

Rules of Procedure of the Board of P/F Atlantic Airways

Paragraph 1 Appointment

Section 1

The Board convenes immediately after the Annual General Meeting and elects a chairman and a vice-chairman. Re-election can take place.

Section 2

If the election to appoint a chairman is tied, and if the previous chairman is still a member of the board, then the chairman's vote decides the election of a new chairman. Otherwise the election is decided by lot.

Section 3

If the chairman is absent then the vice-chairman takes over the chairman's duties.

Paragraph 2 Board Meeting Frequency and Notice to Convene

Section 1

A maximum of 8 weeks may elapse between two board meetings.

Section 2

An annual meeting shall be dedicated to examining the annual report and quarterly meetings to examine the interim reports.

Section 3

Moreover, meetings shall be held when the chairman deems it necessary or when it is requested by a member of the board or a member of the senior management. The meeting is convened by the chairman or by the CEO acting on the chairman's authority. Preferably with at least 8 days warning. Each board member shall receive an agenda complete with any appendices together with the notice. Notice to convene occurs in an adequate manner. Notice to convene may be forwarded by letter, fax, e-mail, text message or any similar manner.

Section 4

Senior management may attend and participate in board meetings, unless the board in a specific case elects otherwise. The same procedure applies to internal head auditor. The auditor is always allowed attendance regardless of board approval in matters important to the audit or treatment of matters affecting the accurate presentation of financial statements.

Section 5

The auditors may always attend board meetings when financial statements etc, that are to be reviewed by the auditors, are being treated. They are always allowed attendance regardless of board approval in matters important to the audit or treatment of matters affecting the fair presentation of financial statements. They are obligated to attend, if their attendance is requested by a member of the board.

Paragraph 3 Quorum, majority

Section 1

The chairman conducts the meetings.

Section 2

The board forms a quorum when more than half of the board members are in attendance. Board members may be present over the telephone.

Section 3

However, decisions shall not be taken, whether the board has reached a quorum or not, without providing each member, if possible, sufficient opportunity to participate in treatment of the matter, whether it be in writing or over the telephone.

Section 4

A board meeting can be conducted over the telephone, particularly when an urgent decision is needed, or if it is particularly important that board members, that would otherwise be occupied, attend the meeting. Minutes shall be kept of the meeting in the same manner as with other meetings.

Section 5

At the chairman's arrangement, Board decisions may occur following written circulative documents. The material that will then have circulated as basis for decision among the board members shall generally be included as appendix to the minutes.

Section 6

The matters treated by the members of the board will be decided through a simple process of majority of votes. According to the articles of association, in the case of a tie, the chairman's vote is decisive, both in terms of election and in other decisions.

Section 7

The board members are obliged to inform each other of any circumstance that may arise to question their competence to act in accordance to the Companies' Act paragraph 58.

Section 8

The board performs its duties without the use of committees in the extent that these rules or legislation not demands otherwise. Should the board deem it necessary it may establish committees to treat specific subjects e.g. remuneration committee and or auditing committee.

Paragraph 4 Company Management

Section 1

The board and the CEO manage the company's affairs.

Section 2

The board must ensure a prudent organization of the company's activities and ensure that the company is managed in accordance with the objectives of the company and the articles of association and within the limitations of the regulations pertaining to the stock exchange and company law, as well as any other legislation to which the company is subjected.

Section 3

The board must strive to be forward-looking and constructive in its work. It determines, in accordance with the articles of association of the company, the company's objectives, policies and areas of activity.

Section 4

The board is responsible for the company's ongoing strategic planning and development in active participation with the senior management and other executives in accordance with the board's judgment.

Section 5

The board appoints the senior management, which at the moment consist of two members. The senior management, whose terms of employment are determined by the board, attends to the daily management of the company and must consequently adhere to the guidelines and instructions provided by the board, whether these are presented in a contract or otherwise.

Section 6

Daily management does not encompass arrangements that may be deemed to be of unusual or significant character. Such arrangements may only be attended to by the senior management following special authorization by the board, unless the board's decision – if necessary through telephone meeting, telephonic consultations or any other appropriate manner – cannot be waited for without material inconvenience for the company's activities. In such case, the board must be immediately informed of the nature of such a decision.

