

## **MESA AIR GROUP, INC.**

### **CORPORATE GOVERNANCE GUIDELINES**

**As Amended on November 15, 2006**

#### **ROLE OF THE BOARD OF DIRECTORS AND MANAGEMENT**

Mesa's business is conducted by its employees, managers and officers, under the direction of its Chief Executive Officer (CEO) and the oversight of the Board, to enhance the long-term value of the Company for its shareholders. The Board of Directors is elected by the shareholders to oversee management and to assure that the long-term interests of the shareholders are being served. Both the Board of Directors and management recognize that the long-term interests of shareholders are advanced by responsibly addressing the concerns of other stakeholders and interested parties including our airline partners, shareholders, employees, suppliers, Mesa communities, government officials and the public at large.

#### **FUNCTIONS OF THE BOARD OF DIRECTORS**

The Board of Directors has 4 regularly scheduled meetings a year at which it reviews and discusses reports by management on the performance of the Company, its plans and prospects, as well as immediate issues facing the Company. Directors are expected to attend all scheduled Board and committee meetings. In addition to its general oversight of management, the Board also performs a number of specific functions, including:

- a. selecting, evaluating and compensating the CEO and overseeing CEO succession planning;
- b. providing counsel and oversight on the selection, evaluation, development and compensation of senior management;
- c. reviewing, approving and monitoring fundamental financial and business strategies, capital allocation and major corporate actions;
- d. assessing major risks facing the Company -- and reviewing options for their mitigation; and
- e. ensuring processes are in place for maintaining the integrity of the Company -- the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders.

#### **SELECTION AND COMPOSITION OF THE BOARD OF DIRECTORS**

##### **1. QUALIFICATIONS**

Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the shareholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. We endeavor to have a Board representing diverse experience at policy-making levels in business,

government, aviation, finance and technology, and in other areas that are relevant to the Company's activities.

The Board believes that any Director who retires from his or her present employment, or who materially changes his or her position, should tender their resignation to the Board. The Board would then evaluate whether the Board should accept the resignation.

Service as a member of the Company's Board of Directors is a significant commitment in terms of both time and responsibility. Accordingly, each Board member is encouraged to limit the number of other public company boards on which he or she serves to no more than four and to be mindful of his or her other existing and planned future commitments, so that such other directorships and commitments do not materially interfere with his or her service as an effective and active member of the Company's Board. Current positions in excess of these limits may be maintained unless the Board determines that doing so would impair the Director's service on the Mesa Board.

The Board believes that a term limit of 20 years on Directors' service is appropriate, however, it does not believe that Directors should expect to be re-nominated annually until they reach the mandatory retirement age or their term limit. The Nominating Committee, after consultation with the Chairman and the CEO will formally review each Director's continuation on the Board each year preceding re-nomination. In addition, the Board self-evaluation process will be an important determinant for Board tenure. Directors will not be nominated for election to the Board after their 72<sup>nd</sup> birthday, although the full Board may nominate candidates over 72 for special circumstances.

## 2. SELECTION

The full Board of Directors is elected annually. The Board should be responsible for selecting its own members and in recommending them for presentation for election by the stockholders. The Board delegates the screening process involved to the Nominating Committee. The Nominating Committee will recommend to the Board names of prospective Board members. Shareholders may propose nominees for consideration by the Nominating Committee by submitting the names and supporting information to: Secretary, Mesa Air Group, Inc., 410 North 44<sup>th</sup> Street, Suite 700, Phoenix, AZ 85008.

## 3. BOARD COMMITTEES

The Board has established the following committees to assist the Board in discharging its responsibilities: (i) audit; (ii) compensation; and (iii) corporate governance/nominating. The committee chairs report the highlights of their meetings to the full Board following each meeting of their respective committees. The committees occasionally hold meetings in conjunction with the full Board.

#### 4. COMMITTEE MEMBERSHIP

The composition of each Committee is determined by the Board. The Corporate Governance/Nominating Committee, after consultation with the Chairman/CEO, and after considering the wishes of the individual Directors, recommends to the entire Board annually the chairmanship and membership of each Committee. Consideration is given to rotating Committee members and chairmanships at least every five years.

### BOARD LEADERSHIP

#### 5. SELECTION OF THE CHAIRMAN AND CEO

The Board considers the roles of Chairman and CEO to be two independent but complementary roles. When the Board in its discretion determines to combine these roles, an individual independent Director will be selected to serve as Lead Director to represent the independent Directors.

Currently, Dan Altobello is serving in the capacity of Lead Director. He will serve in that role until the end of his current term.

