

MAIR HOLDINGS, INC.

CODE OF BUSINESS CONDUCT

Introduction

MAIR Holdings, Inc. and its subsidiaries (collectively referred to as the “Company”) have long maintained the highest ethical standards in the conduct of the Company’s business. These ethical policies go beyond rules set by law, as we know that our employees’ and the public’s trust in the Company is both a serious responsibility and a strong tradition. While it is not possible to develop a detailed set of rules which cover all circumstances, or which serve as a substitute for good judgment and ethical conduct, the purpose of this Code is to set forth the business ethics of the Company in a written format which provides clear guidance to the directors, officers and employees of the Company (collectively referred to herein as “employees”). By following the policies embodied in this Code, we will provide attractive and secure opportunities for all employees and continue the tradition of integrity in all of the Company’s business dealings. It is the policy of the Company that each of its employees comply with both the letter and spirit of this Code.

I General Guidelines

All employees have a personal responsibility to ensure that their actions meet the highest ethical standards, and to abide by this Code and the laws, rules and regulations that apply to their work. Generally, you must:

1. Conduct the business of the Company honestly, ethically and in good faith. You must use good judgment in conducting the business of the Company. Occasionally, you may find yourself in a situation where your responsibilities under the law or this Code are unclear. In that circumstance, you must consult with the appropriate management personnel of the Company or of your subsidiary, generally the General Counsel, Chief Financial Officer or equivalent position (each referred to herein as a “Compliance Officer”), to be certain that you are using good judgment and acting consistent with the law and this Code.
2. Cooperate fully and honestly with the Company in any Company investigation or proceeding concerning your conduct or the conduct of other persons or entities with which the Company has a business relationship.
3. Become familiar and comply with the laws, rules and regulations applicable to the Company and applicable to your responsibilities within the Company. Seek the advice of a Compliance Officer if you have any questions in this regard.
4. Recognize the continuing obligation of all employees to maximize shareholder value.
5. Report promptly to the Employee Assistance Program hotline or through other methods described in this Code any violations or suspected violations of this Code and/or the law.
6. Comply with the rules, regulations and policies of the Company as adopted and amended by the Board of Directors, Standing Committees of the Board, senior management of the Company, the officer group of your subsidiary company or your manager.

II Safety

Safety is and always has been our top priority. Each employee must do everything he or she can to ensure the safety of our co-workers and passengers. Specifically, you must:

1. Put safety first.
2. Understand and follow the safety and health rules and practices that apply to your job.
3. Take precautions necessary to protect the Company's employees, passengers and equipment from harmful or dangerous situations.
4. Immediately report accidents, injuries, hazards, unsafe practices or conditions.
5. Not possess firearms or other weapons on Company premises or on Company business (except as permitted for pilots by federal law).
6. Not retaliate against or threaten anyone for the good faith reporting or supplying of information about a policy or conduct concern implicating safety.

III Conflicts of Interest

Business decisions must be made in the best interest of the Company and based on sound business judgment, not motivated by personal interest or gain. In addition, it is imperative that employee conduct not reflect adversely on the Company. In that regard, you are required to:

1. Avoid personal conflicts of interest or the appearance of such conflicts that could reflect adversely on you or the Company.
2. Disclose in advance to a Compliance Officer any relationship that might be perceived as a conflict of interest.
3. Refrain from any deviation from established rules and practices for pricing, issuance, exchange, upgrade, reserving or refunding of any tickets or reservations involving travel for friends, relatives and fellow employees or any other person or entity as to which you have a personal interest.
4. Refrain from taking advantage of your position at the Company to earn a personal profit from Company property, information, employees or business opportunities.
5. Refrain from supervising a family member or anyone with whom you have or had a close personal relationship without prior approval of a Compliance Officer.
6. Protect and ensure the efficient use of Company assets. The Company's assets, whether tangible or intangible, are to be used only by authorized employees or their designees and only for legitimate business purposes. You must refrain from using employees, materials, equipment, logos, trademarks or other assets of the Company for any unauthorized or non-business purpose. Personal use of items such as telephones, facsimile equipment, computers and similar equipment must not be excessive (as determined in the sole discretion of the Company), and must have no material cost to the Company and in no way violate any policy or practice of the Company.
7. Refrain from abusing or compromising your employee benefits and privileges, including pass travel privileges.

