PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ
ARTICLES OF ASSOCIATION

Incorporation:
Article 1:

A joint stock company has been incorporated among the founders whose name, address and nationality are indicated below, pursuant to the relevant articles of the Turkish Commercial Code, to operate within the framework of the provisions of these articles of association:

1. Aer Lingus Plc, United Kingdom national, P.O. Box 180 Dublin Airport, Republic of Ireland
2. Net Holding A.Ş., Turkish national, İnönü Caddesi, Vakıf İş Hanı, No: 212 Kat 5-6 Taksim, Istanbul
3. Silkar Yatırım ve İnşaat Organizasyonu A.Ş., Turkish national, Atatürk Bulvarı, No: 162 Aksaray, Istanbul
4. Conor P. McGrath, United Kingdom national, Aer Lingus House, 83 Staines Road, Hounelow, Middlesex, TW3 3JB, London, England
5. Ömer Alper Eliçin, Turkish national, Darülaceze Caddesi, Eska Han, No: 43 Kat: 6 Okmeydanı, Istanbul

Commercial Title of the Company:
Article 2:

The commercial title of the company is Pegasus Hava Taşımacılığı Anonim Şirketi and is hereinafter referred to in the articles of association as the Company.

Purpose and Scope:
Article 3:

The purpose and scope of the Company and the transactions it may undertake to fulfill its purpose are indicated, without limitation, below.

a. The Company is incorporated to undertake all sorts of air transportation domestically and abroad and its principle purpose and scope comprises the following:

1. Undertaking passenger, cargo and postal air transportation through scheduled or unscheduled flights in Turkey, outside of Turkey, from Turkey to abroad and from abroad to Turkey,

2. Purchase, rental, lease, import, export and acquisition or disposal otherwise of all sorts of air transport vehicles,

3. Production, rental, lease, import, export and acquisition or disposal otherwise of all sorts of machinery, tool, equipment, spare parts and repair tools necessary for air transportation,

4. Establishment of landing and departure terminals at airports in and outside of Turkey, acquisition or rental of such facilities and taking possession of or disposal of such facilities, in each case to the extent permitted by the applicable law,

5. Providing flight maintenance and repair services to air transportation vehicle owned or possessed by the Company or third parties at airports and maintenance and repair facilities,

6. Providing paid or free of charge meal, beverage and all other sorts of catering services to the Company personnel, the personnel of other aviation entities and passengers and establishing or participating in the necessary organizations to this effect; purchase, sale, import and export of catering products,

7. Establishment and operation of warehouses, covered areas and hangars in and outside of Turkey to serve for the air transportation organization established and operated by the Company,

8. Establishment, rental and operation of hotels, motels, hostels, mocamp, camping, bungalows, sports facilities, thermal facilities, animation facilities, restaurants, cafeteria and other leisure and entertainment facilities near airports or similar areas with touristic purposes and the purpose of meeting the needs of passengers transported by air,

9. Establishment of sales points at airports and similar accommodation, purchase, sale and entertainment facilities,

10. Establishment and operation of tax-free stores in and outside of customs areas,

11. Providing all sorts of ground handling services,

12. Providing educational services relating to the purpose and scope of the Company.

b. For the fulfillment of the aforementioned purposes, the Company may undertake, without limitation, the following transactions:

1. Undertaking commercial, local and international representation and agency services and establishing branches, representative offices, liaison offices and agencies in and outside of Turkey in connection with the purpose of the Company,

2. Undertaking publications in connection with air transportation and tourism, organizing and attending seminars in relation to the foregoing,

3. Organizing touristic trips and undertaking activities promoting and improving the human health, cultural values and tourism,

4. Acquiring and disposing of, exchanging, renting and leasing movable and immovable property and commercial enterprise for the fulfillment of the Company purpose,

5. Establishing and operating industrial facilities to help improve air transportation and cooperating with and entering into joint ventures with domestic and foreign real persons and legal entities in this respect,

6. Participating in domestic and foreign entities operating in connection with the Company purpose, establishing new ventures, acquiring, selling and otherwise disposing of shares in such entities provided that such transactions do not constitute any securities portfolio management or securities intermediary services,

7. Establishing mortgage, lien or other encumbrances over the movable and immovable property owned, increasing, decreasing or changing the scope of or transferring or releasing any such existing security for the purpose of securing the obligations of the Company or third parties provided that these transactions are conducted in accordance with the principles and limitations set out in the capital markets legislation,

8. Posting all movable property, commercial enterprise, industrial, physical, non-physical rights and receivables as collateral to secure the obligations of the Company or third parties provided that these transactions are conducted in accordance with the principles and limitations set out in the capital markets legislation,

9. Providing lien or surety to secure the obligations of third parties provided that these transactions are conducted in accordance with the principles and limitations set out in the capital markets legislation. The Company complies with the principles set out in the capital markets legislation in connection with providing guarantees, surety or other security including mortgage and lien for its own benefit or for the benefit of third parties.

