

**MINUTES FOR THE MEETING OF THE 2016 SHAREHOLDERS' GENERAL ASSEMBLY OF
PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ, HELD ON MARCH 31, 2017**

2016 Ordinary Shareholders General Assembly Meeting of PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ was held on March 31, 2017, at 10:00 am local time, at the Company headquarters located at Aeropark, Yenişehir Mahallesi, Osmanlı Bulvarı No: 11/A Kurtköy 34912 Pendik İstanbul, in attendance of Mustafa ÇALIŞKAN, representative of the Ministry of Customs and Trade, appointed by the letter of the Governorship of Istanbul Provincial Trade Directorate dated March 30, 2017 and numbered 23841370.

Invitation for the meeting was published on pages 149 and 150 of the Turkish Trade Registry Gazette dated March 7, 2017 and numbered 9278 and further announced on the Public Disclosure Platform (*Kamuyu Aydınlatma Platformu*) ("**KAP**"), together with the agenda for the meeting within the timeframe stipulated by the law and the Company articles of association and the relevant documentation were further published on the Company website and the Electronic General Meeting System ("**E-GEM**") operated by the Central Registry Agency (*Merkezi Kayıt Kuruluşu A.Ş.*). Written notifications were separately made to the shareholders that are not covered by the exception mentioned in Article 29 Paragraph 2 of the Capital Markets Law No. 6362.

Based on review of the List of Attendees, it was determined that 1.50 shares representing TL 1.50 of the Company capital of TL 102,272,000 divided into 102,272,000 shares, were represented in person and further 65.979.288 shares representing TL 65.979.288 of the Company capital were represented by proxy, thus constituting the requisite minimum meeting quorum foreseen by the law and the Company articles of association. It was further determined that among the shares represented by proxy 1.625.718 shares representing TL 1.625.718 of the Company capital were represented by custodians attending the Meeting through E-GEM and that no information was submitted to the Company in respect of such representation prior to the Meeting. Mr. Hüseyin Çağatay ÖZDOĞRU, Vice-Chairman of the Board of Directors, Mr. Mehmet Tefik NANE, Company General Manager (CEO) and representing the Company's independent auditor, DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, Mr. Cem TOVİL attended the Meeting in person.

Noting that the Company's preparations in respect of E-GEM are in order, Mr. Hüseyin Çağatay ÖZDOĞRU, Vice-Chairman of the Board of Directors, announced the Meeting open both physically and on the E-GEM and deliberations commenced.

1. In respect of the first agenda item, Mr. Bora SUBAŞI, representing Esas Holding Anonim Şirketi, proposed Mr. Mehmet Tefik NANE as their candidate to chair the meeting. The proposal was unanimously approved by the shareholders attending the Meeting.

In order to ensure that the secretariat work for the Meeting is carried out in a satisfactory manner, Mr. Mehmet Tefik NANE appointed Mr. Saim BALADIN as Deputy Chairman and Mr. Ali UZUN as Meeting Secretary. Furthermore Ms. Ekin DİKMEN was appointed as the Company representative responsible for conducting the Meeting through the E-GEM platform.

The Meeting agenda was read out loud. It was noted that no matters have been raised by the Ministry of Customs and Trade or the Capital Markets Board for discussion at the

Meeting. In the absence of any motion for a change in the order of agenda items, the Meeting proceeded as planned.

The Chairman of the Meeting informed the attendees that all of the agenda items would be subject to the voting quorum set out in Article 418 of the Turkish Commercial Code, that except for voting through E-GEM, the votes would be cast by show of hands and that no show of hands would be deemed as a negative vote.

