



PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ
INFORMATION DOCUMENT FOR THE
EXTRAORDINARY GENERAL ASSEMBLY MEETING
DATED NOVEMBER 11, 2016

OCT. 11, 2016

PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ

INFORMATION DOCUMENT FOR THE EXTRAORDINARY GENERAL ASSEMBLY MEETING DATED NOVEMBER 11, 2016

1. Invitation to the Extraordinary General Assembly Meeting dated November 11, 2016

The Extraordinary Shareholders' Meeting of our Company will be held on Friday, November 11, 2016 at the Company headquarters located at Aeropark, Yenişehir Mahallesi, Osmanlı Bulvarı No: 11/A Kurtköy 34912 Pendik, Istanbul, at the request of the Board of Directors, and will convene to discuss the following agenda items.

The Information Document relating to the agenda items will be made available for the review of our shareholders, starting from three weeks prior to the meeting, at our Company headquarters, on 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.

Our shareholders who will vote through the Electronic General Assembly System may refer to the Central Registry Agency (<https://egk.mkk.com.tr/egkweb/en/> or 444 0 655) 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 (**Annex-4**) 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 Extraordinary General Assembly Meeting is available on our website: <http://www.pegasusyatirimciliskileri.com>. Our shareholders may seek any additional information regarding the General Assembly procedures from Pegasus Investor Relations.

Pursuant to Article 17, paragraph 1, sub-paragraph (e) of our Articles of Association, the Extraordinary General Assembly Meeting will be open for the attendance of all stakeholders and the press as observers.

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 publication of this Information Document, October 11, 2016, 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 October 11, 2016	
	Number of Shares	Shareholding Ratio
Esas Holding A.Ş.	64,353,570	62.92%
Publicly Traded Shares	35,294,000	34.51%
Emine KAMIŞLI	874,810	0.86%
Ali İsmail SABANCI	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

Information on management and operations of Pegasus and its consolidated subsidiaries following the last Annual General Assembly Meeting held on April 7, 2016, have been disclosed in the relevant sections of the interim activity reports of the Board of Directors:

- for the three-month period ending on March 31, 2016, published on May 10, 2016; and
- for the six-month period ending on June 30, 2016, published on August 15, 2016.
- Information on material changes following October 11, 2016 will be separately provided in the interim activity report for the nine-month period ending on September 30, 2016, which will be published on November 9, 2016.

In this respect, the following matters relating to the management and operations of Pegasus, its subsidiaries and affiliates for the period after April 7, 2016 are highlighted for the attention of our shareholders:

- (a) The results of the Annual General Assembly Meeting dated April 7, 2016 were registered with the Trade Registry on April 29, 2016 and were published in the Trade Registry Gazette dated May 5, 2016 and numbered 9069 on pages 332 through 334.
- (b) On May 30, 2016, Pegasus acquired an additional 10% stake in its affiliate Hitit Bilgisayar Hizmetleri Anonim Şirketi ("**Hitit Bilgisayar**"), represented by Group (B) registered shares for a consideration of US\$1,500,000, upon exercise of its call option granted as part of the transaction announced on March 26, 2015 and on April 4, 2016. Consequently, Pegasus's ownership share in Hitit Bilgisayar increased to 50%.

- (c) Effective as of June 1, 2016, Pegasus assumed the entirety of ground handling operations on the RAMP at the Istanbul Sabiha Gökçen Airport that have been previously outsourced.
- (d) Mr. Conor John McCARTHY, who has been serving as a member of our Board of Directors since February 2012, has resigned as independent director, effective as of July 14, 2016. Based on the proposal of the Corporate Governance Committee, our Board of Directors resolved on the appointment of Ms. Hatice Zeynep Bodur OKYAY to succeed Mr. McCARTHY for the remainder of his term of office, subject to the approval of our shareholders at the next General Assembly meeting, in accordance with the provisions of Article 363 of the Turkish Commercial Code. The non-objection by the Capital Markets Board for Ms. H. Zeynep Bodur OKYAY's appointment as an independent director was received by Pegasus on October 11, 2016.
- (e) On July 19, 2016, Pegasus took delivery of the first A320neo aircraft as part of its order with Airbus S.A.S. dated 2012 for 100 Airbus A320neo and Airbus A321neo (75 firm order and 25 optional) aircraft ("**Airbus Order**"). Following the delivery of the first aircraft, the parties further agreed on the acceleration of seven A321neo deliveries from 2022 to 2019 to replace seven A320neo deliveries originally planned to be delivered in 2019 and which, under the terms of the agreement, will now be delivered in 2022. The change in the delivery schedule has also accelerated approximately USD 15 million in pre-delivery payment obligations from 2020/21 to 2017/18. No increase will occur in respect of the total obligations under the Airbus Order.
- (f) Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. completed the corporate governance compliance evaluation of Pegasus and a corporate governance compliance rating of 9,17 out of 10 was assigned effective as of August 26, 2016.
- (g) Pegasus announced the implementation of several organizational changes as part of the ongoing operational efficiency initiatives. In this respect and effective as of October 14, 2016:

