

PINNACLE AIRLINES CORP.
AUDIT COMMITTEE CHARTER

Purpose

The Audit Committee (the "Committee") shall provide assistance to the Board Of Directors of Pinnacle Airlines Corp. (the "Company") in fulfilling their oversight responsibilities to the shareholders, potential shareholders, the investment community, and others relating to the Company's financial statements and the financial reporting process, the systems of internal control, the internal audit function, the qualifications, independence, and performance of the Company's independent auditor, the annual independent audit of the Company's financial statements, and the legal compliance and ethical business conduct elements contained in the comprehensive compliance program established by management and approved by the Board Of Directors. In doing so, it is the responsibility of the Committee to see that free and open communications are maintained between the Committee and the independent auditors, the internal auditor, and management of the Company. (To the extent that this Charter contemplates the performance by the Committee of functions relating specifically to reviewing filings by the Company with the Securities and Exchange Commission (the "Commission"), such functions need not be performed unless and until the Company begins reporting under the Securities Exchange Act of 1934, as amended (the "Exchange Act").)

Composition and Qualifications

The Committee shall consist of at least three members. The members and the chairperson of the Committee shall be appointed by the Board, upon the recommendation of the Nominating and Governance Committee, and may be replaced by the Board.

The members of the Committee shall meet the independence, experience, and any other requirements of the Exchange Act, the rules and regulations of the Commission, and the rules of the Nasdaq Stock Market. All members of the Committee shall be financially literate, and at least one member shall be an "audit committee financial expert" as defined by the Commission. If one member of the Committee is not an "audit committee financial expert" as defined by the Commission, then that fact shall be disclosed as required by the Commission.

Meetings

The Committee shall meet in person or via teleconference as often as it determines, but at least four (4) times per year. The Committee shall meet with the independent auditor at least quarterly. The Committee shall meet periodically with management, the independent auditor, and the head of the internal auditing department in separate executive sessions. The Committee may request any officer or employee of the Company or the Company's independent auditor or outside counsel to attend any meeting of the Committee or to meet with any of its members or advisors. The Committee shall prepare each year an annual calendar for meetings of the

Committee, setting forth the number of meetings, meeting dates and duration, and the anticipated meeting agenda. The Committee chairperson will entertain modifications to the anticipated agenda from members of the Committee, management and the independent auditors, and cause the revised agenda to be disseminated prior to each meeting. The Committee shall keep minutes of each of its meetings to properly document the discharge of its responsibilities and shall provide the Board with a report of each Committee meeting at the Board's next regularly scheduled meeting, especially of items of concern to the Committee.

Authority and Responsibilities

In its deliberations, the Committee shall have the sole authority to select the independent auditor, either by reappointing the current independent auditor or appointing a new one. The Committee shall specifically consider whether rotation of its independent auditor is appropriate. If the selection of an independent auditor occurs at a time which enables the Company to do so at its annual meeting without unreasonable expense, the Company shall submit such selection to its stockholders for their vote expressing their view of the Committee's selection. The independent auditor shall report directly to, and be accountable to, the Committee. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including the resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

The Committee shall preapprove all audit services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the exception for *de minimis* non-audit services described in Section 10A(i)(1)(B) of the Exchange Act and Rule 2-01(c)(7)(i)(C) of Regulation S-X which are approved by the Committee prior to the completion of the audit. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that the decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have the authority, to the extent that it deems necessary or appropriate to carry out its duties, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for the payment of compensation to any accounting firm engaged for the purpose of performing audit, review or other attest services for the Company, to any advisors employed by the Committee, and for the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

In addition, the Committee, to the extent that it deems necessary or appropriate, shall:

Oversight of Financial Statements and Related Disclosures

1. Review and consider with management and the independent auditor the Company's major financial risk exposures and the steps that management has taken to monitor and control

such exposures, including the Company's risk assessment and risk management policies and guidelines.

