



August 1, 2012

Dear Valued Customer:

PenAir began as an Air Taxi in 1955 with our first flights using a two-seat Taylorcraft aircraft moving medical patients between Pilot Point and Dillingham. Over the years we have grown to serve over 45 communities transporting passengers and critical cargo: from four wheelers, medical supplies, groceries and everything in between. The Air Taxi business was the foundation upon which our company was initially built.

Since our humble beginning, the airline industry has dramatically changed and those changes have forced us to refocus our business to ensure long-term success. As a result of that reevaluation, this fall, PenAir will begin the process of transitioning out of the Part 135 (Air Taxi) business and concentrate our resources on expanding our scheduled Part 121 operations. A singular concentration on the 121 operations will enhance PenAir's ability to serve more effectively and efficiently our customers and our major hubs of King Salmon, Dillingham, Cold Bay, Sand Point, St. Paul, St. George, Unalakleet, Aniak, Unalaska, McGrath, Presque Isle, Plattsburgh, Bar Harbor and Boston with our larger Part 121 aircraft.

During this transition, we will continue to take reservations and operate all of our Air Taxi locations until there is another service provider that is able to offer scheduled service to each location.

It has been a fulfilling 55 plus years serving all of our family and friends throughout bush Alaska. We appreciate the support we have been given throughout the years and look forward to continuing to provide quality large aircraft scheduled service to our customers and hub communities.

Should you have any questions, please feel free to contact the PenAir Sales and Marketing Department at 907-771-2500 or marketing@penair.com.