

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

1. PURPOSE

The principle purpose of the Committee is to determine the Company's compliance with the corporate governance principles, the reasons for any non-compliance and any conflicts of interest arising from such non-compliance, to advise the Board of Directors for improving corporate governance policies and procedures and to fulfil any other duties vested on the Committee by the Communiqué. In this framework, the Committee carries out the duties and responsibilities set out in this Procedure.

In accordance with the provisions of the Communiqué, the Committee further carries out the duties and responsibilities of Nomination and Compensation Committee (Reference: Principle 4.5.1).

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 consists of a minimum of three members to be appointed by the Board of Directors, one of which serves as the chairman of the Committee. The chairman of the Committee is appointed from among the independent members of the Board of Directors (Reference: Article 13 of the Articles of Association and Principle 4.5.3). The remaining members of the Committee can be appointed from among other members of the Board of Directors or from outside of the Board of Directors (Reference: Article 13 of the Articles of Association and TCC 366/2). However; the majority of the members of the Committee must be non-executive members of the Board of Directors (Reference: Principle 4.5.3).

The head of management/general manager cannot be a member of the Committee (Reference: Principle 4.5.4).

Committee members are appointed by the Board of Directors on an annual basis, latest at the first board meeting 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 a year, and whenever necessary, by also keeping in consideration the deadlines applicable to the nomination of independent directors set out in the Communiqué. The timing of Committee meetings follows, to the extent possible, the schedule of the meetings of the Board of Directors by having a meeting ahead of each scheduled board meeting. In case of urgency the Committee may convene for meetings at the request of the chairman of the Committee or the chairman of the Board of Directors.

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: Principle 4.5.8). 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 Pegasus Board of Directors provides the same support to the Committee.

II. Duties and Responsibilities

5.3. Compliance with Corporate Governance Principles

The Committee determines the extent to which Pegasus complies with the corporate governance principles, the reasons for any non-compliance and any conflicts of interest arising from such non-compliance. In this respect, the Committee informs the Board of Directors on the implications of any non-compliance and makes recommendations for remedying such non-compliance (Reference: Article 13 of the Articles of Association and Principle 4.5.10 of the Communiqué).

In respect of its duty to assist the Board of Directors to improve corporate governance policies and procedures, the Committee follows domestic and international developments in corporate governance and undertakes studies to continuously improve corporate governance procedures of Pegasus in order to attain an efficient and productive corporate governance culture within Pegasus.

5.4. Oversight of the Investor Relations Unit

The Committee oversees the work of the Company's investor relations unit (Reference: Principle 4.5.10 of the Communiqué). In this respect, the Committee determines the main principles regarding the Company's communication with investors, periodically reviews these principles as well as compliance with the principles and makes recommendations to the Board of Directors when necessary.

The Committee informs the Board of Directors on the conduct of communication with investors.

5.5. Public Disclosures

The Committee reviews and approves the Corporate Governance Compliance Report and submits it to the Board of Directors for final approval and publication.

The Committee reviews and approves the Pegasus Disclosure Policy and submits it to the Board of Directors for final approval and publication. The Committee develops recommendations to ensure that public disclosures, presentations and similar disclosure documents are prepared and published in accordance with the Pegasus Disclosure Policy and that the Pegasus Disclosure Policy sufficiently sets out the standards for disclosure and the principles of communication with stakeholders.

5.6. Human Resources and Compensation Policy

The Committee assumes the duties and responsibilities of the Compensation Committee, in accordance with the provisions of the Communiqué (Reference: Principle 4.5.1).

In this framework and taking into consideration the mid-term and long-term goals of Pegasus, the Committee determines and monitors the principles, criteria and procedures relating to the performance evaluation, career and succession planning and remuneration of the members of the Board of Directors and the senior management of Pegasus. The Committee submits recommendations for the remuneration and incentivizing of the members of the Board of Directors and senior management by considering the level of fulfilment of the applicable criteria (Reference: Principles 3.3.1 and 4.5.13 of the Communiqué).

5.7. Policy Making with respect to Nomination

The Committee assumes the duties and responsibilities of the Nomination Committee, in accordance with the provisions of the Communiqué (Reference: Principle 4.5.1).

The Committee works to determine a transparent system for the determination of appropriate candidates for the Board of Directors and the senior management of Pegasus, their evaluation and training and to develop policies and principles in this respect. The Committee also conducts regular evaluations relating to the structure and the efficiency of the board of directors of the Company and provides its recommendations for any changes to the board of directors (Reference: Principle 4.5.11 of the Communiqué).

The Committee also works to determine the eligibility criteria for serving as a member of the Board of Directors and the senior management of the Company and to determine eligible candidates. (Reference: Article 13 of the Articles of Association).

5.8. Nomination of Independent Directors

The Committee is responsible for fulfilling the duties required by the Communiqué in relation to the nomination of independent members of the board of directors (Reference: Principles 4.3.7 and 4.3.8).

5.9. Other Duties and Responsibilities

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

III. Other Application Rules

5.10. 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.

5.11. Evaluation of Works

To determine whether it is functioning effectively, the Committee reviews this Charter 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 of the Company to evaluate the efficiency of the Committee in the annual activity report of Pegasus (Reference: Principle 2.2.2(b)).

5.12. 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 on 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).