The office of Senior Vice-President, Operations & Chief Operating Officer (COO) is established, reporting to the General Manager (CEO) and responsible for the coordination of the operations of the Senior Vice-President, Flight Operations, Senior Vice-President, Ground Operations, Senior Vice-President, Technic and Manager, Security, each directly reporting to the General Manager (CEO). The office of Senior Vice-President, Cabin Services, and crew planning and process management & standardization functions are restructured under the office of Senior Vice-President, Operations & Chief Operating Officer (COO). Nasuh Nazif ÇETİN, who has previously served as Senior Vice-President, Foreign Affiliates at the Company between 2013 and 2014 and who later served as the General Manager of our subsidiary İHY İzmir Havayolları A.Ş., is appointed to this position. Nedim ÖZESEN, who previously served as Vice-President, Flight Operations at İHY İzmir Havayolları A.Ş. is nominated to succeed Nasuh Nazif ÇETİN as the General Manager of this subsidiary.

A new office in charge of Flight Academy, reporting to the General Manager (CEO), is established and the offices of Senior Vice-President, Flight School and Vice-President, Crew Training have been reorganized under the Flight Academy structure. Kemal Mustafa HELVACIOĞLU, who previously served as Vice-President, Safety Management & Quality, is appointed to this position. Murat Cem ALKAN, who previously served as Manager, Safety and Emergency Response Management, is appointed as the new Vice-President, Safety Management & Quality.

The office of Vice-President, Support Services, reporting to the General Manager (CEO), is closed and all positions reporting to Vice-President, Support Services are reorganized under the Senior Vice-President, Finance & CFO and Vice-President, Human Resources.

Also as part of the said organizational restructuring, Nadir KABAŞ, serving as Senior Vice-President, Flight School and Doğan İNANÇ, serving as Vice-President, Crew Training are leaving their management posts. Nurçin ÖZSOY is retiring from the Company as Senior Vice-President, Cabin Services. Servet ULAŞAN, serving as Senior Vice-President, Technic is also leaving his management post but continues to serve our Company as a consultant.

Ersel GEYİK, serving as Vice-President, Support Services, is appointed as the manager of the Cabin Services function, Ergün DEMİRCİ, serving as Vice-President, AMO – Part 145, is appointed as the manager of the Technic function.

The appointment of Kemal Mustafa HELVACIOĞLU, Murat Cem ALKAN, Ersel GEYİK, Ergün DEMİRCİ and Nedim ÖZESEN is subject to the approval of the General Directorate of Civil Aviation.

(h) Borsa İstanbul A.Ş. announced on October 3, 2016 that the Company shares are excluded from the BIST-30 index as part of periodic index re-evaluation.

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

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

Requests to have the following items added to the agenda for the first General Assembly meeting to be held were received between July 14 and August 4, 2016.

These requests were evaluated by our Corporate Governance Committee and the Board of Directors.

Each of Mr. Jilber TOPUZ, Mr. Güray KORKAN and Mr. Musa ÜZÜMCÜ, submitted requests, but only Mr. Jilber TOPUZ provided documentation evidencing his shareholding in Pegasus. In the absence of any such documentation, the Company is unable to determine that the applicants meet the requisite shareholding pre-condition through ownership of Company shares. Nevertheless, all requests were evaluated as the requests submitted by Mr. Jilber TOPUZ were inclusive of the requests covered in other submissions.

In consideration of the requests submitted to the Company, the Board of Directors resolved to dismiss all three requests based on the grounds indicated below for each request item.

