulations, DYH usually organizes its General Meeting as soon as possible following the disclosure of its financial statement.

Since DYH's headquarter in Istanbul is the place where general meetings are held, it can be considered as easily accessible. In addition to that, the AoA allow to hold the meetings in a different location, where the majority of shareholders are located.

Following our examination General Meetings of DYH seem to be held in an appropriate way, apparently led in an unbiased way by the chairman of the meeting and overseen by an official representative of the Ministry of Industry and Trade, and thereby ensuring that all shareholders are able to exercise their statutory rights.

The General Meeting functions as a forum to discuss the company's annual report and financial results. The appointed audit company is held responsible to present the latter to the auditorium. According to our impressions, 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 separately.

Board members, auditors and other authorized and responsible persons attend the General Meeting to answer requests put forward by shareholders. In case of absence, reasons will be stated by the chairman of the meeting.

As the articles of association enable the General Meeting (with a majority of three-fourth of the shareholders that participate to the General Meeting, where at least 50% of the DYH shareholders have to be present at the General Meeting) to allow board members to be engaged in business with the company or competition, it did so again at the General Meeting

in 2010. As reported in 2010, no board member made use of this authorization and was involved in neither business nor competitive activities with the company.

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 articles of association, comprise for example their level of education, previous board membership and experience, their financial status as well as independence considerations.

Remuneration of the board members is subject to the General Meeting and is determined by shareholders. However, the remuneration of key executives is not subject to the General Meeting, and thereby deviating from the suggestion of the CMB Principles.

The articles of association contain a provision that clearly states which kind of business activities is to find approval by the General Meeting.

### 1.2.3 After the General Meeting

As a follow-up to the meeting, minutes are disclosed on the company's website, summarising and reflecting the meeting in an exhaustive and sufficient manner. The minutes of the last five years general meeting's are available through the English and Turkish versions of the website.

In case that any questions are opposed by shareholders that cannot be answered immediately, the Shareholder Relations Department is held responsible to answer them in the follow-up of the meeting.

## SECTION 2 - PUBLIC DISCLOSURE AND TRANSPARENCY



### 2 Summary

Within the Public Disclosure and Transparency section of the rating, the company reaches a very good result of 9,82, outperforming the overall rating result. A compliance of 98,24% with respect to the CMB Principles ensures a sufficient flow of information between the company and investors and reflects a high degree of transparency. Although nearly reaching the maximum score towards the CMB guidelines, there is still room for improvement to further strengthen Public Disclosure and Transparency if compared to international standards.

#### 2.1 Disclosure Means

GOVERNANCE FOCUS
+ Website in Turkish and English version
+ Website contains and archives information disclosed to the public
+ Website provides valuable information for investors, including documents for download
+ The annual report provides good information
± The Prospectus & Circulars are only provided in Turkish

##### 2.1.1 Website

The company's *website* functions as a satisfying instrument for shareholders to access information on the company. For foreign investors an English version of the website is available. The website is being continuously enhanced. The content is structured in a sound manner, especially offering three extensive sections covering corporate governance (CG), investor relations and social responsibilities issues. There, investors also find material documents (e.g. *annual reports, audit reports, analyst presentations*) available for download.

Examined more in-depth, it contains most of the information suggested by the CMB Principles, e.g. information about the *shareholder structure* and the *management*, all previous minutes of the General Meeting in the English version, frequently asked questions (FAQs), or *annual reports* and *financial statements*. The website also offers a section that includes and archives information previously disclosed to the public. However, some information is currently only provided in Turkish e.g. prospectuses and circulars.

In reference to the General Meeting the website contains material information and facilities for shareholders. This includes the agenda, informative documents thereto, proxy forms, and general information about participation proceedings for the General Meeting.

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 very good way according to the content provided and information relevant to investors.

The financial statements are signed by the CFO and other responsible managers for Financial Affairs. The annual report also features a signed declaration of the internal auditors in addition to the audit report signed by external auditors.

The quality of the annual report has seen continuous improvement and provides the essential shareholder relevant elements. This being said, there is still room for improvement to cover more items, as outlined by the CMB Principles. Issues comprised in the recent annual report are for example: activities and industry of the company, a statement about the internal audit system, information on board members and executives, the ownership structure of the company, opinions of rating agencies about the company and a CG compliance evaluation. Further desirable information could be included, e.g. 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 related companies offering investment, consulting, and auditor services as well as future forecasts.

