



PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ
INFORMATION DOCUMENT FOR THE 2013 GENERAL ASSEMBLY MEETING
DATED MARCH 31, 2014

MART 7, 2014

PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ

INFORMATION DOCUMENT FOR THE 2013 GENERAL ASSEMBLY MEETING DATED MARCH 31, 2014

1. Invitation to the General Assembly Meeting dated March 31, 2014

The Annual Shareholders' Meeting of our Company for the year 2013 will be held on Monday, March 31, 2014 at Pendik Green Park Hotel, Kaynarca Mahallesi, Erol Kaya Caddesi No: 204 Pendik, Istanbul and will convene to discuss the following agenda items.

The Activity Report of the Board of Directors, Financial Statements of the Company and the Independent Auditor's Report for the year 2013, the draft amendments to the Company Articles of Association, the draft amendments to the Company Bylaws Regarding the Working Principles and Procedures of the Shareholders General Assembly, the proposal of the Board of Directors regarding the use of the Company profit for the year 2013, the Company's Corporate Governance Compliance Report and the Information Document relating to the other agenda items are made available for the review of our shareholders, starting from three weeks prior to the meeting, at our Company headquarters, at our corporate website <http://www.pegasusinvestorrelations.com> and the Electronic General Assembly Portal of the Central Registry Agency.

In accordance with Article 415 paragraph 4 of the Turkish Commercial Code No. 6102 and Article 30 paragraph 1 of the Capital Markets Law No. 6362, attendance and voting at the General Assembly is not conditional upon the deposit of Company shares at the Central Registry Agency. Therefore, our shareholders do not have to block their Pegasus shares in the event they would like to attend the General Assembly Meeting. However; shareholders who restrict their identity and shareholding information for our access must apply to their custodian and remove such restriction latest by Friday, March 28, 15:00 hours.

Our shareholders who will vote through the Electronic General Assembly System may refer to the Central Registry Agency (<https://www.mkk.com.tr/wps/portal/MKKEN>) or our Investor Relations website (<http://www.pegasusinvestorrelations.com>), for more information on their obligations stipulated in the Regulations and Communiqués regarding Electronic General Assembly participation.

In accordance with the provisions of the Capital Markets Board Communiqué No. II-30.1 regarding Proxy Voting and Call for Proxies, published in the Official Gazette dated December 24, 2013 and numbered 28862, our shareholders who will have themselves represented at the meeting through proxy must produce their proxy form in line with the attached proxy form and are required to present the signed proxy, certified by a Turkish notary public or the signed proxy alongside a signature circular certified by a Turkish notary public. Proxies appointed electronically through the Electronic General Assembly System do not have to present any written proxy statement. Voting at the General Assembly will be made by show of hands, with provisions relating to electronic voting being reserved.

Information on the Annual (Ordinary) General Assembly Meeting is available on our website: <http://www.pegasusyatirimciiliskileri.com>. Our shareholders may seek any additional information regarding the General Assembly procedures from Pegasus Investor Relations.

We request the attendance of our shareholders.

PEGASUS HAVA TAŞIMACILIĞI A.Ş.

2. Additional Information provided in accordance with the Corporate Governance Principles of the Capital Markets Board

2.1. Pegasus Shareholding Structure and Information on Shares and Voting Rights

As of the date of this Information Document, the issued capital of our Company is TL 102,272,000, within the authorized capital ceiling of TL 500,000,000, and the capital and shareholding structure as of the same date is as follows:

Shareholder	As of March 7, 2014	
	Number of Shares	Shareholding Ratio
Esas Holding A.Ş.	64,353,570	62.92%
Publicly Traded Shares	35,294,000	34.51%
Emine Kamışlı	874,810	0.86%
Ali İsmail Sabancı	874,810	0.86%
Kazım Köseoğlu	437,405	0.43%
Can Köseoğlu	437,405	0.43%
Total	102,272,000	100%

Our Company has not issued any privileged shares and each Pegasus share gives its titular one vote.

2.2. Information on Material Changes in the Management and Operations of Pegasus and its Subsidiaries

At the Annual General Assembly Meeting of our subsidiary İHY İzmir Havayolları A.Ş. ("İzAir") dated March 27, 2013, the shareholders of İzAir resolved on a capital increase where Pegasus subscribed for all of the newly issued shares including those for which Air Berlin Finance GmbH and the other shareholders in İzAir did not exercise their pre-emptive rights, resulting in Pegasus increasing its stake in İzAir from 51.00% to 69.12%. Together with the amendments to the İzAir articles of association adopted at the same General Assembly Meeting, our Company reclassified İzAir as a consolidated subsidiary as of April 1, 2013. Prior to that date İzAir was recognized as a joint venture using the equity method of accounting. As part of our agreements with Air Berlin Finance GmbH, here are a number of put and call options granted by our Company to Air Berlin Finance GmbH, relating to İzAir shares. Detailed information on the matter is provided in Note 1 (*Group's Organization and its Operations – AirBerlin Turkey Agreement*) to our Consolidated Financial Statements for the Period January 1 – December 31, 2013, accessible from our Investor relations website:

<http://www.pegasusyatirimciiliskileri.com/en/operational-and-financial-information/financial-statements.aspx>

On August 17, 2013, based on a resolution of our Board of Directors, the Audit Committee was restructured and Corporate Governance Committee and Committee on the Early Detection of Risks were established to assist our Board of Directors, in line with the provisions of the Corporate Governance Principles determined by the Capital Markets Board.

Besides the above matters, there have been no changes in the management and operations of our Company and our subsidiaries in 2013 that would materially affect the Company's business.

2.3. Information on Requests by our Shareholders with respect to the General Assembly Meeting Agenda

In 2013, we have not received any agenda-related requests from our shareholders with respect to the Annual General Assembly Meeting for the year 2013.

3. Information on the Agenda Items for the Annual General Assembly Meeting dated March 31, 2014

3.1. Commencement and establishment of the Chairing Authority

The meeting will commence and the election of the Chairman for the meeting, and the deputy-chairman, if necessary, will be conducted in accordance with the provisions of the Turkish Commercial Code No. 6102 ("**TCC**"), Regulation on the Procedures and Principles Relating to General Assembly Meetings of Joint Stock Companies and Representatives from the Ministry of Customs and Trade to Attend Such Meetings ("**Regulation**") and Articles 6 and 7 of our Company Bylaws Regarding the Working Principles and Procedures of the Shareholders General Assembly ("**Bylaws**").

The Chairman will appoint at least one secretary who will be responsible for keeping the meeting minutes. The Chairman may also appoint the requisite number of voting officers as well as experts and advisers to help implement technical matters with respect to attendees participating in the meeting *via* electronic means.

3.2. Authorizing the Chairing Authority with respect to the execution of the Meeting Minutes

The said authority is foreseen in Article 7 of the Bylaws.

3.3. Review, discussion and approval of the Annual Activity Report, Independent Auditor's Report and the Financial Statements relating to the year 2013

The Annual Activity Report of the Board of Directors and Financial Statements of the Company and the Independent Auditor's Report for the period January 1 – December 31, 2013, and the Company's Corporate Governance Compliance Report annexed to the Annual Activity Report that have been made available for the review of our shareholders, starting from three weeks prior to the meeting, at our Company headquarters, at our corporate website <http://www.pegasusinvestorrelations.com> and the Electronic General Assembly Portal of the Central Registry Agency ("**CRA**") will be submitted for the review, discussion and approval of our shareholders.

3.4. Release of each member of the Board of Directors with respect to the Company's transactions in 2013

In accordance with the provisions of the TCC and the Regulation, the release of each member of our Board of Directors for the Company's business, transactions and accounts for 2013 will be submitted for the approval of our shareholders.

3.5. Review and approval of the "Pegasus Dividend Policy" proposed by the Board of Directors

"Pegasus Dividend Policy", adopted by our Board of Directors through its resolution dated November 20, 2013 and numbered 403 and published in our Investor Relations website, provided as **Annex-1** hereto, will be submitted for the review and approval of our

shareholders as per the provisions of the Capital Markets Law No. 6362 ("**Capital Markets Law**") and will enter into force upon the approval of our shareholders.

3.6. Review and approval of the Board of Directors' proposal for the utilization of the 2013 profit

Pursuant to the profit distribution chart adopted by our Board of Directors through its resolution dated March 7, 2013 and numbered 430, provided as **Annex-2** hereto, our statutory accounts record a total accumulated loss of TL 289,228,154.51 as of December 31, 2013 and a profit of TL 90,618,086.82 for the period January 1 - December 31, 2013. As the profit for the period will be used to pay-off part of the accumulated loss it corresponds to, in line with the provisions of the TCC and the provisions of Article 21 of our Articles of Association, our Board of Directors resolved to propose to our shareholders that the profit for the year 2013 is used in its entirety to reduce accumulated loss of the Company from the previous years.

3.7. Submission of the principles relating to the compensation of the members of the Board of Directors and the Company senior management for the review of Company shareholders, in accordance with the Corporate Governance Principles determined by the Capital Markets Board

"Pegasus Compensation and Indemnification Policy", covering the principles relating to the compensation of the members of our Board of Directors and our senior management, which entered into force upon approval by our Board of Directors through its resolution dated November 20, 2013 and numbered 403, provided as **Annex-3** hereto, will be submitted for the review and comments of our shareholders as per the provisions of Article 4.6.2 of the Corporate Governance Principles.

3.8. Appointment of the members of the Board of Directors and determination of their term of office

Among our current Directors, Ali İsmail Sabancı, Hüseyin Çağatay Özdoğru, Sertaç Haybat, Şükrü Emre Berkin, Conor John McCarthy and Raymond Douglas Webster had been appointed as Directors at our Annual General Assembly Meeting dated March 27, 2013 for a term of one year and their term of office expires as of the Annual General Assembly Meeting dated March 31, 2014.

Furthermore, our current Directors, Mehmet Cem Kozlu and Mehmet Sağıroğlu had been appointed by our Board of Directors as Directors effective as of April 1, 2013, replacing our resigning directors Michael Charles Lee and İnan Tanrıöver for the remainder of their term of office of one year each, as per the provisions of Article 363 of the TCC, such appointments being later approved by our shareholders at the Extraordinary General Assembly Meeting dated April 22, 2013 and the terms of office of the said two Directors also expire as of the Annual General Assembly Meeting dated March 31, 2014.

