



## PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ

### INFORMATION DOCUMENT REGARDING

THE ANNUAL SHAREHOLDERS MEETING TO BE HELD ON APRIL 17, 2019

MARCH 20, 2019

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**PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ**  
**INFORMATION DOCUMENT FOR THE 2018 GENERAL ASSEMBLY MEETING DATED APRIL 17, 2019**

**1. Invitation to the General Assembly Meeting dated April 17, 2019**

The Annual Shareholders Meeting of our Company for the year 2018 will be held on Friday, April 17, 2019 at the Company headquarters located at Aeropark, Yenişehir Mahallesi, Osmanlı Bulvarı No: 11/A Kurtköy 34912 Pendik İstanbul and will convene to discuss the following agenda items.

The Financial Statements of the Company and the Independent Auditor's Report for the year 2018, the proposal of the Board of Directors regarding the use of the Company profit for the year 2018, the 2018 Annual Report of the Board of Directors and the Company's Corporate Governance Compliance Statement with links provided for the Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF) annexed thereto, and the Information Document relating to the other agenda items are made available for the review of our shareholders, starting from three weeks prior to the meeting, at our Company headquarters, at our corporate website <http://www.pegasusinvestorrelations.com> and the Electronic General Assembly Portal of the Central Registry Agency.

In accordance with Article 415 paragraph 4 of the Turkish Commercial Code No. 6102 and Article 30 paragraph 1 of the Capital Markets Law No. 6362, attendance and voting at the General Assembly is not conditional upon the deposit of Company shares at the Central Registry Agency. Therefore, our shareholders do not have to block their Pegasus shares in the event they would like to attend the General Assembly Meeting.

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-1**) and are required to present the signed proxy, certified by a Turkish notary public or the signed proxy alongside a signature circular certified by a Turkish notary public. Proxies appointed electronically through the Electronic General Assembly System do not have to present any written proxy statement. Voting at the General Assembly will be made by show of hands, with provisions relating to electronic voting being reserved.

Information on the Annual 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 Annual 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.**

**Pegasus Hava Tařımacılıęı A.ř.**

**Agenda for the Annual General Assembly Meeting dated April 17, 2019**

- 1)** Commencement and establishment of the Meeting Chairing Committee
- 2)** Review, discussion and approval of the Annual Activity Report, Independent Auditor's Report and the Financial Statements relating to the year 2018
- 3)** Release of each member of the Board of Directors with respect to the Company's transactions in 2018
- 4)** Review and approval of the Board of Directors' proposal for the utilization of the 2018 profit
- 5)** Appointment of the members of the Board of Directors and determination of their term of office
- 6)** Determination of the salary, honorarium, bonus and similar financial rights of the members of the Board of Directors
- 7)** Authorization of the members of the Board of Directors to enter into transactions within the scope of Articles 395 and 396 of the Turkish Commercial Code
- 8)** Appointment of the Independent Auditor
- 9)** Submission of information to the shareholders on donations and charitable contributions made in 2018 and determination by the shareholders of a maximum ceiling for donations and charitable contributions to be made in 2019
- 10)** Submission of information to the shareholders with respect to transactions in 2018 falling within the scope of Article 1.3.6 of the Corporate Governance Principles
- 11)** Submission of information to the shareholders with respect to the amendments made in the "Pegasus Ethical Behavior Guide" in 2018
- 12)** Submission of information to the General Assembly with respect to Security, Pledge, Mortgage and Surety provided by the Company for the benefit of third parties in 2018 and any income and benefits derived therefrom
- 13)** Requests and recommendations and close of meeting

## 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, the issued capital of our Company is TL 102,299,707, within the authorized capital ceiling of TL 500,000,000, and the capital and shareholding structure as of the same date is as follows:

<i>Shareholder</i>	<b>March 20, 2019</b>	
	<i>Number of Shares</i>	<i>Shareholding Ratio</i>
Esas Holding	64,353,570	62.92%
Publicly Traded	35,294,000	34.51%
- Publicly Traded Shares Prior to IzAir Merger	35,294,000	34.51%
- Shares issued for IzAir Merger	27,707	0.03%
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%
<b>Total</b>	<b>102,299,707</b>	<b>100.00%</b>