Aspects that are not or not exhaustively covered are partly explained by the company. In this context, human resources aspects are only slightly touched by DYH as this is primarily attributed to every single subsidiary and to a lesser extent at the holding level, as the holding only employs 80 employees directly. It is the human resources coordinator, who finally takes on responsibility for the companywide (in case group-wide) human resources issues.

DYH demands individual independence statements of its independent board member, according to the CMB guidelines.

## 2.2 Disclosure Procedures

GOVERNANCE FOCUS
+ Disclosure policy is established and covers material disclosure aspects
+ Disclosure proceedings are clearly defined and assigned to high level personnel
+ Forward looking information is handled reasonably
+ Ethical rules are disclosed
+ Audit company is subject to regular rotation and does not provide any consulting services
+ The company takes measures to prevent insider trading and discloses a list of insiders
± Unilateral and publicly disclosed declaration of the CEO and CFO, although not the entire board, stating that all disclosure principles are duly kept is provided

### 2.2.1 Information Policy

An information or disclosure policy, respectively, has been set up by DYH. It has been disclosed to the public and is permanently accessible through the *company's website*. As stated, the disclosure policy aims at providing and sharing material information and thereby establishes an active and open dialog between the company and the financial community. To underline its importance the board of directors enforces, supervises

and develops the disclosure policy in a continuous process. The disclosure policy covers forms, frequency and methods of disclosure, informs about the company's authorized persons regarding public disclosure, outlines how the company deals with investors, proceeds with forward looking statements and provides information in reference to the quiet period. Being of particular interest for the investment community, guidelines covering communication to investors will be outlined. DYH principally does not comment on market expectations according to transition periods or business results, though it will comment on critical issues affecting results and strategy as well as on issues that enhance market participant's understanding of DYH's business. When conducting meetings with investors the Investor Relations coordinator will be present. DYH is intended not to reveal information that has not been disclosed to the public during a non-public investor meeting such as one-on-one talks.

The company stated its adherence to the following principles: all amendments of the disclosure policy should be presented to the General Meeting and be disclosed to the public after the board's approval; developments that may affect the company's capital market instruments are to be disclosed to the public without delay; significant changes in the financial status or operations should be disclosed alike, and, in addition, already issued information should be monitored and updated if deemed necessary.

### 2.2.2 Public Disclosure

After reviewing the public disclosure of DYH no issues could be found, that would harm investors' interests. 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. Additionally, the established committees (Corporate Governance Committee and Audit Committee) are closely involved in public disclosure issues. A publicly available declaration by the CEO and CFO, although not the entire board, whether or not the principles are duly followed is provided in the annual report.

Within the scope of its public disclosure the company publicly announces its dividend policy. Further on, the company discloses its financial statements in line with legislation and international accounting standards. On

the belief that current legislation on companies to grant shares to employees as a means of incentive instruments is not clear, the company does not grant shares.

When announcing forward looking information to the market the company states to act carefully and reasonably, providing underlying statistical data and avoiding exaggerated or misleading information. Due to the nature of forward looking information and the implied uncertainty, the company is reviewing its given predictions and assumptions and will disclose revised information immediately. As mentioned before, the principles applicable to forward looking information are included in the disclosure policy of the company.

### 2.3 Transparency Issues

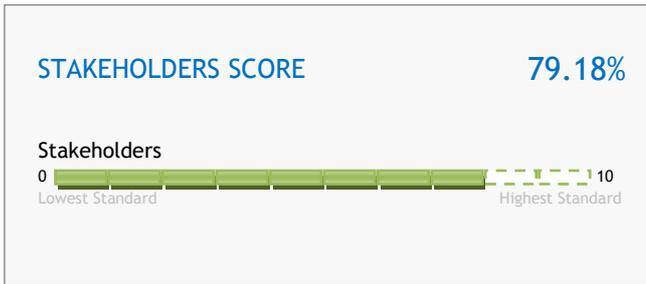
Transparency issues are covering ethical rules, insider trading aspects, and the functions of the external audit.