In addition to the above, the Company may undertake other transactions that are deemed useful or relevant for its purpose based on a decision of the Board of Directors. Transactions that require a resolution of the General Assembly of Shareholders and the amendment of the articles of association subject to the permission of the Capital Markets Board and the Ministry of Customs and Trade are reserved.

The Company makes necessary disclosures required by the regulations of the Capital Markets Board with respect to public awareness where transactions undertaken by the Company within the framework of this article may affect investment decisions of the investors.

The Company further complies with the regulations of the Capital Markets Board relating to hidden transactions, important transactions as well as the determination and implementation of Corporate Governance Principles in connection with the performance of the above.

Headquarters and Branches:
Article 4:

The Company headquarters are located in Istanbul. The Company address is Aeropark Yenişehir 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.

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.

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Term of the Company:
Article 5:

The Company is incorporated for an unlimited term.

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 2018-2022. 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'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.

Transfer of Shares:
Article 7:

The transfer of Company shares is subject to the provisions of the Turkish Commercial Code, the Capital Markets law, the Turkish Civil Aviation Law and the articles of association.

The following share transfers become binding on the Company upon the approval of the Board of Directors. Provisions of Article 137/3 of the Capital Markets Board are reserved.

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To ensure that the continuity of Company's activities is unharmed within the framework of the Turkish Civil Aviation Law and the relevant civil aviation legislation, the Board of Directors can reject share transfers that will result in 50% or more of the Company capital being owned by foreign persons. The Board of Directors is authorized to request, within 7 days after becoming aware of such transactions, that the foreign shareholders dispose of the excess amount of shares in their disposal within a timeframe to be determined by the Board of Directors, and, if such request is not accepted and implemented in time, to take either one of the following measures:

1. Cancellation of the number of shares owned by foreign persons exceeding the aforementioned threshold and reduction of the Company capital;
2. Capital increase and the restriction of pre-emption rights in a way to ensure that the foreign shareholding ratio is preserved below the aforementioned rate;
3. Share buyback with respect to the shares owned by foreign persons exceeding the aforementioned threshold within the framework of the Turkish Commercial Code, the Capital Markets Law and the applicable regulations.

Registration of share transfers in the Company share book takes place following the aforesaid approval of the Board of Directors.

The Board of Directors is further entitled to reject share transfers not to recognize acquirers of such shares as shareholders based on the relevant articles of the Turkish Commercial Code.

The following are deemed to be "foreign persons" for the purposes of this article:

1. Foreign nationals;
2. Legal entities established/registered abroad;
3. Legal entities established in Turkey with the majority of their capital owned by foreign persons or the majority of the members in representative bodies are nominated by foreign persons;
4. Funds, enterprises, personal or asset undertakings without any legal personality established or managed by those that are listed above.

Increase and Decrease of the Company Capital:
Article 8:

The Company capital can be increased and decreased within the framework of the Turkish Commercial Code and the Capital Markets Law.

Shareholders of the Company are entitled to a pre-emption right on the newly issued shares *pro rata* to the shares they own prior to the capital increase.

The Board of Directors determines the procedures and the time periods applicable to the exercise of pre-emption rights. Applicable provisions of the legislation relating to the authorized capital system and the provisions of Article 6 of the articles of association are reserved.

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Issuance of Capital Markets Instruments:
Article 9:

The Board of Directors is authorized to resolve on the issuance of all sorts of debt instruments, finance bonds, profit and loss participation certificates, profit-participation bonds, convertible bonds, exchangeable bonds, participation usufruct certificates and other securities deemed to be capital markets instruments to be sold to real persons and legal entities in Turkey or abroad, within the framework of the Capital Markets Law and other applicable regulations.

Board of Directors and Term:
Article 10:

The Company's business and administration is undertaken by the Board of Directors which is composed of at least five members to be appointed within the framework of the Turkish Commercial Code and the Capital Markets Law. The number of independent directors to serve at the Board of Directors and the qualifications applicable to them are determined pursuant to the corporate governance principles of the Capital Markets Board. The members of the Board of Directors can be appointed for a maximum term of three years and can be re-appointed. The General Assembly of Shareholders can remove any member of the Board of Directors from duty at any time; provided that the requirements brought by the corporate governance principles of the Capital Markets Board are complied with.

If a legal entity is appointed as a member of the Board of Directors, a single real person to be determined by such legal entity and to serve in the Board of Directors on behalf of such legal entity must be registered and announced together with the legal entity director. The legal entity member of the Board of Directors can always change the real person acting on its behalf. Such change must also registered and announced.

In case of any vacancy in the Board of Directors due to resignation, death or similar reasons, the Board of Directors appoints a new member to fill the vacancy for the remainder of the term of the former member of the Board of Directors and such appointment is submitted for the approval of the shareholders at the first General Assembly meeting. The provisions of the corporate governance principles of the Capital Markets Board apply in the event an independent director no longer meets the requisite independency criteria, resigns or is no longer able to perform his/her duties.

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. The Company complies with the mandatory provisions of the corporate governance principles of the Capital Markets Board with respect to payments to the members of the Board of Directors.

