

**MINUTES FOR THE MEETING OF THE 2014 SHAREHOLDERS' GENERAL ASSEMBLY OF
PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ, HELD ON MARCH 31, 2015**

2014 Ordinary Shareholders' General Assembly Meeting of PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ was held on March 31, 2015, at 10:00 am local time, at Pendik Green Park Hotel, Kaynarca Mahallesi, Erol Kaya Caddesi No: 204 Pendik, Istanbul, in attendance of Mr. Hüseyin ÇAKMAK, representative of the Ministry of Customs and Trade, appointed by the letter of the Governorship of Istanbul Provincial Trade Directorate dated March 27, 2015 and numbered 6893978.

Invitation for the meeting was published on page 683 of the Turkish Trade Registry Gazette dated March 6, 2015 and numbered 8773 and further announced through 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 Article 29 Paragraph 2 of the Capital Markets Law No. 6362.

Upon review of the List of Attendees, it was determined that 15,502 shares representing 15,502 TL of the Company capital of TL 102,272,000 divided into 102,272,000 shares, were represented in person and further 80,807,619 shares representing 80,807,619 TL 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 16,452,049 shares representing 16,452,049 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. Sertaç HAYBAT, member of the Board of Directors and the Company General Manager (CEO) and representing the Company's independent auditor, Mr. Dağhan ALPMAN attended the Meeting in person.

Noting that the Company's preparations in respect of E-GEM are in place, Mr. Sertaç HAYBAT, member of the Board of Directors and the Company General Manager (CEO), 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 BALADİN as their candidate to chair the Meeting. The proposal was unanimously approved by the shareholders present at the Meeting.

In order to ensure that the secretariat work for the Meeting is carried out in a satisfactory manner, Mr. Saim BALADİN 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 Chairman. 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, the shareholders attending the Meeting authorized the Chairing Committee to sign the Meeting minutes.
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 2014 not be read out loud as the relevant documentation had been published on KAP on March 4, 2015 and had subsequently been submitted to the attention of the shareholders simultaneously with the call for the Meeting. The motion was unanimously approved by the shareholders present at the Meeting. The Chairman of the Meeting asked if anyone would like to discuss on the agenda item.

Mr. Kaan Evren BOLGÜN, a Company shareholder took the floor and stated the following: "*I attend the Meeting as an individual shareholder. I have a question on hedging transactions. We see that the Company enters into hedging transactions against its exposure to appreciation in USD. The Company gives a summary of its strategy in this regard in its financial reports but when we compare this with other companies we cannot see the details as to the efficiency and details of the transactions the Company enters into. I would appreciate if a general explanation could be provided here. Furthermore, I would like to understand the counterparties to these transactions and the volume of transactions entered into with these counterparties. Besides these, is the Company using an integrated financial risk management software/system? Finally, I note a 40% increase in the Company's marketing budget; what is the expectation for the year end in 2015?*"

Mr. Ulaş DEĞİRMENÇİ, a Company shareholder and proxy holder later took the floor and stated the following: "*We would like to know who the counterparties are to hedging transactions and the volume of transactions entered into with these counterparties. We also wonder how could the information on hedging loss get out? The change in fuel prices and the Company's stock performance at BIST follow a parallel trend. However; the he sales made by foreign investors brokered by Citibank are not parallel to the changes in the stock exchange indices. A similar situation occurred last year when loss on foreign exchange occurred. The stock return is lower compared to interest rates and the USD.*"

Mr. Serhat SIVIŞ, a Company shareholder later took the floor and stated the following: "*We see losses in the amount of TL 146 million on account of hedging transactions. I work as an option trader so I wonder about the details of this. I also would like to know the counterparties.*"

In response to the questions and statements made Mr. Sertaç HAYBAT, member of the Board of Directors and the Company General Manager (CEO) responded that the Company's hedging strategy is regularly disclosed to the public through the Company's financial reports, through investor meetings and through the Company website, that the