Section 7

The board may – and is obligated to - acquire the information needed to fulfilling the board's duties, including inspection of the company's books and verifying the presence of assets.

Section 8

The board is represented externally as well as internally by the chairman or any person that the board may appoint as representative among the members of the board. This resolution does not infringe on the provisions regulating the power to bind formally stipulated in the articles of association.

Section 9

The chairman may not, for as long as the company is listed on the stock exchange, perform any tasks for the company that are not natural parts of the duties of chairman, except isolated tasks that the chairman is requested to perform on behalf of and for the board.

Paragraph 5

Section 1

The senior management must ensure that the company's bookkeeping is conducted under the observance of relevant statutory requirements and that asset management is controlled by a manner deemed fit by the company.

Section 2

The senior management prepares and collects budgets and other plans for the company as well as preparing reports on the company's liquidity, order books, material plans, overall insurance conditions, circumstances regarding finance, cash flow and special risks. These budgets, plans and reports are presented to the board at board meetings.

Section 3

The board members are obliged take a stand on and, if any, take the necessary steps in regards to alterations to the material presented, continuously follow up on budgets, in paragraph 2 mentioned quarterly report accounts, financial statements etc.

Section 4

The board is obligated to ensure that the prudent organization of the company's activities rests on the organizational plans devised for the company by the senior management with reference to areas of responsibility belonging to the executive staff in the organization, including accounts, internal control, computer organization and budget.

Paragraph 6

Buying and selling shares. Securities speculation. Insider trading.

Section 1

The individual members of the board of directors and senior management must notify the board at the moment of appointment of their shareholdings in the company or in any other allied company, and they must continually inform of any acquisition or divestment of such securities.

Section 2

The obligation to inform also regards securities procured by companies or any other (legal) entity over which the board member or executive manager has decisive influence.

Section 3

The individual members of the board of directors and members of senior management are responsible for the correct booking of their shareholdings in the specific register devised for this purpose.

Section 4

The members of the board of directors may not perform or participate in any speculation matters concerning the company's shares.

Section 5

The members of the board of directors and senior management are not only obliged to adhere themselves to paragraph 36 in law regarding securities trading (paragraph 36 in the law on securities trading), but must also ensure that employees, company advisors adhere to the law forbidding insider trading. The board of directors shall in this regard prepare internal guidelines for the purpose of restricting insider knowledge to those that need it, as well as internal guidelines for member of the board of directors, senior management and other employees' access to trade for their own or for a third party's behalf of the company's listed shares.

Section 6.

Members of the board of directors and the senior management must make proper arrangements ensuring that the company – as long as it is listed on the stock exchange – continually maintain and if necessary bring to date the mandatory regulations stipulated by securities trading laws, i.e. (1) rules regarding the company's trading of own shares and announcements of movements in the shareholding, (2) regulations for the prevention of spreading of insider

knowledge, (3) regulations ensuring that the company continually upholds its duties to inform the public of material information regarding pricing.

Paragraph 7 Register of Shareholders

Section 1

The board of directors is obligated to maintain the register of shareholders specified in paragraph 25 in the Danish Public Company's Act and the register of shareholders holding in excess of 5 percent of the shareholding's voting rights or at least 5 percent of the value of the total shares (register of major shareholders) specified in paragraph 28b in the Danish Public Company's Act (Law on securities trading paragraph 29).

Section 2

Keeping of the register of shareholders and the register of major shareholders may be conducted either electronically or in accordance with the guidelines in the Danish Public Company's Act, however a paper version based on the continuously updated register of major shareholders shall be printed.

Section 3

The senior management is obligated under the supervision of the board of directors to announce movements in the company's portfolio of own shares in accordance to the regulations stipulated by stock exchange requirements.

Paragraph 8 The minutes of proceedings

Section 1

The chairman is responsible for ensuring that minutes of proceedings are kept regarding negotiations and decisions by the board, which must be signed by every board member present. Every member of the board must always have opportunity to look over the minutes of proceedings.