To ensure a high degree of transparency DYH discloses its ethical rules to the public. In addition to its *Code of Conduct*, DYH also issued *Publishing and Broadcasting Principles* to provide further guidance for its business activities.

In order to prevent insider trading DYH tries to take necessary measures and precautions. It publishes a *list* of people who due to their relation with the company could possess price sensitive information.

The appointed audit company (currently Deloitte Touche Tohmatsu) does not provide any consulting services to DYH and also with regard to the Audit Regulation in Turkey, it can be considered as independent. DYH also plans adopting independence tests to consultant firms where applicable. The audit company or audit team is subject to regular rotation according to the applicable regulation.

## SECTION 3 - STAKEHOLDERS



### 3 Summary

As a holding company DYH is involved into stakeholder relations to a lesser extent. Therefore stakeholder issues are applicable in a limited dimension only. Notwithstanding, we believe that DYH can be affected by stakeholder issues through its subsidiaries and should therefore take care about mechanisms and reporting structures, that reduce this particular risk and ensure smooth stakeholder relations.

Due to this consideration, the company scored 7,91 or slightly above 79,18 %. In fact, mechanisms are observable that address stakeholder issues, at least at the subsidiary level, but also coordinate or guide stakeholder relations at the holding level. Most visible, this applies for the human resources coordinator at DYH and for the new social responsibilities section on the corporate website.

GOVERNANCE FOCUS
+ Companywide human resources policy
+ Employee rights are warranted
+ Ethical code and Publishing and Broadcasting Principles have been issued
+ New social responsibilities section on the website and social responsibility section on the Annual Report
- Despite the holding structure DYH should not neglect to formalise stakeholder policies also on the holding level

### 3.1 Participation to the Management

In order to ensure that stakeholder issues are dealt with in the company's decision making process, the board discusses collected information during its meetings, though no specific measures have been set up to ensure an integral perspective. As the CMB Principles especially focus on employees, one can outline the procedures at Hürriyet, one of the biggest subsidiaries of DYH; where an intra-net application has been installed to enable employees to express any grievances or put forward ideas and suggestions. This mechanism is expected to be expanded on a companywide basis to enable the participation of all employees. In addition to that, according to the CG report, the feedback received from stakeholders is presented to senior management for evaluation. However, DYH does not provide board membership to an employee representative, as suggested by CMB principles. Here one has to consider that, as a holding company DYH only employs about 80 whereas the whole group employed over 13.000 people as of December 31, 2010.

Notwithstanding, DYH could commit itself to formulate and incorporate formalised mechanisms to ensure a stronger recognition of stakeholder matters.

### 3.2 Company Policy

#### 3.2.1 Rights and Duties of Stakeholders

Since DYH is not involved in direct contact with customers and suppliers, several main issues are dealt with on the subsidiary level. However general strategic issues regarding customers, suppliers, employees or other stakeholders are discussed and decided on the DYH level. As a well known media company, DYH strives to maintain its reputation, avoiding any conflicts with stakeholder groups or a possible violation of their rights, that in return could harm that reputation. This can be seen as a good mechanism to preserve the rights of stakeholders. To guide stakeholder relations, especially in the media business, one also has to mention the Broadcasting and Publishing Principles set up by DYH. These principles should guide the work of its core business in reference to stakeholder relations.

Employees are enabled to communicate their concerns or complaints. Any forwarded issues will be discussed and dealt with by the Audit Committee.

### 3.2.2 Relation with Customers and Suppliers

DYH takes a great effort to ensure customer satisfaction and within DYH the single subsidiaries established own customer relations departments. Additionally, suggestions and complaints can be transmitted through the company's website. If occurring, the company will take great care of the forwarded notice, discuss it internally by an internal audit and, if deemed necessary, next steps are taken in close coordination with senior executives.

### 3.3 Employees and Social Responsibility

As mentioned before, DYH only employs a small number of people directly. Out of that, issues regarding human resources are delegated to each single enterprise within DYH. However, the Human Resources Department of DYH outlines the common human resources policies. It thereby also assists its subsidiaries in implementing own policies and offers special trainings.

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

The company is continuously working on the improvement and safety of working conditions.