Company's revenue is mainly in Euro and TL, in contrast to which the USD revenue remains in the levels of approximately 15%, that the Company's expense items and most importantly fuel expenses are in USD, that the Company therefore enters into hedging transactions to meet its USD shortage, that the Company policy authorizes management to hedge up to 100% of the Company's expected USD shortage for a 12-month timeframe if the market rates allow it and that in respect of fuel, the Company strategy allows for hedging of at least 30% and a maximum of 60% of fuel needs on an annual basis, that all financially viable airlines in the world have suffered from the recent dip in fuel prices and that this matter should be taken into consideration in recognition of this global effect. It was noted that the chooser forward product the Company uses grants counterparty banks two options, either to sell USD or fuel to the Company at the prevailing rates and that the recent market trends resulted in the chooser forward transactions favoring the sale of fuel by counterparties, that approximately TL 140 million worth of loss has therefore been booked in the Company's financial statements for the year 2014. For the purposes of providing an example, it was mentioned that the other airline having stock traded on BIST has booked its loss on fuel hedges under equity as TL 825 million (as direct forward transactions), which will be reflected on the fuel cost line item as the relevant contracts become due, that the Company books a similar loss under equity in the amount of TL 72.6 million, that given the Company has already booked the majority of its hedge loss under its profit and loss statement the additional risk carried for 2015 remain at the level of TL 72.6 million and that the Company would further provide the shareholders comparative data on foreign peers through the Investor Relations Department. In respect of the insider allegations, it was noted that such suspicions should be addressed through the appropriate means and that the Company diligently abides by its obligation to provide equal information to all shareholders. It was further indicated that the counterparties to hedging transactions are international banks such as RBS, Citi, Standard Bank, Barclays, Deutsche Bank, Crédit Suisse, JP Morgan and Morgan Stanley, that in terms of volume Citi ranks first among the said counterparties and that the Company executes transactions with the counterparty providing the best rates at request. It was finally indicated that the Company is not aware of an integrated risk management software and that it does not use one.

Mr. Kaan Evren BOLGÜN took the floor again, noted that his questions were adequately answered and stated for the record that the answers are significant in light of sales made by Citi on January 12-13, 2015, that the Company may be further exposed to fluctuations in currency exchange rates going forward and that this warrants the Company to reconsider benefiting from an integrated risk management software tool.

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 2014 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 80,813,021 shares voting in favor and 10,100 shares voting against. Mr. Ulaş DEĞİRMENCİ asked that the following reservation, on his own behalf and on behalf of the shareholder he represents by proxy, is recorded in the meeting minutes:

"I vote against this agenda item because hedging transactions constitute a major item under the Company balance sheet, because due care was not shown in conducting these transactions and because that the counterparty to most of these transactions is Citibank, acting as an intermediary to stock transactions on BIST."

4. In respect of the fourth agenda item, it was noted that on April 25, 2014, the Board of Directors had appointed Mr. Saad Hassan HAMMAD, U.K. citizen and bearer of Turkish Tax ID No. 4560503569 as per the provisions of Article 363 of the Turkish Commercial Code No. 6102, to replace and to serve for the remainder of the term of office of Mr. Raymond Douglas WEBSTER, U.K. citizen upon the latter's resignation dated the same, that the appointment is being submitted for the shareholders' approval at the first Shareholders' General Assembly Meeting as stipulated by the relevant statutory provisions, and that the relevant information in respect of the appointment has been provided to the shareholders in the Information Document for the Meeting. The appointment made by the Board of Directors was approved by the majority of the shareholders attending the Meeting, with 80,608,817 shares voting in favor and 214,304 shares voting against.
5. In respect of the fifth agenda item, the release of each member of the Board of Directors for actions, transactions and accounts relating to the year 2014 was submitted for the approval of the shareholders and the proposal was approved by the majority of the shareholders attending the Meeting, with 80,814,021 shares voting in favor and 9,100 shares voting against.
6. In respect of the sixth 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 4, 2015 and numbered 483:
 - (a) It was determined that the accumulated losses of the Company for the period prior to December 31, 2014 was TL 198,610,068 and that the profit for the period between January 1, 2014 and December 31, 2014 was TL 212,617,671;
 - (b) It was further determined that the profit for the period must first be deducted from the previous years' losses in accordance with the relevant provisions of the Turkish Commercial Code No. 6102 and Article 21 of the Company articles of association and from the balance of TL 502,448, statutory reserves must be set aside, leaving TL 9,546,511 as the distributable net profit for the year;
 - (c) 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 2014 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 80,823,120 shares voting in favor and 1 share voting against.

