

# CORPORATE GOVERNANCE GUIDELINES

OF

## PINNACLE AIRLINES CORP.

The governance practices of Pinnacle Airlines Corp. (the "Company") are memorialized in these corporate governance guidelines to assure that the Board will have the necessary authority and practices in place to review and evaluate the Company's business operations as needed and to make decisions that are independent of the Company's management. The guidelines are subject to continued future refinement and changes as the Board may find necessary or advisable to achieve these objectives.

### **Governing Principles**

The Board has adopted the following principles to assist it in carrying out its responsibilities:

- **High Corporate Governance Standards.** Engaging in conduct that conforms to current corporate governance standards and monitoring evolving standards of corporate governance in an effort to exceed minimally acceptable standards.
- **Responsible Decision Making.** Acting in the best interest of the Company and its shareholders, taking into account the effects its actions on the Company's employees, customers, the environment and the communities which we serve.
- **Transparency in Reporting.** Ensuring transparency in the Company's reporting of its financial condition and results of operations, business activities and other disclosures by the Company to regulatory authorities, shareholders and other constituencies.
- **Ethical Behavior.** Conducting the Company's business in a fashion consistent with the highest standards of ethical conduct that complies with both the letter and the spirit of applicable laws, rules and regulations.

### **Board Composition**

**Board Size.** The size of the Board will be set from time to time by the Board in light of the Company's needs and obligations.

**Board Membership Criteria.** The Nominating and Governance Committee works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and

its individual and committee members. In evaluating the suitability of individual Board members, the Board takes into account many factors, including general understanding of marketing, finance and other disciplines relevant to the success of a comparably-sized public corporations and educational and professional background. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of the business and represent shareholder interests through the exercise of sound judgment, using its diversity of experience.

Board Composition – Mix of Management and Independent Directors. The Board believes that, except during periods of temporary vacancies, a majority of its Directors must be independent. In determining the independence of a Director, the Board will apply the definition of "independent director" in the listing standards of the NASDAQ Stock Market and applicable laws and regulations.

Term Limits. The Board does not believe it should limit the number of terms for which an individual may serve as a Director. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and nomination process described in these guidelines.

Limitation on Other Board Service. The Board does not believe that its members should be prohibited from serving on boards and/or committees of other organizations. However, the Nominating and Governance Committee and the Board will take into account the nature of and time involved in a Director's service on other boards in evaluating the suitability of individual Directors. Moreover, any Director shall be required to submit a resignation from the Board at any time he holds more than four (4) public company directorships, which resignation may or may not be accepted, in the discretion of the Board, after the Committee's review and recommendation upon the particular facts.

Equity Ownership. Each Director shall own at least the number of shares of stock (or rights to restricted stock or options) in the Company equal to the highest number of such shares, rights or options (in the aggregate) granted to such Director in 2007 or in any single subsequent year.

## **Board Meetings**

Board Meetings – Agenda and Materials. The Chairman of the Board and CEO, taking into account suggestions from other members of the Board, will set the agenda for each Board meeting, and will distribute this agenda in advance to each Director. All information relevant to the Board's understanding of matters to be discussed at an upcoming Board meeting should be distributed in writing or electronically to all members in advance, whenever feasible and appropriate.

Access to Employees. The Board should have access to Company employees in order to ensure that Directors can ask all questions and seek all information necessary to fulfill their duties. The Board may specify a protocol for making such inquiries. Management is encouraged to invite Company personnel to any Board meeting at which their presence and expertise would help the Board have a full understanding of matters being considered.

Executive Sessions of Independent Directors. The independent Directors of the Company will meet regularly and on an as-needed basis in "executive session", i.e., with no management Directors or management present. These executive session discussions may include such topics as the independent Directors determine.

### **Board Self Evaluation**

Board Self-Evaluation. The Nominating and Governance Committee is responsible for initiating an annual evaluation of the performance of the full Board, the committees established by the Board and each individual Director. The Nominating and Governance Committee will prepare detailed questionnaires which will be completed by each Director. In order to ensure the highest degree of candor in these evaluations, distribution of completed questionnaires will be strictly limited, in accordance with a process to be adopted by the Nominating and Corporate governance Committee. The Chairman of the Nominating and Governance Committee and the Chairman of the Board, as appropriate, will deliver necessary feedback to the full Board, a specific committee or a specific Director. The Nominating and Governance Committee will recommend any proposed changes to the Board.

### **Committees**

Number and Type of Committees. The Board has established five standing committees to assist it in the discharge of its responsibilities -- an Audit Committee, a Compensation Committee, a Nominating and Governance Committee, a Finance Committee and an Operations, Performance and Safety ("OPS") Committee. Each committee will perform its duties as assigned by the Board in compliance with Company bylaws and the Committee's charter.

Composition of Committees; Committee Chairpersons. The Audit, Compensation, Nominating and Governance, Finance and OPS Committees consist solely of independent Directors. The Board is responsible for the appointment of committee members and committee chairpersons according to criteria that it determines to be in the best interest of the Company and its shareholders.

### **Miscellaneous**

Procedures for Communicating with Non-Employee Directors. The Nominating and Governance Committee will maintain procedures for interested parties to communicate directly with the non-employee Directors. The Board believes that it is management's role to speak for the Company. The Board also believes that any communications between Board members and interested parties should only be done so with the CEO's knowledge of such communications.

Code of Conduct. The Company has adopted a comprehensive "Code of Conduct" and Directors are expected act at all times in accordance with its requirements, including adherence to the Company's policies with respect to conflicts of interest, confidentiality, protection of the Company's assets, ethical conduct in business dealings and respect for and compliance with applicable law. Any waiver of the requirements of the Code of Conduct with respect to any individual Director shall be reported to, and be subject to the approval of, the Board. The Board expects to review the Company's Code of Conduct on a regular and as-needed basis.

## Regulation FD

The Company is committed to fair disclosure of information without advantage to any particular analyst or investor, consistent with the Securities and Exchange Commission's Fair Disclosure Regulation ("Regulation FD"). The Board shall review, at least annually, the procedures in place to ensure compliance with Regulation FD, including:

- Training of the key senior officers in Regulation FD compliance, including the distribution of Regulation FD and any updates;
- The reporting of Regulation FD violations to the hotline established by the Audit Committee or to the Company's Counsel;
- The Company's general disclosure protocols and procedures, which will be crafted to ensure that material non-public information is disclosed only in accordance with Regulation FD.

Review of Governance Guidelines. The Board expects to review these guidelines on a regular and as-needed basis.