8. Refrain from conduct on or off duty, which is detrimental to the best interests of other employees or the Company.
9. Refrain from engaging in fundraising or personal business for profit on Company property or time unless such activity is Company sponsored, is approved in advance by the President of the Company or your subsidiary's President, or is charitable in nature and not (in the Company's sole discretion) detrimental to the best interests of other employees or the Company.
10. Refrain from the possession, sale, purchase, delivery, use or transfer of alcohol or illegal substances on Company property or at Company functions unless authorized by the Company.

IV Non-Discrimination and Harassment

The employees of the Company are its greatest asset. The Company is committed to maintaining a corporate culture in which men and women of all ages, races, physical abilities, preferences and backgrounds are treated with dignity and respect. In that regard, you are required to:

1. Treat all employees and prospective employees fairly based upon performance, merit and ability without regard to race, color, religion, creed, sex, national origin, age, disability, sexual orientation, veteran status or other occupationally irrelevant characteristics.
2. Fully comply with the zero tolerance, discrimination and harassment and affirmative action policies of the Company.
3. Not retaliate against employees for filing in good faith a complaint of discrimination or harassment or for participating in good faith in an internal Equal Employment Opportunity investigation.

V Business Relationships

The Company is committed to business relationships with third parties that embrace and demonstrate high standards of ethical business behavior. All purchasing decisions must be made based on the best value received by the Company. In connection with business relationships, you must:

1. Use good judgment in accepting customary gifts or favors. Occasionally employees will receive customary acts of hospitality from current or potential Company business partners or from other business associates. It is inappropriate to accept business gifts or favors that go beyond customary hospitality in size, frequency or nature. No gift should ever be accepted if the gift would influence, or appear to influence, a business decision.

Meals that occur in conjunction with business meetings and conferences may be accepted. Invitations to business functions or conferences that involve customer, vendor or supplier provided overnight rooms or other accommodations may be accepted only with the prior approval of a Compliance Officer or a member of your officer group.

2. Not employ gifts to influence individuals or groups who are in a position to award contracts or affect the award of contracts, business or other benefit to the Company or to you personally, except as is reasonable and customary in the Company's business relationships. Payments that violate United States or foreign law, including bribes or kickbacks to employees of any of those entities, are strictly prohibited. Gifts to persons or entities that are customary and legally permissible under applicable law are permissible. This may include gifts or favors of reasonable value, business meals and business trips that reflect customary business practice.

3. Deal fairly with the Company's customers, vendors, suppliers, competitors and employees. You should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.
4. Refrain from committing the Company, verbally or in writing, to any obligations other than in strict accordance with the approval authority granted to your position within the Company by your manager. In no event may such authority extend beyond that defined in the purchasing policies of the Company. Good judgment, thorough cost benefit analysis and competitive bidding practices must be performed prior to any commitment of the Company's funds.
5. Refrain from using trade secrets, patents or proprietary materials of third parties without the appropriate license agreements or consents, including the use of packaged computer software.

VI Political Activities

Employees may participate and contribute to political organizations and campaigns, and the Company encourages employee participation in the governance of employees' communities. Such participation, however, must be done personally. The financial and other resources of the Company shall not be used for the purpose of supporting, directly or indirectly, any political issue, the campaign of any candidate for political office, or any political party (foreign or domestic). Such resources further shall not be used to reimburse any employee for any political contribution the employee may have made or any political activity in which the employee may have engaged. Nothing in this Code shall prohibit support of political candidates or issues through lawful political action committees or individual support allowed by law.

