

**MINUTES FOR THE MEETING OF THE 2015 SHAREHOLDERS' GENERAL ASSEMBLY OF  
PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ, HELD ON APRIL 7, 2016**

2015 Ordinary Shareholders General Assembly Meeting of PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ was held on April 7, 2016, at 10:00 am local time, at Pendik Green Park Hotel, Kaynarca Mahallesi, Erol Kaya Caddesi No: 204 Pendik, Istanbul, in attendance of Mr. Sabri KÖSE, representative of the Ministry of Customs and Trade, appointed by the letter of the Governorship of Istanbul Provincial Trade Directorate dated April 6, 2016 and numbered 15136827.

Invitation for the meeting was published on pages 142 and 143 of the Turkish Trade Registry Gazette dated March 14, 2016 and numbered 9031 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 notification was separately made to the shareholders that do not fall within the scope of the exception mentioned in Article 29 Paragraph 2 of the Capital Markets Law No. 6362.

Upon review of the List of Attendees, it was determined that 874,892 shares representing TL 874,892 of the Company capital of TL 102,272,000 divided into 102,272,000 shares, were represented in person and further 69,113,898 shares representing TL 69,113,898 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 4,760,328 shares representing TL 4,760,328 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. Ali İsmail SABANCI, 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.

Prior to the Meeting, Mr. Ali İsmail SABANCI, Chairman of the Board of Directors, recalled that Mr. Sertaç HAYBAT has stepped down as the Company General Manager (CEO) on March 18, 2016 after serving for 11 years and has been succeeded by Mr. Mehmet Tevfik NANE as Company General Manager (CEO).

Noting that the Company's preparations in respect of E-GEM are in order, Mr. Ali İsmail SABANCI, 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. Sami VODİNA, representing Esas Holding A.Ş., proposed Mr. Saim BALADIN as their candidate to chair the Meeting. The proposal was approved by the majority of the shareholders attending the Meeting, with TL 1 share voting in favor and TL 69,988,789 shares voting against. At the suggestion of the Meeting Chairman, a moment of silence was observed by the attendees in the memory of Mustafa Kemal ATATÜRK, his brothers-in-arms and Turkish soldiers who lost their lives in service.

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

The Meeting agenda was read out loud by the Meeting Secretary. 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 No. 6102, 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. In respect of the second agenda item, authorization of the Chairing Committee to sign the Meeting minutes was approved by the majority of the shareholders attending the Meeting, with TL 1 share voting in favor and TL 69,988,789 shares voting against.
3. The Meeting proceeded onto the third agenda item. Mr. Sami VODİNA, representing Esas Holding A.Ş., 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 2015 not be read out loud as the relevant documentation had been published on KAP on March 3, 2016 and had subsequently been submitted to the attention of the shareholders together with the call for the Meeting. The motion was approved by the majority of the shareholders attending the Meeting, with TL 1 share voting in favor and TL 69,988,789 shares voting against. 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 2015 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 1 share voting in favor and TL 69,988,789 shares voting against.
4. In respect of the fourth agenda item, the release of each member of the Board of Directors for actions, transactions and accounts relating to the year 2015 was submitted for the approval of the shareholders and the proposal was approved by the majority of the shareholders attending the Meeting, with TL 22,468 shares voting in favor and TL 69,091,512 shares voting against. Mr. Ali İsmail SABANCI, who served as the Chairman of the Board of Directors in 2015 did not vote on this agenda item.
5. In respect of the fifth agenda item, it was noted that the "Pegasus Dividend Policy", adopted by the resolution of the Board of Directors dated November 20, 2013 and numbered 403 and came 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 pursuant to the resolution of the Board of Directors dated March 14, 2016 and numbered 531:

- (a) It was determined that the net distributable profit of the Company for the period between January 1 and December 31, 2015 based on the Turkish Financial Reporting Standards accounts and the statutory accounts of the Company was TL 107,316,646 and TL 86,397,321, respectively;
- (b) It was further determined that the Company operated with accumulated loss between 2005 and 2014 in correlation with the growth strategy it implemented and the investments undertaken to grow the aircraft fleet and the flight network in particular, and in consideration of the financing needs for new investment targets for the fleet and the flight network and the need to maintain strengthened liquidity, with the purpose of realizing long-term shareholder value, the Board of Directors resolved to propose to the shareholders that the net distributable profit for the year 2015 is allocated as extraordinary reserves and no dividend distribution takes place.

The foregoing proposal of the Board of Directors was approved by the majority of the shareholders attending the Meeting, with TL 1 share voting in favor and TL 69,988,789 shares voting against.

6. The Meeting proceeded to the sixth agenda item. It was determined that the proposed amendments to Articles 10 and 11 of the Company articles of association approved by the resolution of the Board of Directors dated January 28, 2016 and numbered 520 were published on KAP and on the Company website on January 29, 2016 and were later provided to the attention of the shareholders together with the Meeting invitation through the same platforms and also through E-GEM, that the proposed amendments have been approved by the Capital Markets Board by its letter dated February 5, 2016 and numbered 1448, as per the provisions of Article 33 of the Capital Markets Law No. 6362 and by the Ministry of Customs and Trade by its letter dated February 23, 2016 and numbered 14043510, as per the provisions of Article 333 of the Turkish Commercial Code No. 6102. The relevant approval letters were submitted for the review of the Ministry Representative. Mr. Sami VODİNA, representing Esas Holding A.Ş., proposed that the proposed amendments not be read out loud as the relevant documentation had been submitted to the attention of the shareholders prior to the Meeting. The motion was approved by the majority of the shareholders attending the Meeting, with TL 196.866 share voting in favor and TL 69,791,924 shares voting against. With no further comments or questions, the amendment of Articles 10 and 11 of the Company articles of association as proposed below was approved by the majority of the shareholders attending the Meeting, with TL 196.866 share voting in favor and TL 69,791,924 shares voting against.