In this respect, the election for our Board of Directors, which must constitute of at least five and a maximum of eight members, will take place at the Annual General Assembly Meeting dated March 31, 2014, based on nominations by our shareholders as per the relevant provisions of the TCC and Article 10 of our Articles of Association. Save for exceptions that may be allowed by the Capital Markets Board, one third of the total number of Directors

must fulfill the requisite independency criteria set out in the Corporate Governance Principles.

In addition to the above, as per Article 4.5.11 of the Corporate Governance Principles and the Committee Charter, our Corporate Governance Committee is responsible for the establishment of a transparent system for the determination, evaluation and training of appropriate candidates for the Board of Directors and developing policies and strategies in this regard. In line with this responsibility, the Corporate Governance Committee determined a set of principles and criteria for 2014 Director Nomination, provided as **Annex-4** hereto for the attention of our shareholders.

In consideration of the above and also the classification of our Company by the Capital Markets Board among "1st Tier Companies" in terms of implementation of Corporate Governance Principles, announced in the Capital Markets Board Bulletin No. 2014/1 dated January 14, 2014, our Corporate Governance Committee has recommended, in its report evaluating the fulfillment of the requisite independency criteria by nominees for independent Director seats, that Mehmet Cem Kozlu, Mehmet Sađirođlu and Őükrü Emre Berkin are proposed to our shareholders at the Annual General Assembly Meeting as nominees for independent director seats and that the Company applies to the Capital Markets Board to procure that Őükrü Emre Berkin benefits from a temporary exception with respect to the independency criteria set out in Article 4.3.6(b) of the Corporate Governance Principles, as per Article 6 paragraph 5 of the Corporate Governance Communiqué No. II-17.1. Our Board of Directors, having accepted the recommendations of the Committee, filed the necessary applications with the Capital Markets Board on January 31, 2014.

The resumé for and duties undertaken in the past year by each of our current Directors who are eligible for re-appointment are provided as **Annex-5** hereto for the attention of our shareholders.

3.9. Determination of the salary, honorarium, bonus and similar financial rights of the members of the Board of Directors

As per the relevant provisions of the TCC and Article 10 of our Articles of Association, our Directors are paid a monthly or annual salary or a per meeting payment to be determined by our shareholders at the General Assembly.

In this respect, the Company must comply with the mandatory rules determined by the Capital Markets Board. Consequently, payments to be made to our Directors during their term of office will be determined in accordance with the decision of our shareholders.

In As per Article 4.5.13 of the Corporate Governance Principles and the Committee Charter, our Corporate Governance Committee is responsible for determining the principles and criteria that apply to the compensation of Directors, review such principles and criteria and taking into consideration the fulfillment of these criteria propose payments to be made to the Directors to the Board of Directors. In line with this responsibility, the Corporate Governance Committee determined a set of principles and criteria for 2014 Director Remuneration, provided as **Annex-4** hereto for the attention of our shareholders.

3.10. Authorization of the members of the Board of Directors to enter into transactions within the scope of Articles 395 and 396 of the TCC

Members of our Board of Directors can only enter into transactions with the Company as per Article 395 of the TCC and undertake business in competition with our Company as per Article 396 of the TCC, subject to the authorization by our shareholders at the General Assembly Meeting. In this respect, authorization of our Directors for the said matters will be submitted for the review and approval of our shareholders.

3.11. Submission of information to the shareholders with respect to transactions in 2013 falling within the scope of Article 1.3.6 of the Corporate Governance Principles

As per Article 1.3.6 of the Corporate Governance Principles determined by the Capital Markets Board Communiqué No. II-17.1 on Corporate Governance our shareholders will be informed of material transactions between Pegasus or its subsidiaries on one hand and our controlling shareholders, Directors, members of the senior management with administrative responsibility or their spouses or relatives up to and including the second degree on the other hand, that may create conflict of interest, as well as any other instances where any of the foregoing persons engage in competing business on their own account or on the account of others.

The relevant information in this respect is provided in Section (1/G) of the Annual Activity Report of our Board of Directors for the period January 1 – December 31, 2013.

3.12. Appointment of the Independent Auditor

The proposal, in line with the recommendation of our Audit Committee, to appoint DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (member of Deloitte Touche Tohmatsu) for procuring the necessary services to fulfill our Company's internal audit requirements arising from the TCC and the Communiqué Series: X, No: 22 regarding "Independent Audit Standards in Capital Markets" of the Capital Markets Board for the year 2014, will be submitted for the review and approval of our shareholders.

3.13. Subject to the Company having obtained the requisite approvals from the Capital Markets Board and the Ministry of Customs and Trade, review and approval of the amendments to Articles 4, 6, 12, 13, 16 and 17 of the Articles of Association proposed by the Board of Directors

Our Board of Directors, through its resolution dated January 30, 2014 and numbered 417, resolved on the amendment of Articles 4, 6, 12, 13, 16 and 17 of our Articles of Association. The proposed amendments have been published on the Public Disclosure Platform on January 31, 2014 and are further provided as **Annex-6** hereto for the review of our shareholders. The proposed amendments were approved by the Capital Markets Board on February 6, 2014 and are pending review of the Ministry of Customs and Trade. Subject to obtaining the Ministry's approval, the amendments will be submitted for the review and approval of our shareholders at the General Assembly Meeting dated March 31, 2014.

3.14. Review and approval of the amendments to the Bylaws proposed by the Board of Directors

The amendments to Article 8 paragraphs (b) and (l) of the Bylaws that entered into force upon the approval of our shareholders at the Extraordinary General Assembly Meeting of our Company dated March 11, 2013, that seek to align the text with the statutory rules for

publicly traded companies and provided as **Annex-7** hereto, will be submitted for the review and approval of our shareholders.

3.15. Review and approval of the "Pegasus Donations and Charitable Contributions Policy" proposed by the Board of Directors, Submission on information to the shareholders on donations and charitable contributions made in 2013 and determination by the shareholders of a maximum ceiling for donations and charitable contributions to be made in 2014

"Pegasus Donations and Charitable Contributions Policy", adopted by our Board of Directors through its resolution dated November 20, 2013 and numbered 403 and published in our Investor Relations website, provided as **Annex-8** hereto, will be submitted for the review and approval of our shareholders as per the provisions of the Capital Markets Law and will enter into force upon the approval of our shareholders.

Furthermore, the shareholders will be submitted with information on donations and charitable contributions made by Pegasus in 2013 and the upper ceiling for donations and charitable contributions to be made in 2014 will also be determined by our shareholders in line with Article 19 of the Capital Markets Law and Article 11 of the Company Articles of Association.

3.16. Submission of the "Pegasus Information Policy" adopted by the Board of Directors to the attention of the shareholders

"Pegasus Information Policy", aiming to determine the principles and procedures regarding the communication of information to Pegasus shareholders, investors and other stakeholders, which entered into force upon approval by our Board of Directors through its resolution dated November 20, 2013 and numbered 403, provided as **Annex-9** hereto, will be submitted for the review and comments of our shareholders.

3.17. Submission of information on the security, pledge, mortgage and surety provided by the Company for the benefit of third parties and income and benefits derived therefrom to the attention of the shareholders

Our shareholders will be informed of the security, pledge and mortgage information stated in Note 16 (*Commitments – Collaterals, Pledges, Mortgages*) to our Consolidated Financial Statements for the Period January 1 – December 31, 2013, as per the requirements of Article 12 of the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board.

3.18. Requests and recommendations and close of meeting

**PEGASUS HAVA TAŞIMACILIĞI A.Ş.
DIVIDEND POLICY**

The main principles relating to the distribution of profit are laid out in Article 21 of our Articles of Association.

In this framework, in the event there remains distributable profit following the deduction of previous years' losses from the net annual profit relating to a fiscal year, our shareholders have the authority to resolve on the distribution of profit, by taking into consideration our Company's goals and its financing requirements, in cash, in shares or a by using a combination of the two and the completion of distribution within the timeframe foreseen in the applicable law.

The proposal for distribution of profit by our Board of Directors will be prepared in consideration of the above needs and will be submitted to the attention of our shareholders for discussion at the General Assembly. The Board of Directors must inform our shareholders at the General Assembly on how the profit will be used in the event there is no dividend distribution.

Our Articles of Association do not include any provisions granting privileges in respect of the distribution or payment of the Company profit.

Pegasus complies with the provisions of the Turkish Commercial Code No. 6102, the Capital Markets Law No. 6362 and the Corporate Governance Principles determined by the Capital Markets Board relating to the right to receive dividends and distribution of profit.

This Dividend Policy has been adopted by the resolution of the Board of Directors dated 20 November 2013 and numbered 403 and will be submitted to our shareholders for their approval at the first ordinary General Assembly meeting to be held. After becoming effective through the approval of our shareholders this policy will be published in our investor relations web-site. The same procedure will apply to any amendments hereto.

ANNEX-2 PEGASUS 2013 PROFIT DISTRIBUTION CHART

PEGASUS HAVA TAŞIMACILIĞI A.Ş. 2013 PROFIT DISTRIBUTION CHART (TL)			
1. Paid-in / Issued Capital		102,272,000	102,272,000
2. Legal Reserves (According to Statutory Records)		-	-
Information on privileges on profits, if any			
		CMB RESULTS	STATUTORY ACCOUNTS
3.	Profit for the Period	154,673,135	90,618,086.82
4.	Tax (-)	66,361,129	-
5.	Net Profit for the Period (=)	91,683,825	90,618,086.82
6.	Previous Years' Losses (-)	-	289,228,154.51
7.	General Legal Reserves (-)	-	-
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	91,683,825	-
9.	Donations for the Period (+)	-	-
10.	Net Distributable Profit for the Period Including Donations	-	-
11.	First Dividend	-	-
- Cash			
- Non-Cash			
- Total			
12.	Dividend Distributed to Privileged Shareholders	-	-
13.	Other Dividend Distribution - to Directors, - to Employees, - to non-Shareholders	-	-
14.	Dividend Distributed to Usufruct Certificate Holders	-	-
15.	Second Dividend for Shareholders	-	-
16.	General Legal reserves		
17.	Status Reserves	-	-
18.	Special Reserves	-	-
19.	EXTRAORDINARY RESERVES	-	-
20.	Other Resources for Distribution		

PEGASUS HAVA TAŞIMACILIĞI A.Ş. COMPENSATION AND INDEMNIFICATION POLICY

1. PURPOSE, SCOPE AND LEGAL BASIS

Pegasus Hava Taşımacılığı A.Ş. ("**Pegasus**") Compensation and Indemnification Policy has been adopted by Pegasus Board of Directors in accordance with the provisions of the Communiqués by the Capital Markets Board ("**CMB**") Series: IV, No: 56 re "Determination and Implementation of Corporate Governance Principles" ("**Communiqué**") and aims to determine in writing the principles relating to the compensation of **(i)** the members off our board of directors and **(ii)** the members of our senior management comprising the Pegasus CEO, Assistant General Managers and Directors as well as other employees of Pegasus (altogether, "**Pegasus Family Members**").