VII Financial Reporting and Controls

The Company is responsible for maintaining its financial records in compliance with the law, generally accepted accounting principles and the Company's system of internal controls and accounting policies. Specifically, you are responsible, to the extent that your job requires, for:

1. Honest, accurate, understandable and timely recording, reporting and retention of information.
2. Full, fair, accurate, timely and understandable disclosure in reports and other documents that the Company files or submits to the Securities and Exchange Commission ("SEC").
3. Accurately reflecting in all financial books, records and accounts all transactions and events.
4. Complying with SEC requirements and generally accepted accounting principles.
5. Maintaining an adequate internal control structure and procedures for financial reporting.
6. Certifying, to the best of your knowledge, that accounting entries or financial transactions fairly represent the Company's financial condition and results of operations.

You are specifically prohibited from:

1. Making or omitting an entry that intentionally hides, disguises or misrepresents the true nature of any transaction.
2. Recording false or artificial transactions.

3. Altering, destroying, mutilating, concealing, covering up or falsifying the Company's financial records for the purpose of rendering those records to be incorrect, misleading or unavailable for use in an official proceeding.
4. Providing false, incomplete or misleading information to an internal or external auditor.
5. Fraudulently influencing, coercing, manipulating or misleading an auditor of the Company's financial statements for the purpose of rendering those financial statements to be misleading in any material way.
6. Deferring or accelerating the recording of items that should be recognized within the proper accounting period.
7. Maintaining undisclosed or unrecorded funds, assets, liabilities or contingencies.
8. Approving or making a payment with the intention that it is to be used for any purpose other than that described by the document supporting the payment.

Please refer to the Company's Whistleblower Policy, which is attached as Appendix A. The Whistleblower Policy provides a way for you to report questionable accounting matters.

VIII Antitrust Compliance

The fundamental objective of the antitrust laws is to promote competition and free enterprise for the benefit of all consumers. It is the personal responsibility of all the Company employees to conduct the activities of the Company in conformity with these laws.

The antitrust laws prohibit agreements among competitors that restrain competition. In particular, agreements with competitors to fix prices, limit discounts, rig bids, divide or allocate markets or otherwise not compete are violations of the antitrust laws and may result in criminal liability for the Company and any employees who are involved. It therefore is the Company's policy that no employee should enter into any agreement, or engage in any communication, with the employees of a competitor with regard to competitively sensitive subjects, including in particular (1) prices and terms and conditions of sale of travel and (2) market entry or exit, including schedule or frequency changes.

Any employee who is uncertain whether a particular course of conduct is permissible under the antitrust laws should consult with a Compliance Officer before acting.

IX. Confidentiality

In the course of our work, many of us have access to confidential information. The Company's success is dependent upon its ability to maintain certain information in confidence. Examples of confidential information include: information about new services, products, marketing plans, suppliers, potential litigation, litigation, potential acquisitions, divestitures, contracts, joint ventures, alliances, security methods and procedures, inventions, processes, methods, business plans, financial performance, financial projections, trade secrets, mergers or acquisitions, personnel matters, or any other matter considered or reasonably expected to be considered confidential by the Company. With respect to confidential information, you are required to:

1. Refrain from disclosing any confidential information unless such disclosure is required or protected by law or is made to employees within the Company who have a need to know. This includes keeping the Company's confidential documents secure and avoiding the inadvertent

disclosure of Company business matters in conversations with individuals outside the Company and those inside the Company without a need to know.

2. Refer all requests from the news media to your subsidiary's corporate communications office.
3. Refer all inquiries from shareholders to the Chief Financial Officer of MAIR Holdings, Inc.

X Insider Trading

It is illegal and against Company policy for any employee to trade in the securities of any company while in possession of material non-public information about that company. In accordance with this general rule, employees are prohibited from trading in Company stock while in possession of material non-public information about the Company. As an employee, you are subject to the Company's Insider Trading Policy, which is attached as Appendix B. Please review and follow the Insider Trading Policy with great care.

XI Waiver of the Code

This Code of Business Conduct may be amended or modified by the Company's board of directors. Any waivers of the provisions in this Code for the Company's directors, principal executive officer, principal financial officer, principal accounting officer, controller and other employees performing similar functions and other executive officers may be granted only by the Company's board of directors. Any amendments to, or waivers from, a provision of this Code that applies to a director, principal executive officer, principal financial officer, principal accounting officer, controller and other employee performing similar functions and other executive officer will be publicly disclosed as required by applicable law, regulation or NASDAQ rules.