REQUEST #1: *“The dismissal of Hüseyin Çağatay ÖZDOĞRU, Sertaç HAYBAT and Serhan ULGA, members of the board of directors and senior management who have responsibility in significant hedging losses incurred due to faulty fuel hedge contracts and the filing of a liability/indemnity lawsuit against them in respect of Articles 553 and 555 of the Turkish Commercial Code.”*

GROUNDINGS FOR DISMISSAL:

- (a) The management of our Company’s fuel- and currency fluctuations- related risks has been carried out under a policy adopted by the Board of Directors since August 2011 and the hedging transactions executed to date have been in line with the said Board policy;
- (b) The Board policy on the Company’s hedging strategy that provides for the hedging of up to 60% of the Company’s jet fuel requirements for 12 months going forward and up to the Company’s entire US\$ requirements for 12 months going forward, and the hedging volume and the impact of the executed transactions on the Company’s financial results have been shared with our shareholders in the prospectus for the initial public offering of the Company shares and through all subsequent financial reports, investor presentations and other information published on our Investor Relations Website;
- (c) The possibility that the Company may be negatively affected by the changes in jet fuel prices and currency fluctuations and that the Board policy on hedging or the execution of such policy may not be sufficient to overcome all risks and potential losses that may arise from such changes have been disclosed as the first three risk factors in the “Risk Factors” section of the prospectus for the initial public offering of the Company shares;
- (d) All air carriers implementing a hedging strategy have been negatively affected by the decline in jet fuel prices in the last two years (where Brent oil barrel prices fell from the level of US\$ 115 as of June, 2014 to the level of US\$ 28 as of January 20, 2016), that the Company’s hedging strategy has been comparable to similar practices implemented in the aviation sector, and these matters have been discussed in response to the questions raised by our shareholders at the General Assembly Meeting dated March 31, 2015 and have further been explained in detail to our shareholders as part of all subsequent financial reports;
- (e) Hüseyin Çağatay ÖZDOĞRU does not undertake any executive duty in respect of the Company’s hedging transactions, and the dismissal of Serhan ULGA, who serves as Senior Vice-President, Finance & CFO, is a matter that falls within the exclusive and unrelinquishable duties and responsibilities of the Board of Directors as per Article 375 of the Turkish Commercial Code No. 6102;
- (f) The dismissal of the members of our Board of Directors and Senior Management who have had significant contribution to our Company’s growth and success since 2005 is not deemed to be in the best interests of the Company and our shareholders;
- (g) In consideration of the above, no liability arises based on the hedging transactions in respect of Articles 553 and 555 of the Turkish Commercial Code No. 6102.

REQUEST #2: *“Information to be provided to the General Assembly explaining the reasons for disregarding the depreciation of the Company’s share value at Borsa Istanbul close to 65% as of July 14, 2016, despite having published a share buyback policy adopted as per the resolution of the Board of Directors dated November 20, 2013 and numbered 403, thus failing to protect public shareholders and contributing to their loss.”*

GROUNDINGS FOR DISMISSAL:

- (a) The option of share buyback has been on the agenda of the Board of Directors as evidenced by the “Pegasus Share Buyback Policy” adopted by the resolution dated November 20, 2013 and numbered 403;

- (b) There are no undertakings or commitments made by our Company in respect of the implementation of share buyback under the said "Share Buyback Policy";
- (c) The fact that other entities operating in the aviation sector whose shares are traded on Borsa Istanbul and are included in the BIST-30 index have experienced share price devaluation since the end of 2013 but have not implemented any share buyback transactions has also been taken into consideration;
- (d) The transactional and value performance of our Company's shares on Borsa Istanbul and the initiatives undertaken by our Company to improve such performance are being regularly scrutinized by the Corporate Governance Committee and the Board of Directors;
- (e) There are no matters that are not publicly disclosed that may affect the value, the price of the Company's shares or the investment decisions of the investors, and that the trading price of our Company's shares on Borsa Istanbul is shaped by the market demand;
- (f) Allocation of the Company's cash resources for the buyback of its own shares is not deemed to be in the best interests of the Company and our shareholders considering the ongoing investments and the commitments made by our Company in this respect and in particular, the negative effect of the decline in 2016 of the demand in international passenger traffic on the cash resources of our Company.

REQUEST #3: *"The adoption of a decision for the buyback of the Company's shares on Borsa Istanbul in accordance with the Share Buyback Communiqué No. 22.1 of the Capital Markets Board, due to the Company's share price having fallen significantly below the initial public offering price in 2013."*

GROUND FOR DISMISSAL: The allocation of the Company's cash resources for the buyback of its own shares is not deemed to be in the best interests of the Company and our shareholders considering the ongoing investments and the commitments made by our Company in this respect and in particular, the negative effect of the decline in 2016 of the demand in international passenger traffic on the cash resources of our Company

3. Information on the Agenda Items for the Extraordinary General Assembly Meeting dated November 11, 2016

3.1. Commencement and Establishment of the Meeting Chairing Committee

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.