2. GENERAL PRINCIPLES

Compensation principles at Pegasus are determined by taking into consideration:

- a) our company's structure, long term goals and sustainable success,
- b) balanced salary structure within the company and our annual budget,
- c) incentivizing loyalty, efficiency and productivity,
- d) circumstances relating to the sector in which we operate and competition,
- e) responsibilities undertaken by Pegasus Family Members, their calculable personal success levels and career development goals, and
- f) the applicable law.

Pegasus complies with the provisions of the Turkish Commercial Code, the Capital Markets law and the Communiqué in the compensation of members of the Board of Directors.

3. RESPONSIBILITY

Pegasus Board of Directors assumes ultimate responsibility for the formation, review, update and development of this Compensation and Indemnification Policy.

In this respect the Board of Directors works in collaboration with and obtains views from the Corporate Governance Committee and Pegasus senior management.

The efficient implementation of compensation policies at Pegasus within the framework of this Compensation Policy is undertaken by the Pegasus senior management under the supervision of the Corporate Governance Committee.

4. COMPENSATION OF DIRECTORS

Pegasus Directors are paid a monthly or annual salary or a per meeting payment to be determined by the General Assembly.

With respect to the remuneration of independent directors, stock options or payment plans based on the company's performance cannot be used. Nevertheless, remuneration of independent directors should be at a level sufficient to protect their independence.

Any allocation to be made to the members of the Board of Directors from the company profit requires the approval of the General Assembly as per Article 21 of the Pegasus Articles of Association.

The criteria and procedures relating to the compensation of Directors and proposals for the remuneration of and other benefits to be provided to the Directors are annually determined by the Corporate Governance Committee and submitted to the Board of Directors.

5. COMPENSATION OF PEGASUS FAMILY MEMBERS

Compensation of Pegasus Family Members other than the Directors is undertaken in accordance with the following principles.

- A. Fixed Monthly Salary:** Within the framework of the general principles set out in Article 2 above, the fixed monthly salary is determined based on the position, seniority and individual performance of the relevant Pegasus Family Member and the annual inflation rate and is paid on a monthly basis so long as the employment agreement remains in effect. The fixed monthly salary is reviewed on an annual basis within the framework of the principles set out herein.
- B. Performance-based Bonus:** As Pegasus, we believe that our continued success depends, among other factors, on the support and dedication of our management personnel and employees. We have made efforts to motivate our staff through performance-based incentives. Our staff remuneration policy focuses on maximizing efficiency and productivity while keeping staff motivated and committed to our company.

In line with this strategy, we implement bonus schemes for all our Family Members based on the financial performance of Pegasus and the realization of personal goals within periods to be determined by our Board of Directors. The said bonus schemes may be determined by our Board of Directors subject to different criteria, principles and calculations for the members of our senior management and our remaining employees.

The main goal of the implementation of the bonus schemes is to reward employees' good performance, foster motivation and strengthen the employees' identification with the company. Also, we believe this is an effective way of giving employees a sense of ownership in the company.

- C. Other Benefits:** Besides fixed monthly salary and performance bonuses Pegasus may provide its family members with tangible and non-tangible benefits, payments or target-based rewards within the principles set out in this Compensation Policy.

Proposals regarding the applicable criteria and procedures relating to the compensation of the members of our senior management and compensation and benefits to be provided to the members of the Board of Directors are determined by the Corporate Governance Committee on an annual basis and submitted to the Board of Directors for approval.

The relevant resolutions of the Board of Directors and company regulations adopted within the framework of these resolutions apply to the compensation of the remaining Pegasus Family Members.

Compensation paid and benefits provided to the members of the Board of Directors and the senior management are disclosed to the public in the annual activity report collectively for the Directors and the senior management.

6. EMPLOYMENT AGREEMENTS, RIGHT TO INDEMNITY AND STATUTORY RIGHTS

Each Family Member other than the Directors works under an employment agreement. The employment relationship between Pegasus and the members of the flight crew that are covered by paragraph 1(a) of Article 4 of the Labor Law No. 4857 is subject to the provisions of the Turkish Code of Obligations and the Turkish civil aviation legislation while the relationship between Pegasus and non-flight crew Family Members engaged through an employment agreement is subject to the provisions of the Labor Law. Pegasus acts in accordance with the applicable law in terms of indemnification of the said Family Members.

7. EFFECTIVE DATE

This Compensation and Indemnification Policy became effective upon the resolution of the Board of

Directors dated 20 November 2013 and numbered 403.

In case of a need for amendment in the Compensation and Indemnification Policy, the amendments become effective upon the affirmative view of the Corporate Governance Policy and the approval of the Board of Directors. The revised Information Policy is then published in our investor relations web-site.

ANNEX-4 2014 BOARD OF DIRECTORS NOMINATION AND REMUNERATION PRINCIPLES AND CRITERIA

NOMINATION AND REMUNERATION PRINCIPLES AND CRITERIA FOR PEGASUS BOARD OF DIRECTORS 2014

1. Pegasus Board of Directors Nomination Criteria

- 1.1. The Board of Directors is composed of at least five and a maximum of eight members (*Principle 4.3.1, Pegasus Article 10 of the AoA*).
- 1.2. Members of the Board of Directors (including those representing a legal entity Director nominee) must have full legal capacity (*TCC 359/2-3*).
- 1.3. Majority of the members of the Board of Directors are non-executive Directors (*Principle 4.3.2*).
- 1.4. Save where permitted by the Capital Markets Board, one-third of the total number of Directors must fulfill the independence criteria set out in the Corporate Governance Principles (*Principles 4.3.3 - 4.3.6*).
- 1.5. The Directors must be able to allocate the necessary time to fulfill duties and to attend to a minimum of four meetings and the necessary number of committee meetings throughout the year and to prepare for the meetings (*Principle 4.4.1, Article 12 of the AoA*).
- 1.6. At least one independent director must have five years' of experience in audit, accounting and finance to serve as a member of the Audit Committee (*Principle 4.3.10*).
- 1.7. Members of the Board of Directors must have the requisite qualities to ensure that the Board of Directors:
 - provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
 - sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance; and
 - sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met (*Note for RW: Wording taken from Board appointment letters*)
- 1.8. Non-executive members of the Board of Directors must further have the qualities to meet the following key elements:
 - **Strategy:** Non-Executive Directors should constructively challenge and contribute to the development of strategy;
 - **Performance:** Non-Executive Directors should scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
 - **Risk:** Non-Executive Directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
 - **People:** Non-Executive Directors are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary removing, senior management and in succession planning. (*Note for RW: Wording taken from Board appointment letters*)
- 1.9. As a principle, it is expected that the members of the Board of Directors are not engaged in other duties that would prevent them from performing as Directors at the Company and that creates a conflict of interest. (*Note for RW: Wording taken from Board appointment letters*)
- 1.10. The aforesaid principles and criteria may be re-evaluated by the Board of Directors in case of changes in the applicable law.

2. Pegasus Board of Directors Remuneration Criteria

- 2.1.** Members of the Board of Directors receive a monthly or an annual salary or a specific payment for each meeting, in either case to be determined by the General Assembly (*TCC 394, Article 10/4 of Pegasus AoA*).
- 2.2.** Independent Directors do not participate in share options or performance-based payment schemes (*Principle 4.6.3, Pegasus Compensation Policy*)
- 2.3.** The payments to be made to Independent Directors must be at a level to protect their independence (*Principle 4.6.3, Pegasus Compensation Policy*)
- 2.4.** In line with the above evaluations and the principles set out in the Pegasus Compensation and Indemnification Policy, the Committee proposes the following principles for compensation of Directors in 2014:
 - Payment of an honorarium of maximum €15,000 gross to the non-executive Directors for each board meeting attended;
 - Payment of an annual fee of gross €10,000 and €5,000 gross to the non-executive Directors for each board committee where they undertake the chairman and member role, respectively;
 - No payment to be made to executive Directors for their participation at the Board or any board committees;
 - Payment of costs and expenses incurred by the directors in connection with their duties in accordance with the Company regulations.

ANNEX-5 RESUMÉ AND PAST DUTIES FOR CURRENT DIRECTORS

Ali İsmail Sabancı - Chairman of the Board of Directors

Ali İsmail Sabancı has served as the Chairman of our Board of Directors since January 2005. He previously held several positions at Morgan Stanley & Co. Incorporated and Akbank T.A.Ş. between 1991 and 1997. He also served as the head of projects of Hacı Ömer Sabancı Holding A.Ş. between 1887 and 2001 and as the executive assistant general manager for strategy and business development between 2001 and 2004. Ali Sabancı serves as a member of the board of directors of Esas Holding and several other Esas Holding Group Companies since 2004. He has a master's degree in Economics and Politics granted by Tufts University and bachelor's degree in International Finance obtained from Columbia University Business Administration Faculty. He is the Chairman of Young Entrepreneurs Board within the Union of Chambers and Commodities of Turkey and also member to Istanbul Chamber of Industry (ISO) and Turkish-American Business Council (TAIK).