7. The Meeting proceeded to the seventh agenda item. It was determined that Mr. Mehmet Cem KOZLU, Mr. Mehmet SAĞIROĞLU and Mr. Saad Hassan HAMMAD were determined as independent director nominees as per the resolutions of the Board of Directors dated January 27, 2015 and numbered 476 and dated February 19, 2015 and numbered 479, 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 March 2, 2015 and numbered 29833736-199-474, stating no negative opinion on the independent director nominees 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 eight and to appoint Mr. Ali İsmail SABANCI, citizen of Turkey (ID No. 17398180030), Mr. Hüseyin Çağatay ÖZDOĞRU, citizen of Turkey (ID No. 37756618586), Mr. Sertaç HAYBAT, citizen of Turkey (ID No. 11806775634), Mr. Conor John McCARTHY, citizen of the Republic of Ireland and bearer of Tax ID No. 6130732203 and Mr. Şükrü Emre BERKİN, citizen of Turkey (ID No. 19685255438) as directors, and to appoint Mr. Mehmet Cem KOZLU, citizen of Turkey (ID No. 49129260384), Mr. Mehmet SAĞIROĞLU, citizen of Turkey (ID No. 12146731960) and Mr. Saad Hassan HAMMAD, U.K. citizen and bearer of Turkish Tax ID No. 4560503569 as independent directors, until the Shareholders' General Assembly Meeting in respect of the year 2015 is convened was approved by the majority of the shareholders attending the Meeting with, 79,622,374 shares voting in favor and 1,200,747 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. Sertaç HAYBAT, member of the Board of Directors and Company General Manager (CEO) explained that the "Pegasus Policy on Female Participation in the Board of Directors" has been adopted by a decision of the Board of Directors and that the policy was communicated publicly through the Annual Activity Report of the Board of Directors for the year 2014.

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 2015 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, Mr. Mehmet SAĞIROĞLU 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, 80,587,704 shares voting in favor and 235,417 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 79,584,640 shares voting in favor and 1,238,481 shares against.
10. In respect of the tenth agenda item, the shareholders attending the Meeting were informed that in 2014 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.
11. The Meeting proceeded to the eleventh 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 2015 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 80,392,176 shares voting in favor and 430,945 shares voting against.
12. In respect of the twelfth 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, 2014, the ceiling for donations to be made by the Company in 2014 was determined as TL 250,000 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 2014 exceeded this limit and totaled TL 408,295. The shareholders were informed that the excess donations made in the amount of TL 158,295 stemmed from a single transaction in the amount of TL 255,295, comprising two equal tranches of TL 127,647.50 donated to Darüşşafaka Schools and Turkish Education Foundation (*Türk Eğitim Vakfı*) for the purpose of supporting education needs of the children who lost their parents at the mining accident that took place in Soma, Manisa, Turkey in May 2014, and that the entire donations made in 2014 were made in accordance with the "Pegasus Donations and Charitable Contributions Policy". Based on the resolution of the Board of Directors dated March 4, 2015 and numbered 484, the excess donations made above the 2014 donations ceiling was submitted for the approval of the shareholders and were approved by the majority of the shareholders attending the meeting, with 74,809,824 shares voting in favor and 6,013,297 shares voting against.

The proposal of the Board of Directors to determine the Company's donations ceiling for 2015 in light of Article 19 of the Capital Markets Law No. 6362 and Article 11 of the Company articles of association as TL 500,000 was further submitted for the approval of the shareholders and was approved by the majority of the shareholders attending the meeting, with 74,809,824 shares voting in favor and 6,013,297 shares voting against.

- 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 26 (*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. Mr. Ümit BAŞARAN, a Company shareholder took the floor and stated the following: *"I am curious about the effects of fragile Euro on the Company's financial results. Should we expect a negative effect for 2015? I am also curious about the growth expectations for 2015. Is there any way we will see the negative effect of Turkish Airlines growing operations at the Sabiha Gökçen Airport? Will you make any statements regarding the Esas Holding A.Ş. shares converted into tradable form? I hope hedging for 2016 is locked at good rates and will produce positive results for the Company and I wish the Company a successful year in 2015."* Later, Mr. Ulaş DEĞİRMENCİ, a Company shareholder took the floor on his own behalf and on behalf of the shares he represents by proxy and stated the following: *"We are hearing rumors about a share sale to or potential partnership with Qatar Airways. If the new airport is built, how ready is the Company for that development? Is there a risk of not obtaining slots there as well? Will the Company continue to operate mainly out of Sabiha Gökçen Airport?"* Later, Mr. Serhat SIVIŞ, a Company shareholder took the floor and stated the following: *"I note a marketing error with respect to flights for the winter season. For the past 10 years I have been going skiing abroad. Reservations are usually arranged weekly starting from Saturday. Your flights are Sunday to Sunday. For that reason we have to fly with Turkish Airlines. Is that a marketing error or is there another reason behind this?"* Finally, Mr. Tuna ŞENER, a Company shareholder took the floor and stated the following: *"I congratulate the Company for a*