XII Monitoring Compliance With the Code

It is the responsibility of each employee of the Company to abide by this Code. This Code shall be provided to all employees. The directors, officers, managers, and certain other designated employees shall provide an acknowledgement of compliance to the appropriate human resources department.

XIII Violations of the Code

Violations of this Code of Business Conduct cannot and will not be tolerated. Consequences for such violations may include disciplinary action up to and including termination of employment. Individuals who have willfully failed to report known violations will also be subject to disciplinary action.

XIV Reporting Violations of the Code

Any person who believes that provisions of this Code have been or will be violated should promptly report any such violation or possible violation by one of the following methods:

- Contact a Compliance Officer of your subsidiary company
- Contact Ruth Timm, General Counsel of MAIR Holdings, Inc., 150 S. 5th St., Suite 1360, Minneapolis, MN 55402; phone 612.333.0021; fax 612.333.0590.
- If a complainant prefers to remain anonymous, the complainant may contact the Employee Assistance Program at 800.634.7710. The complainant will need to provide a way to be reached if any follow up is required.

An employee may also report concerns regarding questionable accounting matters through the procedures described in the Company's Whistleblower Policy. A copy of the Whistleblower Policy is attached as Appendix A.

Good faith reporting of violations or possible violations of this Code or applicable law will not result in adverse consequences to the person reporting them even if the perceived violations are ultimately proven not to have occurred.

This Code is intended to provide guidance to employees. It is not intended to be, nor can it be, an exhaustive list of approved or non-approved conduct.

Should an ethical question arise with respect to any proposed conduct that cannot be resolved with the help of this Code, discuss the question with your supervisor. If further guidance is necessary, feel free to contact a Compliance Officer. Remember that honesty, prudence and fairness are the touchstones of good business conduct.

**MAIR HOLDINGS, INC. CODE OF BUSINESS CONDUCT
ACKNOWLEDGEMENT**

I, _____, have been provided the MAIR Holdings, Inc. Code of Business Conduct. I have read and I understand the Code. I am committed to observing both the letter and spirit of the Code. I may, in good faith, report possible violations of the Code, without adverse consequences to me, even if the violations are ultimately proven not to have occurred. I acknowledge that I may do so on a confidential and anonymous basis as provided in the Code.

Signature

Printed Name

Employee Number

Date

This certificate shall be distributed by and should be returned directly to your human resources department.

MAIR HOLDINGS, INC. WHISTLEBLOWER POLICY

Purpose

MAIR Holdings, Inc. (“MAIR”) and its subsidiaries (collectively, “the Company”) are committed to the highest possible ethical and legal standards of business conduct. The Company requires that its directors, officers and employees observe the same high standards of business and personal ethics in the conduct of their duties and responsibilities. This policy aims to provide an avenue for employees to raise concerns regarding questionable accounting matters with the assurance that there will be no reprisals for whistleblowing in good faith.

Policy

Matters Covered

The Whistleblower Policy is intended to cover concerns or complaints relating to any questionable accounting matters related to the Company. It is the responsibility of all directors, officers and employees to report suspected violations, including, but not limited to, the following:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement.
- Fraud or deliberate error in the recording and maintaining of financial records.
- Deficiencies in or noncompliance with internal accounting controls.
- Misrepresentation or false statements regarding a matter contained in financial records, financial reports or audit reports.
- Deviation from full and fair reporting of the financial condition.
- Actions that are unlawful or otherwise amount to serious improper conduct.

Procedures

Reporting a Concern

The whistleblowing procedures are intended to be used for important and sensitive accounting matters, as outlined above. Serious concerns should be reported in one of the following ways:

- The Company maintains an open door policy and employees are encouraged to bring their questions, concerns, suggestions or complaints to their supervisor.
- If a complainant is not comfortable speaking with their supervisor or is not satisfied with their response, they may go to their subsidiary company’s Vice President of Finance or President.
- If a complainant is not comfortable speaking with someone at his or her subsidiary company or is not satisfied with the response received, the complainant may go directly to Bob Weil, CFO, 150 S. 5th St., Suite 1360, Minneapolis, MN 55402; phone 612.333.0021; fax 612.333.0590.
- If a complainant prefers to remain anonymous, he or she may go through the Employee Assistance Program at 800.634.7710. The complainant will need to provide a way to be reached if any follow up is required.