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 have been disclosed in the relevant sections of the Annual Activity Report for the year 2018. In this respect:

On September 4, 2018, Pegasus and its consolidated subsidiary İHY İzmir Havayolları A.Ş. (“IzAir”) announced an intended merger between the two entities whereby Pegasus would acquire IzAir, an entity in which it held 98.63% stake at that time, through acquisition by merger in accordance with the simplified merger method prescribed in the relevant provisions of the Capital Markets Law No. 6362, the Merger and Demerger Communiqué No. II-23.2 of the Capital Markets Board, the Turkish Commercial Code No. 6102 and the Corporate Tax Law No. 5520. The Turkish General Directorate of Civil Aviation approval for the contemplated merger was obtained on September 19, 2018 and the Capital Markets Board approval for the merger notice was obtained on November 8, 2018. The merger agreement, the proposed amendments to the Pegasus Articles of Association, the merger notice approved by the Capital Markets Board, the expert report, the financial statements as of June 30, 2018 forming the basis for the merger, the financial reports and audit reports for the past three years and the estimated opening balance sheet following merger, prepared for the merger were published on the Public Disclosure Platform and the Investor Relations Website. The merger was finally approved by the Boards of Directors of the two entities on December 13, 2018 and was registered with the Istanbul and Izmir Trade Registries on December 17, 2018.

On the same date, the issued capital of Pegasus was re-registered as TL 102,299,707, following an increase of TL 27,707 from previous TL 102,272,000 and the newly issued shares were allotted to the other shareholders of IzAir who would become shareholders in Pegasus following IzAir’s dissolution.

These shareholders were also granted an exit right allowing them to sell their allotment to Pegasus at a price equal to TL 31.78 per share, the base price according to which Pegasus valuation was calculated for the merger. As a result of the exercise of exit rights by certain number of former IzAir shareholders Pegasus purchased its own shares worth TL 425.04 and these shares are held by Pegasus as of the date of publication of this Information Document.

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

In 2018, the Company did not receive any agenda-related requests from our shareholders with respect to the Annual General Assembly Meeting for the year 2018.

## **3. Information on the Agenda Items for the Annual General Assembly Meeting dated April 17, 2019**

### **3.1. Commencement and establishment of the Chairing Committee**

The meeting will commence and the election of the Chairperson for the meeting, and the deputy-chairperson, 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 Chairperson will appoint at least one secretary who will be responsible for keeping the meeting minutes. The Chairperson 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.

In accordance with Article 7 of the Bylaws, the Chairperson is authorized to sign the meeting minutes and other documents prepared as the basis for the content of the minutes.

### **3.2. Review, discussion and approval of the Annual Activity Report, Independent Auditor's Report and the Financial Statements relating to the year 2018**

The Annual Activity Report of the Board of Directors, the Company's Corporate Governance Compliance Statement with links provided for the Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF), annexed thereto, the Financial Statements of the Company and the Independent Auditor's Report for the period January 1 – December 31, 2018 that have been made available for the review of our shareholders, starting from three weeks prior to the meeting, at our Company headquarters, at our corporate website <http://www.pegasusinvestorrelations.com> and the Electronic General Assembly Portal of the Central Registry Agency ("CRA") will be submitted for the review, discussion and approval of our shareholders.

### **3.3. Release of each member of the Board of Directors with respect to the Company's transactions in 2018**

In accordance with the provisions of the TCC and the Regulation, the release of each member of our Board of Directors for the Company's business, transactions and accounts for 2018 will be submitted for the approval of our shareholders.



### **3.4. Review and approval of the Board of Directors' proposal for the utilization of the 2018 profit**

"**Pegasus Dividend Policy**", adopted by our Board of Directors through its resolution dated November 20, 2013 and numbered 403, entered into force upon unanimous approval by the shareholders attending the Annual General Assembly Meeting dated March 31, 2014 and published on our Investor Relations website is provided as **Annex-2** hereto.