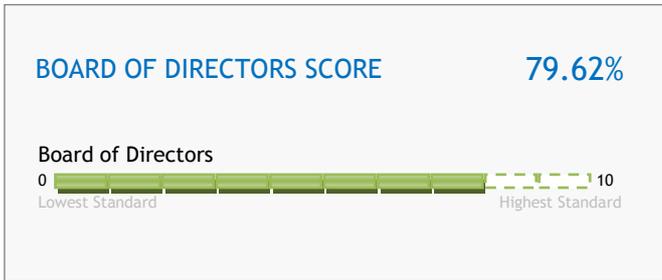
With respect to performance based compensation, DYH still needs to implement pertinent mechanisms. Union representatives, as suggested by the CMB Principles, are not present within the whole holding.

The company has a code of ethics and disclosed it to the public. This code contains the main core values of DYH, the main responsibilities of its employees, core guidelines in respect of customer, supplier, and official body 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.

The company provides information on its social responsibility activities within its annual report as well as on its *website*, thereby stating that it is well aware of its role in society according to social and environmental issues. The social responsibilities section on the corporate website and annual report has been enhanced. It contains information on the actions and institutions that received the Aydin Dogan Foundation's contributions. There is a subsection that shows the different actions in the following areas: education, environment and health, culture and art, sport. A social responsibility section has been added to the Annual Report.

## SECTION 4 - BOARD OF DIRECTORS



### 4 Summary

With a result of 7,96, though the compliance is fairly good, DYH could focus more on its corporate governance (CG) structures and performance in terms of Board of Directors. This includes especially structural and remuneration issues.

#### 4.1 Board of Directors

GOVERNANCE FOCUS
+ The board plays an active role in the company's strategic planning
+ 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
+ Company does not lend money to board members or executives
- Less than one third of board members fully meet the independence criteria
- The independent director does not provide a signed statement of independence
- No provision that enables share- or stakeholders to call a board meeting
- Compensation does not include incentive schemes
- No liability of the board members

#### 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.

As stated in the articles of association, the board defines the mission and vision and is thereby leading the company. As a consequence the board reviews and discusses strategic proposals put forward by executives and constantly monitors the company's performance.

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 Shareholder Relations Department has been established.

A timely flow of information is ensured, so that board members can easily carry out their duties.

Overall, the articles of association contain clearly set up rules describing the activities and duties of board members. As suggested by the CMB Principles the articles of association also 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-fourth of the shareholders that participate to the General Meeting, where at least 50% of the DYH shareholders have to be present.

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

An official declaration confirming the careful preparation of financial statements is provided by the board, the Audit Committee and the responsible financial officers in the annual report. This declaration is also posted to the ISE as demanded by the applicable regulation.

Board members have to seek board approval before accepting outside duties. There are, however, no written internal provisions that would regulate this issue.

#### 4.1.2 Structure

The board of DYH is currently composed of ten members of whom four are executive (ED) and six are non-executive (NED) directors. The suggested separation of the chairman of the board and the CEO is warranted. The chairman of the board is Mrs. Arzuhan Yalçındağ, representing the strong family ownership, as is common in Turkey. DYH fails to comply with the suggested proportion of one-third independent directors. Indeed, Mr. Hubert Burda is considered as independent by DYH. In doing so, DYH itself mentions that Mr. Burda can be considered as independent according to OECD Principles but not according to CMB Principles. To qualify as an independent board member, in line with the CMB, the candidate has to fulfill the following criteria: e.g. no direct or indirect relations to the company in terms of employment, capital or commerce with the company within the last two years, have not been employed by neither an audit nor a consulting company that offered their services to the company, and do not receive any compensation beside the compensation for board membership.

With respect to Mr. Burda the first criterion is not valid, due to an existing stake in one of DYH's companies (Doğan Burda) through a company (Burda Group - Burda Media) where Mr. Burda serves as president. Even though the well recognized CG principles of the OECD would focus more on the essence of the particular business relationship rather than its pure structure, we stick to the proposed strict interpretation of the CMB, as the essence of this relation can easily be subject to ongoing changes. However, we recognize very well the valuable experiences and international perspective Mr. Burda brings to the board.

A "statement of independence" confirming the independence status according to the governing laws, articles of association and the CMB guidelines, is not provided by Mr. Burda.

