

**MINUTES FOR THE MEETING OF THE SHAREHOLDERS' GENERAL ASSEMBLY OF
PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ FOR THE YEAR 2017, HELD ON APRIL 4, 2018**

2017 Ordinary General Assembly Meeting of PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ was held on April 4, 2018, 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 April 3, 2018 and numbered 33299911.

Invitation for the meeting was published on page 277 of the Turkish Trade Registry Gazette dated March 13, 2018 and numbered 9535 and was further announced on the Public Disclosure Platform (*Kamuyu Aydınlatma Platformu*) ("**KAP**"), on the Company website and the Electronic General Meeting System ("**E-GEM**") operated by the Central Registry Agency (*Merkezi Kayıt Kuruluşu A.Ş.*) together with the agenda and the relevant information and documents for the meeting within the timeframe stipulated by the law and the Company articles of association. 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 8,001 shares representing TL 8,001 of the Company capital of TL 102,272,000 divided into 102,272,000 shares, were represented in person and further 74,933,102 shares representing TL 74,933,102 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 10,579,532 shares representing TL 10,579,532 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 Tevfik 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, Bora SUBAŞI, representing Esas Holding Anonim Şirketi, proposed Mr. Mehmet Tevfik NANE as their candidate to chair the meeting. The proposal was unanimously approved by the shareholders attending the Meeting.

To ensure that the secretariat work for the Meeting is carried out in a satisfactory manner, Mr. Mehmet Tevfik 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 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 SUBAŞI, representing Esas Holding Anonim Şirketi, 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 2017 not be read out loud as the relevant documentation had been published on KAP on March 5, 2018 and had subsequently been submitted to the attention of the shareholders together with the invitation for the Meeting. The motion was approved by the majority of the shareholders attending the Meeting, with TL 74,823,802 shares voting in favor and TL 17,301 shares voting against. The Chairman of the Meeting asked if anyone would like to discuss on the agenda item. Mr. Gürsoy HAFIZOĞLU submitted his questions through EGEM. The Meeting Chairman explained that the questions need to be responded in detail excluding all commercially sensitive data within 15 days following the meeting by the Investor Relations Department and further published on the Company's Investor Relations Website in 30 days as per Clause 1.3.5 of the Corporate Governance Principles of the Capital Markets Board. 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 2017 were submitted for the approval of the shareholders and were approved as announced to the shareholders by the majority of the shareholders attending the Meeting, with TL 74,823,802 shares voting in favor and TL 17,301 shares voting against.
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 2017 was submitted for the approval of the shareholders and the proposal was approved by the majority of the shareholders attending the Meeting, with TL 74,823,803 shares voting in favor and TL 17,300 shares voting against.
4. In respect of the fourth agenda item, it was noted that the "Pegasus Dividend Policy", 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 5, 2018 and numbered 616 the Company has no net distributable profit for the year 2017 according to statutory records prepared in accordance with the Turkish Tax Procedure Law No. 213. The proposal of the Board of Directors for the allocation of the entire profit for the year 2017 against the previous years' losses, in line with the Company's articles of association and the "Pegasus Dividend Policy" was approved by the majority of the shareholders attending the Meeting, with TL 74,941,102 shares voting in favor and TL 1 share voting against.
5. The Meeting proceeded to the fifth agenda item. It was determined that the proposed amendments to Article 6 of the Company articles of association regarding the filing of the necessary applications for the extension of the validity of the Company's authorized capital ceiling of TL 500,000,000 valid for 2013-2017 by another five years to cover the period between 2018-2022, by the resolution of the Board of Directors dated February 1, 2018 and

numbered 610, was published on KAP and the Company website on the same day and was subsequently submitted for the review of the shareholders simultaneously with the invitation for the Meeting through the same platforms. 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 and proposal was approved by the majority of the shareholders attending the Meeting, with TL 64,361,571 share voting in favor and TL 10,579,532 shares voting against. The approval of the Capital Markets Board dated February 7, 2018, and by the Ministry of Customs and Trade dated February 16, 2018 for the proposed amendment was submitted for the review of the representative of the Ministry of Customs and Trade. Following discussion on the matter, the amendment of Article 6 of the Company articles of association as proposed by the Board of Directors was approved by the majority of the shareholders attending the Meeting, with TL 64,361,571 share voting in favor and TL 10,579,532 shares voting against.