Pursuant to the profit distribution chart adopted by our Board of Directors through its resolution dated March 20, 2019 and numbered 659 and provided as **Annex-3** hereto, according to our accounts based on Turkish Financial Reporting Standards and based on our statutory records prepared in accordance with the Turkish Tax Procedure Law No. 213, and considering the Company's growth strategy and its aim for creating long-term shareholder value, the allocation of the Company's net distributable profit for 2019, in accordance with the law, Article 21 of the Company Articles of Association and Pegasus Dividend Policy, as extraordinary reserves with the purpose of strengthening liquidity and creating additional resource for growth in operations will be submitted for the approval of our shareholders.

### **3.5. Appointment of the members of the Board of Directors and determination of their term of office**

Our current Board Members, Ali İsmail SABANCI, Hüseyin Çağatay ÖZDOĞRU, Sertaç HAYBAT, Mehmet Cem KOZLU, Saad Hassan HAMMAD, Hatice Zeynep Bodur OKYAY, Stephen Mark GRIFFITHS and Michael Glyn POWEL were appointed at the Annual General Assembly Meeting dated April 4, 2018 for a term of one year and their term of office expires as of the Annual General Assembly Meeting dated April 17, 2019.

In this respect, the election for our Board of Directors, which must constitute of at least five members, will take place at the Annual General Assembly Meeting dated April 17, 2019, based on nominations by our shareholders as per the relevant provisions of the TCC and Article 10 of our Articles of Association. Save for exceptions that may be allowed by the Capital Markets Board, one third of the total number of Board Members must fulfill the requisite independency criteria set out in the Corporate Governance Principles.

In addition to the above, as per Article 4.5.11 of the Corporate Governance Principles and the Committee Charter, our Corporate Governance Committee is responsible for the establishment of a transparent system for the determination, evaluation and training of appropriate candidates for the Board of Directors and developing policies and strategies in this regard. In line with this responsibility, the Corporate Governance Committee determined a set of principles and criteria for 2019 Director Nomination, provided as **Annex-4** hereto for the attention of our shareholders.

In consideration of the above and also the classification of our Company by the Capital Markets Board among "Tier 1 Companies" in terms of implementation of Corporate Governance Principles, announced in the Capital Markets Board Bulletin No. 2019/2 dated January 10, 2019, our Corporate Governance Committee has recommended, in its report evaluating the fulfillment of the requisite independency criteria by nominees for independent Board Member seats, that Mehmet Cem KOZLU, Saad Hassan HAMMAD, Hatice Zeynep Bodur OKYAY and Stephen Mark GRIFFITHS are proposed to our shareholders at the Annual General Assembly Meeting as nominees for independent Board Member seats.

Our Board of Directors, having accepted the recommendations of the Committee, filed the necessary applications with the Capital Markets Board. In its letter dated March 8, 2019, the Capital Markets Board provided its non-objection to the nomination of the proposed candidates as independent Board Members.

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

### **3.6. Determination of the salary, honorarium, bonus and similar financial rights of the members of the Board of Directors**

As per the relevant provisions of the TCC and Article 10 of our Articles of Association, our Board Members 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 Board Members during their term of office will be determined in accordance with the decision of our shareholders.

In As per Article 4.5.13 of the Corporate Governance Principles and the Committee Charter, our Corporate Governance Committee is responsible for determining the principles and criteria that apply to the compensation of Board Members, review such principles and criteria and taking into consideration the fulfillment of these criteria propose payments to be made to the Board Members to the Board of Directors. In line with this responsibility, the Corporate Governance Committee determined a set of principles and criteria for 2019 Director Remuneration, provided as **Annex-4** hereto for the attention of our shareholders.

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

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

### **3.8. Appointment of the Independent Auditor**

The proposal, in line with the recommendation of our Audit Committee, to appoint Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Ernst & Young Turkey) for procuring the necessary services to fulfill our Company's internal audit requirements arising from the TCC and the Communiqué Series: X, No: 22 regarding "Independent Audit Standards in Capital Markets" of the Capital Markets Board for the year 2019, will be submitted for the approval of our shareholders.

**3.9. Submission on information to the shareholders on donations and charitable contributions made in 2018 and determination by the shareholders of a maximum ceiling for donations and charitable contributions to be made in 2019**

"Pegasus Donations and Charitable Contributions Policy", adopted by our Board of Directors through its resolution dated November 20, 2013 and numbered 403 and entered into force upon approval by the majority of the shareholders attending the Annual General Assembly Meeting dated March 31, 2014, was most recently amended at the Extraordinary General Assembly Meeting dated November 11, 2016. The consolidated text is accessible on our Investor Relations Website and is provided as **Annex-6** hereto.