Duties Assumed Outside of the Company in 2013

1.	Esas Holding A.Ş.	Esas Group	Board Member
2.	AFM Uluslararası Film Prodüksiyon Tic. ve San. A.Ş.	Esas Group	Chairman of the Board
3.	Mars Entertainment Group A.Ş.	Esas Group	Chairman of the Board
4.	Mars Sinema Turizm ve Sportif Tesisler İşletmeciliği A.Ş.	Esas Group	Board Member
5.	Mars Medya Sinema Reklamcılık A.Ş.	Esas Group	Board Member
6.	Mars Sportif Tesisler İşletmeciliği A.Ş.	Esas Group	Board Member
7.	Kültür ve Gösteri Merkezi İşletmecilik A.Ş.	Esas Group	Board Member
8.	Air Berlin plc		Board Member
9.	Callpex Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.		Board Member
10.	RM Arşiv Yönetim Hizmetleri A.Ş.		Board Member
11.	Saray Bahçe Alışveriş Merkezi Ticaret A.Ş.		Board Member

Hüseyin Çağatay Özdoğru - Vice-Chairman of the Board of Directors

Hüseyin Çağatay Özdoğru has served as a member of our Board of Directors since February 2007 and since March 2010 he is serving as the Vice-Chairman of the Board. Between 1991 and 2002 he served in a wide range of IT firms in Turkey and in the United States, including Koç Unisys, IBM Turk and Global One Corporation and held various engineering and sales positions. During his tenure as the head of IT & telecommunications industry for Hacı Ömer Sabancı Holding A.Ş. between 2002 and 2005, he served as general manager, assistant general manager and executive member of the board of directors for group companies such as Turk.Net, Akinetnet, I-BimSA and Sabancı Telekom. Çağatay Özdoğru joined Esas Holding in June 2005 as a member of the executive committee. Currently, he also serves as a member of the board of directors of Esas Holding and several other Esas Holding Group Companies, besides his duty as the Esas Holding CEO. Çağatay Özdoğru holds a Bachelor's Degree in Electronic and Telecommunication from Istanbul Technical University and a Master's Degree in Telecommunication granted by George Washington University.

Duties Assumed Outside of the Company in 2013

1.	Esas Holding A.Ş.	Esas Group	Board Member and CEO
2.	AFM Uluslararası Film Prodüksiyon Tic. ve San. A.Ş.	Esas Group	Board Member
3.	Mars Entertainment Group A.Ş.	Esas Group	Board Member
4.	Mars Sinema Turizm ve Sportif Tesisler İşletmeciliği A.Ş.	Esas Group	Chairman of the Board
5.	Mars Medya Sinema Reklamcılık A.Ş.	Esas Group	Board Member

6.	Mars Sportif Tesisler İşletmeciliği A.Ş.	Esas Group	<i>Board Member</i>
7.	Esaslıgrup Gıda San. ve Tic. A.Ş.	Esas Group	<i>Board Member</i>
8.	Esas Hava Taşımacılık Turizm ve Ticaret A.Ş.	Esas Group	<i>Chairman of the Board</i>
9.	Acil Yardım Akademisi A.Ş.	Esas Group	<i>Board Member</i>
10	Odea İnşaat Turizm Yatırımları ve Dış Ticaret A.Ş.	Esas Group	<i>Chairman of the Board</i>
11	Kiraz 1 Gayrimenkul ve Yatırım Danışmanlığı A.Ş.	Esas Group	<i>Board Member</i>
12	Kiraz 2 Gayrimenkul ve Yatırım Danışmanlığı A.Ş.	Esas Group	<i>Board Member</i>
13	Peyman Kuruyemiş Gıda Ak. Kimyevi Madde Tarım Ürünleri Sanayi Ticaret A.Ş.	Esas Group	<i>Chairman of the Board</i>
14	Esbon Süt Ürünleri San. Tic. A.Ş.	Esas Group	<i>Board Member</i>
15	Esom Mağazacılık Ticaret A.Ş.	Esas Group	<i>Board Member</i>
16	Kiraz 4 LLC U.S.A.	Esas Group	<i>Board Member</i>
17	Kültür ve Gösteri Merkezi İşletmecilik A.Ş.	Esas Group	<i>Board Member</i>
18	Kauçuk Yiyecek İçecek Hizmetleri Tic. A.Ş.	Esas Group	<i>Board Member</i>
19	Kron Telekomünikasyon A.Ş.		<i>Board Member</i>

Mehmet Cem Kozlu - **Independent Director**

Mehmet Cem Kozlu has served as an independent member of our Board of Directors since April 2013. Cem Kozlu served as the chairman of the board of directors and CEO at Türk Hava Yolları A.O. between 1988 and 1991 and in this timeframe he also served as the chairman of the Association of European Airlines in 1990. After having served as a member of the Turkish Parliament between 1991 and 1995, he took a second term as the chairman of Turkish Airlines between 1997 and 2003. Cem Kozlu held several positions at The Coca-Cola Company between 1996 and 2006 where his last position was the president of the company's Central Europe, Eurasia and Middle East operations. Since 2006, he has continued to serve as consultant to Coca-Cola Eurasia and Africa Group. Cem Kozlu served as the chairman of the International Airline Training Fund between 2008 and 2010 and continues to serve as member of board of directors or advisor in various companies. Cem Kozlu holds a bachelor's degree from Denison University and an MBA degree from Stanford University. He also holds a Ph.D. in administrative sciences from Boğaziçi University.

Duties Assumed Outside of the Company in 2013		
1.	Anadolu Endüstri Holding A.Ş.	<i>Board Member</i>
2.	Evyap Holding A.Ş.	<i>Board Member</i>
3.	Evyap Asya	<i>Chairman of the Board</i>
4.	Coca-Cola Satış ve Dağıtım A.Ş.	<i>Board Member</i>
5.	Noktacom Medya İnternet Hizmetleri San. ve Tic. A.Ş.	<i>Chairman of the Board</i>
6.	Kamil Yazıcı Yönetim ve Danışma A.Ş.	<i>Board Member</i>
7.	Anadolu Kafkasya Enerji Yatırımları A.Ş.	<i>Board Member</i>
8.	Yazıcılar Holding A.Ş.	<i>Advisor</i>
9.	Anadolu Termik Santralleri Elektrik Üretim A.Ş.	<i>Board Member</i>
10.	Anadolu Efes Biracılık Malt Sanayii A.Ş.	<i>Board Member</i>
11.	TAV Havalimanları Holding A.Ş.	<i>Advisor</i>
12.	Coca-Cola Avrasya & Afrika	<i>Advisor</i>
13.	The Marmara Hotels & Residences	<i>Board Member</i>
14.	Foreign Economic Relations Board	<i>Board Member</i>

Mehmet Sađırođlu - **Independent Director**

Mr. Sađırođlu has served as an independent member of our Board of Directors since April 2013. Mehmet Sađırođlu held several positions at Türkiye Demirdöküm Fabrikaları A.Ş. between 1976 and 1980 and at Türkiye Sinai Kalkınma Bankası between 1980 and 1999 where his last position was head of corporate finance. Mehmet Sađırođlu later served as an executive manager and later as the member of the board of directors at Global Yatırım Holding A.Ş. between 2001 and 2006. In 2005 he also served as a member of the board of directors at TÜPRAŞ Türkiye Petrol Rafinerileri A.Ş. Between 2011 and 2012 Mehmet Sađırođlu was the CEO of IEG Global Kurumsal Finansman A.Ş. and also served as the chairman of the Association of Listed Companies' Executives (Koteder) between May 2012 and October 2013. Mehmet Sađırođlu currently serves as independent director at Alarko GYO A.Ş. Mehmet Sađırođlu holds a bachelor's degree in business administration from Bođaziçi University.

Duties Assumed Outside of the Company in 2013

1.	Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.	Board Member
2.	Association of Listed Companies' Executives (Koteder)	Chairman of the Board

Raymond Douglas Webster - **Independent Director**

Raymond Douglas Webster, is an independent member of our Board of Directors and has served as a member of our Board of Directors since May 2008. From 1965 to 1996, Mr. Webster worked for Air New Zealand Limited, where he held various positions in the engineering and cargo business units, marketing, sales and operations in New Zealand and in the Americas, and in 1993, he was assigned as the general manager of strategic planning where he was responsible for identification, evaluation and implementation of corporate development options, including concept development and planning of start-up low-cost airline companies serving short-haul routes in the Australasian market. Mr. Webster worked for EasyJet plc between 1996 and 2005, serving first as the managing director later taking over the duties of chief executive officer prior to the company's listing on the London Exchange Market. Mr. Webster holds a bachelor's degree in electrical engineering from Canterbury University, New Zealand, a master's degree in aeronautical engineering from Cranfield University in the United Kingdom and a master's degree in business from Stanford University.

Duties Assumed Outside of the Company in 2013

1.	Kuoni Travel Holding Ltd. Switzerland	Board Member
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Conor John McCarthy - **Member of the Board**

Conor John McCarthy has served as a member of our board of directors since February 2012. Mr. McCarthy started working for Aer Lingus in 1978 and spent a total of 18 years with the company in engineering, operations, maintenance, commercial planning, marketing, route economics, finance, strategic management, fleet planning and general management. After leaving Aer Lingus in 1996 as the chief executive officer of Aer Lingus Commuter, Mr. McCarthy joined Ryanair and served as its director of group operations until 2000. Mr. McCarthy is currently the executive chairman at Dublin Aerospace Ltd. and he previously also served as a member of the board of directors in Air Asia, which he also helped to co-found. He is also the managing director of PlaneConsult.com. Mr. McCarthy holds a bachelor's degree in engineering from Trinity College Dublin.

Duties Assumed Outside of the Company in 2013

1.	Wordison Limited Trading (PlaneConsult) Ireland	Founder and CEO
2.	Dublin Aerospace Ltd. Ireland	Chairman of the Board

Şükrü Emre Berkin - **Member of the Board**

Şükrü Emre Berkin, has served as a member of Board of Directors since March 2010. Emre Berkin started working for Digital Equipment Corporation in 1983 and served in sales, consultancy, support and service positions in United States and in Turkey. Between 1993 and 2006, Emre Berkin worked for Microsoft Corporation holding various positions, including Vice President of Europe, Middle East and Africa Regions and as Head of Middle East and Africa operations. He was also the first general manager of Microsoft Turkey. Emre Berkin currently runs an independent consulting practice focused on international business development, mergers and acquisitions, funding and investments, and he also serves as a member of the boards of directors of various companies in and outside of Turkey. Emre Berkin has a Master's Degree in Computer Engineering granted by DePaul University and a Bachelor's Degree in Electronic and Telecommunication from Middle East Technical University.