6. The Meeting proceeded to the sixth agenda item regarding the nomination of and the determination of the term of office for the members of the Board of Directors. It was noted 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 February 1, 2018 and numbered 609, 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 22, 2018 for the independent director nominees, was submitted for the review of the representative of the Ministry of Customs and Trade. It was further noted that Mr. Michael Glyn POWELL, U.K. citizen and bearer of Turkish Tax ID No. [REDACTED] was nominated to serve as a member of Board of Directors as per the resolution of the Board of Directors dated December 14, 2017 and numbered 605, which was published on KAP on the same date. 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 eight and to appoint Mr. Ali İsmail SABANCI, citizen of Turkey (ID No. [REDACTED]), Mr. Hüseyin Çağatay ÖZDOĞRU, citizen of Turkey (ID No. [REDACTED]), Mr. Sertaç HAYBAT, citizen of Turkey (ID No. [REDACTED]) as directors and Mr. Michael Glyn POWELL, U.K. citizen and bearer of Turkish Tax ID No. [REDACTED], and to appoint Mr. Mehmet Cem KOZLU, citizen of Turkey (ID No. [REDACTED]), Mr. Saad Hassan HAMMAD, U.K. citizen and bearer of Turkish Tax ID No. [REDACTED], Ms. Hatice Zeynep Bodur OKYAY, citizen of Turkey (ID No. [REDACTED]) and Mr. Stephen Mark GRIFFITHS, U.K. citizen and bearer of Turkish Tax ID No. [REDACTED] as independent directors, for one 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 73,093,916 shares voting in favor and TL 1,847,187 shares voting against.
7. The Meeting proceeded to the seventh agenda item. It was noted 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 2018 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. Michael Glyn POWELL, 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 by the majority of the shareholders attending the Meeting, with TL 74,941,102 shares voting in favor and TL 1 share voting against.

8. The Meeting proceeded to the eight 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 1,331,017 shares voting in favor and TL 73,610,086 shares against. Mr. Gürsoy HAFIZOĞLU declared his dissenting opinion through the EGEM, arguing that the authorization is not permitted by law.
9. The Meeting proceeded to the ninth agenda item. The proposal of the Company's Audit Committee and the Board of Directors for the appointment of Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ersnt & Young Global Limited) to serve for the Company's independent audit obligations and audit the consolidated financial reports for the year 2018 in respect of the Turkish Commercial Code, the Capital Markets Law and the relevant secondary legislation was approved by the majority of the shareholders attending the Meeting, with TL 74,365,514 shares voting in favor and TL 575,589 shares voting against.
10. The Meeting proceeded to the tenth agenda item. It was noted that the "Pegasus Donations and Charitable Contribution Policy" 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 2016 held on March 31, 2017, the ceiling for donations to be made by the Company in 2017 was determined as TL 5.000.000 in respect of Article 19 of the Capital Markets Law and Article 11 of the Company Articles of Association, and that the donations made by the Company in 2017 amounted to TL37.320. On behalf of the Company, Mr. Mehmet Tefvik NANE informed the shareholders regarding donations and charitable contributions made in 2017.

The proposal of the Board of Directors to determine the Company's donations ceiling for 2018 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 2017, 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, 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 2017.
- 13.** The Chairman asked if anyone would like to express requests or recommendations in light of the thirteenth agenda item.

A Company shareholder Mr. Tuna ŞENER took the floor, congratulated the Company for successful and profitable performance in 2017 and sought information on the potential impact of an European Union visa exemption for Turkish citizens, whether the Company intends to grow ground handling operations as a separate business entity and the Company's guidance regarding conflicting statements for the conclusion of the construction of the second runway at the Istanbul Sabiha Gökçen International Airport, ranging between June and December 2019. In response to the inquiries, Mr. Mehmet Tevfik NANE, Company General Manager (CEO), stated that the European Union visa exemption should benefit both Turkish and European carriers as it will further drive travel demand, that the Company intends to focus on its core business of air transportation of passengers and that there are no Board decisions to grow ground handling operations as a separate business entity and that in case of such a decision in the future, proper notification will be made through KAP, and that the statements of the General Directorate of State Airports Authority that has the coordination responsibility for the coordination of runway construction at the Sabiha Gökçen Airport are deemed as valid source for assumptions by the Company. Another shareholder, Mr. Gürsoy HAFIZOĞLU referred to rumors regarding bribery accusations in tax investigations and asked the Company to report any such wrongdoing, sought information on the reason for the change in independent auditor and the payments made to the former and new auditor for their work. In response to the inquiries, Mr. Mehmet Tevfik NANE stated that the Company did not face any bribery issues to date as suggested and all legal obligations will be met if such an event is encountered in the future, that the change in the independent auditor is due to the statutory seven-year maximum service obligations imposed on independent auditors by law and that the payments made to independent auditors cannot be disclosed as they constitute sensitive commercial information.

In the absence of any other request to take the floor, Mr. Mehmet Tevfik NANE, acting as the the Meeting Chairman, 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, April 4, 2018, 10:38 am local time.

signed

MEETING CHAIRMAN
MEHMET TEVFİK NANE

signed

DEPUTY CHAIRMAN
SAİM BALADIN

signed

MINISTRY REPRESENTATIVE
MUSTAFA ÇALIŞKAN

signed

MEETING SECRETARY
ALİ UZUN