Pursuant to Article 19 of the Capital Markets Law No. 6362 and Article 11 of the Company Articles of Association, the ceiling for donations and charitable contributions to be made by Pegasus in 2018 was determined as TL 5,000,000 at the Annual General Assembly Meeting dated April 4, 2018. The total donations and charitable contributions made by the Company in 2018 total TL 454,137.

At the Annual General Assembly Meeting dated April 17, 2019, information on donations and charitable contributions made by Pegasus in 2018 will be provided to our shareholders and the upper ceiling for donations and charitable contributions to be made in 2019 will be determined by our shareholders in line with Article 19 of the Capital Markets Law and Article 11 of the Company Articles of Association.

In this respect, our Board of Directors resolved to propose TL 5,000,000 as the applicable ceiling for donations and charitable contributions to be made by the Company in the year 2019 within the scope of the Pegasus Donations and Charitable Contributions Policy.

**3.10. Submission of information to the shareholders with respect to transactions in 2018 falling within the scope of Article 1.3.6 of the Corporate Governance Principles**

As per Article 1.3.6 of the Corporate Governance Principles determined by the Capital Markets Board Communiqué No. II-17.1 on Corporate Governance our shareholders will be informed of material transactions between Pegasus or its subsidiaries on one hand and our controlling shareholders, Directors, members of the senior management with administrative responsibility or their spouses or relatives up to and including the second degree on the other hand, that may create conflict of interest, as well as any other instances where any of the foregoing persons engage in competing business on their own account or on the account of others. The relevant information in this respect is provided in Section (1/G) of the Annual Activity Report of our Board of Directors for the period January 1 – December 31, 2018.

**3.11. Submission of information to the shareholders with respect to the amendments made in the "Pegasus Ethical Behavior Guide" in 2018**

"Pegasus Behavior Guide", which came into effect on December 15, 2016, was revised under the auspices of the Audit Committee, and Pegasus ethical compliance framework was significantly overhauled to pave way for a more structured, efficient and measurable ethical governance framework. Updated summary of the Pegasus Ethical Behavior Guide is accessible through <http://www.pegasusinvestorrelations.com/en>.



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

Our shareholders will be informed of the security, pledge and mortgage information stated in Note 16 (*Commitments – Collaterals, Pledges, Mortgages*) to our Consolidated Financial Statements for the Period January 1 – December 31, 2018, as per the requirements of Article 12 of the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board.

**3.13. Requests and recommendations and close of meeting**

**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 annual general assembly meeting of Pegasus Hava Taşımacılığı A.Ş., scheduled for 10:00 AM on April 17, 2019 and to be held at the Company headquarters located at Aeropark, Yenışehir Mahallesi, Osmanlı Bulvarı No: 11/A Kurtköy 34912 Pendik, İstanbul.

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.
- c) 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

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

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

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

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

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

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

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

PEGASUS HAVA TAŞIMACILIĞI A.Ş. 2015 Dividend Distribution Chart (TL)		
1. Paid/Issued Capital	102,299,707.00	102,299,707.00
2. General Legal Reserves (According to the Statutory Records)	5,016,306.41	5,016,306.41
Information on any privileges on dividend distribution provided for in the Articles of Association, if any		
	CMB Records	Statutory Records
3. Profit for the Period	542,265,846	480,498,631.13
4. Taxes ( - )	40,148,831	24,579,808.18
5. Net Profit for the Period ( = )	502,117,015	455,918,822.95
6. Previous Years' Losses ( - )	-	185,399,211.24
7. General Statutory Reserves ( - )	13,525,981	13,525,980.59
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	488,591,034	256,993,631.12
9. Donations made in the Period ( + )	454,137	-
10. Net Distributable Profit for the Period with Donations Included	489,045,171	-
11. First Dividend Payment to the Shareholders	-	-
- Cash	-	-
- Bonus Shares	-	-
- Total	-	-
12. Dividend Payment to Privileged Shareholders		-
13. Other Dividend Payments - to the Directors, - to the Employees, - to non-Shareholders	-	-
14. Dividend Payments to Usufruct Certificate Holders	-	-
15. Second Dividend Payment to the Shareholders	-	-
16. General Statutory Reserves	-	-
17. Other Statutory Reserves	-	-
18. Special Reserves	-	-
19. EXTRAORDINARY RESERVES	488,591,034	256,993,631.12
20. Other Resources Available for Distribution	-	-