Authority of the Board of Directors:
Article 11:

The Board of Directors is authorized to resolve on all matters that do not fall within the explicit authority of the General Assembly under the applicable law and the articles of association.

The Board of Directors is further authorized to resolve on donations on behalf of the Company, within the ceiling to be determined by the General Assembly and subject to the restrictions that may be brought by the Capital Markets Board pursuant to Article 19 of the Capital Markets Law.

Meetings and Decisions of the Board of Directors:
Article 12:

Members of the Board of Directors are called for meetings by registered mail or 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 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.

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Responsibilities at 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 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 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.

CEO:
Article 14:

The Company's management is led by a chief executive officer (CEO) appointed by the Board of Directors from among the members of the Board of Directors or from outside. In case the CEO is not a member of the Board of Directors he/she will still attend the meetings of the Board of Directors but cannot vote. The CEO can be appointed for terms exceeding the term of the members of the Board of Directors.

Representation of the Company:
Article 15:

The Company's administration and representation before third parties belong to the Board of Directors. All documents to be submitted by the Company and all agreements to be executed by the Company must bear the signatures of two authorized signatories under the Company title for validity.

The Board of Directors may delegate its representative authority to one or more executive directors or third persons. The authorized signatories of the Company and the procedures according to which such signatories can represent and bind the Company is determined by the Board of Directors, registered with the Trade Registry and announced in the Turkish Trade Registry Gazette.

Last paragraph of Article 13 of the articles of association relating to the Responsibilities in the Board of Directors is reserved.

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. 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 regulation 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 regulation 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.

Announcements:
Article 18:

Announcements by the Company are published according to Article 35/4 of the Turkish Commercial Code.

The provisions of the Turkish Commercial Code and the articles of association apply as to the timing of announcements. However; as per Article 29 of the Capital Markets Law, the announcements calling the General Assembly for meeting must be made at least three weeks in advance, excluding the date for the call and the date of the meeting. Other regulations of the Capital Markets Board with respect to announcements are reserved.

Disclosures of material events and other disclosures required by the Capital Markets Board are made in accordance with the applicable requirements.

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Amendment of the Articles of Association:
Article 19:

The provisions of the articles of association can be amended by the General Assembly duly invited for a meeting according to the articles of association, following the approval of the Capital Markets Board and the Ministry of Customs and Trade with respect to the proposed amendments. The amendments are registered with the Trade Registry and are announced in the Turkish Trade Registry Gazette.

Fiscal Year:
Article 20:

The Company's fiscal year starts on the first day of January and ends on the last of December every calendar year. The first fiscal year starts on the date of incorporation and ends on the last day of December in the same year.

Distribution of Profit:
Article 21:

Following the deduction of the Company's general costs, various depreciation amounts and similar items that have to be paid off and any tax that must be paid by the Company from revenues at the end of each operating period, the net profit for the period in the annual balance sheet, if any, is distributed as follows after the deduction of previous years' losses:

a) 5% of the net profit for the period is allocated to the mandatory legal reserves until such reserves reach 20% of the Company's paid capital.

b) The first dividend is distributed out of the remaining amount by also adding the amount of donations made within the relevant year, at a rate that is in accordance with the Turkish Commercial Code and the capital markets legislation.

c) Following the deductions indicated above, the General Assembly may decide on the distribution of the remainder to the members of the Board of Directors, officers and employees of the Company, foundations established for various purposes and other similar persons and institutions.

d) Following the deductions described in (a), (b) and (c) above the General Assembly may distribute whole or a part of the remainder as secondary dividends or to allocate as discretionary reserves as per Article 521 of the Turkish Commercial Code.

e) Following the deduction of 5% dividend amount from total distributions made to shareholders or others participating in the profit, 1/10 of the remainder is added to the mandatory legal reserves as per Article 519/2 of the Turkish Commercial Code.

No reserves can be allocated, no postponement of profit can be made and no distribution can be made to the Board of Directors, officers and employees of the Company, foundations established for various purposes and other similar persons and institutions unless the relevant mandatory legal reserves are allocated and the first dividend for the shareholders is distributed in cash and/or shares.

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Dividends are distributed equally to all shares existing as of the date of distribution without reference to the date of their issuance or acquisition.

The General Assembly resolves on the method and timing of distribution of dividends upon the proposal of the Board of Directors in this regard.

The General Assembly resolutions regarding the distribution of dividends adopted in accordance with the articles of association cannot be withdrawn.

Dissolution:
Article 22:

The Company may dissolve due to the reasons set out in the Turkish Commercial Code or based on a court or a General Assembly decision in accordance with the law. In case of dissolution, the liquidation of the Company is carried out in accordance with the provisions of the Turkish Commercial Code.

Provisions of the Law:
Article 23:

The provisions of the Turkish Commercial Code, the Capital Markets Law and the applicable legislation apply with respect to matters that are not regulated in the articles of association.

Compliance with Corporate Governance Principles:
Article 24:

The Company complies with the Corporate Governance Principles that are made mandatory by the Capital Markets Board. Transactions and Board of Directors resolutions in violation of the mandatory principles are invalid and are deemed to be in breach of the articles of association.

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