



PRESIDENT'S DEPARTMENT
AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

1625 MASSACHUSETTS AVENUE, N.W. □ WASHINGTON, DC 20036 □ 1-888-FLY-ALPA [1-888-359-2572]
FAX 202-797-4007

January 7, 2008

VIA FACSIMILE & FIRST CLASS MAIL

Mr. Larry Gibbons
Director - Office of Mediation Services
National Mediation Board
Suite 250 East
1301 K Street, N.W.
Washington, DC 20572

Re: NMB Case No. A-13423
Pinnacle Airlines, Inc.

Dear Mr. Gibbons:

On behalf of the pilots of Pinnacle Airlines, Inc., as represented by the Air Line Pilots Association, International, ALPA requests the issuance of a proffer of arbitration by the National Mediation Board in the above-captioned case pursuant to Section 5 of the Railway Labor Act.

On May 1, 1999, ALPA and Pinnacle Airlines, Inc. (then Express Airlines I, Inc.) entered into the current collective bargaining agreement. Negotiations for a new agreement commenced on January 19, 2005. After eighteen months of direct negotiations, the parties had not reached an agreement. Pinnacle requested mediation pursuant to Section 5 of the Railway Labor Act in August, 2006. Mediation began in September, 2006. We have now been in mediation over fifteen months.

As you know, Senior Mediator Jack Kane has presided over the mediation process.

Pinnacle Airlines and its parent Company, Pinnacle Airlines Corp., continue to be very profitable. Pinnacle reported net income of \$10.9 million or \$0.48 per diluted share during the third quarter of this year. The Company reported \$27.9 million net income for the 9 months ending September 30, 2007 and \$1.17 per diluted share. In fact, the most recent DOT Bureau of Transportation statistics indicate that Pinnacle Airlines posted a strong operating profit margin as compared to other regional carriers--over 9.6% for the last three full calendar years.

Additionally, over the course of the mediation process, the carrier has demonstrated considerable growth. It has taken on a substantial new piece of business by entering into a new air services agreement with Delta Airlines. It has also maintained its

Mr. Larry Gibbons

Page 2

January 7, 2008

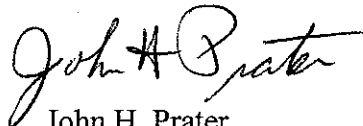
current air services agreement with Northwest Airlines. Furthermore, during this time the parent company purchased another airline, Colgan Air. Pinnacle has also acquired sixteen 76-seat regional jets to supplement its current fleet of one hundred thirty-seven 50-seat regional jets, the first of which was placed into revenue service on December 1, 2007.

Despite this steady growth and favorable financial results, Pinnacle Airlines has failed to make any meaningful improvements to the proposal it characterized as its "best and last" offer in December, 2005. That proposal would increase its current comprehensive costs (rates, benefits and work rules) for the pilot contract by a total of \$53 million over the five-year term the carrier has proposed. This amount represents an increase in the carrier's comprehensive pilot costs of only 12% for the entire five-year term proposed. The pay rates and work rules that the carrier proposes fall well below industry average.

Furthermore, Pinnacle has no Section 1 (scope, successorship, etc.) on the table and has indicated that it does not intend to make such a proposal unless the Association accepts its financial package.

ALPA representatives would like the opportunity to discuss this request in more detail and will be contacting you shortly to schedule such a meeting.

Sincerely,



John H. Prater
President

cc: NMB Board Members
Randy Helling
Bruce York
Jim Wilson
Dan Froehlich
Scott Erickson