Concerns should be expressed as soon as possible after the issue has been detected to expedite resolutions.

Although an employee is not expected to prove the truth of an allegation, the employee does need to demonstrate that there are sufficient grounds for concern.

Complaint Handling

The action taken will depend on the nature of the concern. Initial inquiries will be made by the appropriate personnel to determine whether an investigation is appropriate and what form it should take. Some concerns may be resolved by agreed action without need for investigation.

The complainant will be given the opportunity to receive follow up on his or her concern. Further information may be required from the complainant to complete the investigation. Subject to legal constraints, the complainant will receive information about the outcome of the investigation.

Safeguards

- Any retaliation against the complainant, including harassment or victimization, is prohibited and will not be tolerated. The prohibition applies to the Company and its officers, employees, agents, contractors and subcontractors.
- The Company will endeavor to keep the identity of complainants confidential, consistent with the need to investigate the complaint.
- The complainant may remain anonymous but is encouraged to put his or her name to an allegation to facilitate investigation and follow up questions.
- Malicious allegations may result in disciplinary action.

Reporting and Retention

The MAIR Controller will maintain a log of all concerns or complaints, tracking their receipt, investigation and resolution. A monthly report will be provided to the Chairman of the Audit Committee (or other designated Audit Committee member) on each complaint and a follow up on actions taken. The log, copies of the complaint and related materials will be maintained by the Company for seven years.

MAIR reserves the right to modify or amend this policy at any time, as it may deem necessary.

Adopted by the Audit Committee on May 6, 2004.

Revised on August 16, 2006.

**INSIDER TRADING POLICY
FOR
MAIR HOLDINGS, INC. AND SUBSIDIARIES
(REVISED AUGUST 2006)**

PURPOSE

This statement represents the Insider Trading Policy adopted by the Board of Directors of MAIR Holdings Inc. (“MAIR Holdings”) with respect to 1) the trading of MAIR Holdings Common Stock (“MAIR Holdings Stock”) or any class of securities issued by MAIR Holdings or any derivative security of MAIR Holdings and 2) the receipt and use of material non-public information, by all directors, officers and employees of MAIR Holdings and its subsidiaries, Mesaba Aviation, Inc. and Big Sky Transportation Co. (“Subsidiaries”).

As an essential part of working for MAIR Holdings or its Subsidiaries, many employees use or have access to material non-public information. Employees who possess or monitor such information hold a special position of trust and confidence toward it. Court and Securities and Exchange Commission administrative decisions interpreting the anti-fraud provisions of the securities laws generally make it unlawful for any person to trade securities while possessing material non-public information or to selectively disclose such information to others who may trade. Violation of these provisions may result in civil and criminal penalties including fines and jail sentences. Although there are exceptions to these prohibitions, the exceptions are limited.

POLICY

All directors, officers, and employees are prohibited from trading in the securities of any company while in possession of non-public material information about that company. In accordance with this general rule, all directors, officers, and employees of MAIR Holdings or its Subsidiaries are prohibited from trading in MAIR Holdings Stock while in possession of non-public material information regarding MAIR Holdings or its Subsidiaries.

DEFINITIONS

A. Non-Public Information

Non-public information is any information that has not been disclosed generally to the marketplace. Information received about a company under circumstances that indicate the information is not yet in general circulation should be considered non-public.

B. Material Information

Material information is any information about a company or the market for a company’s securities that is likely to be considered important by a reasonable investor in determining whether to trade. While it is not possible to identify in advance all information that will be considered material, some examples of information likely to be material include: earnings, dividend actions, mergers and acquisitions, major new products, executive personnel changes, or unusual gains or losses in major operations. The courts have historically given a broad interpretation to what is deemed “material” information.