Duties Assumed Outside of the Company in 2013		
1.	Alcatel Lucent Teletaş Telekomünikasyon A.Ş.	<i>Board Member</i>
2.	Anadolu Bilişim Hizmetleri A.Ş.	<i>Board Member</i>
3.	Garanti Bilişim Teknoloji ve Ticaret Türk A.Ş.	<i>Board Member</i>
4.	BASE Gayrimenkul Turizm ve Ticaret A.Ş.	<i>Board Member</i>
5.	ÇİT Kurumsal Danışmanlık ve Yatırım Ticaret A.Ş.	<i>Chairman of the Board</i>
6.	Noktacom Medya İnternet Hizmetleri San. ve Tic. A.Ş.	<i>Board Member</i>
7.	Hedef Medya Tanıtım İnteraktif Medya Pazarlama A.Ş.	<i>Board Member</i>
8.	Metis Bilgisayar Sistemleri San. ve Tic. A.Ş.	<i>Board Member</i>
9.	CBG Elektronik Tic. ve Sanal Mağazac. Gid. San. ve Tic. A.Ş.	<i>Board Member</i>
10.	Thomas Cook Group plc U.K.	<i>Board Member</i>
11.	Mekanistnet B.V. Netherlands	<i>Board Member</i>
12.	Samumed LLC U.S.A.	<i>Board Member</i>

Sertaç Haybat

- Member of the Board and CEO

Sertaç Haybat, has served as our General Manager (CEO) and a member of our Board of Directors since 2005. He started working in the airline industry as the maintenance manager for Bursa Airlines in 1979. he worked for Turkish Airlines in three different occasions, first between 1982 and 1987 as a member of the engineering team, later between 1989 and 1993 as strategic planning and investments manager, marketing director and as sales director for Singapore, Malaysia and Indonesia, and between 1997 and 2003, as a member of the executive management team responsible for finance and corporate planning. Sertaç Haybat also served as a member of the board of directors of SunExpress until 2003. Sertaç Haybat holds a Bachelor's Degree in aviation engineering granted by Manchester University in 1976. He was elected as the Chairman of Turkish Private Aviation Enterprises Association (TOSHID) in December 2012 and still holds this position.

Duties Assumed Outside of the Company in 2013			
1.	IHY İzmir Havayolları A.Ş.	Subsidiary	<i>Chairman of the Board</i>
2.	Pegasus Uçuş Eğitim Merkezi A.Ş.	Joint Venture	<i>Chairman of the Board</i>

PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ ARTICLES OF ASSOCIATION

FORMER TEXT

Headquarters and Branches:

Article 4:

The Company headquarters are located in Istanbul. The Company address is Aeropark Yenışehir Mahallesi Osmanlı Bulvarı No: 11 Kurtköy. Changes in the Company address is registered with the Trade Registry and announced in the Turkish Trade Registry Gazette and is further notified to the Ministry of Customs and Trade and the Capital Markets Board. Notifications delivered to the registered and announced address are deemed to be served on the Company. Failure to register the new Company address is deemed as a reason for dissolution.

The Company may establish branches, offices, representative offices and stores in and outside of Turkey in compliance with the applicable legal requirements, whenever it is deemed necessary, by notifying the Ministry of Customs and Trade and the Capital Markets Board.

Company Capital:

Article 6:

The Company has adopted the authorized capital system in accordance with the Capital Markets Law No. 6362 and has acceded to the authorized capital system based on the approval of the Capital Markets Board dated 22 February 2013 and numbered 6/178.

The authorized capital ceiling of the Company is TL 500,000,000.00 consisting of 500,000,000.00 shares each with a nominal value of TL 1.00.

The authorization granted by the Capital Markets Board for the authorized capital ceiling is valid for five years between 2013-2017. Even if the Company capital does not reach the ceiling at the end of this term, any subsequent capital increase by the Board of Directors requires the approvals of the Capital Markets Board and the Company General Assembly for the same or a new ceiling. The Company quits the authorized capital system in case of failure to obtain the said authorization or the loss of qualifications

AMENDED TEXT

Headquarters and Branches:

Article 4:

The Company headquarters are located in Istanbul. The Company address is Aeropark Yenışehir Mahallesi Osmanlı Bulvarı No: 11/A Kurtköy. Changes in the Company address is registered with the Trade Registry and announced in the Turkish Trade Registry Gazette and is further notified to the Ministry of Customs and Trade and the Capital Markets Board. Notifications delivered to the registered and announced address are deemed to be served on the Company. Failure to register the new Company address is deemed as a reason for dissolution.

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needed for the authorized capital system.

The Company's paid capital is TL 102,272,000 and is fully paid in cash.

The shares representing the Company capital are dematerialized and are recorded in electronic form.

Within the framework of the Capital Markets Law and the Turkish Commercial Code, the Board of Directors is authorized to increase the Company's paid capital up to the authorized capital ceiling by issuing new shares, to restrict the pre-emption rights of existing shareholders and to issue shares with premium or below nominal value. The authority to restrict pre-emption rights of existing shareholders cannot be exercised in a way that will result in inequality among shareholders. No new shares can be issued until the previously issued shares are fully sold and paid for.

Following the completion of the capital increase in accordance with the provisions of this article the Board of Directors registers the revised text of this article relating to Company capital with the Trade Registry and announces the amendment in the Turkish Trade Registry Gazette.

Meetings and Decisions of the Board of Directors:

Article 12:

Members of the Board of Directors are called for meetings by registered mail and e-mail at least 5 days in advance. The meeting can be convened in the presence of all members without the need for any prior notice period.

The location for the meeting of the Board of Directors is the Company headquarters. The Board of Directors may also convene for a meeting elsewhere in or outside of Turkey; in which case the Chairman of the Board of Directors will indicate the location of meeting in the registered mail and e-mail calling the directors for the meeting.

The Board of Directors convenes for meetings whenever the Company business requires; provided that the Board of Directors meets at least four times a year.

The Board of Directors meets at the presence of simple majority of its members and adopts decisions by simple majority of those that are present at the meeting. Unless one of the directors asks for a meeting, the Board of

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The location for the meeting of the Board of Directors is the Company headquarters. The Board of Directors may also convene for a meeting elsewhere in or outside of Turkey; in which case the Chairman of the Board of Directors will indicate the location of meeting in the invitation calling the directors for the meeting.

The Board of Directors convenes for meetings whenever the Company business requires; provided that the Board of Directors meets at least four times a year.

The Board of Directors meets at the presence of simple majority of its members and adopts decisions by simple majority of those that are present at the meeting. Unless one of the directors asks for a meeting, the Board of

Directors can also adopt decisions by the written approval of simple majority of its members to a written proposal submitted by a director. For the validity of such decisions the proposal must have been delivered to all members of the Board of Directors. The Company complies with the corporate governance principles of the Capital Markets Board in relation to important transactions, related party transactions and transactions relating to the granting of mortgage, pledge and other security for the benefit of third parties.

Those that are entitled to attend meetings of the Board of Directors can attend such meetings electronically, in accordance with Article 1527 of the Turkish Commercial Code. The Company, in accordance with the Communiqué regarding Electronic Non-Shareholder Meetings in Joint Stock Companies, establishes the Electronic Meeting System allowing for the relevant persons to attend and vote electronically at these meetings or procures such services from established systems. The Company ensures that the system allows the relevant persons to exercise their legal rights at these meetings in accordance with the provisions of the Communiqué.

The Board of Directors is authorized to delegate all or a part of its authority and responsibility to one or more members of the Board of Directors or to third parties. In this case, the Board of Directors prepares an internal regulation in accordance with Article 367/1 of the Turkish Commercial Code. The Board of Directors may also establish committees or commissions according to its needs which may include members of the Board of Directors.

Responsibilities of the Board of Directors:

Article 13:

Every year at its first meeting following the annual General Assembly, the Board of Directors elects a Chairman and a Deputy Chairman to serve in his/her place in his/her absence.

The Audit Committee, the Corporate Governance Committee, the Nominations Committee and the Risk Committee will be established to support the Board of Directors as detailed below.

The Audit Committee supports the Board of Directors in relation to the surveillance of the functionality and the efficiency of the Company's accounting system, the audit and the public disclosure of financial information

Directors can also adopt decisions by the written approval of simple majority of its members to a written proposal submitted by a director. For the validity of such decisions the proposal must have been delivered to all members of the Board of Directors. The Company complies with the corporate governance principles of the Capital Markets Board in relation to important transactions, related party transactions and transactions relating to the granting of mortgage, pledge and other security for the benefit of third parties.

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The Board of Directors is authorized to delegate all or a part of its authority and responsibility to one or more members of the Board of Directors or to third parties. In this case, the Board of Directors prepares an internal regulation in accordance with Article 367/1 of the Turkish Commercial Code. The Board of Directors may also establish committees or commissions according to its needs which may include members of the Board of Directors.

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The Audit Committee, the Corporate Governance Committee and the Risk Committee will be established to support the Board of Directors as detailed below.

The Audit Committee supports the Board of Directors in relation to the surveillance of the functionality and the efficiency of the Company's accounting system, the audit and the public disclosure of financial information

and the internal audit systems. The Audit Committee consists of two members, both to be appointed from among the independent members of the Board of Directors.

The Corporate Governance Committee supports the Board of Directors in relation to the Company's compliance with corporate governance principles, salary, bonus and performance evaluations, career planning and public disclosures. The Corporate Governance Committee consists of three members; provided that the chairman of the committee is appointed from among the independent members of the Board of Directors. The Board of Directors may appoint non-Board member specialists as members of the Corporate Governance Committee.

The Nominations Committee supports the Board of Directors in relation to the determination of eligibility criteria for director and senior management positions and the persons who meet such eligibility criteria. The Nomination Committee consists of three members; provided that the chairman of the committee is appointed from among the independent members of the Board of Directors. The Board of Directors may appoint non- Board member specialists as members of the Nomination Committee.