successful 2014 without any accidents. We just saw the Germanwings accident. Is Pegasus well-prepared for such events? I also see that the new omnibus bill approved by the Parliament provides for incentives for rights offerings. Do you have any such plans? Finally, page 218 of the Domestic Prospectus notes that depreciation will go down in 2015. What were the results in 2014 and what will happen in 2015?"

In response to the foregoing questions and statements Mr. Sertaç HAYBAT, member of the Board of Directors and Company General Manager (CEO) underlined that the Company is not in the possession of any information in respect of a share sale or venture with Qatar Airways and to the best of the Company's knowledge Esas Holding A.Ş.'s decision to convert part of their shares in the Company into tradable form aims to provide operational flexibility in the future. In response to a previous question it was explained that the increases in marketing expenses are planned in line with the increase in the seat capacity offered by the Company but with a mindset that these expenses should be reduced gradually, that the marketing expenses are forecasted in Euro due to expenses made outside of Turkey and that the increase should mainly stem from the increase based on the Euro/TL exchange rates changing in favor of Euro. On the question regarding the marketing of winter season flights, it was explained that the Company flies to Geneva, Lyon and Munich (as these were the destinations indicated as examples) in sufficient frequencies and the shortcoming should rather be a result of full capacity instead of slot or frequency restrictions. In relation to the question relating to the Germanwings event, it was indicated that the recent findings suggest that it might not have been an accident and that the system preventing the captain to re-enter cockpit, overriding the access code from inside, seems important in context of these findings, that the Company policy has been and is that a member of the cabin crew enters into the cockpit if for any reason a member of the flight crew has to leave for the sole reason of providing access to the cockpit in similar circumstances. In relation to the inquiry about the new airport and capacity restrictions, it was underlined that like other similar things, slot allocation is not carried out transparently in Turkey, that Sabiha Gökçen Airport had also become a slot coordinated airport and that starting from next year this airport would too become unable to accommodate additional capacity, that the General Directorate of State Airports Authority organized a tender to construct a second parallel runway at the Sabiha Gökçen Airport which could double air traffic movements and that the results of the tender have not been announced for a long time, that nevertheless, the airport accommodates such a project and that the Company is closely viewing developments in this respect, especially in light of its need for additional infrastructure capacity to operate aircraft it will receive in the coming years under its firm Airbus order comprising 75 firm order aircraft and 25 option aircraft. With regards to Turkish Airlines' operations at the Sabiha Gökçen Airport, it was underlined that the Company could only speculate as to the reasons for such a move, and that the Company views lack of capacity elsewhere as the main reason for this. It was also highlighted that the entry of Turkish Airlines at Sabiha Gökçen affects the Company negatively operations-wise, that the Company's cost base is around 50% of its competitor thereby allowing competitive strength so long as this low cost base is maintained. With respect to expectations for the year 2015 it was noted that the Company expects 16-18% growth in total passengers carried year over year and capacity increase should also materialize around 18%, parallel to the passenger growth, while utilization levels should follow 2014 trends above 12 block

hours, that the target ancillary revenue per passenger in 2015 overall is Euro 10 and increase in costs are expected, something which is valid for all airlines operating in Europe given the foreign exchange trends. In response to the question on depreciation, it was explained that the Company's depreciation was TL 136,3 million in 2013 and TL 164,8 in 2014 but that the increase is not as a result of additional aircraft subject to financial lease and rather due to the increase as a result of Euro appreciation against TL as the Company's functional currency Euro is used to account for these valuations in the Company's financial statements. The inquiry on cash capital increase was also answered by explaining that the omnibus law has not yet been officially published and not yet considered by the Company and that the Company is not in immediate cash shortage.

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, March 31, 2015, 11:29 am local time.

MEETING CHAIRMAN

SAİM BALADİN

MINISTRY REPRESENTATIVE

HÜSEYİN ÇAKMAK

DEPUTY CHAIRMAN

DERYA KARAGÖZ

MEETING SECRETARY

ALİ UZUN

DISSENTING SHAREHOLDER

Av. ULAŞ DEĞİRMENÇİ