	SHARE GROUP	TOTAL DIVIDEND DISTRIBUTION		TOTAL DIVIDEND DISTRIBUTION / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND PERTAINING TO EACH SHARE WITH NOMINAL VALUE OF TL 1	
		CASH (TL)	NON-CASH (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
NET	A	-	-	-	-	-
	B	-	-	-	-	-
	TOTAL	-	-	-	-	-

**2019 NOMINATION AND COMPENSATION PRINCIPLES AND CRITERIA FOR PEGASUS BOARD OF DIRECTORS****1. Pegasus Board of Directors Nomination Criteria**

- 1.1.** The Board of Directors is composed of at least five 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.** It is recommended that at least one independent director has 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 and guides corporate strategy, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and balancing competing demands on the Company, reviews Company and 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 Compensation 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 2018:
  - Payment of an honorarium of maximum €15,000 gross to the non-executive Directors for each board meeting attended;
  - Payment of an annual fee of gross €10,000 and €5,000 gross to the non-executive Directors for each board committee where they undertake the chairperson 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.

<b>Ali İsmail SABANCI</b>	<b>Chairperson of the Board</b>
<p>Ali İsmail SABANCI serves as the Chairperson of our Board of Directors since January 2005. He previously held several positions at Morgan Stanley &amp; Co. Incorporated and AK bank T.A.Ş. between 1991 and 1997. He also served as the head of projects of Hacı Ömer Sabancı Holding A.Ş. between 1987 and 2001 and as the executive assistant general manager for strategy and business development between 2001 and 2004. Ali SABANCI serves as a member of the board of directors of Esas Holding and several other Esas Holding Group Companies since 2004. He has a master's degree in Economics and Politics granted by Tufts University and bachelor's degree in International Finance obtained from Columbia University Business Administration Faculty. He is the Chairperson of Young Entrepreneurs Board within the Union of Chambers and Commodities of Turkey and also member to Istanbul Chamber of Industry (ISO) and Turkish American Business Association – American Chamber of Commerce in Turkey (TABA – AmCham).</p>	

<b>Duties Assumed Elsewhere in 2018</b>		
1.	Esas Holding A.Ş. (Group Company)	Board Member
2.	Esas Burda Turizm ve İnş. San. Tic. A.Ş. (Group Company)	Board Member
3.	Ayakkabı Dünyası Kun. San. ve Tic. A.Ş. (Group Company)	Chairperson
4.	Air Berlin plc U.K	Board Member
5.	Multimarka Ayakk. San. Ve Tic. A.Ş. (Group Company)	Chairperson
6.	Saray Bahçe Alışveriş Merk. Tic. A.Ş. (Group Company)	Board Member
7.	Kauçuk Yiyecek İçecek Hizmetleri Tic. A.Ş.	Board Member
8.	Mars Sportif Tesisler İşletmeciliği A.Ş. (Group Company)	Board Member
9.	Mars Spor Kulübü ve Tesisler İş. A.Ş. (Group Company)	Board Member
10.	Beyoğlu Gazozu İçecek A.Ş.	Board Member
11.	VCSA Teknolojik Yatırımlar ve Danışmanlık Hiz. A.Ş.	Chairperson