The Risk Committee supports the Board of Directors in relation to the early detection of the risks that endanger the presence, development and continuity of the Company, the development of precautions and remedies in response to such risks and the administration and development of the Company's risk management systems. The Risk Committee consists of three members; provided that the chairman of the committee is appointed from among the independent members of the Board of Directors. The Board of Directors may appoint non-Board member specialists as members of the Risk Committee.

Members of the Audit Committee, the Corporate Governance Committee, the Nominations Committee and the Risk Committee are appointed and the authority, responsibility, duties and the working principles of each committee are determined by the Board of Directors in accordance with the principles set out in the articles of association.

The Board of Directors may establish other committees and commissions consisting of directors or non-directors on various matters such as overseeing business, preparation for

and the internal audit systems. The Audit Committee consists of at least two members, each to be appointed from among the independent members of the Board of Directors.

The Corporate Governance Committee supports the Board of Directors in relation to the Company's compliance with corporate governance principles, determination of eligibility criteria for director and senior management positions and the persons who meet such eligibility criteria, salary, bonus and performance evaluations, career planning and public disclosures. The Corporate Governance Committee consists of at least three members; provided that the chairman of the committee is appointed from among the independent members of the Board of Directors. The Board of Directors may appoint non-Board member specialists as members of the Corporate Governance Committee.

The Risk Committee supports the Board of Directors in relation to the early detection of the risks that endanger the presence, development and continuity of the Company, the development of precautions and remedies in response to such risks and the administration and development of the Company's risk management systems. The Risk Committee consists of at least three members; provided that the chairman of the committee is appointed from among the independent members of the Board of Directors. The Board of Directors may appoint non-Board member specialists as members of the Risk Committee.

Members of the Audit Committee, the Corporate Governance Committee and the Risk Committee are appointed and the authority, responsibility, duties and the working principles of each committee are determined by the Board of Directors in accordance with the principles set out in the articles of association.

The Board of Directors may establish other committees and commissions consisting of directors or non-directors on various matters such as overseeing business, preparation for

discussion items and the preparation of balance sheet with respect to material events.

Audit:

Article 16:

The Company complies with the Turkish Commercial Code, the Capital Markets Law and the relevant regulations issued in this framework with respect to the audit of the Company and other matters determined in the applicable legislation.

General Assembly of Shareholders:

Article 17:

The following principles apply to the Company's General Assembly meetings.

a) Invitation: The General Assembly convenes for ordinary and extraordinary sessions. The principles set out in the Turkish Commercial Code, the Capital Markets Law and the relevant regulations issued in this framework apply with respect to the invitation of the General Assembly. The call for the General Assembly is announced at least three weeks in advance, excluding the date for the call and the date of the meeting, through the Company's website, the Public Disclosure Platform and other methods determined by the Capital Markets Board.

b) Time of Meeting: Ordinary General Assembly convenes within three months following the end of each financial year while the extraordinary General Assembly meetings are held whenever the Company's business requires.

c) Voting and Appointment of Proxy: Voting rights at the General Assembly are calculated according to the ratio of the total nominal value of the shares owned by the shareholder to the total nominal value of the Company's paid capital. The shareholder can personally attend the General Assembly or appoint a proxy to do the same. The legal framework issued by the Capital Markets Board relating to proxy voting and deliberations on important transactions are reserved.

d) Discussions and Decision Quorum: The General Assembly discusses and resolves on the minimum requirements foreseen by the law. Pursuant to Article 29/4 of the Capital Markets Law, items determined by the Capital Markets Board must be included in the meeting agenda. General Assembly meetings and decision quorum applicable at such meetings are subject to the

discussion items and the preparation of balance sheet with respect to material events.

Audit:

Article 16:

The Company complies with the Turkish Commercial Code, the Capital Markets Law and the relevant regulations issued in this framework with respect to the audit of the Company, statutory right of the shareholders regarding special audit and other matters determined in the applicable legislation.

General Assembly of Shareholders:

Article 17:

The following principles apply to the Company's General Assembly meetings.

a) Invitation: The General Assembly convenes for ordinary and extraordinary sessions. The principles set out in the Turkish Commercial Code, the Capital Markets Law and the relevant regulations issued in this framework apply with respect to the invitation of the General Assembly. The call for the General Assembly is announced at least three weeks in advance, excluding the date for the call and the date of the meeting, through the Company's website, the Public Disclosure Platform and other methods determined by the Capital Markets Board.

b) Time of Meeting: Ordinary General Assembly convenes within three months following the end of each financial year while the extraordinary General Assembly meetings are held whenever the Company's business requires.

c) Voting and Appointment of Proxy: Voting rights at the General Assembly are calculated according to the ratio of the total nominal value of the shares owned by the shareholder to the total nominal value of the Company's paid capital. The shareholder can personally attend the General Assembly or appoint a proxy to do the same. The legal framework issued by the Capital Markets Board relating to proxy voting and deliberations on important transactions are reserved.

d) Discussions and Decision Quorum: The General Assembly discusses and resolves on the minimum requirements foreseen by the law. Pursuant to Article 29/4 of the Capital Markets Law, items determined by the Capital Markets Board must be included in the meeting agenda. General Assembly meetings and decision quorum applicable at such meetings are subject to the

provisions of Article 29 of the Capital Markets Law. The Company complies with the corporate governance principles of the Capital Markets Board in relation to important transactions, related party transactions and transactions relating to the granting of mortgage, pledge and other security for the benefit of third parties.

e) Meeting Location: The General Assembly meets at the Company headquarters or at another convenient location in the same city.

f) Electronic Participation at the General Assembly: Those that are entitled to attend General Assembly meetings can attend such meetings electronically, in accordance with Article 1527 of the Turkish Commercial Code. The Company, in accordance with the Regulation regarding Electronic General Assembly Meetings in Joint Stock Companies, establishes the electronic general assembly meeting system allowing for the relevant persons to attend, vote, submit proposals and opinions electronically at these meetings or procures such services from established systems. The Company ensures that the system allows the relevant persons to exercise their legal rights at these meetings in accordance with the provisions of the Regulation. Relevant provisions of the capital markets legislation are reserved.

As per Article 419 of the Turkish Commercial Code, the internal bylaws covering the working principles and procedures relating to the General Assembly, prepared by the Board of Directors, becomes effective following the approval of the General Assembly. The internal bylaws is registered with the Trade Registry and are announced in the Turkish Trade Registry Gazette.

All matters relating to the General Assembly are conducted in accordance with the Turkish Commercial Code, the Capital Markets Law, the regulations of the Capital Markets Board relating to corporate governance principles and other regulations issued within this framework.

provisions of Article 29 of the Capital Markets Law. The Company complies with the corporate governance principles of the Capital Markets Board in relation to important transactions, related party transactions and transactions relating to the granting of mortgage, pledge and other security for the benefit of third parties.

e) Meeting Location: The General Assembly meets at the Company headquarters or at another convenient location in the same city. General Assembly meetings are open to stakeholders and the media as observers.

f) Electronic Participation at the General Assembly: Those that are entitled to attend General Assembly meetings can attend such meetings electronically, in accordance with Article 1527 of the Turkish Commercial Code. The Company, in accordance with the Regulation regarding Electronic General Assembly Meetings in Joint Stock Companies, establishes the electronic general assembly meeting system allowing for the relevant persons to attend, vote, submit proposals and opinions electronically at these meetings or procures such services from established systems. The Company ensures that the system allows the relevant persons to exercise their legal rights at these meetings in accordance with the provisions of the Regulation. Relevant provisions of the capital markets legislation are reserved.

As per Article 419 of the Turkish Commercial Code, the internal bylaws covering the working principles and procedures relating to the General Assembly, prepared by the Board of Directors, becomes effective following the approval of the General Assembly. The internal bylaws is registered with the Trade Registry and are announced in the Turkish Trade Registry Gazette.

All matters relating to the General Assembly are conducted in accordance with the Turkish Commercial Code, the Capital Markets Law, the regulations of the Capital Markets Board relating to corporate governance principles and other regulations issued within this framework.

Bylaws Regarding the Working Principles and Procedures of the Shareholders General Assembly of Pegasus Hava Taşımacılığı A.Ş	
FORMER TEXT	AMENDED TEXT
<p style="text-align: center;">Duty and Authority of the Chairing Authority</p> <p>ARTICLE 8 – The chairing authority undertakes the following duties under the presidency of the chairman:</p> <p>a) Ensuring that the meeting is convened at the address indicated in the invitation for the meeting and if the location is indicated in the articles of association, inspecting the adequacy of such location.</p> <p>b) Inspecting and recording in the minutes their findings on whether the meeting invitation was published in the way required in the articles of association and in any case through the company website and the Turkish Trade Registry Gazette, whether the invitation was published at least two weeks prior to the meeting date excluding the publication and meeting dates, and whether shareholders named in the company share book and those evidencing their shareholding in the company and their address by a written notice to the company have been sent the invitation through registered and return-receipt mail.</p> <p>c) Controlling the entry of those who are not authorized to attend the meeting in the meeting room and overseeing whether the board of directors comply with its duty set out in Article 5 of the Bylaws regarding admission to the meeting.</p> <p>ç) In the event the general assembly convenes for meeting without invitation as per Article 416 of the Law, controlling the presence of all shareholders or their representative throughout the meeting and whether there is any objection for the convening of the general assembly in such fashion.</p> <p>d) Determining and recording in the meeting minutes the presence of the articles of association, the company share book, the annual activity report of the board of directors, auditor reports, financial statements, the meeting agenda, the proposed amendments to the articles of association prepared by the board of directors (if any), the approval of the Ministry of Customs and Trade if the amendment of the articles of association is subject to such approval, the list of attendees prepared by the board of directors, the postponement decision of the previous meeting if the meeting is a postponed meeting of a previously held general assembly and other documents in</p>	<p style="text-align: center;">Duty and Authority of the Chairing Authority</p> <p>ARTICLE 8 – The chairing authority undertakes the following duties under the presidency of the chairman:</p> <p>a) Ensuring that the meeting is convened at the address indicated in the invitation for the meeting and if the location is indicated in the articles of association, inspecting the adequacy of such location.</p> <p>b) Inspecting and recording in the minutes their findings on whether the meeting invitation was published in the way required in the articles of association and in any case through the company website and the Turkish Trade Registry Gazette, whether the invitation was published at least three weeks prior to the meeting date excluding the publication and meeting dates, and whether shareholders named in the company share book and those evidencing their shareholding in the company and their address by a written notice to the company have been sent the invitation through registered and return-receipt mail.</p> <p>c) Controlling the entry of those who are not authorized to attend the meeting in the meeting room and overseeing whether the board of directors comply with its duty set out in Article 5 of the Bylaws regarding admission to the meeting.</p> <p>ç) In the event the general assembly convenes for meeting without invitation as per Article 416 of the Law, controlling the presence of all shareholders or their representative throughout the meeting and whether there is any objection for the convening of the general assembly in such fashion.</p> <p>d) Determining and recording in the meeting minutes the presence of the articles of association, the company share book, the annual activity report of the board of directors, auditor reports, financial statements, the meeting agenda, the proposed amendments to the articles of association prepared by the board of directors (if any), the approval of the Ministry of Customs and Trade if the amendment of the articles of association is subject to such approval, the list of attendees prepared by the board of directors, the postponement decision of the previous meeting if the meeting is a postponed meeting of a previously held general assembly and other documents in</p>

relation to the meeting.