**Table 4: Board Structure**

NAME	ED / NED	INDEPENDENCE
Mrs. Arzuhan Yalçındağ	NED	No
Mrs. Vuslat Sabancı	NED	No
Mrs. Hanzade Vasfiye Doğan Boyner	ED	No
Mrs. Yaşar Begümhan Doğan Faralyalı	ED	No
Mr. Mehmet Ali Yalçındağ	ED	No
Mrs. İmre Barmanbek	NED	No
Mr. Yahya Üzdiyen	NED	No
Mr. Soner Gedik	ED	No
Mr. Ahmet Toksoy	NED	No
Mr. Hubert Burda	NED	No*
*classified as independent by the company.		

Currently appointed board members at DYH seem to be highly qualified and show a high level of knowledge and experience, reflected in long-lasting career backgrounds. DYH's board can draw on a wealth of expertise in the media, finance and business.

In case new board members are appointed, special training can be offered by the Corporate Governance Committee. However, since there has not been such a case yet, a clear evaluation of the adaptation program remains open.

In reference to the election of the board members and as noted also in the first section a cumulative voting procedure is not applied by DYH.

#### 4.1.3 Functioning

Board meetings appear to be conducted in an efficient and sound manner. Conducted interviews did not reveal any issue that could cause a different impression. Executives are to attend the meetings whenever necessary and requested. In case of dissenting votes the dissenting board members are urged to indicate the reasons in the minutes. Each board member is entitled to one vote without any weighted voting rights or a certain kind of veto.

When important issues are discussed board members are required to attend in person. In addition, there is a range of agenda items that can only be approved by board members that attend the meeting in person (e.g. determine the line of activity of the company, election of the CEO, mergers).

In order to ensure adequate preparation the agenda and relevant documentation are provided to board members seven days in advance. A board secretariat is present in order to prepare and assist the board meetings as well as to support the communication between the board members.

As to our assessment the company misses to formalise the proceedings of board meetings either in internal documents, (as proposed by the CMB for the manner in which board meetings should be conducted), or in the articles of association (as proposed for proceedings for a board meeting to be called by shareholders or stakeholders). Additionally the latter instance does not seem to be acknowledged by DYH at all.

#### 4.1.4 Remuneration

Considering remuneration aspects, DYH does not show a sufficient corporate governance performance according to the CMB Principles. Currently the compensation is solely composed of a fixed salary. No additional attendance or committee membership fees are paid. However, the compensation is discussed and determined by the General Meeting, providing material power to the shareholders.

**Table 5: Board Compensation**

POSITION	COMPENSATION (PER MONTH, IN TL)
Chairman	14000
Vice-Chairman	14000
Member	14000
*according to a decision by the last General Meeting related to the year 2010	

DYH does not offer performance based incentive schemes, as proposed by the CMB Principles. The establishment of such schemes remains subject to the Corporate Governance Committee. While the CMB Principles do not indicate a difference between ED and NED, one should keep in mind that international best practice suggests that performance based incentive scheme should be granted to ED only.

In line with performance based incentives the CMB Principles also recommend liability 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. Up to now, DYH has not complied with these recommendations, even though interviews revealed that this is considered as a strategic issue. In contrast to international practice D&O insurances are still not very common in Turkey but may gain ground in the upcoming years in respect to the issue of liability of board members.

To avoid conflict of interest DYH strictly adheres to the principle not to lend money in any way to board members or executives.

## 4.2 Board Committees

GOVERNANCE FOCUS
+ Three committees have been established
+ Experts are elected to the committees
+ 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
- Majority of members are not independent
- Some Committees are not exclusively headed by independent board members

### 4.2.1 In General

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

On the contrary to the suggestions of the CMB, not every chairman for each committee has been elected out of the independent board members. Solely, the chairman of the Corporate Governance Committee can be stated as an independent board member.

The committees fulfill the suggestion to be composed of a majority of NEDs. The CMB Principles suggest that experts are eligible to be commissioned.

**Table 6: Committee Overview**

COMMITTEE	NO. OF MEMBERS	INDEPENDENT CHAIRMAN*	NO. OF NED
Audit	4	No	3
Corporate Governance	3	Yes**	2

\*\* classified as independent by the company.

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

Charters outlining the work and responsibilities of the committees can be found on the corporate website.