**FORMER TEXT**  
**PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ**  
**ARTICLES OF ASSOCIATION**

**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 and a maximum of eight 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 establish mortgage or pledge on the movable and immovable assets of the Company and to release such security for the purposes of obtaining loans, without further authorization from the General Assembly. The Board of Directors is further 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.

**REVISED TEXT**  
**PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ**  
**ARTICLES OF ASSOCIATION**

**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 further 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.

7. The Meeting proceeded to the seventh agenda item. It was determined that Mr. Mehmet Cem KOZLU, Mr. Saad Hassan HAMMAD and Mr. Conor John McCARTHY were determined as independent director nominees as per the resolutions of the Board of Directors dated January 28, 2016 and numbered 519 and dated February 18, 2016 and numbered 524, within the scope of the corporate governance principles of the Capital Markets Board and Article 10 of the Company articles of association. The letter of the Capital Markets Board dated February 29, 2016 and numbered 2368, stating no negative opinion on the independent director nominees, and further for Conor John McCARTHY to be exempted from Article 4.3.6, alinea (d) of the Corporate Governance Principles pursuant to Article 6, Paragraph 5 of the Corporate Governance Communiqué No: II-17.1 for a period of one year, was submitted for the review of the representative of the Ministry of Customs and Trade. Mr. Sami VODİNA, representing Esas Holding A.Ş., 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 resumé 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. \_\_\_\_\_) and Mr. Şükrü Emre BERKİN, 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. \_\_\_\_\_ and Mr. Conor John McCARTHY, citizen of the Republic of Ireland and bearer of Tax ID No. \_\_\_\_\_ as independent directors, until the Shareholders' General Assembly Meeting in respect of the year 2016 is convened was approved by the majority of the shareholders attending the Meeting, with TL 140,884 shares voting in favor and TL 69,847,906 shares voting against.

In response to the inquiry of Ms. Sevda ALKAN, a Company shareholder attending the Meeting through E-GEM as to the compliance of the Company with the corporate governance principles stipulated by the Capital Markets Board as to the presence of female directors in the Board of Directors, Mr. Ali İsmail SABANCI, Chairman of the Board of Directors explained that at least one other director is expected to join the Board of Directors in 2016 and that

the Company plans to give priority to female candidates among nominees with equal qualifications.

- 8.** The Meeting proceeded to the eighth 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 2016 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. Sami VODİNA, representing Esas Holding A.Ş. 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 in the following breakdown: Euro 12,000 gross for Mr. Mehmet Cem KOZLU and Mr. Şükrü Emre BERKİN, each, Euro 15,000 gross for Mr. Conor John McCARTHY 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 1 share voting in favor and TL 69,988,789 shares voting against.
- 9.** The Meeting proceeded to the ninth 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 No. 6102, with TL 196,866 shares voting in favor and TL 69,791,924 shares against.
- 10.** The Meeting proceeded to the tenth 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 for the year 2016 in respect of the Turkish Commercial Code No. 6102, the Capital Markets Law No. 6362 and the relevant secondary legislation was approved by the majority of the shareholders attending the meeting, with TL 22,468 shares voting in favor and TL 69,966,322 shares voting against.
- 11.** In respect of the eleventh agenda item, it was noted that the "Pegasus Donations and Charitable Contributions Policy", adopted by the resolution of the Board of Directors dated November 20, 2013 and numbered 403 and came 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 determined that at the Shareholders' General Assembly Meeting held on March 31, 2015, the ceiling for donations to be made by the Company in 2015 was determined as TL 500,000 in respect of Article 19 of the Capital Markets Law No. 6362 and Article 11 of the Company Articles of Association, and that the donations made by the Company in 2015 amounted to TL 134,645.

The proposal of the Board of Directors to determine the Company's donations ceiling for 2016 in light of Article 19 of the Capital Markets Law No. 6362 and Article 11 of the Company articles of association as TL 5,000,000 was further submitted for the approval of the

shareholders and was approved by the majority of the shareholders attending the meeting, with TL 67,563,789 shares voting in favor and TL 2,435,001 shares voting against.

12. In respect of the twelfth agenda item, the shareholders attending the Meeting were informed that in 2015 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.
13. The Meeting proceeded to the thirteenth agenda item. In accordance with Article 12 of the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board, Mr. Ali UZUN, Company Legal Counsel, informed the shareholders regarding the collaterals, pledge and mortgage provided by the Company in 2014, in light of the information provided in Note 17 (*Commitments - Collaterals, Pledge, Mortgage*) of the Company's financial statements for the year 2014.
14. The Chairman asked if anyone would like to express requests or recommendations in light of the fourteenth agenda item. There were no requests to take the floor.

In the absence of any other request to take the floor, Mr. Saim BALADİN, 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, April 7, 2016, 10:51 am local time.

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**MEETING CHAIRMAN**

SAİM BALADIN

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**MINISTRY REPRESENTATIVE**

SABRİ KÖSE

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**DEPUTY CHAIRMAN**

DERYA KARAGÖZ

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**MEETING SECRETARY**

ALİ UZUN