e) In case of a dispute or if otherwise necessary, controlling the accuracy of the identification and authority documents of the attendees signing the list of attendees.

f) Determining and recording in the meeting minutes the presence of executive directors, at least one member of the board of directors and the company auditor should the company be subject to audit.

g) Chairing the meeting in accordance with the meeting agenda, preventing the discussion of non-agenda items subject to exceptions provided in the Law, ensuring meeting order and taking necessary measures for maintaining order.

ğ) Opening and closing daily sessions and sessions and closing the meeting.

h) Reading the resolutions, proposals, minutes, reports, suggestions and similar documents relating to the discussions to the shareholders and allowing those who would like to express their views on these documents to take the floor.

ı) Conducting the vote of decision-matters and informing the attendees of the results.

i) Overseeing the presence of the requisite meeting quorum throughout the meeting and ensuring that the decisions are adopted in compliance with the appropriate voting quorum.

j) Announcing notifications by the representatives mentioned in Article 428 of the Law to the general assembly.

k) Preventing those who are deprived of their voting rights as per Article 436 of the Law in relation to the relevant agenda items and to oversee all voting limitations foreseen in the Law and the articles of association.

l) Postponing discussions on the financial statements and other items in connection to a subsequent meeting to be held in one month's time at the request of shareholders representing at least one-tenth of the company capital.

m) Ensuring the drafting of the meeting minutes, that the minutes include dissenting opinions, signing minutes and decisions and clearly indicating the votes for and against each proposal voted at the meeting.

n) Delivering the meeting minutes, the annual activity report of the board of directors, audit reports, financial statements, list of attendees, meeting agenda, proposals, voting ballots and all other documents relating to the meeting to one of the members of the board of directors present at the meeting.

relation to the meeting.

e) In case of a dispute or if otherwise necessary, controlling the accuracy of the identification and authority documents of the attendees signing the list of attendees.

f) Determining and recording in the meeting minutes the presence of executive directors, at least one member of the board of directors and the company auditor should the company be subject to audit.

g) Chairing the meeting in accordance with the meeting agenda, preventing the discussion of non-agenda items subject to exceptions provided in the Law, ensuring meeting order and taking necessary measures for maintaining order.

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l) Postponing discussions on the financial statements and other items in connection to a subsequent meeting to be held in one month's time at the request of shareholders representing at least one-twentieth of the company capital.

m) Ensuring the drafting of the meeting minutes, that the minutes include dissenting opinions, signing minutes and decisions and clearly indicating the votes for and against each proposal voted at the meeting.

n) Delivering the meeting minutes, the annual activity report of the board of directors, audit reports, financial statements, list of attendees, meeting agenda, proposals, voting ballots and all other documents relating to the meeting to one of the members of the board of directors present at the meeting.

PEGASUS HAVA TAŞIMACILIĞI A.Ş.
DONATIONS AND CHARITABLE CONTRIBUTIONS POLICY

As per Article 11/2 of our Articles of Association, our Board of Directors is authorized to make donations on behalf of Pegasus within the upper limit to be determined by our shareholders at the General Assembly. In this respect, our Board of Directors acts in accordance with the principles laid out in this Policy and the applicable regulations of the Capital Markets Board.

Principles Relating to Donations and Charitable Contributions:

- Pegasus may make donations or charitable contributions to persons, associations, foundations, non-governmental organizations and public institutions that operate in the fields of education and health or in connection with the scope and purpose of Pegasus.
- The upper limit applicable to donations and charitable contributions to be made in any fiscal year is determined by our shareholders upon proposal by the Board of Directors at the General Assembly meeting to be convened with respect to the results of the preceding year.
- Donations and charitable contributions by Pegasus can only be made based on a resolution of the Board of Directors. The Board of Directors has the authority to make such donations and contributions within the applicable limit determined by our shareholders.
- In principle, donations and charitable contributions by Pegasus should serve to contribute to social development and conform with our strategy and key corporate values of safety, reliability, innovation, agility, accessibility, creativity and entrepreneurship and our corporate ethical standards.
- Information relating to all donations and charitable contributions made in any given fiscal year as well as those benefiting from such donations and contributions are provided to our shareholders at the relevant General Assembly meeting as a separate agenda item.
- Any amendments to this Policy proposed by our Board of Directors are proposed to our shareholders and become effective upon approval at the General Assembly.
- As per the provisions of Article 21 of our Articles of Association donations by Pegasus in any given year will be added to the distributable profits during calculations for the relevant fiscal year.
- Sponsorship activities and activities pursued by Pegasus under the Corporate Social Responsibility Policy that may be pursued for commercial reasons will be performed independent of this Donation Policy and within the authority granted by our Board of Directors.

This Donations and Charitable Contributions Policy has been adopted by the resolution of the Board of Directors dated 20 November 2013 and numbered 403 and will be submitted to our shareholders for their approval at the first ordinary General Assembly meeting to be held. After becoming effective through the approval of our shareholders this policy will be published in our investor relations web-site. The same procedure will apply to any amendments hereto.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. INFORMATION POLICY

1. PURPOSE, SCOPE AND LEGAL BASIS

Pegasus Hava Taşımacılığı A.Ş. ("**Pegasus**") Information Policy has been adopted by Pegasus Board of Directors in accordance with the provisions of the Communiqués by the Capital Markets Board ("**CMB**") Series: VIII, No: 54 re the Disclosure of Material Events" ("**Communiqué**") and the Communiqué Series: IV, No: 56 re "Determination and Implementation of Corporate Governance Principles" and aims to determine the principles and procedures regarding the communication of information to Pegasus shareholders, investors and other stakeholders.

2. GENERAL PRINCIPLES

This Information Policy:

- a) Aims to establish a sustainable, efficient and transparent communication between Pegasus and its shareholders, investors and other stakeholders;
- b) Targets to have shareholders, investors and other stakeholders achieve correct and complete information on time, in equal terms and in a way that is comprehensible, interpretable and easily accessible at low cost;
- c) Does not trigger any disclosure obligation with respect to information that is deemed as commercial secret, that is legally objectionable or that may otherwise harm the legitimate interests of Pegasus.

In terms of communication of information, Pegasus complies with the Turkish Commercial Code, the Capital Markets Law and the applicable regulations including the Corporate Governance Principles of the CMB.

3. RESPONSIBILITY

Pegasus Board of Directors assumes responsibility for the formation, review, update and development of this Information Policy. In this respect the Board of Directors work in collaboration with and obtains views from the Corporate Governance Committee and Pegasus Investor Relations Directorate.

The Corporate Governance Committee informs the Board of Directors and makes recommendations on matters relating to the Information Policy and assists the Board of Directors in relation to the implementation of the provisions thereof.

4. PUBLIC DISCLOSURE METHODS AND TOOLS

Save as otherwise required under the Turkish Commercial Code, the Capital Markets Law and the applicable regulations, the public disclosure methods and tools used by Pegasus are described below:

- a) Material event disclosures and other notifications publicly disclosed *via* the Public Disclosure Platform (www.kap.gov.tr) ("**KAP**") established by Borsa İstanbul A.Ş. ("**BİST**") for the publication of public disclosures;
- b) Activity reports and financial statements periodically disclosed through KAP as well as footnotes, independent auditor reports, responsibility statements in relation therewith;
- c) Announcements made through the Turkish Trade Registry Gazette;
- d) Press statements, bulletins and announcements made through the written press or broadcast media;

- e) Statements made to data distribution firms;
- f) Physical or electronic informative meetings and events held with capital markets participants and informative presentations prepared for communicating with the relevant capital markets participants;
- g) Pegasus investor relations and public information services web-site (www.pegasusyatirimciiliskileri.com; www.flypgs.com/bilgi-toplumu-hizmetleri);
- h) Communication *via* telephone, e-mail and similar communication methods;
- i) Documents other than those listed above that need to be published in accordance with the applicable law.

5. DISCLOSURE OF MATERIAL EVENTS

A) Procedures Relating to Disclosure of Material Events

Continuous and inside information that need to be publicly disclosed as per the requirements of the Communiqué are communicated to the public without delay *via* KAP by the joint approval of at least two Pegasus representatives authorized in this respect. Public disclosures are prepared under the coordination of Pegasus Investor Relations Directorate and by the participation of other relevant units.

Material disclosures published on KAP are included in our investor relations web-site latest on the immediately following business day. All published material disclosures are kept in our investor relations web-site for a five-year period following disclosure.

B) Postponement of Disclosure of Inside Information

Pegasus may postpone the disclosure of inside information to prevent any harm to its legal rights and legitimate interests within the framework of the Communiqué, so long as such postponement does not mislead the public and the confidentiality of the relevant information is secured. Once the reasons for postponement cease to exist the relevant inside information is communicated to the public, together with the reasons for postponement, in accordance with the provisions of the Communiqué.

C) Measures to Protect the Confidentiality of Inside Information

As a general principle, neither Pegasus nor any of our employees can share information that can be deemed as inside information with third parties. All Pegasus Family Members are informed of this obligation in writing. In the event (i) it becomes known that information that may be deemed as inside information is shared with third parties without authorization and (ii) Pegasus is unable to maintain the confidentiality of such information a public disclosure in relation to the inside information will be made without delay.