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

<b>Duties Assumed Elsewhere in 2018</b>		
1.	Esas Holding A.Ş. (Group Company)	Board Member & CEO
2.	Mars Sportif Tesisler İşletmeciliği A.Ş. (Group Company)	Board Member
3.	Mars Spor Kulübü ve Tesisleri İş. A.Ş. (Group Company)	Board Member
4.	Ayakkabı Dünyası Kun. San. ve Tic. A.Ş. (Group Company)	Board Member
5.	Esas Hava Taşımacılık Tur. ve Tic. A.Ş. (Group Company)	Chairperson
6.	Kiraz 1 Gayrimenkul ve Yat. Dan. A.Ş. (Group Company)	Board Member
7.	Kauçuk Yiyecek İçecek Hizm. Tic. A.Ş.	Board Member
8.	Denkar Denizcilik A.Ş. (Group Company)	Board Member
9.	Multimarka Ayakk. San. Ve Tic. A.Ş. (Group Company)	Vice-Chairperson
10.	Koroza Ambalaj San. Tic. A.Ş. (Group Company)	Board Member
11.	Sigortam Net İTÜ Basket	Chairperson

<b>Sertaç HAYBAT</b>	<b>Non-Executive Board Member</b>
<p>Sertaç HAYBAT, served as our General Manager (CEO) between 2005 and 2016 and continues to serve as a member of our Board of Directors since 2005. He started working in the airline industry as the maintenance manager for Bursa Airlines in 1979. he worked for Turkish Airlines in three different occasions, first between 1982 and 1987 as a member of the engineering team, later between 1989 and 1993 as strategic planning and investments manager, marketing director and as sales director for Singapore, Malaysia and Indonesia, and between 1997 and 2003, as a member of the executive management team responsible for finance and corporate planning. Sertaç HAYBAT also served as a member of the board of directors of SunExpress until 2003. Sertaç HAYBAT holds a bachelor's degree in aviation engineering granted by Manchester University in 1976. He was elected as the Chairperson of Turkish Private Aviation Enterprises Association (TOSHID) in December 2012 and held this position until 2014. Sertaç HAYBAT also serves as a board member at Flybondi Limited.</p>	

<b>Duties Assumed Elsewhere in 2018</b>	
1. Flybondi Limited, U.K.	Board Member

<b>M. Cem KOZLU</b>	<b>Independent Board Member</b>
<p>Mehmet Cem KOZLU serves as an independent member of our Board of Directors since April 2013. Cem KOZLU served as the chairperson of the board of directors and CEO at Türk Hava Yolları A.O. between 1988 and 1991 and in 1990 he also served as the chairperson of the Association of European Airlines. After having served as a member of the Turkish Parliament between 1991 and 1995, he took a second term as the chairperson of Turkish Airlines between 1997 and 2003. Cem KOZLU held several positions at The Coca-Cola Company between 1996 and 2006 where his last position was the president of the company's Central Europe, Eurasia and Middle East operations. He served as consultant to Coca-Cola Eurasia and Africa Group between 2007 - 2015. Cem KOZLU served as the chairperson of the International Airline Training Fund between 2008 and 2010 and continues to serve as member of board of directors or advisor in various companies. Cem KOZLU holds a bachelor's degree from Denison University and an MBA degree from Stanford University. He also holds a Ph.D. in administrative sciences from Boğaziçi University.</p>	

<b>Duties Assumed Elsewhere in 2018</b>	
1. Anadolu Endüstri Holding A.Ş.	Board Member
2. Coca Cola İçecek A.Ş.	Board Member
3. Kamil Yazıcı Yönetim ve Danışma A.Ş.	Board Member
4. Türkiye Şişe ve Cam Fabrikaları A.Ş.	Independent Board Member
5. Anadolu Efes Biracılık Malt Sanayii A.Ş.	Board Member
6. Arçelik A.Ş.	Board Member
7. DO & CO Aktiengesellschaft, Austria	Board Member
8. Global İlişkiler Forumu	Chairperson