Section 2

Any member of the board of directors or member of the senior management who does not agree with a board decision has the right to have his opinion entered into the minutes of proceedings. The same applies if a member of the board of directors or a member of the senior management partially agrees on some matter, but wished to elaborate on his standpoint or to make remarks on certain circumstances that are the basis for the viewpoint.

Section 3

If the minutes are kept on loose leaf system then each page must be marked with the minute taker's initials.

Section 4

The minutes must be sent in draft within 8 days of the board meeting and approved on the following board meeting as the first article. Such minutes must be kept in a safe and appropriate manner by each board member and they must be returned to the company when the board member leaves the board.

Paragraph 9 Annual report

Section 1

The annual report is prepared and signed by the senior management and is presented to the auditors for review.

Section 2

After approval by the auditors, the report is examined by the board of directors. The board ensures that the report is prepared in a clear manner and prepared in accordance with appropriate accounting policies, in terms of assessment of the entries in the balance sheet and regarding the specifications of the report and overall in accordance to the articles of

association and demands and regulations by the stock exchange and the Danish Companies' Act, in order to ensure an accurate report.

Section 3

The board then signs the report and reaches a decision whether to propose a dividend pay-out to the annual general meeting.

Section 4

If a member of the board of directors or a senior manager deems the report to be unfit for approval, or if he has any other objections to it that he wishes to inform the annual general meeting, then this must be noted on the certification on the annual report and an account of this must be included in the annual report.

Section 5

Any member of the board of directors or member of the senior management that has any doubt regarding any entry on the balance sheet or the income statement is obligated by his own accord to clarify the doubts no later than in the meeting when the board of directors and the senior management examine the annual report draft.

Section 6

After the annual report is approved on the annual general meeting, the report is forwarded by the senior management to Skráseting Føroya, complete with the signatures the senior management, the board of directors and the auditors.

Paragraph 10 Audit

Section 1

The board of directors and the senior management must provide the auditors with all information deemed significant for assessing the company.

Section 2

The board of directors and the senior management must provide access to the auditor to conduct the various examinations that the auditor deems suitable and make sure that the auditor is provided with the information and assistance that the auditor deems necessary to execute his duty.

Section 3

The board of director's is responsibility for ensuring the presence of the necessary basis for a successful audit.

Section 4

The auditor must maintain an auditor's record for the board of directors that must be present at all board meetings. Any additions or amendments since the last board meeting must be notified to every member of the board of directors. It is the board's responsibility to address the notified additions or amendments to the auditor's record. And the members of the board of directors must verify by signing the record that they are aware of the content.

Paragraph 11 Annual General Meeting

Section 1

The board of directors is responsible for ensuring that the company holds its annual general meetings in accordance with the relevant regulations in the Danish Public Company's Act, as well as that the annual report and any changes in the company's circumstances (changes in the articles of association, re-election to the board of directors, change in senior management, auditor, etc) is forwarded to Skráseting Føroya in a timely manner, and also notification to the relevant stock exchanges in accordance with regulations.

Paragraph 12 Confidentiality

Section 1

Any information, oral or in writing, including document material received by any member of the board of directors is subject to confidentiality. The members of the board are subjected to terms of confidentiality regarding this and anything that is treated by the board.

Section 2

Every individual member of the board of directors is responsible for the safe-keeping of the material that the member receives as member of the board and that its content not be discussed outside of the board of directors. This obligation is also in effect after the cessation of the board member's service in the board.

Paragraph 13 Commencement etc

Section 1

These rules of procedure have been adopted by the board of directors on a board meeting in 14 May 2009. They take effect immediately after the adoption and replace the previous rules of procedure from 24 September 1994

Section 2

The original is signed by every member of the board of directors, of which each member receives a copy.

Section 3

The senior management is responsible on behalf of the board of directors for presenting the rules of procedure to any future board members' for their signature and for providing them with copies.

Sørvágur, on the 14th of May 2009

The Board of Directors of Atlantic Airways P/F