Pegasus maintains and updates an Insiders List covering the individuals who have regular access to inside information on Pegasus. Persons named in the Insiders List are informed by our Investor Relations directorate in writing of their confidentiality obligations and the possible consequences of any unauthorized disclosure of inside information.

Pegasus further undertakes all measures necessary for the protection of the confidentiality of the information that is shared with third parties including independent auditors, financial advisors, lawyers and other consultants who are engaged in connection with its operations.

D) Persons with Administrative Responsibility and their Related Parties

Pegasus notifies those with administrative responsibility in writing of their and their related parties' obligations with respect to the public disclosure of their transactions on the capital markets instruments issued by Pegasus within the framework of the Communiqué. The definitions in the

Communiqué are used to determine the scope of those with administrative responsibility in Pegasus and their related parties.

6. PUBLICATION OF FINANCIAL STATEMENTS

Pegasus prepares its financial statements and footnotes relating thereto in accordance with the Turkish Accounting Standards and the Turkish Financial Reporting Standards as per the Turkish Commercial Code, the Capital Markets Law and the applicable regulations and publishes these statements on KAP following the approval of the Board of Directors within the applicable deadlines set out in the CMB regulations.

Financial statements published on KAP are included in our investor relations web-site latest on the immediately following business day. All published financial statements are kept in our investor relations web-site for a five-year period following disclosure.

Information which the investors might require in relation to the financial statements and their footnotes are provided in our investor relations web-site and are regularly updated. All applications by and questions from our shareholders are responded without discrimination through telephone, e-mail or one-on-one meetings.

7. PUBLICATION OF ACTIVITY REPORTS

Pegasus prepares its activity reports in accordance with the Turkish Accounting Standards and the Turkish Financial Reporting Standards as per the Turkish Commercial Code, the Capital Markets Law and the applicable regulations and publishes these statements on KAP following the approval of the Board of Directors within the applicable deadlines set out in the CMB regulations.

Activity reports published on KAP are included in our investor relations web-site latest on the immediately following business day. All published activity reports are kept in our investor relations web-site for a five-year period following disclosure.

8. OTHER DISCLOSURES

A) Disclosures Required by Law

All notifications required by law, other than those mentioned above and including those relating to the exercise of shareholding rights whether to be announced in the Turkish Trade Registry Gazette or otherwise in print or electronically are made by our authorized signatories in accordance with the procedures set out in the applicable legislation.

With the aim of easing access to information for our shareholders, our Investor Relations Directorate ensures that notifications relating to the exercise of shareholding rights made elsewhere are promptly made available in our investor relations web-site.

B) Information and Documents Relating to General Assembly Meetings

Information document prepared in connection with the General Assembly agenda and other necessary information, documents and reports are prepared and are kept in printed copies in our headquarters prior to the General Assembly meeting and are also shared with our shareholders through our investor relations web-site and KAP. The relevant information and documents are also submitted to the attendees at the General Assembly meeting.

C) Press Releases, Bulletins and Announcements

Pegasus informs the public of material developments through controlled newsfeed to printed press and broadcast media. Data distributors such as Reuters and Bloomberg are also included in this scope of communication. Depending on specific circumstances such communication can be made through a press meeting. With the aim of easing access to information for investors Pegasus provides access to all such press releases, bulletins and announcements through our investor

relations web-site.

9. PERSONS AUTHORIZED TO MAKE PUBLIC DISCLOSURE

Unless otherwise determined by the Board of Directors or in accordance with the authority granted by the Board of Directors, corporate spokespeople who are authorized to make press statements, bulletins and announcements to printed press, broadcast media and data distributors on behalf of Pegasus are the Chairman of the Board of Directors, the CEO, the CFO, the Chief Commercial Officer, the Investor Relations Director and persons authorized by the CEO in this respect. Any press disclosure to be made by the members of the Board of Directors on behalf of Pegasus is subject to approval by the Chairman of the Board of Directors.

Our Investor Relations Directorate undertakes communication on behalf of Pegasus, in coordination with the relevant departments at Pegasus to the extent necessary, with respect to the promotion of our company before existing and potential investors and financial institutions in and outside of Turkey, and responding to questions from the personnel of the said institutions or otherwise within the context of investor relations.

All disclosures to be made by the authorized spokespeople go through a preliminary internal review under the coordination of the Investor Relations Directorate and with the participation of the Corporate Communications and Sponsorship Directorate.

Pegasus employees cannot respond to queries from capital markets participants unless authorized to do so within the above framework. All information requests will be directed towards our Investor Relations Directorate.

10. COMMUNICATION WITH CAPITAL MARKETS PARTICIPANTS

Regular conduct of relations with capital markets participants, clarification of questions, studies relating to shareholders and investors and shareholder relations are undertaken under the coordination of our Investor Relations Directorate.

In line with the aforesaid purposes, Pegasus may, at its discretion, organize information meetings targeted at analysts, investors, financial institutions or shareholders. These meetings may be held physically or by using methods such as conference call and video conference.

Our Investor Relations Directorate aims to respond to all meeting and information requests from shareholders positively and strives to provide the highest possible level of communication.

The presentations and reports shared at these meetings are provided in our investor relations web-site to enable equal access to information. No inside information that has not been made public can be shared at non-public meetings with capital markets participants.

Only those who are authorized to make public statements on behalf of Pegasus can engage in communications with third parties at information meetings.

Besides meetings, information and documents published in the Pegasus investor relations web-site provide shareholders, investors, analysts and other stakeholders with the possibility of following developments relating to Pegasus.

9. ANALYST REPORTS

The institutions preparing analyst reports are responsible for the content of such reports. Subject to obtaining the consent of the authors and indicating the source for the report, Pegasus may publish analyst reports on its web-site with the aim of providing alternative viewpoints to investors. Pegasus does not assume any responsibility to review, confirm or approve the content of analyst reports. However, without providing any commentary it may review the accuracy of the information contained in analyst reports in respect of publicly available information. Pegasus does not validate, approve or undertake the responsibility of or distribute the revenue models and expectations

mentioned in these analyst reports.

Pegasus publishes the name of the analysts covering Pegasus and the institutions they work for in its web-site.

10. NEWS AND RUMORS IN THE MEDIA AND SIMILAR COMMUNICATION CHANNELS

Pegasus follows news and rumors in printed press, audiovisual media and the internet by daily review of the market.

As a general principle, Pegasus does not comment on unfounded news, market rumors and speculations that are not sourced to its disclosure.

In the presence of news or rumors with a potential to affect investment decisions and the value of capital markets instruments Pegasus makes material event disclosures with respect to the accuracy and/or sufficiency of such information within the framework of the capital markets legislation. However; Pegasus may refrain from making any statements if the information relates to a matter relating to which Pegasus has decided to postpone disclosures, until the reasons for postponement no longer exist.

Unless those authorized to make public disclosures on behalf of Pegasus determine otherwise, Pegasus does not provide any comments if the information fails to qualify as inside information,.

11. ANNOUNCEMENT OF EXPECTATIONS AND TARGETS

Pegasus may, from time to time, disclose its future expectations within the framework of this Information Policy. The written documents where Pegasus discloses its future expectations clearly indicate that the potential risks, uncertainties and other factors may lead to actual results that are significantly different from expectations.

Future expectations may only be disclosed by those authorized to make public disclosures and subject to the foregoing disclaimers being mentioned or a reference to another written publicly available document.

Future expectations rely on reasonable assumptions and forecasts and the reasons for expectations and the relevant data are disclosed together with the expectations. These expectations cannot contain any unfounded or exaggerated forecasts, cannot be misleading and they should be related to the financial condition and results of operations of Pegasus.

In the event future expectations do not realize or it is determined that these will not realize, the matter will be promptly disclosed to the public in accordance with the procedures set out in this Information Policy and the relevant information will be revised.

12. SILENT PERIOD AND BLACKOUT PERIOD

Pegasus refrains from discussing financial results and related matters with capital markets participants in certain designated periods within the year to avoid asymmetric distribution of information and unauthorized disclosure relating to results of operations. The said periods are called "**Silent Periods**". A Silent Period commences fifteen days before the announcement of the financial statements for the relevant period on KAP and ends on the date when the results relating to the relevant period are published on KAP. Pegasus may organize and attend information meetings during the Silent Period with the attendance of the authorized spokespeople and these persons may attend conferences, panels, similar events and make written and verbal statements; however, information to be shared in this respect will be kept limited to the results relating to the period prior to the latest reporting period and information that has been previously disclosed to public.

In addition to Silent Periods Pegasus implements "**Blackout Periods**" during which those with regular access to inside information are prohibited from trading in Pegasus' shares. A Blackout

Period commences one month in advance of the announcement of the financial statements for the relevant period on KAP and ends on the date when the results relating to the relevant period are published on KAP.

13. PEGASUS INVESTOR RELATIONS AND PUBLIC INFORMATION SERVICES WEB-SITE (www.pegasuyatirimciiliskileri.com; www.flypgs.com/bilgi-toplumu-hizmetleri)

Pegasus investor relations web-site is efficiently used in informing the public and ensuring transparency and the information published in the web-site is regularly updated.

Pegasus publishes the information and documents required to be published online as per the applicable law and the CMB's Corporate Governance Principles in the investor relations and public information services web-site in accordance with the procedures and timing limitations set out in the regulations. Pegasus also provides access to any other disclosures made as per this Information Policy in its web-site.

Pegasus ensures that the information published in the investor relations web-site is consistent with the disclosure made elsewhere in accordance with the applicable law.

Pegasus investor relations web-site is structured in a way to allow fast and easy access to information. Corporate web-site has sections in both Turkish and English.

Pegasus undertakes all measures relating to the security of the corporate web-site.

Announcements in the corporate web-site are no substitutes for material event disclosures that have to be made as per the applicable law.

14. EFFECTIVE DATE

This Information Policy became effective upon the resolution of the Board of Directors dated 20 November 2013 and numbered 403.

In case of a need for amendment in the Information Policy, the amendments become effective upon the affirmative view of the Corporate Governance Policy and the approval of the Board of Directors. The revised Information Policy is then published in our investor relations web-site.