<b>Saad H. HAMMAD</b>	<b>Independent Board Member</b>
<p>Saad Hassan HAMMAD joined Pegasus as a non-executive member of the Board of Directors on April 25, 2014 and has served as an independent director since March 31, 2015. Saad HAMMAD serves as the CEO for Key Travel since November 2017 and has considerable executive and non-executive experience in the aviation sector. Between August 2013 and October 2016 Saad HAMMAD served as the CEO of Flybe Group plc. From 2005 to 2009 Saad HAMMAD served as the Chief Commercial Officer at easyJet plc and in 2011 and 2012 he served as a non-executive director at Air Berlin plc and a member of the Finance Committee. Outside of aviation, Saad HAMMAD was from 2009 to 2013 the Managing Director at the Gores Group, an operations-focused private equity firm with approximately US\$ 4 billion under management. Previously, Saad HAMMAD held a number of leadership positions in brand management, sales and marketing and retailing at Procter &amp; Gamble, Thorn-EMI, Vision Express and the Minit Group. He was also Managing Director – Europe at Tibbett &amp; Britten and CEO &amp; Co-founder of Autocascade, a pan-European web-based yield management start-up focused on the automotive sector. Saad HAMMAD also served as a non-executive director of Optos plc, provider of medical retinal-imaging technology, where he was a member of the Audit and Remuneration Committees. Saad HAMMAD holds a BA (Hons) in Politics, Philosophy and Economics from Oxford University and an MBA from INSEAD. He is a citizen and a resident of the United Kingdom.</p>	



<b><i>Duties Assumed Elsewhere in 2018</i></b>		
1.	Key Travel, U.K.	CEO
2.	Jetlines, Canada	Independent Director

<b>H. Zeynep Bodur OKYAY</b>	<b>Independent Board Member</b>
<p>Zeynep Bodur OKYAY joined Pegasus as a non-executive director on July 14, 2016 and has served as an independent director since October 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 chairperson of the general assembly of the Istanbul Chamber of Industry, vice-chairperson of the Economic Development Foundation, board member of the Foreign Economic Relations Board, and vice-chairperson of the female entrepreneurs board of the Union of Chambers and Commodity Exchanges of Turkey.</p>	

<b><i>Duties Assumed Elsewhere in 2018</i></b>		
1.	H. İbrahim Bodur Holding A.Ş.	Executive Chairperson
2.	Kale Holding A.Ş.	Executive Chairperson
3.	Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş.	Executive Chairperson
4.	Kale Havacılık Sanayi A.Ş.	Executive Chairperson
5.	Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	Executive Chairperson
6.	Bodur Gayrimenkul Geliştirme A.Ş.	Executive Chairperson
7.	Bodur Menkul İş Geliştirme Sanayi ve Ticaret A.Ş.	Executive Chairperson
8.	Kalebodur Gayrimenkul Geliştirme Yat. ve Tic. A.Ş.	Executive Chairperson
9.	Neo Agro Tarım A.Ş.	Executive Chairperson
10.	Mavruz Tarım A.Ş.	Executive Chairperson

<b>Stephen M. GRIFFITHS</b>	<b>Independent Board Member</b>
<p>Stephen Mark GRIFFITHS joined Pegasus as a non-executive member of the Board of Directors on November 11, 2016 and has served as an independent director since January 2017. Since October 2018, Steve GRIFFITHS is acting as the Chief Operating Officer for London Stansted Airport as part of the Manchester Airport Group and has considerable executive experience in the aviation sector. Between 2015 and 2017, Steve GRIFFITHS was the Chief Operating Officer of the London Underground. 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.</p>	

<b><i>Duties Assumed Elsewhere in 2018</i></b>		
1.	Oliver Wyman Consulting, U.K.	Independent Contractor
2.	London Underground, U.K.	Chief Operating Officer

<b>Michael G. POWELL</b>		<b>Non-Executive Board Member</b>
<p>Michael Glyn POWELL has been appointed as non-executive member for the Board of Directors in April 2018. Mike POWELL has significant experience implementing the LCC business model and since June 2017, he has served as executive chairperson and interim CFO of the Flybondi Group. Between December 2015 and June 2007, Mike POWELL served as the CFO of the WizzAir Group, and between 2007 and 1997, he had experience in the equity market as head of aviation research and fund manager. Mike POWELL has a degree in Management Sciences from the University of Manchester. Mike POWELL is a citizen and resident of the United Kingdom.</p>		
<b><i>Duties Assumed Elsewhere in 2018</i></b>		
<b>1.</b>	Flybondi Limited, U.K.	Executive Chairperson

**PEGASUS HAVA TAŞIMACILIĞI A.Ş.**  
**DONATIONS AND CHARITABLE CONTRIBUTION POLICY**

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

**Principles Relating to Donations and Charitable Contributions:**

- Pegasus may make donations or charitable contributions to persons, associations, foundations, non-governmental organizations and public institutions that operate in the fields of education and health 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.