2. Prior to the commencement of the audit of the Company's annual financial statements, review and consider with management and the independent auditor the scope, schedule, and staffing of the audit, and any new accounting and reporting pronouncements that affect the Company.
3. Prior to the filing of the Company's quarterly report on Form 10-Q, review and consider with management and the independent auditor the Company's quarterly financial statements (including the results of the independent auditor's review of the financial statements) and the Company's disclosures in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the quarterly report.
4. Prior to the filing of the Company's annual report on Form 10-K (or the dissemination of its annual report to stockholders containing the Company's audited annual financial statements, whichever is earlier), review and consider with management and the independent auditor the Company's audited annual financial statements (including the results of the independent auditor's audit of the financial statements) and the Company's disclosures in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the annual report, and recommend to the Board whether the audited annual financial statements should be included in the annual report.
5. As required by the rules of the Commission, prepare the report of the Committee to be included in the Company's annual proxy statement, including disclosures of pre-approval policies and auditors' fees, and cause this Charter to be included in the proxy statement periodically.
6. Review and consider with the independent auditor all matters required to be communicated to the Committee under generally accepted auditing standards, including the judgments of the independent auditor with respect to the quality, not just the acceptability, of the Company's accounting principles and underlying estimates in the financial statements.
7. Review and consider with management and the independent auditor the significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls, and any special steps adopted in light of material internal control deficiencies or weaknesses.
8. Review and consider with management and the independent auditor the reports from the independent auditor covering:
 - (a) critical accounting policies and practices to be used;
 - (b) alternative treatments of financial information within generally accepted accounting

principles ("GAAP") for policies and practices related to material items that have been discussed with management, including the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor; and

- (c) other material written communications between the independent auditor, the Committee, and management, including any engagement letter, independence letter, management representation letter, schedule of unadjusted audit differences, listing of adjustments and reclassifications not recorded, management letter, or report on observations and recommendations on internal controls, and the Company's response to any such letter or report.
9. Review with the independent auditor and the internal auditor any problems or difficulties encountered in the course of their audit work, including any restrictions on the scope of activities or access to requested information, any changes required in the planned scope of the internal or external audit, any attempt by management to improperly influence the independent auditor, and any significant disagreements with management over the application of accounting principles, the basis for management's accounting estimates and the disclosures in the financial statements.
 10. Review and consider with the independent auditor any material communications between the audit engagement team and the independent auditor's national office regarding auditing or accounting issues presented by the engagement.
 11. Review and consider with management and the independent auditors the Company's disclosure controls and procedures and its internal controls and procedures for financial reporting, including the conclusions of the Company's chief executive officer and chief financial officer regarding the effectiveness of both sets of controls and procedures reached as part of their certification process for the quarterly report on Form 10-Q and the annual report on Form 10-K, and their evaluation process.
 12. Review and consider with management and the independent auditors (a) any significant deficiencies and material weaknesses in the design or operation of the Company's internal controls and procedures for financial reporting and (b) any fraud (whether or not material) that involves management or other employees who have a significant role in the Company's internal controls and procedures for financial reporting, in each case as disclosed to the Committee by the Company's chief executive officer and chief financial officer as part of their certification process for the quarterly report on Form 10-Q and the annual report on Form 10-K.
 13. Review and consider with management and the independent auditors in advance the Company's earnings press releases and earnings guidance. Review and consider with management other financial information that the Company provides to securities analysts, credit rating agencies, and others. The Committee need not discuss in advance each specific instance in which the Company provides such other financial information; instead, the discussion may take the form of a general discussion of the types of information to be

disclosed and the types of presentations to be made.

14. Review and consider with management and the independent auditors the Company's disclosure or release of non-GAAP financial measures commonly referred to as “pro forma” or “adjusted” financial information. The Committee need not discuss in advance each instance in which the Company discloses or releases non-GAAP financial measures; rather, the discussion may take the form of a general discussion of the Company's use of non-GAAP financial measures in its disclosures and releases.
15. Review and consider with management and the independent auditor the effect of material off-balance sheet arrangements on the Company’s financial statements.
16. Review and consider with management and the independent auditor any accounting or other regulatory initiatives, correspondence with governmental or other regulatory agencies, and published reports that raise issues that may have a material effect on the Company’s financial statements.
17. Review reports of the Company to the Commission and to stockholders with a view to consistency of non-financial disclosures therein with the Company's financial statements and financial data.