#### 4.2.2 Audit Committee

The Audit Committee oversees the financial reporting and audit activities of the company. In doing so the Committee shall be supported by the board and be enabled to access all necessary information.

It is the task of the Audit Committee 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. Furthermore it takes care of the company's financial disclosure. Internally, the Audit Committee is also responsible for evaluating the audit system and for responding to complaints and suggestions put forward by any member of the company.

To maintain a certain level of independence the Audit Committee is able to obtain opinions of external experts on company's expenses.

**Table 7: Audit Committee Composition**

NAME	BOARD MEMBER	NED	INDEPENDENCE
Mrs. İmre Barmanbek (Chairwoman)	Yes	Yes	No
Mr. Ahmet Toksoy	Yes	Yes	No
Mr. Murat Ece	No	Yes	Yes
Mr. Murat Doğu	No	No**	No**

\*\* company employee, considered as an expert

#### 4.2.3 Corporate Governance Committee

It is the main purpose of the Corporate Governance Committee to monitor the company's compliance with Corporate Governance Principles. The committee seems to pursue its task actively and one can find a *CG compliance report* in the annual report. As suggested by the CMB the CEO of DYH does not fulfill a duty in this committee. However, the committee does not comprise a majority of independent board members. It is made up of two non-executive board members and one non-board member employee of the company. As mentioned before, the CMB provides the possibility to elect experts to the committees as well. In this case, Mr. Murat Doğu works as the Head of the Dogan Sirketler Grubu Holding A.S. Capital Market Group. During his previous occupation Mr. Doğu contributed significantly to the development of the CMB Principles. We consider him to deliver valuable input for the work of the committee.

**Table 8: Corporate Governance Committee Composition**

NAME	BOARD MEMBER	NED	INDEPENDENCE
Mr. Hubert Dietrich Burda (Chairman)	Yes	Yes	Yes*
Mr. Ahmet Toksoy	Yes	Yes	No
Mr. Murat Doğu	No	No**	No**

\* classified as independent by the company.  
\*\* non board member, company employee, considered as an expert

Core responsibilities of the committee are: to advise the board on issues of CG, supervise the work of the Shareholder Relations Department, establish a system to determine, train, evaluate, and reward candidates for the board, offer advice on structural matters of the board (size, number of ED and NED), and set up a performance evaluation system for board members.

#### 4.3 Internal Control and Risk Management

Referring to the holding status of the company the internal control and risk management appears to be rather specific and is subject to particular mechanisms. As the primary focus DYH monitors the financial risk of its subsidiaries. Beside the financial risk the operational risk is closely observed as well. According

to the CG report, special emphasis was given to works on risk management and reporting, and operational restructuring practices, but concrete information on that upgrade was not found. Risk management activities are coordinated with the Risk and Audit Division of Doğan Şirketler Grubu Holding A.Ş..

The board of directors has installed the internal control and risk management, and the CFO takes direct responsibility to monitor the financial risk, whereby he is supported by several units of the company (Financial Affairs, Finance, Financial Reporting, and Capital Markets). In addition the financial and operational risk is also one of the duties of the Audit Committee and Corporate Governance Committee.

Further on, it is a duty of the board to oversee whether or not the company complies with the relevant legislation, articles of association, in-house regulations and policies. Our analysis did not reveal any instance that the board would fulfill this duty in an inadequate manner.

#### 4.4 Executives

GOVERNANCE FOCUS
+ Reporting to the Board of Directors
+ Comprehensive monitoring of the executives according to company's results
- Not liable for company's losses caused by a violation of their duties

The Executive Committee is formed of five members of whom four belong to the board of directors. It is headed by Mr. Yalçındağ.

**Table 9: Composition of the Executive Committee**

NAME	POSITION / FUNCTION	BOARD MEMBER
Mr. Mehmet Ali Yalçındağ	Chairman/CEO	Yes
Ms. Hanzade V. Doğan	Vice-Chairman/ Strategic Planning	Yes
Ms. Yaşar Begümhan Doğan Faralyalı	Vice-Chairman/ Foreign Investments and Business Development	Yes
Mr. Soner Gedik	Vice-Chairman/ Finance	Yes
Mr. Ertuğrul Özkök	Vice-Chairman/ Editorials	No

Within our analysis no issues have been revealed that would cause doubts about the transparent, reliable, and accountable work of the executives. There are periodic and special audits, examining the work of the committee. The CEO is reporting at the board meeting and company's results are scrutinised every month in comparison to the budget. However, there is no provision that executives are to compensate losses that occur as a result of not performing their duties properly.