2. The Meeting proceeded to the second agenda item. Mr. Bora SUBAŐI, representing Esas Holding Anonim Őirketi, proposed that the Annual Activity Report of the Board of Directors, the Auditor's Report and the Consolidated Financial Statements of the Company for the year 2016 not be read out loud as the relevant documentation had been published on KAP on March 6, 2017 and had subsequently been submitted to the attention of the shareholders together with the invitation for the Meeting. The motion was unanimously approved by the shareholders attending the Meeting. The Chairman of the Meeting asked if anyone would like to discuss on the agenda item. There were no further comments and the Annual Activity Report of the Board of Directors, the Auditor's Report and the Consolidated Financial Statements of the Company for the year 2016 were submitted for the approval of the shareholders and were approved as announced to the shareholders unanimously by the shareholders attending the Meeting.
3. In respect of the third agenda item, the release of each member of the Board of Directors for actions, transactions and accounts relating to the year 2016 was submitted for the approval of the shareholders and the proposal was unanimously approved by the shareholders attending the Meeting.
4. In respect of the fourth agenda item, it was noted that the "Pegasus Dividend Policy", proposed by the resolution of the Board of Directors dated November 20, 2013 and numbered 403 and entered into force upon the unanimous approval of the shareholders attending the General Assembly Meeting held on March 31, 2014 had been submitted for the information of the shareholders. It was further noted that according to the dividend distribution chart submitted to the attention of the shareholders by the resolution of the Board of Directors dated March 6, 2017 and numbered 575, the Company has no distributable net profit for the year 2016 due to net loss for the period. In the absence of distributable profit, the necessary information was provided and the allocation of the loss of the period in the previous years' losses account was unanimously approved by the shareholders attending the Meeting.
5. The Meeting proceeded to the fifth agenda item regarding the nomination of and the determination of the term of office for the members of the Board of Directors. It was underlined that Mr. Mehmet Cem KOZLU, Mr. Saad Hassan HAMMAD and Ms. Hatice Zeynep Bodur OKYAY and Mr. Stephen Mark GRIFFITHS were determined as independent director nominees as per the resolution of the Board of Directors dated January 30, 2017 and numbered 568, within the scope of the corporate governance principles of the Capital Markets Board and Article 10 of the Company articles of association. The non-objection letter of the Capital Markets Board dated February 14, 2017 and numbered 1953 on the independent director nominees, was submitted for the review of the representative of the

Ministry of Customs and Trade. Mr. Bora SUBAŞI, representing Esas Holding Anonim Şirketi, announced their director nominees. Duty acceptance letters by the nominees not present at the Meeting were submitted for the review of the representative of the Ministry Representative. It was determined that the résumé for each nominee was submitted for the review of the shareholders as part of Meeting information package. The motion to determine the number of members of the Board of Directors as seven and to appoint Mr. Ali İsmail SABANCI, citizen of Turkey (ID No.), Mr. Hüseyin Çağatay ÖZDOĞRU, citizen of Turkey (ID No.), Mr. Sertaç HAYBAT, citizen of Turkey (ID No.) as directors, and to appoint Mr. Mehmet Cem KOZLU, citizen of Turkey (ID No.), Mr. Saad Hassan HAMMAD, U.K. citizen and bearer of Turkish Tax ID No. , Ms. Hatice Zeynep Bodur OKYAY, citizen of Turkey (ID No.) and Mr. Stephen Mark GRIFFITHS, U.K. citizen and bearer of Turkish Tax ID No. as independent directors, until the Shareholders' General Assembly Meeting in respect of the year 2017 is convened was approved by the majority of the shareholders attending the Meeting, with TL 65,975,905.50 shares voting in favor and TL 3,384 shares voting against.

6. The Meeting proceeded to the sixth agenda item. It was determined that the principles determined by the Company's Corporate Governance Committee in relation to the compensation criteria for the members of the Board of Directors for 2017 in light of Corporate Governance Principle no. 4.5.11 of the Capital Markets Board and the Corporate Governance Committee Charter were submitted for the information of the shareholders simultaneously with the invitation for the Meeting. Mr. Bora SUBAŞI, representing Esas Holding Anonim Şirketi submitted their proposal for the compensation of the members of the Board of Directors. Accordingly, the motion for no payment to executive directors and compensation of non-executive directors based on a maximum of Euro 15,000 gross honorarium per Board meeting attended subject to the following breakdown: Euro 12,000 gross for Mr. Sertaç HAYBAT, Mr. Mehmet Cem KOZLU, Ms. Hatice Zeynep Bodur OKYAY and Mr. Stephen Mark GRIFFITHS, each, and Euro 10,000 net for Mr. Saad Hassan HAMMAD, and further payment of Euro 10,000 and Euro 5,000 gross annually for each Committee chairmanship and membership undertaken by any non-executive director was approved unanimously by the shareholders attending the Meeting.
7. The Meeting proceeded to the seventh agenda item. Upon the affirmative vote of the majority of the shareholders attending the Meeting, each member of the Board of Directors was authorized to enter into transactions falling within the scope of Articles 395 and 396 of the Turkish Commercial Code, with TL 65,957,427.50 shares voting in favor and TL 21,862 shares against.
8. The Meeting proceeded to the eight agenda item. The proposal of the Company's Audit Committee and the Board of Directors for the appointment of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (a member of Deloitte Touche Tohmatsu Limited) to serve for the Company's independent audit obligations and audit the consolidated financial reports for the year 2017 in respect of the Turkish Commercial Code, the Capital Markets Law and the relevant secondary legislation was unanimously approved by the shareholders attending the meeting.

