

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF PEGASUS HAVA TAŞIMACILIĞI A.Ş.**

1. PURPOSE

The main purpose of the Committee is to supervise the Company's accounting system and accounting policies and the public disclosure of the Company's financial information, the functioning and effectiveness of the Company's internal control system and external audit, the Company's compliance with legal and ethical requirements, and to fulfill any other duties vested on the Committee by the Articles of Association and by law. In this framework, the Committee carries out the duties and responsibilities set out in this Procedure.

Through its monitoring and policy recommendations the Committee will strive to contribute to the continuous improvement of the level of compliance in Pegasus and the strengthening of accountability, transparency, fairness, predictability and productivity within Pegasus.

2. SCOPE

This Procedure determines the scope of duty and working principles of the Committee.

The Committee is established pursuant to a resolution of the Board of Directors in accordance with the provisions of the CML, the TCC, the regulations of the CMB including the Communiqué and the Principles published by the CMB and Article 13 of the Articles of Association.

3. RESPONSIBILITIES

Company's General Counsel is responsible for the preparation, up-to-date maintenance and control of this Procedure.

All Company employees are responsible for ensuring the implementation of the terms of this Procedure.

This Procedure may be amended or revoked by a decision of the Board of Directors at the recommendation of the Committee.

4. DEFINITIONS AND ABBREVIATIONS

Articles of Association: Pegasus Hava Taşımacılığı Anonim Şirketi Articles of Association

Board of Directors : Board of Directors of Pegasus Hava Taşımacılığı Anonim Şirketi

CMB : Capital Markets Board

CML : Capital Markets Law No. 6362

Committee : Audit Committee of the Board of Directors

Communiqué : Capital Markets Board Corporate Governance Communiqué No: II-17.1

Pegasus or Company: Pegasus Hava Taşımacılığı Anonim Şirketi

Principles : Corporate Governance Principles annexed to the Communiqué

Procedure : Procedure on the Audit Committee Charter

TCC : Turkish Commercial Code No. 6102

5. APPLICATION

I. Structure and Working Principals of the Committee

5.1. Formation and Membership

The Committee is composed of a minimum of two members who are selected by the Board of Directors from among independent directors (Reference: Principle 4.5.3, Section 3/Article 6(a)(1) of the Communiqué X/22). At least one of the members of the Committee shall have five years of experience in audit/accounting and finance (Reference: Principle 4.3.10).

Committee members are appointed by the Board of Directors on an annual basis, latest at the first meeting of the Board of Directors following the annual general assembly meeting of the Company. A Committee member can be re-appointed for consecutive terms.

5.2. Meetings

The Committee convenes for a meeting and adopts decisions in the presence of simple majority of its members. When necessary, the Committee can adopt resolutions by unanimity without convening for a meeting.

The Committee meets at least four times in a year and once each quarter (Reference: Principle 4.5.9, Section 3/Article 25(8) of the Communiqué X/22). The timing of the Committee meetings follow, to the extent possible, the scheduled meetings of the Board of Directors by having a meeting ahead of each scheduled board meeting. The chairman of the Committee ensures that the members of the Board of Directors, the Head of Internal Audit and the external independent auditor are informed about the annual meeting schedule.

The Committee records and maintains all of its works in writing and submits reports comprising information on the Committee works and results of Committee meetings to the Board of Directors (Reference: Principles 4.5.8 and 4.5.9). The Committee informs the Board of Directors of its determinations and suggestions regarding its own duties and responsibilities in writing and without delay (Reference: Principle 4.5.9, Section 3/Article 25(8) of the Communiqué X/22). The meeting minutes of the Committee are approved by the Committee members and are kept in a separate ledger together with the signed copies of the decisions of the Committee.

Unless invited by the chairman of the Committee no-one other than the Committee members can attend Committee meetings.

The personnel/unit responsible for providing secretariat support to the Board of Directors provides the same support to the Committee.

II. Duties and Responsibilities

5.3. Review of Documents, Reports and Accountancy Information

The Committee assesses, by conferring to the responsible officers and the external independent auditor of the Company, whether the annual and interim financial statements (including footnotes) to be made available to the public are accurate and in line with the applicable accounting rules and standards and reports its findings and evaluations to the Board of Directors (Reference: Principle 4.5.9, Section 3/Article 25(6) of the Communiqué X/22). In addition, the Committee reviews any other reports or financial information (other than information derived from financial statements already reviewed and approved by the Committee) that are presented to legal authorities or the public by Pegasus within the framework of the foregoing principles.

The Committee further reviews regular reports (or summaries of them) that are prepared and presented to the company management by the Internal Audit Department.

5.4. Independent Audit

The selection of external independent auditor, initiation the independent audit process through the preparation of audit agreements and the work of the independent auditor at every stage are performed under the observation of the Committee (Reference: Principle 4.5.9, Section 3/Article 25(2) of the Communiqué X/22).

The appointment of the independent auditor from which Pegasus will receive service and the services that will be obtained from the independent auditor will be presented to the approval of the Board of Directors after the approval of the Committee to be proposed to the shareholders of Pegasus for appointment (Reference: Principle 4.5.9, Section 3/Article 25(2) of the Communiqué X/22). The Committee obtains a statement of independence from the external auditor and prepares a report stating whether there is a matter that may jeopardize the independence of the independent auditor, before making an offer for the appointment of the external independent auditor (Reference: Section 3/Article 12(4) of the Communiqué X/22).

The Committee may invite the independent auditor to meetings to discuss the assessment of financial statements and to receive information on the independent auditor's activities.