The Chairman is authorized by Article 7 of the Bylaws to sign the meeting minutes and all other documents relating to the preparation of the minutes.

3.2. Submission of the appointment made for the replacement of the resigning member of the Board of Directors in accordance with Article 363 of the Turkish Commercial Code, to the approval of the General Assembly

Following the resignation of Mr. Conor John McCARTHY, Irish citizen, appointed as a member of the Board of Directors at the Annual General Assembly Meeting dated April 7, 2016 to serve until the following Annual General Assembly Meeting, effective as of July 14, 2016, the Board of Directors, through its resolution dated July 14, 2016, appointed Ms. Hatice Zeynep Bodur OKYAY to succeed him as a member of the Board of Directors, subject to the approval of the shareholders at the first General Assembly Meeting in accordance with Article 363 of the Turkish Commercial Code. This appointment will be submitted for the approval of our shareholders at the Extraordinary General Assembly Meeting dated November 11, 2016.

The non-objection by the Capital Markets Board for Ms. OKYAY's appointment as an independent director was received by Pegasus on October 11, 2016.

Ms. OKYAY's résumé and the duties she has assumed elsewhere in the past ten years are provided in **Annex-1**.

3.3. Appointment of Stephen Mark GRIFFITHS, nominated by the Board of Directors, as a member of the Board of Directors and determination of his term of office

In line with the recommendation of the Corporate Governance Committee, the Board of Directors, through its resolution dated October 11, 2016, nominated Mr. Stephen Mark GRIFFITHS as a candidate for the Board of Directors to serve until the first Annual General Assembly Meeting. This nomination will be submitted for the approval of our shareholders at the Extraordinary General Assembly Meeting dated November 11, 2016.

This appointment, subject to the approval of our shareholders, will re-establish the number of members of the Board of Directors as eight. While evaluating the nominee, the Board of Directors considered the Director Nomination Principles and Criteria for 2016. The said document, provided in **Annex-2** was adopted by the Corporate Governance Committee in respect of its duty to establish a transparent system for the determination, evaluation and education of the appropriate candidates for the Board of Directors and the development of policies and strategies in this respect, in accordance with the Committee Charter and Article 4.5.11 of the Corporate Governance Principles of the Capital Markets Board.

Mr. GRIFFITHS' résumé and the duties he has assumed elsewhere in the past ten years are provided in **Annex-1**.

3.4. Determination of the salary, honorarium, bonus and similar financial rights of the non-executive members of the Board of Directors for whom no honorarium has previously been determined

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.

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 2016 Director Remuneration, provided as **Annex-2** hereto for the attention of our shareholders.

In this respect, determination of the salary, honorarium and similar financial rights of Mr. Sertaç HAYBAT, non-executive member of the Board of Directors, Ms. H. Zeynep Bodur OKYAY, whose appointment as an independent director is pending shareholders' approval and Mr. Stephen Mark GRIFFITHS, whose appointment is subject to the shareholders' approval will be submitted for the approval of our shareholders at the Extraordinary General Assembly Meeting dated November 11, 2016.

3.5. Authorization of the members of the Board of Directors appointed after April 7, 2016 to enter into transactions within the scope of Articles 395 and 396 of the Turkish Commercial Code

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 have been approved by our shareholders at the Annual General Assembly Meeting held on April 7, 2016.

The same authorization will be sought from our shareholders at the Extraordinary General Assembly Meeting dated November 11, 2016 for Ms. H. Zeynep Bodur OKYAY and Mr. Stephen Mark GRIFFITHS whose appointments will take place after April 7, 2016.

3.6. Discussion and approval of the changes to the "Pegasus Donations and Charitable Contributions Policy" proposed by the Board of Directors

"Pegasus Donations and Charitable Contributions Policy", adopted by our Board of Directors through its resolution dated November 20, 2013 and numbered 403, entered into force upon approval by the majority of the shareholders attending the Annual General Assembly Meeting dated March 31, 2014 and published in our Investor Relations website is provided as **Annex-3** hereto.