9. The Meeting proceeded to the ninth agenda item. It was determined that the amendments made to the “Pegasus Information Policy” and the “Pegasus Compensation and Indemnification Policy”, and the “Pegasus Ethical Behavior Guide” adopted by the Board of Directors, by its resolution dated December 15, 2016 have been published on KAP and the Company website on the same day and subsequently submitted for the review of the shareholders simultaneously with the invitation for the Meeting through the same platforms and E-GEM. Mr. Bora SUBAŞI, representing Esas Holding Anonim Şirketi, proposed that the amended text not be read out loud as the relevant documentation had been submitted to the attention of the shareholders. Following the approval of the proposal by the majority of the shareholders attending the Meeting, the necessary information was provided on the amendments on the policies and the content of the “Pegasus Ethical Behavior Guide” and their rationale by Mr. Mehmet Tevfik NANE on behalf of the Company.
10. The Meeting proceeded to the tenth agenda item. It was noted that the “Pegasus Donations and Charitable Contribution Policy” that entered into force upon the unanimous approval of the shareholders attending the General Assembly Meeting held on March 31, 2014 and amended upon the unanimous voting of shareholders attending the Extraordinary General Assembly held on November 11, 2016, had been submitted to attention of shareholders attending the General Assembly Meeting.

It was further determined that at the Shareholders’ General Assembly Meeting for the year 2015 held on April 7, 2016, the ceiling for donations to be made by the Company in 2016 was determined as TL 5.000.000 in respect of Article 19 of the Capital Markets Law and Article 10 of the Company Articles of Association, and that the donations made by the Company in 2016 amounted to TL 1.814.555. On behalf of the Company, Mr. Mehmet Tevfik NANE informed the shareholders regarding donations and charitable contributions made in 2016.

The proposal of the Board of Directors to determine the Company's donations ceiling for 2017 in accordance with the “Pegasus Donations and Charitable Contributions Policy”, Article 19 of the Capital Markets Law and Article 11 of the Company articles of association as TL 5,000,000 was submitted for the approval of the shareholders and was unanimously approved by the majority of the shareholders attending the meeting.

11. In respect of the eleventh agenda item, the shareholders attending the Meeting were informed that in 2016, the shareholders exercising management control on the Company, members of the Board of Directors, members of management with administrative responsibility or their spouses or relatives up to and including the second degree had not entered into material transactions with the Company or its consolidated subsidiaries that would constitute a conflict of interest and had not, otherwise, entered into a competing commercial business on their own or on any third party’s behalf or through any enterprise where they act as a shareholder with unlimited liability, in each case, falling within the scope of corporate governance principle no. 1.3.6 of the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board.
12. The Meeting proceeded to the twelfth agenda item. In accordance with Article 12 of the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board, Mr. Mehmet Tevfik NANE, Company General Manager (CEO), informed the shareholders regarding the collaterals, pledge and mortgage provided by the Company in favor of third parties in 2016,

in light of the information provided in Note 16 (*Commitments - Collaterals, Pledge, Mortgage*) of the Company's financial statements for the year 2016.

- 13.** The Chairman asked if anyone would like to express requests or recommendations in light of the thirteenth agenda item.

A Company shareholder Mr. Cahit BAŞARAN took the floor and requested information regarding the management's expectations for 2017. In response to the inquiry, Mr. Mehmet Tevfik NANE, Company General Manager (CEO), stated that the Company expects 2017 to be a better year compared to 2016, that positive developments are expected in the tourism sector compared to the previous year, that the fluctuations in fuel prices and currency rates continue to create uncertainty for the future in response to which the Company is aiming to minimize this risk through various measures underway.

In the absence of any other request to take the floor, Mr. Mehmet Tevfik NANE, acting as the Chairman for the Meeting, determined that the meeting quorum was sustained throughout the session and concluded the Meeting, having exhausted discussions on all of the agenda items.

Pendik, İstanbul, March 31, 2017, 10.34 am local time.

signed

MEETING CHAIRMAN
MEHMET TEVFİK NANE

signed

DEPUTY CHAIRMAN
SAİM BALADIN

signed

MINISTRY REPRESENTATIVE
MUSTAFA ÇALIŞKAN

signed

MEETING SECRETARY
ALİ UZUN