Oversight of Relationship with Independent Auditor

18. Obtain and review a report from the independent auditor regarding (a) the independent auditor’s internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review or peer review of the independent auditor, (c) any material issues raised by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the independent auditor, (d) any steps taken to deal with any issues described in the two preceding clauses, and (e) all relationships between the independent auditor and the Company.
19. Review the independence of the independent auditor; obtain from the independent auditor a formal written statement delineating all relationships between the independent auditor and the Company, consistent with Independence Standards Board Standard 1; actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or non-audit services that may impact the objectivity and independence of the independent auditor; and otherwise take such actions as are appropriate to oversee the independence of the independent auditor.
20. Evaluate the qualifications, performance, and independence of the independent auditor, including considering whether the provision of permitted non-audit services is compatible with maintaining the auditor’s independence. In making this evaluation, the Committee shall taken into account the opinions of management and the internal auditing staff. The Committee shall present its conclusions with respect to the independent auditor to the Board.

21. Review and evaluate the lead partner and other members of the independent auditor's audit engagement team.
22. Ensure that the lead, concurring, and other audit partners are rotated off the independent auditor's audit engagement team as necessary to assure the independence of the independent auditor.
23. Recommend to the Board a policy for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company to assure the independence of the independent auditor, and monitor compliance with that policy.
24. Remain apprised of any legal or stock exchange requirements to consider rotating the independent auditor on a regular basis in order to assure continuing auditor independence.

Oversight of Internal Auditing Function

25. Review and consider with management, the independent auditor, and the head of the internal auditing department the scope of the internal audits and the qualifications and adequacy of personnel on the internal auditing staff.
26. Review the appointment and replacement of the head of the internal auditing department.
27. Review the reports to management prepared by the internal auditing staff and management's responses to such reports, or summaries of such reports and responses prepared by the internal auditing staff.
28. Evaluate the performance of the Company's internal auditor, including its effectiveness and cost.

Oversight of Compliance with Legal Requirements and Business Conduct Policies

29. Inquire of management, the independent auditor and the internal audit department whether there has been any (a) any legal matter that may have a material effect on the Company's financial statements, (b) any instance of material non-compliance with applicable legal requirements, or (c) any instance of material non-compliance with the Company's business conduct policies, and review and consider any such matter with the Company's counsel or counsel selected by the Committee.
30. Obtain from the independent auditor its assurance that Section 10A(b) of the Exchange Act has not been implicated.
31. Establish procedures for (a) the receipt, retention, and treatment of complaints received by the Company from any source regarding accounting, internal accounting controls, or auditing matters, and (b) the confidential, anonymous submission by Company employees

of their concerns regarding questionable accounting or auditing matters. The procedures shall provide for communicating to all employees of the Company the ability to, and method for, reporting such complaints to management of the Company, or to the Committee if the reporting person so desires.

32. Advise the Board with respect to the Company's comprehensive compliance program, including policies and procedures regarding compliance with applicable laws and regulations relating to business conduct and with the Company's Code of Conduct, and monitor complaints with respect thereto, with the full understanding that responsibility for compliance continues to be shared by the entire Board, that all directors have the authority and obligation to scrutinize the Company's compliance efforts, and that there will be regular reports to the entire Board by management and the Committee on the Company's compliance program.
33. Regardless of the dollar amount thereof, review and approve (if determined by the Committee to be in the best interest of the Company) all related party transactions, as contemplated in Item 404(a) of Regulation S-K, review executive perquisites and reimbursement expenses, along with related policies and procedures.

Miscellaneous Responsibilities

34. Inquire of management, the independent auditor and the internal auditor as to the adequacy of the Company's financial staff (both as to number and competence), and recommend any desired or necessary changes to the Board and to management.
35. Review and reassess on an annual basis the independence and qualifications of the members of the Committee, the adequacy of this Charter, and the performance and effectiveness of the Committee, and recommend any proposed changes to the Board for approval.
36. Investigate, with the assistance of any advisor that the Committee deems appropriate, any other matter (whether purely financial or otherwise)¹ deserving of special attention by the Audit Committee.
37. Oversee the Company's enterprise risk management (ERM) activities, with the full understanding that responsibility for ERM continues to be shared by the entire Board, that all directors have the authority and obligation to scrutinize the Company's ERM efforts, and that there will be regular reports to the entire Board by management and the Committee as to ERM progress, status and deficiencies.

Limitation of Audit Committee's Role

While the Committee has the authority, powers, and responsibilities set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's

financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable legal, accounting, and other requirements. These are the responsibilities of the Company's management and the independent auditor.