Our Board of Directors, through its resolution dated October 11, 2016, resolved that the "Pegasus Donations and Charitable Contributions Policy" be amended to allow the Company make donations to persons, associations, foundations, non-governmental organizations and public institutions that operate in the field of solidarity, extending the scope of donations that can be made by the Company. The proposed amendments are also provided in **Annex-3**. In accordance with Article 1.3.10 of the Corporate Governance Principles of the Capital Markets Board, the proposed amendments will be submitted for the approval of our shareholders at the Extraordinary General Assembly Meeting dated November 11, 2016.

3.7. Requests and recommendations and close of meeting

ANNEX-1 RESUMÉ AND PAST DUTY INFORMATION FOR DIRECTORS WHOSE APPOINTMENT IS SUBMITTED FOR THE APPROVAL OF THE GENERAL ASSEMBLY

Hatice Zeynep Bodur OKYAY - Independent Director

Zeynep Bodur OKYAY joined Pegasus as an independent director in July 2016. Since 1992, Zeynep Bodur OKYAY held a number of duties at the Kale Group with investments in ceramics, construction materials, construction chemicals, defense and aviation, machinery, energy, mining, transportation and IT. Having assumed several roles as part of ceramics production planning and production management between 1992 and 1995, she was later appointed as the president and executive committee member of the group’s marketing companies and since 2007, serves as the president and CEO of the Kale Group. Zeynep Bodur OKYAY holds a bachelor’s degree in management engineering obtained from the Istanbul Technical University and has completed the management program master’s degree at Harvard University. Among her active duties assumed in various non-governmental organizations, associations, foundations and chambers, Zeynep Bodur OKYAY serves as the chairman of the general assembly of the Istanbul Chamber of Industry, vice-chairman of the Economic Development Foundation, board member of the Foreign Economic Relations Board, member of the board of trustees of the Turkish Education Foundation and vice-chairman of the female entrepreneurs board of the Union of Chambers and Commodity Exchanges of Turkey.

Zeynep Bodur OKYAY assumed the Presidency of Steering Committee of the C20 (Civil 20), an official engagement group of G20, during the Turkish Presidency of the G20 in 2015.

In 2006, Zeynep Bodur OKYAY was awarded the title of “Cavaliere del Lavoro” for her contributions to Turkish-Italian relations. In 2014, she was awarded the Official Order of Merit of the Republic of Italy. Having been awarded the “Turkey in Europe – Franco Nobili Award” for her contributions to relations between Turkey and the European Union in 2010, Zeynep Bodur OKYAY received the Turkish Grand National Assembly Outstanding Service Award in the same year.

Duties Assumed Elsewhere in the Past 10 Years

1.	Kale Holding A.Ş.	Chairman and General Manager (CEO)	2016 - 2007
2.	Kale Group Companies ¹	Various Director and Management Roles	2016 - 2007

¹ H.İbrahim Bodur Holding A.Ş., Kale Holding A.Ş., Kaleseramik Çanakkale Kalebodur Seramik San. A.Ş., Kale Havacılık San. A.Ş., Kalekim Kimyevi Maddeler San. ve Tic. A.Ş., Kalenakliyat Seyahat ve Turizm A.Ş., Kalemaden Endüstriyel Hammaddeler San. ve Tic. A.Ş., Kale İda Sağlık ve Turizm Hizm. A.Ş., Kalebodur Gayrimenkul Geliştirme Yatırım ve Tic. A.Ş., Bodur Menkul İş Geliştirme San. ve Tic. A.Ş., Bodur Gayrimenkul Geliştirme A.Ş., Kaledekor Yapı Malzemeleri San. A.Ş., Kalepazarlama Tic. A.Ş.

Stephen Mark GRIFFITHS**- Non-Executive Director**

Stephen Mark GRIFFITHS has been nominated as a non-executive director by the Pegasus Board of Directors on October 11, 2016. Steve GRIFFITHS is currently the Chief Operating Officer of the London Underground and has considerable executive experience in the aviation sector. Between 1995 and 2013, Steve GRIFFITHS served in various positions at Virgin Atlantic Airways Limited. Between March 2009 and June 2013, Steve GRIFFITHS was the Chief Operating Officer of Virgin Atlantic, responsible for the safe, efficient and cost effective delivery of the airline operations and customer service promise, with leadership responsibility for 6,500 employees in flight operations, engineering, airports, cargo, pilots, cabin crew, safety and security and customer experience. Prior to that, Steve GRIFFITHS served as director of engineering between 2007 and 2009 and undertook various senior engineering positions between 1995 and 2007. Between 1986 and 1995, Steve GRIFFITHS served as senior service engineer at Rolls Royce plc.