#### 6. EXECUTIVE SESSIONS OF INDEPENDENT DIRECTORS WITHOUT MANAGEMENT

The Board at its own discretion will schedule periodic executive sessions of the independent Directors. The Lead Director shall preside over the periodic executive sessions without management.

#### 7. MIX OF MANAGEMENT AND INDEPENDENT DIRECTORS

The Board believes that as a matter of policy, there should be a majority of Independent Directors.

### BOARD COMPOSITION AND PERFORMANCE

#### 8. BOARD DEFINITION OF WHAT CONSTITUTES INDEPENDENCE FOR DIRECTORS

Mesa defines an "independent" director in accord with the Nasdaq National Market Issuer requirements for independent directors (Nasdaq Stock Market Rule 4200). Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board is also responsible to affirmatively determine that each independent Director has no other material relationship with the Company or any executive officer of the Company. A relationship will be considered "material" if in the judgment of the Board it would interfere with the Director's independent judgment.

9. FORMER CHAIRMAN/CHIEF EXECUTIVE OFFICER'S BOARD MEMBERSHIP

The Board believes this is a matter to be decided in each individual instance. When the Chairman or CEO resigns from that position, he/she should submit his/her resignation from the Board at the same time. Whether the individual continues to serve on the Board is a matter for discussion at that time with the new Chairman or CEO and the Board.

10. FORMAL EVALUATION OF THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

The Compensation Committee with input from all independent Directors shall evaluate the performance of the CEO and Chairman, at least annually and communicate its conclusions to the full Board and the Chairman and Chief Executive Officer through the Chairman of the Compensation Committee and/or the Lead Director, where appropriate.

11. BOARD EVALUATION

The Board and each of the committees will perform an annual self-evaluation and the individual performance of each Director will be evaluated on an annual basis.

BOARD RELATIONSHIP TO SENIOR MANAGEMENT

12. REGULAR ATTENDANCE OF NON-DIRECTORS AT BOARD MEETINGS

The Board welcomes the regular attendance at each Board meeting of non-Board members who are in the most senior management positions of the Company.

13. BOARD ACCESS TO SENIOR MANAGEMENT

Board members shall have complete access to Mesa's management. It is assumed that Board members will use judgment to be sure that this contact is not distracting to the business operation of the Company. Accordingly the Board is encouraged to coordinate these communications with the CEO. The attendance at Board meetings of non-members of the Board will be at the discretion of the Board. In the normal course of business, the Chairman will invite appropriate management and non-Directors to the meetings.

14. SELECTION OF AGENDA ITEMS FOR BOARD MEETINGS

The Chairman of the Board, together with the Chief Executive Officer and/or Lead Director, will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of item(s) on the agenda.

15. BOARD MATERIALS DISTRIBUTED IN ADVANCE

Information and data that is important to the Board's understanding of the business will be distributed in writing to the Board before the Board meets. Management will make every

attempt to see that this material is as complete and brief as possible while still providing the desired information. The material should be available 5 days in advance of the meeting time.

## COMMITTEE MATTERS

### 16. NUMBER, STRUCTURE AND INDEPENDENCE OF COMMITTEES

From time to time, the Board may want to form a new committee or disband a current committee depending upon the circumstances. Each committee will have a charter approved by the Board of Directors. The current committees are Corporate Governance/Nominating, Audit, and Compensation. Committee membership will be consistent with Nasdaq National Market Issuer requirements regarding Independent Directors.

### 17. ASSIGNMENT AND ROTATION OF COMMITTEE MEMBERS

The Board of Directors believes that the Governance process is facilitated by an active and involved committee structure. The Board believes that the periodic rotation of committee assignments is in the best interest of the Company. The Chairman, after consultation with members of the Board, shall consider the assignment of committee membership and submit his nominees to the full Board for approval. All Board members will be represented in the committee structure of the Board.

### 18. COMMITTEE AGENDA

The chairman of the committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda.

## OTHER

### 19. LEADERSHIP DEVELOPMENT AND ORIENTATION OF NEW DIRECTORS

The Board and the Company have a complete orientation process for new Directors that include background material, meetings with senior management and visits to Company facilities. To encourage Board member participation in continuing Board member education, the Company will pay reasonable education expenses.

### 20. ETHICS AND CONFLICTS OF INTEREST

The Board expects Mesa Directors, as well as officers and employees, to act ethically at all times and adhere to the policies set forth in the Company's Code of Conduct. Mesa will not lend money to any Director or Executive Officer. If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the CEO and the Lead Director. If a significant conflict exists and cannot be resolved, the Director should resign. All Directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board shall resolve any conflict of interest question involving the CEO, Chairman or senior officer, and the CEO shall resolve any conflict of interest issue involving any other officer of the Company.

