

PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ ARTICLES OF ASSOCIATION

FORMER TEXT	AMENDED TEXT	RATIONALE
<p>Headquarters and Branches:</p> <p>Article 4:</p> <p>The Company headquarters are located in Istanbul. The Company address is Aeropark Yenişehir 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.</p> <p>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.</p>	<p>Headquarters and Branches:</p> <p>Article 4:</p> <p>The Company headquarters are located in Istanbul. The Company address is Aeropark Yenişehir Mahallesi Osmanlı Bulvarı No: <u>11/A</u> 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.</p> <p>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.</p>	<p>The address change adopted by the resolution of the Board of Directors published in the Trade Registry Gazette dated December 30, 2013 and numbered 8475 has been reflected in the Articles of Association.</p>
<p>Company Capital:</p> <p>Article 6:</p> <p>The Company has adopted the authorized capital system in accordance with the Capital Markets Law No. 6362 and has acceded to the authorized capital</p>	<p>Company Capital:</p> <p>Article 6:</p> <p>The Company has adopted the authorized capital system in accordance with the Capital Markets Law No. 6362 and has acceded to the authorized capital</p>	

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 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

system based on the approval of the Capital Markets Board dated 22 February 2013 and numbered 6/178.

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The relevant wording previously incorporated from the Authorized Capital Communiqué Series : IV, No: 38 has been removed from the Articles of Association, reflecting the changes in the regulation introduced by the new Authorized Capital Communiqué No. II-18.1 that entered into force upon publication in the Official Gazette dated December 25, 2013 and numbered 28862.

<p>article relating to Company capital with the Trade Registry and announces the amendment in the Turkish Trade Registry Gazette.</p>	<p>article relating to Company capital with the Trade Registry and announces the amendment in the Turkish Trade Registry Gazette.</p>	
<p>Meetings and Decisions of the Board of Directors:</p> <p>Article 12:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>	<p>Meetings and Decisions of the Board of Directors:</p> <p>Article 12:</p> <p>Members of the Board of Directors are called for meetings by registered mail <u>or</u> 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.</p> <p>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 <u>invitation</u> calling the directors for the meeting.</p> <p>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.</p> <p>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</p>	<p>Changes have been made to align the Articles of Association with the working procedures and principles of the Board of Directors and contemporary communication opportunities.</p>

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.

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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 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~~

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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 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.

Changes have been made to align the Committee structures with the changes to the Corporate Governance Principles brought by the Corporate Governance Communiqué No. II-17.1, entered into force upon publication in the Official Gazette dated January 3, 2014 and numbered 28871.

Our Corporate Governance Committee assumes the duty of the Nomination and Governance Committee in line with the Corporate Governance Principles.

The changes will allow the Board of Directors the flexibility to determine the number of members in each Board committee equal to or above the minimum legal requirements.

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

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.

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<p>Audit:</p> <p>Article 16:</p> <p>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.</p>	<p>Audit:</p> <p>Article 16:</p> <p>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, <u>statutory right of the shareholders regarding special audit</u> and other matters determined in the applicable legislation.</p>	<p>Changes made to remedy the shortcoming determined by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. in its independent review of our compliance with the Corporate Governance Principles of the Capital Markets Board.</p>
<p>General Assembly of Shareholders:</p> <p>Article 17:</p> <p>The following principles apply to the Company's General Assembly meetings.</p> <p>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.</p> <p>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.</p> <p>c) Voting and Appointment of Proxy: Voting rights at the General Assembly are calculated according to the</p>	<p>General Assembly of Shareholders:</p> <p>Article 17:</p> <p>The following principles apply to the Company's General Assembly meetings.</p> <p>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.</p> <p>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.</p> <p>c) Voting and Appointment of Proxy: Voting rights at the General Assembly are calculated according to the</p>	

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

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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

Changes made to remedy the shortcoming determined by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. in its independent review of our compliance with the Corporate Governance Principles of the Capital Markets Board.

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.

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