Steve GRIFFITHS holds HND in Mechanical Engineering and has completed the Advanced Leadership Development Programme at Cranfield University. He is a citizen and a resident of the United Kingdom.

Duties Assumed Elsewhere in the Past 10 Years

1.	London Underground, U.K.	Chief Operating Officer	2016 - 2013
2.	Virgin Atlantic Airways Limited, U.K.	Chief Operating Officer	2013 – 2009
3.	Virgin Atlantic Airways Limited, U.K.	Director of Engineering	2009 – 2007

ANNEX-2 2016 BOARD OF DIRECTORS NOMINATION AND REMUNERATION PRINCIPLES AND CRITERIA

NOMINATION AND REMUNERATION PRINCIPLES AND CRITERIA FOR PEGASUS BOARD OF DIRECTORS 2016

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.
- 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.
- 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.
- 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 2016:
 - 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 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-3 PROPOSED AMENDMENTS TO THE PEGASUS DONATIONS AND CHARITABLE CONTRIBUTIONS POLICY

FORMER TEXT	AMENDED TEXT
PEGASUS HAVA TAŞIMACILIĞI A.Ş. DONATIONS AND CHARITABLE CONTRIBUTIONS POLICY	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	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:	Principles Relating to Donations and Charitable Contributions:
<ul style="list-style-type: none"> ● 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. 	<ul style="list-style-type: none"> ● Pegasus may make donations or charitable contributions to persons, associations, foundations, non-governmental organizations and public institutions that operate in the fields of education, health and solidarity 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 to 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.	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.

POWER OF ATTORNEY

I/we hereby appoint, further identified below, as my/our representative to represent me/us and vote, submit proposals and sign documents on my/our behalf, within the framework of the instructions below, at the extraordinary general assembly meeting of Pegasus Hava Taşımacılığı A.Ş., scheduled for 10:00 AM on November 11, 2016 and to be held at the Company headquarters located at Aeropark, Yenişehir Mahallesi, Osmanlı Bulvarı No: 11/A Kurtköy 34912 Pendik, Istanbul.

Name, Surname / Commercial Title of the Proxy

Turkish Identification / Tax Number, Trade Registration No. and MERSIS No. of the Proxy

(*) For foreign proxies equivalent of the required information must be provided

A) SCOPE OF REPRESENTATIVE AUTHORITY

For Sections 1 and 2 provided below either (a), (b) or (c) must be chosen to indicate the scope of representative authority.

1. With Respect to the Agenda Items:

- a) The Proxy is authorized to vote at its own discretion.
- b) The Proxy is authorized to vote in accordance with the proposals of the Company management.
- c) The Proxy is authorized to vote in accordance with the instructions below.

Instructions:

If the Shareholder chooses option (c) above, the Shareholder will provide instructions to the Proxy by indicating its vote on each agenda item and by also indicating its dissenting opinion, if any, for the agenda items voted against.

Agenda Items (*)	In Favor	Against	Dissenting Opinion
1.			
2.			
3.			

(*) Agenda items for the General Assembly will be listed one by one. If the minority shareholders propose another draft resolution, this draft resolution will also be indicated here.

2. Special Instructions Regarding Other Matters Arising During the Meeting Especially the Exercise of Minority Rights:

- a) The Proxy is authorized to vote at its own discretion.
- b) The Proxy is not authorized to vote on these matters.

The Proxy is authorized to vote in accordance with the special instructions below.

SPECIAL INSTRUCTIONS; Special instructions to the Proxy, if any, will be indicated here.

.....

B) The Shareholder will indicate the shares it wishes the Proxy to represent by choosing one of the following.

1. I approve the representation of the shares detailed below by the Proxy.

- a) Series and Order:*
- b) Number:**
- c) Amount-Nominal Value of the Shares:
- d) Information on any Privileges attached to the Shares:
- e) Bearer or Registered:*
- f) Ratio Against the Entire Number of Shares and Voting Rights of the Shareholder:
.....

* Not required for dematerialized shares.

** For dematerialized shares group information will be provided instead of number

2. I approve the representation of all my shares indicated in the list of attendees to be prepared by the CRA one day prior to the General Assembly by the Proxy.

NAME, SURNAME OR COMMERCIAL TITLE OF THE SHAREHOLDER (*)

.....

Turkish Identification / Tax Number, Trade Registration No. and MERSIS No. of the Shareholder:

.....

Address of the Shareholder:

.....

(*) For foreign shareholders equivalent of the required information must be provided.

SIGNATURE SEAL /
SIGNATURE