The Committee follows the responsibility of the independent auditor with respect to the notification of the Committee on important issues regarding the Company's accounting policy and accounting procedures implemented by Pegasus, the implementation and disclosure alternatives available to Pegasus within the framework of the applicable standards determined by the law and applicable accounting principles, probable outcomes thereof and its recommendation on the matter, the important correspondence conducted with the company in writing, and relays its findings and recommendations, including appropriate precautions to the Board of Directors and the senior management of the Company and the independent auditor (Reference: Section 3/Article 25(4) of the Communiqué X/22).

The Committee monitors the rotation of the external independent auditor in accordance with to legal requirements.

5.5. Internal Control System

The Committee delivers its views and suggestions to the Board of Directors regarding the internal control system by evaluating the reports prepared by the Pegasus senior management, the Internal Audit Department and the external independent auditor.

The Committee takes all necessary precautions in order to provide that both internal audit and external independent audit are performed adequately and transparently.

The Board of Directors takes the necessary measures to provide that those responsible for signing the financial statements and activity reports prepared by Pegasus have access to required information regarding subsidiaries, participations and joint ventures of the company. Those in charge of signing these financial statements and activity reports are required to deliver their critics and suggestions regarding the internal control system of the Company and their own accessibility to information to the Board of Directors, the Committee and the independent auditor and inform them about the internal control system which they use during their review of the reports (Reference: Section 3/Article 26(3) of the Communiqué X/22).

The Committee reviews and approves the appointment and remuneration of the Head of Internal Audit, evaluation of his/her performance and his/her dismissal and shares its recommendations on these matters with the Board of Directors.

The Committee reviews and approves the Company's Internal Audit Procedure and makes suggestions, if any, to the Board of Directors. The Committee ensures that the Procedure does not contain provisions that would unnecessarily restrict the work of the Internal Audit Department or make it difficult to perform such work.

The Committee reviews and approves the activities, work plan, organizational structure, budget of and the necessary qualifications for the company's Internal Audit Department and presents suggestions and evaluations, if any, to the Board of Directors, on matters such as the department's responsibilities, budget and personnel resource.

The Committee periodically reviews management's responses to the findings of the internal audit department and progress reports relating to the internal audit department's findings, important hardships encountered with the Head of Internal Audit, any disputes with the management and limitations on the scope that these parties encounter during their studies.

5.6. Ethical and Legal Compliance

The Committee ensures the preparation of, reviews and periodically updates the company's Ethical Behavior Guide and oversees whether senior management has set-up a system to ensure that these rules are implemented.

The Committee further reviews senior management's observation of compliance by the Company with the Ethical Behavior Guide, and evaluates whether Pegasus has an accurate and complete review system in order to meet the legal requirements with respect to financial statements, reports and other financial information that Pegasus reveals to the public or regulatory authorities.

The Committee observes compliance with internal regulations and policies that prevent conflicts of interest among the members of the Board of Directors, members of the senior management and other Company employees as well as any abuse of commercially or price sensitive confidential information.

The Committee, together with the internal audit department and the external independent auditor, if necessary, reviews improper practices by Pegasus officers with important duties regarding the accounting or internal control system of the Company, and submits its findings and suggestions regarding necessary precautions to the Board of Directors.

The Committee, evaluates compliance with the law including securities trading policies implemented by Pegasus.

The Committee, evaluates legal issues that may have significant impact on the financial statements.

The Committee works in cooperation with and shares information with the other committees established by the Board of Directors for ensuring the sustainability of an effective risk management system within the Company.

5.7. Other Responsibilities

The Committee determines the methods and criteria to be used in reviewing complaints regarding accounting practices, the internal control system or the external audit of the company, as well as the methods and criteria to be used in assessing statements by Pegasus employees on these matters in confidence (Reference: Principle 4.5.9, Section 3/Article 25(5) of the Communiqué X/22).

The Committee will set up necessary mechanisms so that stakeholders can notify the Committee on any transactions or operations that are contrary to law or ethically inappropriate. The Committee and the Internal Audit Department have full authority regarding the investigation of such complaints.

The Committee undertakes other duties and responsibilities that can be considered within its scope at the request of the Board of Directors.

III. Other Application Rules

5.8. Nature of Responsibility

The Committee ensures that the Board of Directors is well informed in relation to the matters that fall within its duties and responsibilities. The Committee's decisions are recommendations to the Board of Directors and the works of the Committee and its recommendations to the Board of Directors do not relieve the members of the board from their duties and responsibilities arising from the TCC (Reference: Section 3/Article 25(9) and Section 3/Article 26(1) of the Communiqué X/22).

The Board of Directors is responsible for the preparation, presentation and accuracy of the financial statements and activity reports in accordance with the applicable accounting standards within the framework of the TCC, the CML and the applicable secondary legislation.

5.9. Evaluation of Works

To determine whether it is functioning effectively, the Committee reviews this Procedure and performs an evaluation of its performance on an annual basis and reports its findings and recommendations to the Board of Directors. As part of this evaluation, the Committee provides the necessary information with respect to its members, the frequency of meetings held and the tasks undertaken and completed to assist the Board of Directors to evaluate the efficiency of the Committee in the annual activity report of Pegasus (Reference: Principle 2.2.2(b)).

5.10. Resources and Access to Information

The Board of Directors provides the necessary resources and support for the Committee to perform its duties and obligations (Reference: Principle 4.5.6).

The Committee may seek opinions and information from executives and any other Pegasus family member, in confidence, when necessary, on matters under investigation by the Committee or the internal audit department or other matters it deems appropriate and invite such persons to Committee meetings (Reference: Principle 4.5.6).

The Committee may retain, at the company's expense, such advisors and experts as it deems necessary or appropriate to carry out its duties (Reference: Principle 4.5.7 and Section 3/Article 25(7) of the Communiqué X/22).