C. Restricted Employees

For purposes of this Policy, Restricted Employees are defined as:

1. Members of the Board of Directors of MAIR Holdings
2. Members of the Board of Directors of each Subsidiary
3. Executive officers of MAIR Holdings
4. Executive officers of each Subsidiary
5. Employees serving in “key positions” as identified on Exhibit A

GUIDELINES FOR COMPLIANCE

A. General Rule

All directors, officers, and employees are prohibited from trading in the securities of any company while in the possession of non-public material information about that company. Accordingly, all directors, officers, and employees are prohibited from trading in MAIR Holdings Stock while in possession of non-public material information regarding MAIR Holdings or its Subsidiaries. Please note that trades by members of your household may be attributed to you.

B. Legitimate Disclosures

On occasion, it may be necessary to disclose material non-public information regarding a company or MAIR Holdings or its Subsidiaries to persons outside that company or MAIR Holdings or its Subsidiaries for legitimate business reasons. These reasons can include discussions of strategic initiatives with this other company, such as a joint venture, material contract, acquisition, disposition or other significant business relationship. In such circumstances, the information should not be conveyed until a confidentiality agreement, prepared in consultation with legal counsel, has been signed. The agreement must state that information cannot to be used for trading purposes and may not be further disclosed other than for legitimate business reasons.

C. Restricted Employees

1. General Rule

In addition to the above restrictions that apply to all employees, Restricted Employees are prohibited from trading in MAIR Holdings Stock during four periods throughout the year. These restricted trading periods begin on the first day of each fiscal quarter (January 1, April 1, July 1, and October 1) and continue through the second trading day following release to the public of MAIR Holding’s earnings for the prior fiscal quarter (not counting the day of the release). Generally, the earnings release occurs between 25 and 45 days after the end of each fiscal quarter.

Example A: If a Restricted Employee wishes to trade MAIR Holdings Stock during May, and the earnings for the prior fiscal quarter (ended on March 31 of that year) are released after the close of the stock market on May 8th, that employee could trade starting May 11 and through June 30.

Example B: If a Restricted Employee wishes to trade MAIR Holdings Stock during May, and the earnings for the prior fiscal quarter (ended on March 31 of that year) are released prior to the opening of the stock market on May 9th, that employee could trade starting May 12 and through June 30.

2. Request for an Exception

Restricted Employees wishing to trade during a restricted period may, however, make application for an exception to this policy based on good cause. Applications for an exception must be made for each transaction, prior to the transaction, and will be reviewed and decided in the sole discretion of the Executive Committee of the Board of Directors of MAIR Holdings. To request such an exception, please contact the Chief Financial Officer of MAIR Holdings.

D. Pre-Clearance of Trades

Restricted Employees must contact the Chief Financial Officer or General Counsel for MAIR Holdings prior to any trade in MAIR Holdings Stock at any time of the year, whether during a restricted period or not. MAIR Holdings, in consultation with its legal counsel, has sole discretion to determine whether a trade is permitted under this policy. MAIR Holdings may impose a general restriction on the trading of MAIR Holdings Stock at any time.

E. Exceptions for Trading through 10b5-1 Plan

Directors, officers, and employees are exempted from the Insider Trading Policy for trades made under a written plan for trading MAIR Holdings Stock adopted pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934.

F. Consult Your Own Legal Counsel

As any securities law violation creates personal liability, all employees are advised to contact their own legal counsel regarding any personal exposure they may have under the federal or state securities laws as to any trade in securities.

G. Inquiries from Third Parties

MAIR Holdings believes in an “open door” policy to inquiries concerning factual matters from financial analysts, shareholders, reporters and others who have a legitimate interest in its affairs. Nevertheless, in order to guard against release of material non-public information, all such inquiries should be directly referred to the Chief Financial Officer of MAIR Holdings.

H. Questions

If there are any questions relating to this statement, or the applicability or interpretation of the standards discussed in this statement, please contact the Chief Financial Officer or General Counsel of MAIR Holdings prior to trading or the disclosure of any information.

EXHIBIT A

KEY POSITIONS

All finance, legal and other key positions designated by MAIR Holdings' President or Chief Financial Officer on a list maintained by MAIR Holdings.

The administrative assistants to the executive officers of MAIR Holdings and each Subsidiary.