## 21. REPORTING OF CONCERNS TO NON-EMPLOYEE DIRECTORS OR THE AUDIT COMMITTEE

Anyone who has a concern about Mesa's conduct, or about the Company's accounting, internal accounting controls or auditing matters, may communicate that concern directly to the Lead Director, any member of Audit Committee or any non-employee Director. Concerns relating to accounting, internal controls, auditing or officer conduct shall be sent immediately to the Lead Director and to the chair of the Audit Committee and will, if necessary, be simultaneously reviewed and addressed by Mesa's external auditors. In addition, the Company maintains an Anti-Fraud Whistleblower Hotline (866-225-5770) for confidential and anonymous submission by our employees of concerns involving, but not limited to, fraud, accounting irregularities, internal control failures and/or compliance issues as well as topics covered in the Company's Code of Conduct & Ethics. The status of all outstanding concerns addressed to the non-employee Directors, the Lead Director, or the Audit Committee will be reported to the Lead Director and the Chairman of the Audit Committee on a quarterly basis. The Lead Director or the Chairman of the Audit Committee may direct that certain matters be presented to the audit committee or the full Board and may direct special treatment, including the retention of outside advisors or counsel, for any concern addressed to them. The Company's employee manual prohibits any employee from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern.

## 22. BOARD COMPENSATION

It is appropriate for the staff of the Company to report once a year to the Compensation Committee on the status of Board compensation in relation to other companies. As part of a Director's total compensation and to create a direct linkage with corporate performance, the Board believes that a meaningful portion of a Director's compensation should be held in options or shares of the Company. Changes in Board compensation, if any, should come at the suggestion of the Compensation Committee, but with concurrence by the Board.

## 23. STOCK OWNERSHIP REQUIREMENT FOR EXECUTIVES AND DIRECTORS

The Company does not require that directors own a specific number of shares because it expects that directors will act in the Company's best interest regardless of the number of shares they own. However, the Board has established share ownership guidelines for its members. Each nonemployee director is strongly encouraged to hold shares of Company stock having an acquisition value equal to one year's retainer, such ownership to be achieved within five years of joining the Board.

## 24. BOARD'S INTERACTION WITH INVESTORS, MEDIA AND THE PUBLIC

The Chairman and CEO and or their designees are authorized speak on behalf of Mesa Air Group, Inc. Board members may, from time to time, be asked to speak on behalf of the Company with various constituencies.

25. SUCCESSION PLANNING

Succession planning should be considered on a continuing basis for all senior managers, including the CEO, in the event he/she may be unexpectedly unable to serve or found unqualified for promotion. The Board will review the succession plans on an annual basis.

26. INDEPENDENT ADVICE

The Board, or with the Board's approval, a committee, may seek legal or other expert advice from a source independent of management. Generally, this would be with the knowledge of the Chief Executive Officer and the Chairman of the Board.

27. INDEPENDENT AUDITOR/AUDIT ROTATION

The Independent Auditor is retained for the benefit of the Company only. Neither Directors nor senior executives may retain the independent auditor to provide personal accounting or tax services. The Audit Committee shall ensure that the lead audit partner assigned by the Company's independent auditor to the Company, as well as the audit partner responsible for reviewing the Company's audit shall be changed at least every five years. In addition, Company management may not, without first obtaining the Audit Committee's approval, fill an officer level position in the finance department who has previously been employed by the Independent Auditor.

28. SHAREHOLDER RATIFICATION OF INDEPENDENT AUDITOR

Although the Audit Committee has the sole authority to appoint the independent auditor, the Audit Committee will continue its longstanding practice of recommending that the Board ask the shareholders, at their annual meeting, to approve the Audit Committee's selection of independent auditor.

29. SHAREHOLDER RIGHTS PLAN

Our Board will only adopt a shareholder rights plan if either (a) our stockholders have approved adoption of the shareholder rights plan; or (b) our Board in its exercise of its fiduciary responsibilities, including a majority of the independent members of the Board, determines that, under the circumstances existing at the time, it is in the best interest of our stockholders to adopt a shareholder rights plan without the delay in adoption that would come from the time reasonably anticipated to seek stockholder approval. If the Board adopts a shareholder rights plan pursuant to clause (b) above, the Board will seek stockholder ratification within 12 months from the date of adoption.

30. REVISION OF GUIDELINES

These guidelines may be altered from time to time by the approval of the full Board.