New executives have to qualify according to professional as well as to personal requirements and have to undergo a sophisticated selection process. The CEO of DYH can look back on a long lasting career with a proven track record of managerial experience within the media industry. In line with the CMB Principles the CEO does not have any additional outside duties.

The salary of the executives is determined through their position and qualification and is currently situated in the upper middle in comparison to the market. In order to link the compensation to the company's performance a bonus is paid at the end of each year.

## 5 Appendix

### DETAILED SHAREHOLDER STRUCTURE

In order to clarify the shareholder structure of DYH, please refer to the following tables. The first one displays the biggest shareholders of DYH, while the second one provides an insight into the shareholder structure of Doğan Şirketler Grubu Holding A.Ş., as the majority stakeholder of DYH.

**Table 10: Biggest shareholders of DYH**

SHAREHOLDER	SHARES HELD	% OF CAPITAL
Doğan Şirketler Grubu Holding A.Ş.	1.498.393.269	74.92%
Free float	441.988.241	22.10%
Doğan family	46.182.947	2.31%
Aydın Doğan Foundation	13.435.543	0.67%
<b>TOTAL</b>	<b>2.000.000.000</b>	<b>100%</b>

Source: DYH

**Table 11: Main Shareholders of Dogan Sirketler Grubu Holding A.Ş.**

SHAREHOLDER	SHARES HELD YTL	% OF CAPITAL
Adilbey Holding A.Ş.	1.273.999.973	52.00%
Free float	829.956.518	33.88%
Doğan family	341.364.463	13.93%
Aydın Dogan Foundation	4.679.046	0.19%
<b>TOTAL</b>	<b>2.450.000.000</b>	<b>100%</b>

Source: company's website (21.07.2011)

## BOARD OVERVIEW

**Table 12: Board of Directors**

NAME	AGE	FIRST APPOINTMENT	POSITION	EXECUTIVE / NON-EXECUTIVE DIRECTOR	INDEPENDENCE	MEMBER OF EXECUTIVE COMMITTEE	COMMITTEES	
							CGC	AC
Mrs. Arzuhan Yalçındağ	46	2010	Member**	NED	No			
Mrs. Vuslat Sabancı	40	2011	Member	NED	No			
Mrs. Hanzade Vasfiye Doğan Boyner	39	2011	Member	ED	No	X		
Mrs. Yaşar Begümhan Doğan Faralyalı	35	2011	Member	ED	No	X		
Mrs. İmre Barmanbek	69	2010	Member	NED	No			X
Mr. Mehmet Ali Yalçındağ	47	1998	Member	ED	No	X		
Mr. Yahya Üzdiyen	54	2011	Member	NED	No			
Mr. Soner Gedik	53	1998	Member	ED	No	X		
Mr. Ahmet Toksoy	52	2008	Member	NED	No		X	X
Mr. Hubert Burda	71	2004	Member	NED	No*		X	

\*classified as independent by the company  
\*\* To be elected as Chairwoman.  
CGC=Corporate Governance Committee / AC=Audit Committee /

## EXECUTIVE COMMITTEE OVERVIEW

Table 13: Executive Committee

NAME	AGE	FIRST APPOINTMENT	POSITION	FUNCTION	BOARD MEMBERSHIP	COMMITTEES	
						CGC	AC
Mr. Mehmet Ali Yalçındağ	47	1999	Chairman	CEO	X		
Ms. Yaşar Begümhan Doğan Faralyalı	35	2005	Vice-Chairman	Foreign Investments and Business Development	X		
Ms. Hanzade V. Doğan	39	2002	Vice-Chairman	Strategic Planning	X		
Mr. Soner Gedik	53	1999	Vice-Chairman	Finance	X		
Mr. Ertuğrul Özkök	64	1999	Vice-Chairman	Editorial			

CGC=Corporate Governance Committee / AC=Audit Committee